

*Exhibit No.:*  
*Issue(s):* Revenue Requirement  
*Witness:* Keith D. Foster  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* WR-2023-0344  
*Date Testimony Prepared:* October 10, 2023

**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL & BUSINESS ANALYSIS DIVISION**  
**AUDITING DEPARTMENT**

**DIRECT TESTIMONY**  
**OF**  
**KEITH D. FOSTER**

**THE RAYTOWN WATER COMPANY**

**CASE NO. WR-2023-0344**

*Jefferson City, Missouri*  
*October 2023*

**DIRECT TESTIMONY OF**  
**KEITH D. FOSTER**  
**THE RAYTOWN WATER COMPANY**  
**CASE NO. WR-2023-0344**

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4  
5 Q. Please state your name and business address.

6 A. Keith D. Foster, 200 Madison Street, Suite 440, Jefferson City, MO 65101.

7 Q. By whom are you employed and in what capacity?

8 A. I am a Utility Regulatory Audit Supervisor for the Missouri Public Service  
9 Commission (“Commission”).

10 Q. Please describe your educational background and work experience.

11 A. I have been employed as a member of Commission Staff (“Staff”) since  
12 January 2008. After a 27-year career in the Information Systems (IS) industry, I returned to  
13 college and earned a Bachelor of Science degree in Business Administration, major in  
14 Accounting from Columbia College. I graduated summa cum laude in October 2007.

15 Q. Have you previously filed testimony before the Commission?

16 A. Yes, numerous times. Please refer to Schedule KDF-d1, attached to this  
17 direct testimony, for a list of the audits in which I have assisted and filed testimony with  
18 the Commission.

19 Q. What knowledge, skills, experience, training and education do you have in the  
20 areas of which you are testifying as an expert witness?

21 A. I have received continuous training at in-house and outside seminars on  
22 technical ratemaking matters since I began my employment at the Commission. I have been  
23 employed by this Commission as a Regulatory Auditor for over 15 years, and have submitted

1 testimony on ratemaking matters numerous times before the Commission. I have performed  
2 and led rate audits and prepared miscellaneous filings as ordered by the Commission.  
3 In addition, I reviewed all exhibits and testimony on assigned issues, developed accounting  
4 adjustments, and issued positions which are supported by workpapers and written testimony.  
5 For cases that did not require prepared testimony, I prepared Staff Recommendation  
6 Memorandums. I have also been responsible for the supervision of other Commission  
7 employees in rate cases and other regulatory proceedings.

8 Q. What is the purpose of your direct testimony in this proceeding?

9 A. I am sponsoring Staff's Auditing Unit Recommendation Memorandum  
10 ("Memorandum") included as Attachment B to the *Non-Unanimous Agreement Regarding*  
11 *Disposition of Small Utility Company Revenue Increase Request* ("Agreement") filed on  
12 September 13, 2023 in this case which is attached to this testimony as Schedule KDF-d2.  
13 Associated with the Memorandum are (1) Staff's Accounting Schedules included as  
14 Attachment C to the Agreement and attached to this testimony as Schedule KDF-d3 and  
15 (2) Staff's Schedule of Depreciation Rates for The Raytown Water Company included as  
16 Attachment E to the Agreement and attached to this testimony as Schedule KDF-d4.  
17 The combination of these three schedules represent the direct testimony supporting Staff's  
18 revenue requirement.

19 Q. Staff's Memorandum lists its individual contributors but does not identify the  
20 issues to which each was assigned. Would you please provide a list of issue assignments?

21 A. Gladly. The following table lists each Commission Staff witness who  
22 contributed to Staff's Memorandum and the issues they are sponsoring:

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<b>Staff Witness</b>	<b>Issues Sponsored</b>
Branson, Alexis L.	Bad Debts; Bond Issuance Trust Fee Amortization; Dues and Donations; Insurance Expense: Postage; Prepayments; Materials & Supplies; PSC Assessment
Coffer, Amanda	Depreciation
Foster, Keith D.	City of Raytown Right of Way (ROW) Permits
Horton, Courtney	Communications Expense; Education Expense Laboratory Fees/Chemical Expenses; Office Supplies & Leased Equipment; Outside Services; Purchased Water; Revenues; Storage Lot Rent Expense; Tank Painting Expense; Uniform Expense
Jennings, Randall T.	Rate of Return
Lesmes, Sherrye	Advertising Expense; Contributions in Aid of Construction (“CIAC”); Customer Advances; Customer Deposit Interest Expense; Customer Deposits; Property Tax Expense; Rate Case Expense
McMellen, Amanda C.	401(k) Employer Contributions
Niemeier, Angela	Board of Directors Fees; Current and Deferred Income Tax; Depreciation Expense; Employee Benefits; Incentive Compensation; Main Geographic Information System (“GIS”) Mapping; Meter Replacement Program; Payroll and Payroll Taxes; Plant and Depreciation Reserve; Purchased Power; Transportation Expense

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3 Q. Are any of these witnesses providing separate direct testimony in this  
4 proceeding?

5 A. Yes. Randall T. Jennings will be presenting separate direct testimony supporting  
6 the Financial Analysis Department’s Rate of Return and Capital Structure recommendation.

7 Q. What revenue requirement increase is Staff recommending in this case?

8 A. Staff is recommending a revenue requirement increase of \$1,174,782.

9 Q. Does this conclude your direct testimony?

10 A. Yes it does.

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

In the Matter of the Application of a Rate  
Increase of Raytown Water Company

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)  
)

Case No. WR-2023-0344

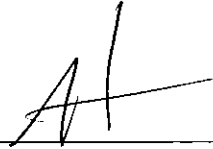
**AFFIDAVIT OF KEITH D. FOSTER**

STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )

ss.

**COMES NOW KEITH D. FOSTER** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Keith Foster*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

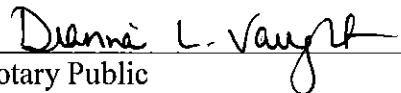


\_\_\_\_\_  
KEITH D. FOSTER

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27<sup>th</sup> day of September 2023.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
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Notary Public

## Schedule KDF-d1 - Keith D. Foster

### Summary of case participation:

Case/Tracking Number	Company Name - Issue
QW-2008-0010	<b>Tri-States Utility, Inc.</b> - Property Taxes; Fuel & Electricity Expense; Telephone Expense; Rent Expense; Plant in Service; Depreciation Schedule, Reserve, Rates, and Expense; Transportation Expense; Chemicals Expense; Waste Disposal; Insurance Expense; Contractual Services; Bad Debt Expense; Miscellaneous Expenses
WR-2008-0311	<b>Missouri-American Water Company</b> - Advertising & Promotional Items; Dues and Donations; Cash Working Capital; Plant in Service; Depreciation Expense; Depreciation Reserve; Franchise Tax; Property Taxes; Fuel & Electricity Expense; Telephone Expense; Postage Expense; Purchased Water; Prepayments; Materials & Supplies; Customer Advances; Contributions in Aid of Construction (CIAC)
WR-2009-0098	<b>Raytown Water Company</b> - Materials & Supplies; Prepayments; Customer Deposits; Revenues; Insurance Expense; Utilities Expense; Directors Fees; Office Supplies Expense; Postage Expense; Laboratory Fees; Transportation Expenses; Rate Case Expense; Regulatory Commission Expense
GO-2009-0302	<b>Missouri Gas Energy</b> - Infrastructure Service Replacement Surcharge (ISRS)
SA-2009-0319	<b>Mid-MO Sanitation, LLC</b> – Certificate Case; All Revenue and Expenses; Plant in Service; Depreciation Reserve; Other Rate Base Items
GR-2009-0355	<b>Missouri Gas Energy</b> – Payroll, Payroll Taxes, 401(k), and Other Employee Benefit Costs; Incentive Compensation and Bonuses; Medical and Dental Expense; Bad Debt Expense; Rate Case Expense; Pension Expense; FAS106/OPEBs; Prepaid Pension Asset (PPA); Franchise Tax Expense; Income Tax Expense
SR-2010-0095	<b>Mid-MO Sanitation, LLC</b> – Full Audit of All Revenue and Expenses; Plant in Service; Depreciation Reserve; Other Rate Base Items
ER-2010-0130	<b>Empire District Electric</b> – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Off-System Sales; Transmission Revenue; Payroll, Payroll Taxes, and 401(k) Benefit Costs; Incentive Compensation; Maintenance Normalization Adjustments

## Schedule KDF-d1 - Keith D. Foster

Case/Tracking Number	Company Name - Issue
WR-2010-0304	<b>Raytown Water Company</b> – Revenues; Rate Case Expense; Regulatory Commission Expense; Utilities Expense; Purchased Water; Insurance Expense; Laboratory Fees; Communication Expense; Transportation Expense
GO-2011-0003	<b>Missouri Gas Energy</b> - Infrastructure Service Replacement Surcharge (ISRS)
ER-2011-0004	<b>Empire District Electric</b> – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Maintenance Normalization Adjustments; Miscellaneous Revenues (SO2 Allowances and Renewable Energy Credits); Operations and Maintenance (O&M) Expenses for Iatan 2 and Plum Point; Transmission Revenue; Entergy Transmission Contract; Reconciliation
WR-2011-0337	<b>Missouri-American Water Company</b> – Belleville Lab Allocations; Chemical Expense; Corporate and District Allocations; Fuel & Electricity Expense; Service Company Management Fees; Business Transformation Program; Reconciliation
WR-2012-0300	<b>Empire District Electric (Water)</b> – Plant-in-Service; Depreciation Reserve; Depreciation Expense; Materials and Supplies; Property Tax Expense; Customer Advances; Operations and Maintenance (O&M) Adjustment
WM-2012-0335	<b>Moore Bend Water Company</b> – Acquisition Case – Plant-in-Service; Depreciation Reserve; Depreciation Expense
ER-2012-0345	<b>Empire District Electric</b> – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Maintenance Normalization Adjustments (Operations and Maintenance Expense); Operations and Maintenance (O&M) Expense Trackers for Iatan 2, Iatan Common, and Plum Point; Entergy Transmission Contract; Reconciliation
WR-2013-0461 SR-2013-0459	<b>Lake Region Water &amp; Sewer</b> – Executive Management Fees; Current Income Taxes; Deferred Income Taxes; Payroll and Benefits; Payroll Taxes; Allocation Factors; Sludge Removal; Accounting Fees; Legal Fees (Other Than Rate Case Expense); Billing Expense; Outside Services; Travel & Entertainment Expense; Transportation Expense
GR-2014-0086	<b>Summit Natural Gas</b> – Acquisition Costs; Affiliate Transactions; Fuel Expense; Property Taxes; Other Miscellaneous Expenses; Income Taxes; Deferred Taxes; and Reconciliation

## Schedule KDF-d1 - Keith D. Foster

Case/Tracking Number	Company Name - Issue
WA-2015-0049 SA-2015-0107	<b>Branson Cedars Resort</b> – Certificate Case - All Revenue and Expenses; Plant in Service; Depreciation Reserve; Other Rate Base Items
WA-2015-0108	<b>Missouri-American Water Company (Redfield Water)</b> – Acquisition Case – Plant-in-Service; Depreciation Reserve; Depreciation Expense
WO-2015-0077	<b>Woodland Manor Water Company</b> – Acquisition Case – Plant-in-Service; Depreciation Reserve; Depreciation Expense; CIAC; Customer Deposits
WR-2015-0192	<b>Ozark International, Inc.</b> – Plant-in-Service; Depreciation Reserve; Depreciation Expense; CIAC; Customer Deposits; Chemicals Expense; Legal Expense; Office Expense; Postage; Water Testing Expense; Gas & Oil Expense
ER-2016-0023	<b>Empire District Electric</b> – Fuel and Purchased Power; Fuel Inventories; Gas Stored Underground; Software Maintenance Expense; Corporate Allocations; Outside Services; Iatan and Plum Point Carrying Costs
WR-2017-0110 SR-2017-0109	<b>Terre Du Lac Utilities Corporation</b> – Maintenance Expense; Rate Case Expense; Internet Service Expense; Telephone Expense; Payroll and Benefits; Payroll Taxes; Outside Services; Mileage Expense
WR-2017-0285 SR-2017-0286	<b>Missouri-American Water Company</b> – Central Lab Allocations; Corporate, Service Company, and Jurisdictional Allocations; Hydrant Painting; Income Taxes; Main Break Expense
HR-2018-0341	<b>Veolia Energy Kansas City</b> – Plant in Service; Accumulated Deferred Income Taxes; Fuel Expense; Consumables Expense; Insurance Expense; Outside Services; Property Taxes.
GO-2019-0115 GO-2019-0116	<b>Spire Missouri</b> – Infrastructure Service Replacement Surcharge (ISRS)
SA-2019-0334	<b>Missouri-American Water Company (Hillers Creek Sewer)</b> – Acquisition Case – Lead Auditor
SA-2020-0132	<b>Missouri-American Water Company (Clinton Estates Sewer)</b> – Acquisition Case – Lead Auditor
SA-2020-0067	<b>Liberty Utilities (Saver’s Farm Sewer)</b> – Acquisition Case – Lead Auditor



## Schedule KDF-d1 - Keith D. Foster

Case/Tracking Number	Company Name - Issue
ER-2019-0374	<b>Empire District Electric</b> – Accumulated Deferred Income Tax (ADIT); Current and Deferred Income Tax; Southwest Power Pool (SPP) Revenues and Expenses; Corporate Allocations; Corporate Expenses.
WM-2020-0156	<b>Liberty Utilities (Missouri Water), LLC (Empire District Electric (Water))</b> – Acquisition Case – Lead Auditor
ER-2020-0311	<b>Empire District Electric</b> – FAC Case
WR-2020-0344 SR-2020-0345	<b>Missouri-American Water Company</b> – Pensions & OPEBs; Defined Contribution Plan (DCP) Expense; Accumulated Deferred Income Taxes (ADIT); Income Taxes
SA-2021-0120	<b>Missouri-American Water Company (City of Taos Sewer)</b> – Acquisition Case – Lead Auditor
WA-2021-0116	<b>Missouri-American Water Company (Table Rock Estates Water)</b> – Acquisition Case – Lead Auditor
SR-2021-0372	<b>Mid-MO Sanitation, LLC</b> – Lead Auditor
WO-2021-0343	<b>Missouri-American Water Company</b> – Infrastructure Service Replacement Surcharge (ISRS)
ET-2020-0259	<b>Empire District Electric</b> – Community Solar Application
ER-2021-0312	<b>Empire District Electric</b> - Accumulated Deferred Income Tax (ADIT); Current and Deferred Income Tax; Southwest Power Pool (SPP) Revenues and Expenses; Low Income Pilot Program (LIPP) Amortization; Plant in Service Accounting (PISA) Amortization.
GR-2021-0320	<b>Empire District Gas</b> – Co-Case Coordinator - Accumulated Deferred Income Tax (ADIT); Current and Deferred Income Tax; Rate Case Expense Sharing
WM-2022-0186	<b>Foxfire Utility Co.</b> – Merger Case – Lead Auditor
WR-2022-0303 SR-2022-0304	<b>Missouri-American Water Company</b> – Co-Case Coordinator – Revenue Requirement; Current and Deferred Income Tax; Excess ADIT Stub Period Amortization; Tax Cuts and Job Act of 2017 (TCJA) Excess ADIT Tracker Amortization and Balance

**Disposition Agreement Attachment B**  
**Auditing Department Report**

***AUDITING UNIT RECOMMENDATION MEMORANDUM***

**FROM:** Keith Foster  
Angela Niemeier  
Amanda McMellen  
Courtney Horton  
Sherrye Lesmes  
Alexis Branson  
Auditing Unit Staff  
Randall Jennings  
Financial Analysis Department

**TO:** David Spratt  
Water and Sewer Department, Case Manager  
Karen Bretz  
Kevin Thompson  
Staff Counsel's Office

**SUBJECT:** Auditing Unit's Findings and Recommended Cost of Service  
Raytown Water Company  
Case No. WR-2023-0344

**DATE:** August 23, 2023

Raytown Water Company ("RWC") requested an increase in its annual operating revenues in the amount of \$735,103, which, if approved, would result in an increase over current revenues of approximately 14.2%. Staff performed an initial audit of RWC's operations to determine whether an increase is appropriate and, if so, the amount thereof that would be reasonable.

Based upon Staff's examination of RWC's books and records and discussions with its employees, Staff's recommended revenue requirement increase calculation for RWC through June 30, 2023, using a return on equity ("ROE") of 10.37%, is \$1,174,782 indicating an increase in RWC's current rates is justified. Attached to this Memorandum are Staff's Accounting Schedules and relevant workpapers related to its review and audit of RWC's financial operations.

In the process of updating Staff's revenue requirement for this recommendation, two errors were discovered that affected Staff's stated recommended revenue requirements for Day 90 and Day 120, causing those amounts to be over-stated. The first error concerned test year amounts that were not accurately recorded in Staff's Exhibit Modeling System ("EMS") that, when corrected, reduced the test year total operating expenses by \$292,209. The second error concerned the calculation of the Depreciation Reserve that did not include accumulated depreciation for the first six months of 2023. The correction resulted in an increase of \$238,645 in Depreciation Reserve and a corresponding decrease in the net plant in service and rate base. These corrections, combined with the adjustments discussed in subsequent sections, are reflected in Staff's recommended revenue requirement increase.

## **Test Year and Update Period**

Staff used a test year consisting of the twelve months ending December 31, 2022, updated with known and measurable changes through June 30, 2023, to develop its revenue requirement recommendation in this case.

## **Rate Base**

Staff's revenue requirement is based on a net rate base of \$9,144,649 as of June 30, 2023. Plant in service and depreciation reserve balances as of June 30, 2023, were utilized for this recommendation. While Staff was on-site performing the audit, RWC provided copies of its manual general ledger for plant and reserve (not part of a specific data request). This ledger provided extensive detail of RWC's plant records, including additions and retirements. Staff received a few plant additions in emails from RWC on June 15, 2023, and has included these plant updates in its revenue requirement. Staff has also included, in plant, the cost associated with the Advanced Metering Infrastructure ("AMI") meters that were installed through June 30, 2023.

Accumulated Deferred Income Taxes ("ADIT"), Materials and Supplies, and Contributions in Aid of Construction ("CIAC") were updated for known and measurable changes through June 30, 2023, as appropriate. Prepayments were updated through March 31, 2023, as that was the most current information provided to Staff.

## **Depreciation Rates**

The depreciation rates used in this case were provided by Staff member Amanda Coffey of the Missouri Public Service Commission's ("Commission's") Engineering Analysis Department.

## **Meter Replacement Program**

RWC is currently replacing all meters with Advanced Metering Infrastructure ("AMI") meters, through a contract with Utility Services Co., Inc. ("USC") for a total contract price of \$3,870,050 for the installation of 6,811 AMI meters. In addition to the installation of the new AMI meters that began in March 2023, USC installed Data Collector Units (DCUs), provided RWC with host software and communications services to collect data from all the DCUs, provided RWC with the Aclara Adaptive Consumer Engagement (Aclara ACE®) platform, and procured all the equipment required for installation. As of June 30, 2023, USC had installed 3,073 AMI meters, or approximately 45.12% of the total to be installed. To include the capitalized costs of these installed meters, Staff included 45.12% of the total contracted installation cost (approximately \$568.21 per AMI meter) in plant in a new account 346.400 to distinguish these meters from the other installed meters. Staff's method allocates all the costs to each AMI meter, which seems to be the best way to represent a partial implementation.

Most meters have a 10-year depreciation rate; however, in this case, since the contract with USC, which includes warranty work, is for 15 years, Staff recommends using a 6.67% depreciation rate. In addition, Staff recommends leaving the plant and depreciation reserve balances for the current meters in plant alone, as the net plant after depreciation reserve is \$120,198 (from total

plant of \$985,700) well below the remaining approximately 55% of meters still to be replaced. Those balances will be adjusted to zero in the next rate case when all the meters will have been replaced. However, Staff did make an adjustment to depreciation expense for the plastic meters (account 346.000) by reducing its annual depreciation by 45.12% as an offset for the inclusion of the depreciation for the installed AMI meters.

## **Revenues**

The average number of customers over a three-year period ending December 31, 2022, was used to annualize revenues in this case. The average number of final bills over the same three-year period was then subtracted from the average number of customers. A multi-year average of customers was used as RWC's monthly customer counts tend to be volatile because a portion of its customers are renters, and the number of renters is in constant fluctuation. The average number of customers less the average number of final bills, based on a three-year average period ending December 31, 2022, was multiplied by the current monthly tariff rate (the rate effective from rate case WR-2020-0264), and then multiplied by twelve to derive the annualized customer charge revenue. Staff also used a three-year average, ending December 2022, to normalize RWC's customer usage revenue. RWC's customers' water usage varied from one year to the next. A three-year average was used to normalize the effect of this fluctuation. In addition, Staff normalized RWC's miscellaneous revenues by using either a three-year average, two-year average, or the test year amount as of December 31, 2022. Staff determined the appropriate method to use for each type of miscellaneous revenue based upon trends in the data. Staff's analysis of revenues for RWC produced an annualized level of \$3,865,071 for metered sales and \$443,948 for miscellaneous revenues. RWC receives rental income from tower lease contracts with cellular phone companies. The annualized level of revenue from this rental income is \$166,505 as of June 30, 2023 (this amount is included in total miscellaneous revenues stated above).

## **Bad Debt**

Staff used a four-year average of actual write-offs recorded in Uniform System of Accounts ("USOA") Account 904, Uncollectible Customer Accounts, to normalize bad debt expense. Staff reviewed the level of yearly write-offs for the last fifteen (15) years and compared them to the level of revenues for those same years to determine if there was a correlation between an increase in revenue and the amount of bad debt expense on RWC's books. Based upon Staff's analysis, Staff determined there was no direct correlation between the level of revenues and bad debt. Staff's analysis determined that both revenues and bad debt expense fluctuated from one year to the next; therefore, Staff determined that a four-year average of actual write-offs was the appropriate method to adjust RWC's bad debt expense.

## **Rate of Return and Capital Structure**

The Commission's Financial Analysis Department provided the Audit Staff with a preliminary rate of return ("ROR") recommendation. To recommend the allowed ROR, the Staff of the Financial Analysis Department used its "Small Utility Return on Equity ('ROE')/Rate of Return ('ROR') Methodology" ("ROR Methodology"). Staff's ROR Methodology is based on the Standard & Poor's ("S&P") Credit Ratings guide and the Bond Yield Plus Risk Premium method. The S&P Credit Ratings guide provides parameters for estimating credit ratings. Credit ratings

are in turn used to estimate debt cost. The Bond Yield Plus Risk Premium method simply adds a premium, known as equity risk premium (“ERP”), to the estimated debt cost to come up with a return on equity (“ROE”). ROE is combined with debt cost to arrive at an estimated ROR.

To estimate credit ratings using the S&P Credit Ratings guide, Staff examined the financial risk profile (“FRP”) and business risk profile (“BRP”) of RWC. To examine the FRP and BRP of a small utility, Staff analyzes financial statements and ratios. RWC has filed Annual Reports with the Commission for years 2019 through 2022.

Background information on utilities’ BRP is important in determining RWC’s BRP. According to a November 27, 2007, S&P Credit Ratings publication, regulated utilities and holding companies that are utility-focused virtually always fall in the upper range (“Excellent” or “Strong”) of business risk profile. In addition, all water utilities currently rated by S&P are assigned a BRP of “Excellent,” because of their regulated revenues. Due to the fact that RWC is smaller than other major regulated water utilities rated by S&P (RWC serves 6,541 water customers),<sup>1</sup> in Staff’s reasonable judgment, for RWC a BRP of “Strong,” one notch lower than the “Excellent” assigned to water utilities by S&P Credit Ratings, is appropriate.

For FRP, RWC has shown net operating incomes for 2021 and 2022 after showing net losses in 2019 and 2020. While net incomes indicate RWC is operating in a sustainable manner, and considered by itself would indicate a minimal financial risk, as of December 31, 2022, RWC’s debt to EBITA and FFO to debt ratios (5.74x and 10.89% respectively) remain high and reveals that RWC is still considered “Highly Leveraged.” RWC’s Debt to Capital ratio is 37.97% which would be considered “Intermediate.” The combination of these factors leads Staff, in its reasonable judgment, to believe an FRP of “Aggressive” is appropriate for this rate case.<sup>2</sup>

RWC’s previous rate case, Case No. WR-2020-0264, resulted with a BRP between “Strong” and “Satisfactory” and an FRP of “Minimal.” A factor leading to this included RWC having a debt to capital ratio of less than 5% compared to its 37.97% as of December 31, 2022.

With a BRP and FRP of “Strong” and “Aggressive,” respectively, for RWC, the S&P Credit Ratings guide matrix indicates a credit rating of ‘BB’.<sup>3</sup> The three-month average yield on ‘BB’ rated corporate bonds was 6.86%.<sup>4</sup> The three-month average yield on ‘BBB’ rated corporate bonds was 5.61%<sup>5</sup>; a spread of 125 basis points. Staff also examined the Mergent Bond Record dated June 2023 and found that the previous three month average bond yield for ‘Baa/BBB’ public

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<sup>1</sup> RWC Response to Staff DR No. 0092.

<sup>2</sup> According to a September 18, 2012, S&P guide (Methodology: Business Risk/Financial Risk Matrix Expanded), Table 2, utilities with a ratio of Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of less than 1.5 is typically “Minimal” and a Funds From Operations (FFO) to Total Debt (Debt) ratio of greater than 60% typically have an FRP of “Minimal.” RWC’s ratios for year ending 2022 were Debt/EBITDA = 5.74 and FFO/Debt = 10.89%.

<sup>3</sup> S&P Ratings Direct, Methodology: Business Risk/Financial Risk Matrix Expanded, Table 1, September 18, 2012.

<sup>4</sup> ICE BofA BB US High Yield Index Effective Yield (BAMLH0A1HYBBEY) | FRED | St. Louis Fed (stlouisfed.org); <https://fred.stlouisfed.org/series/BAMLH0A1HYBBEY#0>

<sup>5</sup> ICE BofA BBB US Corporate Index Effective Yield (BAMLC0A4CBBBEY) | FRED | St. Louis Fed (stlouisfed.org); <https://fred.stlouisfed.org/series/BAMLC0A4CBBBEY#0>

utilities bonds was 5.62%.<sup>6</sup> Staff added the previously calculated spread between ‘Baa/BBB’ and ‘Ba/BB’ yields to the three-month average, resulting in a ‘Ba/BB’ yield of 6.87%.

Adding a 3.5% Equity Risk Premium (“ERP”), as prescribed by the Bond Yield Plus Risk Premium method, to the 6.87% estimated debt cost, results in a 10.37% ROE. Because of high inflation rates and ongoing interest rate increases, Staff will monitor market conditions and update as needed.

RWC is capitalized with 37.97% debt, 47.20% common equity, and 14.82% preferred equity. According to annual reports filed with the Commission, RWC’s debt is financed at a fixed rate of 3.75%. Staff’s recommended ROE of 10.37% for RWC and embedded cost of debt of 3.75% applied to a capital structure of 37.97% debt, 47.20% common equity, and 14.82% preferred equity, results in an allowed pre-tax ROR of 6.80%.

### **Purchased Water**

The most significant item included in RWC’s operating expense is the cost of purchased water. RWC purchases all of its water requirements from the Kansas City Water District (“KCWD”). KCWD water rates are increased annually. KCWD most recently increased its water rates by an average of 3.8% beginning May 1, 2023. Staff’s annualized purchased water volumes were determined by annualized sales volumes, as calculated in Staff’s revenue annualization. In a meeting with RWC on July 19, 2023, RWC informed Staff that there were months when RWC was selling more water than it was purchasing. RWC notified KCWD of this problem. In return, KCWD replaced the water master meters to try and resolve the problem. Staff conducted an analysis of the water loss data and confirmed RWC was selling more water than it was purchasing for fourteen (14) separate months spread over the period of November 2020 through March 2023. Staff concluded that the purchased water data RWC provided over that timeframe would not be reliable in computing an accurate average water loss percentage for this case. As a result, Staff determined it would be more reasonable to use the water loss percentage of 12.04% from the previous rate case (Case No. WR-2020-0264) to determine its purchased water.

### **Payroll**

Staff adjusted RWC’s test year payroll expense to reflect an annualized and normalized level of payroll and payroll taxes as of June 30, 2023. To account for labor that is associated with construction activities, Staff applied an 88% operation and maintenance (“O&M”) expense ratio to its annualized payroll amount. This percentage was determined by using the test year amount of RWC’s annual O&M expense ratio.

According to RWC’s Personnel Policy Manual, non-exempt employees will be paid one and one-half (1 ½) times their hourly rate for all time worked in excess of forty (40) hours in a payroll week. Overtime payroll for RWC was calculated based on RWC’s overtime hours that was included on its books for the test year and multiplied by the current pay overtime per hour rate.

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<sup>6</sup> June 2023 Mergent Bond Record, page 22.

RWC has continued the same Defined Contribution Plan/401(k), from its last rate case, for its employees for the test year. Staff reviewed RWC's 2022 and 2023 Defined Contribution Plans. It is matching up to 6% of each employee's total pay for the 401(k) plan. Each employee is also contributing to their 401(k) plan through payroll deductions since the last rate case. Staff annualized RWC's match (up to 6%), based on the update period of the six months ending June 30, 2023, into its cost of service for this case. Payroll taxes were normalized by multiplying the current Old-Age, Survivors, and Disability Insurance ("OASDI"), Medicare, Federal Unemployment Tax Act ("FUTA"), and State Unemployment Tax Act ("SUTA") rates to Staff's annualized payroll.

To determine current payroll, Staff used the salaries approved in the last rate case and then applied the Social Security Cost of Living Adjustment ("COLA") rate for each subsequent year up to January 2023. Staff used the COLA rate because, according to RWC's board of director minutes, all employees' annual salary and wage increases are based on that rate. For new employees, Staff verified that their pay matched the pay rate for their job position. For employees who had received a promotion with a new job title, Staff used current pay instead of the COLA increases. Staff updated payroll expense to include current employees of RWC at June 30, 2023. RWC hired a part-time accountant from Marr & Company accounting firm. This accountant is scheduled to work until this rate case is finished. Because the part-time accountant position will not be ongoing, Staff did not include that pay in its annualized payroll.

### **Employee Benefits**

RWC provides medical, life, and dental insurance for their employees. Staff reviewed invoices through June 30, 2023, for employee benefits to determine the level of insurance to include in the cost of service. Staff removed the cost associated with employees no longer employed by RWC.

### **Auto, Property, and Workers' Compensation Insurance**

Staff updated the test year balances for the year ending December 31, 2022, for auto, property, and workers' compensation insurance. Staff made adjustments for 2023 policies that were effective April 30, 2023.

### **Property Taxes**

An adjustment was made to property taxes to include property taxes for plant in service for the test year ending December 31, 2022, balances. Staff developed a ratio of total property taxes paid in 2022 compared to the amount of total plant in service as of January 1, 2022. The ratio was then applied to the January 1, 2023, year-end balance of plant in service to determine the level of property taxes to include in Staff's recommendation.

An adjustment was also made to remove a portion of the taxes associated with the RWC-owned Evanston House property, as this is non-utility property.



## **Excess Deferred Income Taxes**

Due to the passage of the Tax Cuts and Jobs Act, RWC had an excess deferred income tax balance as of January 1, 2018. On this date, the federal tax rate for C corporations changed from a graduated system to a flat 21% tax on net income. Similarly, the State of Missouri changed its corporate tax rate from 6.5% to 4% on net income effective January 1, 2020.

All of RWC's excess deferred tax balances are considered to be "protected" by the Internal Revenue Service ("IRS"). In RWC's previous rate case, Case No. WR-2020-0264, Staff determined the difference between the deferred income tax balance before and after the changes in tax rates and calculated an excess deferred income tax amount of \$529,009 to be included as a reduction to rate base. Because of IRS normalization requirements, the excess deferred taxes related to protected timing differences can't be returned to customers faster than they would have absent the changes in tax law. Therefore, Staff calculated when each plant account balance that existed at the time of the change in tax law would have been fully depreciated, with the longest balance ending in 2048. Staff then calculated a graduated amortization of excess deferred income tax from 2020, the year the State tax rate changed, through 2048 with gradually reducing annual amortizations. For this rate case, Staff reduced the original \$529,009 balance by the sum of the annual amortization amounts since 2020 to \$412,047, and adjusted the amortization amount in expense to the current 2023 amortization amount of \$29,939. Staff recommends continuing this method of depleting the balance of excess deferred income tax over the remaining life (2048) of the December 31, 2017, plant in service in a manner consistent with IRS normalization requirements for protected tax timing differences.

## **Deferred Income Tax**

Upon receiving the 2022 tax return, Staff updated the deferred income tax calculation to reflect the data found in the 2022 tax return.

## **Rate Case Expense**

Staff used a two-case average of rate case expense. By using a two-case average, Staff is normalizing rate case expense while capturing costs RWC will continue to incur in this proceeding. Staff recommends normalizing this cost over a two-year period. The normalized amount of rate case expense included in Staff's revenue requirement is \$5,856.

## **Utilities Expenses**

For tower utilities, electricity and natural gas costs were normalized using a three-year average. For electricity and natural gas costs at RWC's headquarters, Staff used the twelve (12) month period ending June 30, 2023, amount because the update period best represents the upward trend of cost.

## **Transportation Clearing Expense**

Staff adjusted test year amounts to remove payroll from transportation clearing expenses. An adjustment is necessary to avoid “double counting” because Staff has annualized payroll in a separate adjustment.

### **Customer Deposit Interest Expense**

Staff updated the test year customer deposit interest rate to accurately reflect the tariff, which states that the customer deposit interest rate is set annually “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.” For this case, Staff used the prime rate of 7.5% as of December 31, 2022, plus 1%.

### **Dues and Donations**

Staff looked at the past three (3) years of Dues and Donations costs located in account 921 to assess for any trends. Trending amounts showed a steady increase in costs. Staff used the update period ending June 30, 2023. No adjustments were necessary.

### **Postage**

Staff assessed postal expenses in Account 921.02 for an eight (8) year period. The trend showed some fluctuation with an overall raise in price. Staff used the test year to establish most recent costs and needs, adjusted for a known July 9, 2023, increase in postal rates per customer.

### **Additional Adjustments**

Staff has reflected adjustments in its cost of service to normalize amounts related to: 1) various O&M expenses; 2) education expenses; 3) communication expenses; 4) costs associated with uniform rental; 5) board of directors fees and insurance; 6) Commission’s annual assessment; 7) tank painting; 8) maintenance; and 9) storage lot rental.

Staff excluded from its cost of service amounts associated with: 1) Christmas bonuses; 2) miscellaneous expenses; 3) non-regulated expenses; 4) director fees for Mr. Neal Clevenger and Ms. Chiki Thompson, who are both full-time employees of RWC; and 5) depreciation expense on CIAC.

**Disposition Agreement Attachment C**  
**EMS Run**

**Exhibit No.:** XXXXX  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** WR-2023-0344  
**Date Prepared:** August 23, 2023



**MISSOURI PUBLIC SERVICE COMMISSION**  
**FINANCIAL & BUSINESS ANALYSIS DIVISION**  
**STAFF ACCOUNTING SCHEDULES**

**RAYTOWN WATER COMPANY**

**CASE NO. WR-2023-0344**

**Jefferson City, Missouri**

**August 2023**

**Raytown Water Company**  
**Case No. WR-2023-0344**  
**Test Year 12 months Ending 12/31/22**  
**Updated Through 6/30/23**  
**Revenue Requirement**

Line Number	<u>A</u> Description	<u>B</u> 6.80% Return	<u>C</u> 6.80% Return	<u>D</u> 6.80% Return
1	Net Orig Cost Rate Base	\$9,144,649	\$9,144,649	\$9,144,649
2	Rate of Return	6.80%	6.80%	6.80%
3	Net Operating Income Requirement	\$621,928	\$621,928	\$621,928
4	Net Income Available	-\$272,784	-\$272,784	-\$272,784
5	Additional Net Income Required	\$894,712	\$894,712	\$894,712
6	Income Tax Requirement			
7	Required Current Income Tax	\$102,367	\$102,367	\$102,367
8	Current Income Tax Available	-\$177,703	-\$177,703	-\$177,703
9	Additional Current Tax Required	\$280,070	\$280,070	\$280,070
10	Revenue Requirement	\$1,174,782	\$1,174,782	\$1,174,782
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Miscellaneous (e.g. MEEIA)	\$0	\$0	\$0
13	<b>Gross Revenue Requirement</b>	<b>\$1,174,782</b>	<b>\$1,174,782</b>	<b>\$1,174,782</b>

**Raytown Water Company**  
**Case No. WR-2023-0344**  
**Test Year 12 months Ending 12/31/22**  
**Updated Through 6/30/23**  
**RATE BASE SCHEDULE**

Line Number	<u>A</u> Rate Base Description	<u>B</u> Percentage Rate	<u>C</u> Dollar Amount
1	Plant In Service		\$19,434,338
2	Less Accumulated Depreciation Reserve		\$8,868,421
3	Net Plant In Service		<u>\$10,565,917</u>
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	Contributions in Aid of Construction Amortization		\$224,212
7	Materials & Supplies		\$437,858
8	Prepayments		\$68,482
9	Meter Rerouting Project		<u>\$0</u>
10	TOTAL ADD TO NET PLANT IN SERVICE		<u>\$730,552</u>
11	SUBTRACT FROM NET PLANT		
12	Federal Tax Offset	0.0000%	\$0
13	State Tax Offset	0.0000%	\$0
14	City Tax Offset	0.0000%	\$0
15	Interest Expense Offset	0.0000%	\$0
16	Contributions in Aid of Construction		\$643,798
17	Customer Advances		\$5,000
18	Customer Deposits		\$174,045
19	Deferred Income Taxes		\$916,930
20	Excess Deferred Income Taxes		\$412,047
21	Accrued Pension Liability		<u>\$0</u>
22	TOTAL SUBTRACT FROM NET PLANT		<u>\$2,151,820</u>
23	Total Rate Base		<u><u>\$9,144,649</u></u>

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	301.000	Organization	\$0	P-2	\$0	\$0	75.00%	\$0	\$0
3	302.000	Franchises and Consents	\$0	P-3	\$0	\$0	100.00%	\$0	\$0
4	303.000	Main GIS Project	\$25,753	P-4	-\$20,602	\$5,151	100.00%	\$0	\$5,151
5		TOTAL INTANGIBLE PLANT	\$25,753		-\$20,602	\$5,151		\$0	\$5,151
6		SOURCE OF SUPPLY PLANT							
7	310.000	Land and Land Rights - SSP	\$0	P-7	\$0	\$0	100.00%	\$0	\$0
8	311.000	Structures and Improvements - SSP	\$0	P-8	\$0	\$0	100.00%	\$0	\$0
9	312.000	Collecting & Impounding Reservoirs	\$0	P-9	\$0	\$0	100.00%	\$0	\$0
10	313.000	Lake, River and Other Intakes	\$0	P-10	\$0	\$0	100.00%	\$0	\$0
11	314.000	Wells and Springs	\$0	P-11	\$0	\$0	100.00%	\$0	\$0
12	315.000	Infiltration Galleries and Tunnels	\$0	P-12	\$0	\$0	100.00%	\$0	\$0
13	316.000	Supply Mains	\$0	P-13	\$0	\$0	100.00%	\$0	\$0
14	317.000	Other Water Source Plant	\$0	P-14	\$0	\$0	100.00%	\$0	\$0
15		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0	\$0		\$0	\$0
16		PUMPING PLANT							
17	320.000	Land and Land Rights - PP	\$0	P-17	\$0	\$0	100.00%	\$0	\$0
18	321.000	Structures and Improvements - PP	\$0	P-18	\$0	\$0	100.00%	\$0	\$0
19	322.000	Boiler Plant Equipment	\$0	P-19	\$0	\$0	100.00%	\$0	\$0
20	323.000	Other Power Production Equipment	\$0	P-20	\$0	\$0	100.00%	\$0	\$0
21	324.000	Steam Pumping Equipment	\$0	P-21	\$0	\$0	100.00%	\$0	\$0
22	325.000	Electric Pumping Equipment	\$0	P-22	\$0	\$0	100.00%	\$0	\$0
23	326.000	Diesel Pumping Equipment	\$0	P-23	\$0	\$0	100.00%	\$0	\$0
24	327.000	Hydraulic Pumping Equipment	\$0	P-24	\$0	\$0	100.00%	\$0	\$0
25	328.000	Other Pumping Equipment	\$0	P-25	\$0	\$0	100.00%	\$0	\$0
26		TOTAL PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
27		WATER TREATMENT PLANT							
28	330.000	Land and Land Rights - WTP	\$0	P-28	\$0	\$0	100.00%	\$0	\$0
29	331.000	Structures and Improvements - WTP	\$0	P-29	\$0	\$0	100.00%	\$0	\$0
30	332.000	Water Treatment Equipment	\$0	P-30	\$0	\$0	100.00%	\$0	\$0
31		TOTAL WATER TREATMENT PLANT	\$0		\$0	\$0		\$0	\$0
32		TRANSMISSION & DIST. PLANT							
33	340.000	Land and Land Rights - TDP	\$107,560	P-33	\$0	\$107,560	100.00%	\$0	\$107,560
34	341.000	Structures and Improvements - TDP	\$0	P-34	\$0	\$0	100.00%	\$0	\$0
35	342.000	Distribution Reservoirs and Standpipes	\$2,909,729	P-35	\$10,837	\$2,920,566	100.00%	\$0	\$2,920,566
36	343.000	Transmission and Distribution Mains	\$7,935,864	P-36	\$206,433	\$8,142,297	100.00%	\$0	\$8,142,297
37	343.100	Gateway Transmission Main	\$258,013	P-37	\$0	\$258,013	100.00%	\$0	\$258,013
38	344.000	Fire Mains	\$0	P-38	\$0	\$0	100.00%	\$0	\$0
39	345.000	Services	\$272,400	P-39	\$0	\$272,400	100.00%	\$0	\$272,400
40	346.000	Meters - Plastic	\$649,121	P-40	\$0	\$649,121	100.00%	\$0	\$649,121
41	346.100	Meters - Bronze Chamber	\$240,215	P-41	\$0	\$240,215	100.00%	\$0	\$240,215
42	346.200	Meters - Hot Rod	\$96,364	P-42	\$0	\$96,364	100.00%	\$0	\$96,364
43	346.300	Meters - Ultrasonic	\$0	P-43	\$0	\$0	100.00%	\$0	\$0
44	346.400	Meters - AMI	\$0	P-44	\$1,746,097	\$1,746,097	100.00%	\$0	\$1,746,097
45	347.000	Meter Installations	\$393,271	P-45	\$0	\$393,271	100.00%	\$0	\$393,271
46	348.000	Hydrants	\$1,333,931	P-46	\$22,929	\$1,356,860	100.00%	\$0	\$1,356,860
47	349.000	Other Transmission & Distribution Plant	\$0	P-47	\$0	\$0	100.00%	\$0	\$0
48		TOTAL TRANSMISSION & DIST. PLANT	\$14,196,468		\$1,986,296	\$16,182,764		\$0	\$16,182,764
49		GENERAL PLANT							
50	389.000	Land and Land Rights - GP	\$140,051	P-50	\$0	\$140,051	100.00%	\$0	\$140,051
51	390.000	Structures and Improvements - GP	\$1,080,003	P-51	\$6,966	\$1,086,969	100.00%	\$0	\$1,086,969
52	391.000	Office Furniture and Equipment	\$149,346	P-52	\$0	\$149,346	100.00%	\$0	\$149,346
53	391.100	Office Electronic Equipment	\$159,077	P-53	\$0	\$159,077	100.00%	\$0	\$159,077
54	392.000	Transportation Equipment	\$999,197	P-54	\$6,957	\$1,006,154	100.00%	\$0	\$1,006,154
55	393.000	Stores Equipment	\$0	P-55	\$0	\$0	100.00%	\$0	\$0
56	394.000	Tools, Shop and Garage Equipment	\$161,476	P-56	\$0	\$161,476	100.00%	\$0	\$161,476
57	395.000	Laboratory Equipment	\$5,660	P-57	\$0	\$5,660	100.00%	\$0	\$5,660
58	396.000	Power Operated Equipment	\$497,553	P-58	\$0	\$497,553	100.00%	\$0	\$497,553

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
59	397.000	Communication Equipment	\$40,137	P-59	\$0	\$40,137	100.00%	\$0	\$40,137
60	398.000	Miscellaneous Equipment	\$0	P-60	\$0	\$0	100.00%	\$0	\$0
61	399.000	Other Tangible Equipment	\$0	P-61	\$0	\$0	100.00%	\$0	\$0
62		<b>TOTAL GENERAL PLANT</b>	<b>\$3,232,500</b>		<b>\$13,923</b>	<b>\$3,246,423</b>		<b>\$0</b>	<b>\$3,246,423</b>
63		<b>TOTAL PLANT IN SERVICE</b>	<b>\$17,454,721</b>		<b>\$1,979,617</b>	<b>\$19,434,338</b>		<b>\$0</b>	<b>\$19,434,338</b>



Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Adjustments to Plant in Service

A Plant Adj. Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
P-4	Main GIS Project	303.000		-\$20,602		\$0
	1. To reduce unamortized balance of the main GIS mapping project as of June 30, 2023 (Niemeier)		-\$20,602		\$0	
P-35	Distribution Reservoirs and Standpipes	342.000		\$10,837		\$0
	1. To record plant additions 2023 (Niemeier)		\$10,837		\$0	
P-36	Transmission and Distribution Mains	343.000		\$206,433		\$0
	1. To record plant additions 2023 (Niemeier)		\$207,158		\$0	
	2. To remove retired plant (Niemeier)		-\$725		\$0	
P-44	Meters - AMI	346.400		\$1,746,097		\$0
	1. To record AMI Meters (Niemeier)		\$1,746,097		\$0	
P-46	Hydrants	348.000		\$22,929		\$0
	1. To record plant additions 2023 (Niemeier)		\$23,739		\$0	
	2. To remove retired plant (Niemeier)		-\$810		\$0	
P-51	Structures and Improvements - GP	390.000		\$6,966		\$0
	1. To record plant additions 2023 (Niemeier)		\$6,966		\$0	
P-54	Transportation Equipment	392.000		\$6,957		\$0
	1. To record plant additions 2023 (Niemeier)		\$6,957		\$0	
<b>Total Plant Adjustments</b>				<b>\$1,979,617</b>		<b>\$0</b>

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0	0.00%	\$0	0	0.00%
3	302.000	Franchises and Consents	\$0	0.00%	\$0	0	0.00%
4	303.000	Main GIS Project	\$5,151	0.00%	\$0	0	0.00%
5		TOTAL INTANGIBLE PLANT	\$5,151		\$0		
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land and Land Rights - SSP	\$0	0.00%	\$0	0	0.00%
8	311.000	Structures and Improvements - SSP	\$0	0.00%	\$0	0	0.00%
9	312.000	Collecting & Impounding Reservoirs	\$0	0.00%	\$0	0	0.00%
10	313.000	Lake, River and Other Intakes	\$0	0.00%	\$0	0	0.00%
11	314.000	Wells and Springs	\$0	0.00%	\$0	0	0.00%
12	315.000	Infiltration Galleries and Tunnels	\$0	0.00%	\$0	0	0.00%
13	316.000	Supply Mains	\$0	0.00%	\$0	0	0.00%
14	317.000	Other Water Source Plant	\$0	0.00%	\$0	0	0.00%
15		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		
16		PUMPING PLANT					
17	320.000	Land and Land Rights - PP	\$0	0.00%	\$0	0	0.00%
18	321.000	Structures and Improvements - PP	\$0	0.00%	\$0	0	0.00%
19	322.000	Boiler Plant Equipment	\$0	0.00%	\$0	0	0.00%
20	323.000	Other Power Production Equipment	\$0	0.00%	\$0	0	0.00%
21	324.000	Steam Pumping Equipment	\$0	0.00%	\$0	0	0.00%
22	325.000	Electric Pumping Equipment	\$0	0.00%	\$0	0	0.00%
23	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0	0	0.00%
24	327.000	Hydraulic Pumping Equipment	\$0	0.00%	\$0	0	0.00%
25	328.000	Other Pumping Equipment	\$0	0.00%	\$0	0	0.00%
26		TOTAL PUMPING PLANT	\$0		\$0		
27		WATER TREATMENT PLANT					
28	330.000	Land and Land Rights - WTP	\$0	0.00%	\$0	0	0.00%
29	331.000	Structures and Improvements - WTP	\$0	0.00%	\$0	0	0.00%
30	332.000	Water Treatment Equipment	\$0	0.00%	\$0	0	0.00%
31		TOTAL WATER TREATMENT PLANT	\$0		\$0		
32		TRANSMISSION & DIST. PLANT					
33	340.000	Land and Land Rights - TDP	\$107,560	0.00%	\$0	0	0.00%
34	341.000	Structures and Improvements - TDP	\$0	0.00%	\$0	0	0.00%
35	342.000	Distribution Reservoirs and Standpipes	\$2,920,566	2.50%	\$73,014	40	0.00%
36	343.000	Transmission and Distribution Mains	\$8,142,297	2.00%	\$162,846	50	0.00%
37	343.100	Gateway Transmission Main	\$258,013	0.00%	\$0	0	0.00%
38	344.000	Fire Mains	\$0	0.00%	\$0	0	0.00%
39	345.000	Services	\$272,400	2.50%	\$6,810	40	0.00%
40	346.000	Meters - Plastic	\$649,121	10.00%	\$64,912	10	0.00%
41	346.100	Meters - Bronze Chamber	\$240,215	0.00%	\$0	27	10.00%
42	346.200	Meters - Hot Rod	\$96,364	5.00%	\$4,818	20	0.00%
43	346.300	Meters - Ultrasonic	\$0	0.00%	\$0	20	0.00%
44	346.400	Meters - AMI	\$1,746,097	6.67%	\$116,465	0	0.00%
45	347.000	Meter Installations	\$393,271	5.70%	\$22,416	17	0.00%
46	348.000	Hydrants	\$1,356,860	2.00%	\$27,137	48	5.00%
47	349.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0	0	0.00%
48		TOTAL TRANSMISSION & DIST. PLANT	\$16,182,764		\$478,418		
49		GENERAL PLANT					

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense	F Average Life	G Net Salvage
50	389.000	Land and Land Rights - GP	\$140,051	0.00%	\$0	0	0.00%
51	390.000	Structures and Improvements - GP	\$1,086,969	2.50%	\$27,174	40	0.00%
52	391.000	Office Furniture and Equipment	\$149,346	5.00%	\$7,467	20	0.00%
53	391.100	Office Electronic Equipment	\$159,077	0.00%	\$0	0	0.00%
54	392.000	Transportation Equipment	\$1,006,154	7.80%	\$78,480	12	7.00%
55	393.000	Stores Equipment	\$0	0.00%	\$0	0	0.00%
56	394.000	Tools, Shop and Garage Equipment	\$161,476	5.00%	\$8,074	20	0.00%
57	395.000	Laboratory Equipment	\$5,660	0.00%	\$0	20	0.00%
58	396.000	Power Operated Equipment	\$497,553	0.00%	\$0	14	6.00%
59	397.000	Communication Equipment	\$40,137	0.00%	\$0	15	0.00%
60	398.000	Miscellaneous Equipment	\$0	0.00%	\$0	0	0.00%
61	399.000	Other Tangible Equipment	\$0	0.00%	\$0	0	0.00%
62		<b>TOTAL GENERAL PLANT</b>	<b>\$3,246,423</b>		<b>\$121,195</b>		
63		<b>Total Depreciation</b>	<b>\$19,434,338</b>		<b>\$599,613</b>		

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

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2	301.000	Organization	\$0	R-2	\$0	\$0	75.00%	\$0	\$0
3	302.000	Franchises and Consents	\$0	R-3	\$0	\$0	100.00%	\$0	\$0
4	303.000	Main GIS Project	\$0	R-4	\$0	\$0	100.00%	\$0	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0	\$0		\$0	\$0
6		SOURCE OF SUPPLY PLANT							
7	310.000	Land and Land Rights - SSP	\$0	R-7	\$0	\$0	100.00%	\$0	\$0
8	311.000	Structures and Improvements - SSP	\$0	R-8	\$0	\$0	100.00%	\$0	\$0
9	312.000	Collecting & Impounding Reservoirs	\$0	R-9	\$0	\$0	100.00%	\$0	\$0
10	313.000	Lake, River and Other Intakes	\$0	R-10	\$0	\$0	100.00%	\$0	\$0
11	314.000	Wells and Springs	\$0	R-11	\$0	\$0	100.00%	\$0	\$0
12	315.000	Infiltration Galleries and Tunnels	\$0	R-12	\$0	\$0	100.00%	\$0	\$0
13	316.000	Supply Mains	\$0	R-13	\$0	\$0	100.00%	\$0	\$0
14	317.000	Other Water Source Plant	\$0	R-14	\$0	\$0	100.00%	\$0	\$0
15		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0	\$0		\$0	\$0
16		PUMPING PLANT							
17	320.000	Land and Land Rights - PP	\$0	R-17	\$0	\$0	100.00%	\$0	\$0
18	321.000	Structures and Improvements - PP	\$0	R-18	\$0	\$0	100.00%	\$0	\$0
19	322.000	Boiler Plant Equipment	\$0	R-19	\$0	\$0	100.00%	\$0	\$0
20	323.000	Other Power Production Equipment	\$0	R-20	\$0	\$0	100.00%	\$0	\$0
21	324.000	Steam Pumping Equipment	\$0	R-21	\$0	\$0	100.00%	\$0	\$0
22	325.000	Electric Pumping Equipment	\$0	R-22	\$0	\$0	100.00%	\$0	\$0
23	326.000	Diesel Pumping Equipment	\$0	R-23	\$0	\$0	100.00%	\$0	\$0
24	327.000	Hydraulic Pumping Equipment	\$0	R-24	\$0	\$0	100.00%	\$0	\$0
25	328.000	Other Pumping Equipment	\$0	R-25	\$0	\$0	100.00%	\$0	\$0
26		TOTAL PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
27		WATER TREATMENT PLANT							
28	330.000	Land and Land Rights - WTP	\$0	R-28	\$0	\$0	100.00%	\$0	\$0
29	331.000	Structures and Improvements - WTP	\$0	R-29	\$0	\$0	100.00%	\$0	\$0
30	332.000	Water Treatment Equipment	\$0	R-30	\$0	\$0	100.00%	\$0	\$0
31		TOTAL WATER TREATMENT PLANT	\$0		\$0	\$0		\$0	\$0
32		TRANSMISSION & DIST. PLANT							
33	340.000	Land and Land Rights - TDP	\$0	R-33	\$0	\$0	100.00%	\$0	\$0
34	341.000	Structures and Improvements - TDP	\$0	R-34	\$0	\$0	100.00%	\$0	\$0
35	342.000	Distribution Reservoirs and Standpipes	\$2,106,686	R-35	\$0	\$2,106,686	100.00%	\$0	\$2,106,686
36	343.000	Transmission and Distribution Mains	\$2,869,229	R-36	\$0	\$2,869,229	100.00%	\$0	\$2,869,229
37	343.100	Gateway Transmission Main	\$258,013	R-37	\$0	\$258,013	100.00%	\$0	\$258,013
38	344.000	Fire Mains	\$0	R-38	\$0	\$0	100.00%	\$0	\$0
39	345.000	Services	\$176,044	R-39	\$0	\$176,044	100.00%	\$0	\$176,044
40	346.000	Meters - Plastic	\$628,106	R-40	\$0	\$628,106	100.00%	\$0	\$628,106
41	346.100	Meters - Bronze Chamber	\$243,764	R-41	-\$3,549	\$240,215	100.00%	\$0	\$240,215
42	346.200	Meters - Hot Rod	\$32,046	R-42	\$0	\$32,046	100.00%	\$0	\$32,046
43	346.300	Meters - Ultrasonic	\$0	R-43	\$0	\$0	100.00%	\$0	\$0
44	346.400	Meters - AMI	\$0	R-44	\$0	\$0	100.00%	\$0	\$0
45	347.000	Meter Installations	\$291,084	R-45	\$0	\$291,084	100.00%	\$0	\$291,084
46	348.000	Hydrants	\$501,327	R-46	\$0	\$501,327	100.00%	\$0	\$501,327
47	349.000	Other Transmission & Distribution Plant	\$0	R-47	\$0	\$0	100.00%	\$0	\$0
48		TOTAL TRANSMISSION & DIST. PLANT	\$7,106,299		-\$3,549	\$7,102,750		\$0	\$7,102,750
49		GENERAL PLANT							
50	389.000	Land and Land Rights - GP	\$0	R-50	\$0	\$0	100.00%	\$0	\$0
51	390.000	Structures and Improvements - GP	\$358,166	R-51	\$0	\$358,166	100.00%	\$0	\$358,166
52	391.000	Office Furniture and Equipment	\$69,708	R-52	\$0	\$69,708	100.00%	\$0	\$69,708
53	391.100	Office Electronic Equipment	\$159,077	R-53	\$0	\$159,077	100.00%	\$0	\$159,077
54	392.000	Transportation Equipment	\$475,886	R-54	\$0	\$475,886	100.00%	\$0	\$475,886
55	393.000	Stores Equipment	\$0	R-55	\$0	\$0	100.00%	\$0	\$0
56	394.000	Tools, Shop and Garage Equipment	\$159,484	R-56	\$0	\$159,484	100.00%	\$0	\$159,484
57	395.000	Laboratory Equipment	\$6,235	R-57	-\$575	\$5,660	100.00%	\$0	\$5,660
58	396.000	Power Operated Equipment	\$544,377	R-58	-\$46,824	\$497,553	100.00%	\$0	\$497,553
59	397.000	Communication Equipment	\$40,748	R-59	-\$611	\$40,137	100.00%	\$0	\$40,137
60	398.000	Miscellaneous Equipment	\$0	R-60	\$0	\$0	100.00%	\$0	\$0
61	399.000	Other Tangible Equipment	\$0	R-61	\$0	\$0	100.00%	\$0	\$0
62		TOTAL GENERAL PLANT	\$1,813,681		-\$48,010	\$1,765,671		\$0	\$1,765,671

Raytown Water Company  
 Case No. WR-2023-0344  
 Test Year 12 months Ending 12/31/22  
 Updated Through 6/30/23  
 Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
63		TOTAL DEPRECIATION RESERVE	\$8,919,980		-\$51,559	\$8,868,421		\$0	\$8,868,421

**Raytown Water Company**  
**Case No. WR-2023-0344**  
**Test Year 12 months Ending 12/31/22**  
**Updated Through 6/30/23**  
**Adjustments for Depreciation Reserve**

<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	<u>F</u> Jurisdictional Adjustments	<u>G</u> Total Jurisdictional Adjustments
R-41	Meters - Bronze Chamber	346.100		-\$3,549		\$0
	1. Adjustment to fully depreciate. (Niemeier)		-\$3,549		\$0	
R-57	Laboratory Equipment	395.000		-\$575		\$0
	1. Adjustment to remove over-depreciation. (Niemeier)		-\$575		\$0	
R-58	Power Operated Equipment	396.000		-\$46,824		\$0
	1. Adjustment to remove over-depreciation. (Niemeier)		-\$46,824		\$0	
R-59	Communication Equipment	397.000		-\$611		\$0
	1. Adjustment to fully depreciate. (Niemeier)		-\$611		\$0	
<b>Total Reserve Adjustments</b>				<b>-\$51,559</b>		<b>\$0</b>

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Cash Working Capital

Line Number	A Description	B Test Year Adj. Expenses	C Revenue Lag	D Expense Lag	E Net Lag C - D	F Factor (Col E / 365)	G CWC Req B x F
1	<b>OPERATION AND MAINT. EXPENSE</b>						
2	Base Payroll	\$0	0.00	0.00	0.00	0.000000	\$0
3	Tax Withholding	\$0	0.00	0.00	0.00	0.000000	\$0
4	Pensions and Employee Benefits	\$0	0.00	0.00	0.00	0.000000	\$0
5	Electric	\$0	0.00	0.00	0.00	0.000000	\$0
6	Telephone	\$0	0.00	0.00	0.00	0.000000	\$0
7	Office Rents	\$0	0.00	0.00	0.00	0.000000	\$0
8	Intercompany Billing	\$0	0.00	0.00	0.00	0.000000	\$0
9	Uncollectible Accounts	\$0	0.00	0.00	0.00	0.000000	\$0
10	PSC Assessment	\$0	0.00	0.00	0.00	0.000000	\$0
11	Cash Vouchers	\$4,181,613	0.00	0.00	0.00	0.000000	\$0
12	<b>TOTAL OPERATION AND MAINT. EXPENSE</b>	<b>\$4,181,613</b>					<b>\$0</b>
13	<b>TAXES</b>						
14	FICA - Employer Portion	\$0	0.00	0.00	0.00	0.000000	\$0
15	Unemployment	\$0	0.00	0.00	0.00	0.000000	\$0
16	Property Tax	\$0	0.00	0.00	0.00	0.000000	\$0
17	Gross Receipts Tax	\$0	0.00	0.00	0.00	0.000000	\$0
18	Corporate Franchise	\$0	0.00	0.00	0.00	0.000000	\$0
19	Sales Tax	\$0	0.00	0.00	0.00	0.000000	\$0
20	Test Line	\$0	0.00	0.00	0.00	0.000000	\$0
21	<b>TOTAL TAXES</b>	<b>\$0</b>					<b>\$0</b>
22	<b>CWC REQ'D BEFORE RATE BASE OFFSETS</b>						<b>\$0</b>
23	<b>TAX OFFSET FROM RATE BASE</b>						
24	Federal Tax Offset	\$86,930	0.00	0.00	0.00	0.000000	\$0
25	State Tax Offset	\$15,437	0.00	0.00	0.00	0.000000	\$0
26	City Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
27	Interest Expense Offset	\$174,297	0.00	0.00	0.00	0.000000	\$0
28	<b>TOTAL OFFSET FROM RATE BASE</b>	<b>\$276,664</b>					<b>\$0</b>
29	<b>TOTAL CASH WORKING CAPITAL REQUIRED</b>						<b>\$0</b>

Raytown Water Company  
Case No. WR-2023-0344  
Test Year 12 months Ending 12/31/22  
Updated Through 6/30/23  
Income Statement

Line Number	A Category Description	B Total Test Year	C Test Year Labor	D Test Year Non Labor	E Adjustments	F Total Company Adjusted	G Jurisdictional Adjustments	H MO Final Adj Jurisdictional	I MO Juris. Labor	J MO Juris. Non Labor
1	TOTAL OPERATING REVENUES	\$4,427,341	See Note (1)	See Note (1)	See Note (1)	\$4,427,341	-\$118,322	\$4,309,019	See Note (1)	See Note (1)
2	TOTAL SOURCE OF SUPPLY EXPENSES	\$1,109,034	\$0	\$1,109,034	\$287,796	\$1,396,830	\$0	\$1,396,830	\$0	\$1,396,830
3	TOTAL PUMPING EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	TOTAL WATER TREATMENT EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	TOTAL TRANSMISSION & DIST. EXPENSES	\$643,190	\$155,941	\$487,249	\$22,756	\$665,946	\$0	\$665,946	\$171,259	\$494,687
6	TOTAL CUSTOMER ACCOUNTS EXPENSES	\$467,008	\$379,055	\$87,953	\$41,787	\$508,795	\$0	\$508,795	\$419,169	\$89,626
7	TOTAL CUSTOMER SERVICE EXPENSES	\$61,925	\$16,152	\$45,773	\$1,761	\$63,686	\$0	\$63,686	\$17,913	\$45,773
8	TOTAL SALES PROMOTION EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	TOTAL ADMIN. & GENERAL EXPENSES	\$1,328,358	\$645,042	\$683,316	-\$6,492	\$1,321,866	\$0	\$1,321,866	\$678,847	\$643,019
10	TOTAL DEPRECIATION EXPENSE	\$439,194	See Note (1)	See Note (1)	See Note (1)	\$439,194	\$131,131	\$570,325	See Note (1)	See Note (1)
11	TOTAL AMORTIZATION EXPENSE	\$15,667	\$0	\$15,667	-\$33,798	-\$18,131	\$0	-\$18,131	\$0	-\$18,131
12	TOTAL OTHER OPERATING EXPENSE	\$4,782	\$0	\$4,782	\$13,107	\$17,889	\$0	\$27,256	\$0	\$27,256
13	TOTAL TOTAL TAXES OTHER THAN INCOME	\$223,355	\$78,441	\$144,914	\$1,135	\$224,490	\$0	\$224,490	\$80,038	\$144,452
14	TOTAL OPERATING EXPENSE	\$4,292,513	\$1,274,631	\$2,578,688	\$328,052	\$4,620,565	\$131,131	\$4,761,063	\$1,367,226	\$2,823,512
15	NET INCOME BEFORE TAXES	\$134,828	\$0	\$0	\$0	-\$193,224	-\$249,453	-\$452,044	\$0	\$0
16	TOTAL INCOME TAXES	\$0	See Note (1)	See Note (1)	See Note (1)	\$0	-\$177,703	-\$177,703	See Note (1)	See Note (1)
17	TOTAL DEFERRED INCOME TAXES	\$4,649	See Note (1)	See Note (1)	See Note (1)	\$4,649	-\$6,206	-\$1,557	See Note (1)	See Note (1)
18	NET OPERATING INCOME	\$130,179	\$0	\$0	\$0	-\$197,873	-\$65,544	-\$272,784	\$0	\$0

(1) Labor and Non Labor Detail not applicable to Revenue & Taxes



Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor	M MO Adj. Juris. Non Labor
Rev-1		OPERATING REVENUES											
Rev-2	461.100	Residential	\$3,515,617	See note (1)	See note (1)	Rev-2	See note (1)	\$3,515,617	100.00%	-\$63,519	\$3,452,098	See note (1)	See note (1)
Rev-3	461.110	Commercial	\$404,785			Rev-3		\$404,785	100.00%	\$8,188	\$412,973		
Rev-4	0.000	Industrial	\$0			Rev-4		\$0	100.00%	\$0	\$0		
Rev-5	462.000	Private Fire Protection	\$19,563			Rev-5		\$19,563	100.00%	-\$27	\$19,536		
Rev-6	0.000	Public Fire Protection	\$0			Rev-6		\$0	100.00%	\$0	\$0		
Rev-7	0.000	Test Revenue Line	\$0			Rev-7		\$0	100.00%	\$0	\$0		
Rev-8	0.000	Other Public Auth.	\$0			Rev-8		\$0	100.00%	\$0	\$0		
Rev-9	0.000	Sales for Resale	\$0			Rev-9		\$0	100.00%	\$0	\$0		
Rev-10	0.000	Other Water Revenue - Oper. Rev.	\$487,376			Rev-10		\$487,376	100.00%	-\$62,964	\$424,412		
Rev-11		TOTAL OPERATING REVENUES	\$4,427,341					\$4,427,341		-\$118,322	\$4,309,019		
1		SOURCE OF SUPPLY EXPENSES											
2	600.000	Operation Supervision & Engineering	\$0	\$0	\$0	E-2	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
3	601.000	Operation Labor & Expenses	\$0	\$0	\$0	E-3	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
4	602.000	Purchased Water	\$1,109,034	\$0	\$1,109,034	E-4	\$287,796	\$1,396,830	100.00%	\$0	\$1,396,830	\$0	\$1,396,830
5	603.000	Miscellaneous Expenses	\$0	\$0	\$0	E-5	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
6		TOTAL SOURCE OF SUPPLY EXPENSES	\$1,109,034	\$0	\$1,109,034		\$287,796	\$1,396,830		\$0	\$1,396,830	\$0	\$1,396,830
7		PUMPING EXPENSES											
8		TOTAL PUMPING EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
9		WATER TREATMENT EXPENSES											
10		TOTAL WATER TREATMENT EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
11		TRANSMISSION & DIST. EXPENSES											
12	660.000	Operation Supervision & Engineering - TDE	\$79,150	\$63,728	\$15,422	E-12	\$6,335	\$85,485	100.00%	\$0	\$85,485	\$70,063	\$15,422
13	661.000	Storage Facilities Expenses TDE	\$0	\$0	\$0	E-13	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
14	662.000	Transmission & Distribution Lines Expenses	\$48,818	\$2,560	\$46,258	E-14	-\$202	\$48,616	100.00%	\$0	\$48,616	\$2,835	\$45,781
15	663.000	Meter Expenses - TDE	\$518	\$268	\$250	E-15	\$18	\$536	100.00%	\$0	\$536	\$286	\$250
16	664.000	Customer Installations Expenses - TDE	\$0	\$0	\$0	E-16	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
17	665.000	Miscellaneous Expenses - TDE	\$0	\$0	\$0	E-17	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
18	666.000	Rents - TDE	\$0	\$0	\$0	E-18	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
19	670.000	Maint. Supervision and Engineering - TDE	\$0	\$0	\$0	E-19	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
20	671.000	Maint. of Structures & Improvements - TDE	\$0	\$0	\$0	E-20	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
21	672.000	Maint. of Dist. Reservoirs & Standpipes - TDE	\$21,033	\$11,807	\$9,226	E-21	\$8,479	\$29,512	100.00%	\$0	\$29,512	\$12,971	\$16,541
22	673.000	Maint. of Transmission & Distribution Mains	\$482,940	\$72,170	\$410,770	E-22	\$7,701	\$490,641	100.00%	\$0	\$490,641	\$79,271	\$411,370
23	674.000	Maint. of Fire Mains - TDE	\$0	\$0	\$0	E-23	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
24	675.000	Maint. of Services - TDE	\$4,612	\$411	\$4,201	E-24	-\$28	\$4,584	100.00%	\$0	\$4,584	\$383	\$4,201
25	676.000	Maint. of Meters - TDE	\$4,878	\$3,954	\$924	E-25	\$376	\$5,254	100.00%	\$0	\$5,254	\$4,330	\$924
26	677.000	Maint. of Hydrants - TDE	\$1,241	\$1,043	\$198	E-26	\$77	\$1,318	100.00%	\$0	\$1,318	\$1120	\$198
27	678.000	Maint. of Miscellaneous Plant - TDE	\$0	\$0	\$0	E-27	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
28		TOTAL TRANSMISSION & DIST. EXPENSES	\$643,190	\$155,941	\$487,249		\$22,756	\$665,946		\$0	\$665,946	\$171,259	\$494,687
29		CUSTOMER ACCOUNTS EXPENSE											
30	901.000	Supervision - CAE	\$0	\$0	\$0	E-30	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
31	902.000	Meter Reading Expenses - CAE	\$161,412	\$98,094	\$63,318	E-31	\$9,343	\$170,755	100.00%	\$0	\$170,755	\$107,437	\$63,318
32	903.000	Customer Records & Collection Expenses	\$287,621	\$280,961	\$6,660	E-32	\$30,771	\$318,392	100.00%	\$0	\$318,392	\$311,732	\$6,660
33	904.000	Uncollectible Amounts - CAE	\$17,975	\$0	\$17,975	E-33	\$1,673	\$19,648	100.00%	\$0	\$19,648	\$0	\$19,648
34	905.000	Misc. Customer Accounts Expense - CAE	\$0	\$0	\$0	E-34	\$0	\$0	100.00%	\$0	\$0	\$0	\$0

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
35		TOTAL CUSTOMER ACCOUNTS EXPENSE	\$467,008	\$379,085	\$87,953		\$41,787	\$508,795		\$0	\$508,795	\$419,169	\$89,626
36		CUSTOMER SERVICE EXPENSES											
37	907.000	Safety Meeting / Safety Equipment	\$61,925	\$16,152	\$45,773	E-37	\$1,761	\$63,686	100.00%	\$0	\$63,686	\$17,913	\$45,773
38		TOTAL CUSTOMER SERVICE EXPENSES	\$61,925	\$16,152	\$45,773		\$1,761	\$63,686		\$0	\$63,686	\$17,913	\$45,773
39		SALES PROMOTION EXPENSES											
40	910.000	Sales Promotion Expenses - SPE	\$0	\$0	\$0	E-40	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
41		TOTAL SALES PROMOTION EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
42		ADMIN. & GENERAL EXPENSES											
43	920.000	Admin. & General Salaries	\$262,900	\$271,137	-\$8,237	E-43	\$30,054	\$292,954	100.00%	\$0	\$292,954	\$301,191	-\$8,237
44	921.000	Office Supplies & Expenses	\$205,795	\$0	\$205,795	E-44	\$13,280	\$219,075	100.00%	\$0	\$219,075	\$0	\$219,075
45	921.100	ROW Permits	\$31,923	\$0	\$31,923	E-45	\$7,202	\$39,125	100.00%	\$0	\$39,125	\$0	\$39,125
46	922.000	Admin. Expenses Transferred - Credit	-\$81,821	\$0	-\$81,821	E-46	\$0	-\$81,821	100.00%	\$0	-\$81,821	\$0	-\$81,821
47	923.000	Outside Services Employed	\$338,464	\$11,811	\$326,653	E-47	-\$56,040	\$282,424	100.00%	\$0	\$282,424	\$13,149	\$269,275
48	923.500	Main GIS Mapping	\$0	\$0	\$0	E-48	-\$1,717	-\$1,717	100.00%	\$0	-\$1,717	\$0	-\$1,717
49	924.000	Property Insurance	\$61,880	\$36	\$61,844	E-49	\$6,220	\$68,100	100.00%	\$0	\$68,100	\$36	\$68,064
50	925.000	Injuries & Damages	\$22,810	\$0	\$22,810	E-50	\$4,004	\$26,814	100.00%	\$0	\$26,814	\$0	\$26,814
51	926.000	Employee Pensions & Benefits	\$366,308	\$338,519	\$27,789	E-51	-\$21,691	\$344,617	100.00%	\$0	\$344,617	\$338,519	\$6,098
52	927.000	Franchise Requirements	\$0	\$0	\$0	E-52	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
53	928.000	Regulatory Commission Expenses	\$30,899	\$0	\$30,899	E-53	\$14,576	\$45,475	100.00%	\$0	\$45,475	\$0	\$45,475
54	929.000	Duplicate Charges - Credit	\$0	\$0	\$0	E-54	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
55	930.210	Board Reports & Directives	\$4,042	\$3,931	\$111	E-55	\$452	\$4,494	100.00%	\$0	\$4,494	\$4,383	\$111
56	930.200	Misc. General Expenses	\$33,383	\$0	\$33,383	E-56	-\$3,716	\$29,667	100.00%	\$0	\$29,667	\$0	\$29,667
57	930.300	R & D Expenses (Education)	\$13,735	\$9,645	\$4,090	E-57	-\$50	\$13,685	100.00%	\$0	\$13,685	\$10,672	\$3,013
58	930.400	Pre-Employment Drug Screening	\$1,960	\$0	\$1,960	E-58	\$0	\$1,960	100.00%	\$0	\$1,960	\$0	\$1,960
59	931.000	Rents - AGE	\$0	\$0	\$0	E-59	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
60	932.000	Maint. of General Plant - AGE	\$36,080	\$9,963	\$26,117	E-60	\$934	\$37,014	100.00%	\$0	\$37,014	\$10,897	\$26,117
61		TOTAL ADMIN. & GENERAL EXPENSES	\$1,328,358	\$645,042	\$683,316		-\$6,492	\$1,321,866		\$0	\$1,321,866	\$678,847	\$643,019
62		DEPRECIATION EXPENSE											
63	403.000	Depreciation Expense, Dep. Exp.	\$439,194	See note (1)	See note (1)	E-63	See note (1)	\$439,194	100.00%	\$160,419	\$599,613	See note (1)	See note (1)
64	0.000	Plastic Meters Depreciation Offset	\$0	\$0	\$0	E-64	\$0	\$0	100.00%	-\$29,288	-\$29,288	\$0	\$0
65	403.200	CIAC - Depreciation Offset	\$0	\$0	\$0	E-65	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
66		TOTAL DEPRECIATION EXPENSE	\$439,194	\$0	\$0		\$0	\$439,194		\$131,131	\$570,325	\$0	\$0
67		AMORTIZATION EXPENSE											
68	421.000	Amortization of CIAC	\$15,667	\$0	\$15,667	E-68	-\$33,798	-\$18,131	100.00%	\$0	-\$18,131	\$0	-\$18,131
69		TOTAL AMORTIZATION EXPENSE	\$15,667	\$0	\$15,667		-\$33,798	-\$18,131		\$0	-\$18,131	\$0	-\$18,131
70		OTHER OPERATING EXPENSES											
71	404.000	Amortization of Net Cost of Removal	\$0	\$0	\$0	E-71	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
72	431.100	Interest on Customer Deposits	\$6,795	\$0	\$6,795	E-72	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
73	431.200	Other Penalty / Interest Expense	\$938	\$0	\$938	E-73	\$7,999	\$14,794	100.00%	\$0	\$14,794	\$0	\$14,794
74	418.200	Evanston House Expense	-\$9,367	\$0	-\$9,367	E-74	\$0	-\$9,367	100.00%	\$0	-\$9,367	\$0	-\$9,367
75	471.100	Sewer - Field Expense	\$0	\$0	\$0	E-75	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
76	471.100	Sewer - Office Expense	\$0	\$0	\$0	E-76	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
77	471.120	Sewer - Office Expense	\$0	\$0	\$0	E-77	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
78	471.270	Trash Bag Expense	\$3,862	\$0	\$3,862	E-78	\$0	\$3,862	100.00%	\$0	\$3,862	\$0	\$3,862

Line Number	A Account Number	B Income Description	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
79	403.000	EIERA Issuance Costs	\$2,554	\$0	\$2,554	E-79	\$5,108	\$7,662	100.00%	\$0	\$7,662	\$0	\$7,662
80		TOTAL OTHER OPERATING EXPENSE	\$4,782	\$0	\$4,782		\$13,107	\$17,889		\$0	\$27,256	\$0	\$27,256
81	408.100	TOTAL TAXES OTHER THAN INCOME	\$144,889	\$0	\$144,889	E-82	-\$462	\$144,427	100.00%	\$0	\$144,427	\$0	\$144,427
82		Property Taxes	\$78,441	\$78,441	\$25	E-83	\$1,597	\$80,063	100.00%	\$0	\$80,063	\$80,038	\$25
83	408.000	Employer FICAFUTASUTA	\$223,355	\$78,441	\$144,914		\$1,135	\$224,490		\$0	\$224,490	\$80,038	\$144,452
84		TOTAL TOTAL TAXES OTHER THAN INCOME	\$4,292,513	\$1,274,631	\$2,578,688		\$328,052	\$4,620,565		\$131,131	\$4,761,063	\$1,367,226	\$2,823,512
85		TOTAL OPERATING EXPENSE	\$134,828					-\$193,224		-\$249,453	-\$452,044		
86		NET INCOME BEFORE TAXES											
87		INCOME TAXES											
88	0.000	Current Income Taxes	\$0	See note (1)	See note (1)	E-88	See note (1)	\$0	100.00%	-\$177,703	-\$177,703	See note (1)	See note (1)
89		TOTAL INCOME TAXES	\$0	See note (1)	See note (1)			\$0		-\$177,703	-\$177,703		
90		DEFERRED INCOME TAXES											
91	0.000	Deferred Income Taxes - Def. Inc. Tax.	\$0	See note (1)	See note (1)	E-91	See note (1)	\$0	100.00%	\$28,382	\$28,382	See note (1)	See note (1)
92	933.000	Amortization of Deferred ITC	\$0			E-92		\$0	100.00%	\$0	\$0		
93	934.000	Amortization of 2018 Deferred Tax (TCJA)	\$4,649			E-93		\$4,649	100.00%	-\$34,588	-\$29,939		
94		TOTAL DEFERRED INCOME TAXES	\$4,649					\$4,649		-\$6,206	-\$1,557		
95		NET OPERATING INCOME	\$130,179					-\$197,873		-\$65,544	-\$272,784		

(1) Labor and Non Labor Detail not applicable to Revenue & Taxes

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Rev-2	Residential	461.100	\$0	\$0	\$0	\$0	-\$63,519	-\$63,519
	1. To Annualize Residential Revenue		\$0	\$0		\$0	-\$63,519	
	No Adjustment		\$0	\$0		\$0	\$0	
Rev-3	Commercial	461.110	\$0	\$0	\$0	\$0	\$8,188	\$8,188
	1. To Annualize Commercial Revenue		\$0	\$0		\$0	\$8,188	
	2. No Adjustment		\$0	\$0		\$0	\$0	
Rev-5	Private Fire Protection	462.000	\$0	\$0	\$0	\$0	-\$27	-\$27
	1. To adjust Revenue (Horton)		\$0	\$0		\$0	-\$27	
Rev-10	Other Water Revenue - Oper. Rev.		\$0	\$0	\$0	\$0	-\$62,964	-\$62,964
	1. To Annualize Other Water Revenue - Oper. Rev.		\$0	\$0		\$0	-\$62,964	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-4	Purchased Water	602.000	\$0	\$287,796	\$287,796	\$0	\$0	\$0
	1. To adjust Purchased Water expense (Horton)		\$0	\$287,796		\$0	\$0	
E-12	Operation Supervision & Engineering - TDE	660.000	\$6,335	\$0	\$6,335	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$7,067	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$732	\$0		\$0	\$0	
E-14	Transmission & Distribution Lines Expenses	662.000	\$275	-\$477	-\$202	\$0	\$0	\$0
	1. To adjust Lab Fees and Chemicals expense (Horton)		\$0	-\$477		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$23	\$0		\$0	\$0	
	3. To include an annualized amount of Payroll (Niemeier)		\$298	\$0		\$0	\$0	
E-15	Meter Expenses - TDE	663.000	\$18	\$0	\$18	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$18	\$0		\$0	\$0	
E-21	Maint. of Dist. Reservoirs & Standpipes - TDE	672.000	\$1,164	\$7,315	\$8,479	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$1,342	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$178	\$0		\$0	\$0	
	3. To include a normalized level of Electric & Gas Utilities expense (Niemeier)		\$0	\$7,315		\$0	\$0	

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E-22	Maint. of Transmission & Distribution Mains	673.000	\$7,101	\$600	\$7,701	\$0	\$0	\$0
	1. To adjust Storage Lot Rent expense (Horton)		\$0	\$600		\$0	\$0	
	2. To include an annualized amount of Payroll (Niemeier)		\$7,963	\$0		\$0	\$0	
	3. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$807	\$0		\$0	\$0	
	4. To remove Labor from Backhoe Clearing Charges (Niemeier)		-\$55	\$0		\$0	\$0	
E-24	Maint. of Services - TDE	675.000	-\$28	\$0	-\$28	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$66	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$94	\$0		\$0	\$0	
E-25	Maint. of Meters - TDE	676.000	\$376	\$0	\$376	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$429	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$53	\$0		\$0	\$0	
E-26	Maint. of Hydrants - TDE	677.000	\$77	\$0	\$77	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$100	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$23	\$0		\$0	\$0	
E-31	Meter Reading Expenses - CAE	902.000	\$9,343	\$0	\$9,343	\$0	\$0	\$0
	1. To adjust Uniform expense (Horton)		\$0	\$0		\$0	\$0	
	2. To include an annualized amount of Payroll (Niemeier)		\$10,910	\$0		\$0	\$0	
	3. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$1,567	\$0		\$0	\$0	
E-32	Customer Records & Collection Expenses	903.000	\$30,771	\$0	\$30,771	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$31,188	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$417	\$0		\$0	\$0	
E-33	Uncollectible Amounts - CAE	904.000	\$0	\$1,673	\$1,673	\$0	\$0	\$0
	1. To adjust Bad Debt expense (Branson)		\$0	\$1,673		\$0	\$0	
E-37	Safety Meeting / Safety Equipment	907.000	\$1,761	\$0	\$1,761	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$1,761	\$0		\$0	\$0	

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E-43	<b>Admin. &amp; General Salaries</b>	920.000	\$30,054	\$0	\$30,054	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$30,054	\$0		\$0	\$0	
E-44	<b>Office Supplies &amp; Expenses</b>	921.000	\$0	\$13,280	\$13,280	\$0	\$0	\$0
	1. To normalize Advertising costs (Lesmes)		\$0	\$0		\$0	\$0	
	2. To adjust Postage expense (Branson)		\$0	\$5,494		\$0	\$0	
	3. To adjust Communication expense (Horton)		\$0	-\$5,326		\$0	\$0	
	4. To adjust Office Supplies expense (Horton)		\$0	-\$4,586		\$0	\$0	
	5. To adjust Leases expense (Horton)		\$0	\$10,865		\$0	\$0	
	6. To adjust Dues & Donations expense (Branson)		\$0	\$3,003		\$0	\$0	
	7. To include a normalized level of electric and gas utilities expense (Niemeier)		\$0	\$3,830		\$0	\$0	
E-45	<b>ROW Permits</b>	921.100	\$0	\$7,202	\$7,202	\$0	\$0	\$0
	1. To annualize ROW Permit expense (Foster)		\$0	\$7,202		\$0	\$0	
E-47	<b>Outside Services Employed</b>	923.000	\$1,338	-\$57,378	-\$56,040	\$0	\$0	\$0
	1. To normalize advertising costs (Lesmes)		\$0	\$797		\$0	\$0	
	2. To adjust Tank Painting expense (Horton)		\$0	\$1,927		\$0	\$0	
	3. To adjust Leases expense (Horton)		\$0	-\$3,723		\$0	\$0	
	4. To adjust Outside Services expense (Horton)		\$0	-\$56,379		\$0	\$0	
	5. To include an annualized amount of Payroll (Niemeier)		\$1,338	\$0		\$0	\$0	
E-48	<b>Main GIS Mapping</b>	923.500	\$0	-\$1,717	-\$1,717	\$0	\$0	\$0
	1. To adjust Main GIS Mapping (Niemeier)		\$0	-\$1,717		\$0	\$0	
E-49	<b>Property Insurance</b>	924.000	\$0	\$6,220	\$6,220	\$0	\$0	\$0
	1. To adjust insurance expense (Branson)		\$0	\$6,220		\$0	\$0	
E-50	<b>Injuries &amp; Damages</b>	925.000	\$0	\$4,004	\$4,004	\$0	\$0	\$0
	1. To adjust Workers Comp expense (Branson)		\$0	\$4,004		\$0	\$0	
E-51	<b>Employee Pensions &amp; Benefits</b>	926.000	\$0	-\$21,691	-\$21,691	\$0	\$0	\$0
	1. To remove Holiday Bonuses (Niemeier)		\$0	-\$3,366		\$0	\$0	
	2. To annualize 401k employer contributions (McMellen)		\$0	\$2,343		\$0	\$0	
	3. To annualize health and dental insurance expense (Niemeier)		\$0	-\$20,668		\$0	\$0	

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E-53	Regulatory Commission Expenses	928.000	\$0	\$14,576	\$14,576	\$0	\$0	\$0
	1. To annualize PSC Assessment (Branson)		\$0	\$8,720		\$0	\$0	
	2. To normalize Rate Case expense (Lesmes)		\$0	\$5,856		\$0	\$0	
E-55	Board Reports & Directives	930.210	\$452	\$0	\$452	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$452	\$0		\$0	\$0	
E-56	Misc. General Expenses	930.200	\$0	-\$3,716	-\$3,716	\$0	\$0	\$0
	1. To adjust Board of Director Fees. (Niemeier)		\$0	-\$3,716		\$0	\$0	
E-57	R & D Expenses (Education)	930.300	\$1,027	-\$1,077	-\$50	\$0	\$0	\$0
	1. To adjust Education expense (Horton)		\$0	-\$1,077		\$0	\$0	
	2. To include an annualized amount of Payroll (Niemeier)		\$1,027	\$0		\$0	\$0	
E-60	Maint. of General Plant - AGE	932.000	\$934	\$0	\$934	\$0	\$0	\$0
	1. To include an annualized amount of Payroll (Niemeier)		\$1,090	\$0		\$0	\$0	
	2. To remove Labor from Transportation Clearing Charges (Niemeier)		-\$156	\$0		\$0	\$0	
E-63	Depreciation Expense, Dep. Exp.	403.000	\$0	\$0	\$0	\$0	\$160,419	\$160,419
	1. To Annualize Depreciation Expense		\$0	\$0		\$0	\$160,419	
	3. No Adjustment		\$0	\$0		\$0	\$0	
E-64	Plastic Meters Depreciation Offset		\$0	\$0	\$0	\$0	-\$29,288	-\$29,288
	To offset Plastic Meter Annual Depreciation Expense by 45.12% due to cooresponding addition of new AMI meters. (Niemeier)		\$0	\$0		\$0	-\$29,288	
E-68	Amortization of CIAC	421.000	\$0	-\$33,798	-\$33,798	\$0	\$0	\$0
	Amortization of CIAC (Niemeier)		\$0	-\$33,798		\$0	\$0	
E-73	Interest on Customer Deposits	431.100	\$0	\$7,999	\$7,999	\$0	\$0	\$0
	1. To normalize customer deposits interest (Lesmes)		\$0	\$7,999		\$0	\$0	
E-79	EIERA Issuance Costs	403.000	\$0	\$5,108	\$5,108	\$0	\$0	\$0
	1. To annualize EIERA issuance cost. (Branson)		\$0	\$5,108		\$0	\$0	
E-82	Property Taxes	408.100	\$0	-\$462	-\$462	\$0	\$0	\$0
	1. To adjust Property Taxes (Lesmes)		\$0	-\$462		\$0	\$0	
E-83	Employer FICA/FUTA/SUTA	408.000	\$1,597	\$0	\$1,597	\$0	\$0	\$0

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	1. To adjust Payroll Taxes (Niemeier)		\$1,597	\$0		\$0	\$0	
E-88	Current Income Taxes		\$0	\$0	\$0	\$0	-\$177,703	-\$177,703
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	-\$177,703	
E-91	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0	\$28,382	\$28,382
	1. To Annualize Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0		\$0	\$28,382	
E-93	Amortization of 2018 Deferred Tax (TCJA)	934.000	\$0	\$0	\$0	\$0	-\$34,588	-\$34,588
	1. To Annualize Amortization of 2018 Deferred Tax (TCJA)		\$0	\$0		\$0	-\$34,588	
Total Operating Revenues			\$0	\$0	\$0	\$0	-\$118,322	-\$118,322
Total Operating & Maint. Expense			\$92,595	\$235,457	\$328,052	\$0	-\$52,778	-\$52,778



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Line Number	A Description	B Percentage Rate	C Test Year	D 6.80% Return	E 6.80% Return	F 6.80% Return
1	TOTAL NET INCOME BEFORE TAXES			\$722,738	\$722,738	\$722,738
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$570,325	\$570,325	\$570,325	\$570,325
4	CIAC Amortization		-\$18,131	-\$18,131	-\$18,131	-\$18,131
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$552,194	\$552,194	\$552,194	\$552,194
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	1.9060%	\$174,297	\$174,297	\$174,297	\$174,297
8	Tax Straight-Line Depreciation		\$552,194	\$552,194	\$552,194	\$552,194
9	Excess Tax Depreciation		\$119,052	\$119,052	\$119,052	\$119,052
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$845,543	\$845,543	\$845,543	\$845,543
11	NET TAXABLE INCOME		-\$745,393	\$429,389	\$429,389	\$429,389
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		-\$745,393	\$429,389	\$429,389	\$429,389
14	Deduct Missouri Income Tax at the Rate of	100.000%	-\$26,798	\$15,437	\$15,437	\$15,437
15	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
16	Federal Taxable Income - Fed. Inc. Tax		-\$718,952	\$413,952	\$413,952	\$413,952
17	Federal Income Tax at the Rate of	21.000%	-\$150,905	\$86,930	\$86,930	\$86,930
18	Subtract Federal Income Tax Credits					
19	Credits - Solar		\$0	\$0	\$0	\$0
20	Net Federal Income Tax	21.000%	-\$150,905	\$86,930	\$86,930	\$86,930
21	PROVISION FOR MO. INCOME TAX					
22	Net Taxable Income - MO. Inc. Tax		-\$745,393	\$429,389	\$429,389	\$429,389
23	Deduct Federal Income Tax at the Rate of	50.000%	-\$75,453	\$43,465	\$43,465	\$43,465
24	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
25	Missouri Taxable Income - MO. Inc. Tax		-\$669,940	\$385,924	\$385,924	\$385,924
26	Subtract Missouri Income Tax Credits					
27	Test MO State Credit		\$0	\$0	\$0	\$0
28	Missouri Income Tax at the Rate of	4.000%	-\$26,798	\$15,437	\$15,437	\$15,437
29	PROVISION FOR CITY INCOME TAX					
30	Net Taxable Income - City Inc. Tax		-\$745,393	\$429,389	\$429,389	\$429,389
31	Deduct Federal Income Tax - City Inc. Tax		-\$150,905	\$86,930	\$86,930	\$86,930
32	Deduct Missouri Income Tax - City Inc. Tax		-\$26,798	\$15,437	\$15,437	\$15,437
33	City Taxable Income		-\$567,690	\$327,022	\$327,022	\$327,022
34	Subtract City Income Tax Credits					
35	Test City Credit		\$0	\$0	\$0	\$0
36	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
37	SUMMARY OF CURRENT INCOME TAX					
38	Federal Income Tax		-\$150,905	\$86,930	\$86,930	\$86,930
39	State Income Tax		-\$26,798	\$15,437	\$15,437	\$15,437
40	City Income Tax		\$0	\$0	\$0	\$0
41	TOTAL SUMMARY OF CURRENT INCOME TAX		-\$177,703	\$102,367	\$102,367	\$102,367
42	DEFERRED INCOME TAXES					
43	Deferred Income Taxes - Def. Inc. Tax.		\$28,382	\$28,382	\$28,382	\$28,382
44	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
45	Amortization of 2018 Deferred Tax (TCJA)		-\$29,939	-\$29,939	-\$29,939	-\$29,939
46	TOTAL DEFERRED INCOME TAXES		-\$1,557	-\$1,557	-\$1,557	-\$1,557
47	TOTAL INCOME TAX		-\$179,260	\$100,810	\$100,810	\$100,810

**Raytown Water Company**  
**Case No. WR-2023-0344**  
**Test Year 12 months Ending 12/31/22**  
**Updated Through 6/30/23**  
**Capital Structure Schedule**

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital 10.37%	F Weighted Cost of Capital 10.37%	G Weighted Cost of Capital 10.37%
1	Common Stock	\$5,923,376	47.20%		4.895%	4.895%	4.895%
2	Other Security Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
3	Preferred Stock	\$1,860,000	14.82%	3.25%	0.482%	0.482%	0.482%
4	Long Term Debt	\$4,765,000	37.97%	3.75%	1.424%	1.424%	1.424%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
6	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
7	<b>TOTAL CAPITALIZATION</b>	<b>\$12,548,376</b>	<b>100.00%</b>		<b>6.801%</b>	<b>6.801%</b>	<b>6.801%</b>
8	PreTax Cost of Capital				8.333%	8.333%	8.333%

**Raytown Water Company**  
**Case No. WR-2023-0344**  
**Test Year 12 months Ending 12/31/22**  
**Updated Through 6/30/23**  
**Executive Case Summary**

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Annualized Missouri Retail Revenues	\$4,309,019
2	Annualized Customer Numbers	6,597
3	Annualized Customer Usage	2,761,581
4	Profit (Return on Equity)	\$491,708
5	Interest Expense	\$174,297
6	Annualized Payroll	\$1,367,226
7	Utility Employees	0
8	Depreciation	\$599,613
9	Net Investment Plant	\$10,565,917
10	Pensions	\$0

Disposition Agreement Attachment E  
Schedule of Depreciation Rates

RAYTOWN WATER COMPANY  
Schedule of Depreciation Rates WATER  
WR-2023-0344

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
303	Misc. Intangible Plant	0.0%	N/A	N/A
340	Land and Land Rights	0.0%	N/A	N/A
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
343.1	Gateway Transmission Project	0.0%	N/A	0%
345	Services	2.5%	40	0%
346	Meters, Plastic	10.0%	10	0%
346.1	Meters, Bronze	0.0%	27	10%
346.2	Meters, Hot Rod	5.0%	20	0%
346.4	Meters, AMI	6.67%	15	0%
347	Meter Installations	5.7%	17.5	0%
348	Hydrants	2.0%	48	5%
389	Land and Land Rights	0.0%	N/A	N/A
390	Structures & Improvements	2.5%	40	0%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic Equipment	0.0%	N/A	0%
392	Transportation Equipment	7.8%	12	7%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
395	Laboratory Equipment	0.0%	20	0%
396	Power Operated Equipment	0.0%	14	6%
397	Communication Equipment	0.0%	15	0%