

Exhibit No.: 102
Issues: Wages, Rent, Rate Case Expense
Witness: Michael Jason Taylor
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case Nos.: WR-2017-0343
Date Testimony Prepared: January 29, 2018

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING

FILED

MAR 30 2018

REBUTTAL TESTIMONY

Missouri Public
Service Commission

OF

MICHAEL JASON TAYLOR

GASCONY WATER COMPANY

CASE NO. WR-2017-0343

*Jefferson City, Missouri
January, 2018*

Staff Exhibit No. 102
Date 3/19/18 Reporter MK
File No. WR-2017-0343

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MICHAEL JASON TAYLOR
GASCONY WATER COMPANY
CASE NO. WR-2017-0343**

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1 REBUTTAL TESTIMONY

2 OF

3 MICHAEL JASON TAYLOR

4 GASCONY WATER COMPANY

5 CASE NO. WR-2017-0343

6 Q. Please state your name and business address.

7 A. Michael Jason Taylor, Fletcher Daniels State Office Building, 615 East 13th
8 Street, Room 201, Kansas City, Missouri 64106.

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

10 A. I am a Utility Regulatory Auditor for the Missouri Public Service Commission
11 ("Commission").

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

13 A. I graduated from Missouri Western State University with a Bachelor of
14 Science in May 2007; dual major in Accounting and Finance. I commenced employment with
15 the Commission in April 2016.

16 Q. What job duties have you had with the Commission?

17 A. I have assisted with and conducted audits and examinations of the books and
18 records of regulated public utility companies operating within the state of Missouri. I have
19 participated in examinations of natural gas, electric, and water and sewer operations. I have
20 been involved in cases concerning proposed rate increases and asset sale cases.

21 Q. Have you previously filed testimony before this Commission?

22 A. Yes. I have filed testimony reflecting audit findings in rate case audits by
23 contributing sections to Staff's Cost of Service Reports. Attached to this rebuttal testimony is

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1 | Schedule MJT-r1, which details the major audits and other case work in which I participated
2 | as well as the scope of the audits I have performed.

3 | Q. With reference to Case No. WR-2017-0343, have you examined and studied
4 | the books and records of Gascony Water Company ("Gascony Water" which I also refer to as
5 | "Company") regarding its water operations?

6 | A. Yes, with the assistance of other members of the Staff of the Commission
7 | ("Staff").

8 | Q. Did you participate in Staff's investigation of Gascony Water's application for
9 | a small company rate increase request?

10 | A. Yes. The scope of my participation in Staff's investigation includes the
11 | utility's corporate affiliations, revenues, expenses, and rate base. I developed the over-all
12 | revenue requirement in this case using the Commission's revenue requirement model known
13 | as the Exhibit Modeling System ("EMS") referred to as Staff's Accounting Schedules. The
14 | most recent set of Staff's Accounting Schedules developed for Gascony Water is being filed
15 | concurrently with this testimony.

16 | Staff conducted an on-site audit of Gascony Water on July 31, 2017. During this
17 | on-site visit to the Company's offices in Hermann, Missouri, Staff toured the facilities,
18 | interviewed the Company owner, and reviewed documents relating to the utility operations of
19 | Gascony Water. Staff developed a recommended revenue requirement using a 12-month test
20 | year ended December 31, 2016, and updated through the known and measurable period ended
21 | June 30, 2017. Staff reviewed and collected copies of Gascony's check register, time sheets,
22 | invoices for plant additions and any plant retirements, as well as various other documentation.
23 | Staff examined annual reports relating to the Company. Staff also reviewed prior testimony

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1 and the application for the 1997 certificate of convenience and necessity (the 1997 CCN
2 Case or the 1997 Certificate Case), and the Commission's Report and Order in that case,
3 Case No. WA-97-510. Staff further reviewed the work papers and EMS run from the 2015
4 rate case requested by Gascony Water, a request that was later withdrawn. The 2015 rate case
5 was designated as Case No. WR-2015-0020. In addition, during the course of this case, Staff
6 had numerous discussions with the owner of Gascony Water as well as representatives of the
7 Company regarding rate case matters. Staff also submitted numerous data requests and
8 reviewed responses.

9 Q. Why did Staff review Gascony Water books and records and calculate a
10 revenue requirement for the Company in this case?

11 A. On June 19, 2017, Gascony Water filed for a rate increase for its water
12 operations under the Commission's informal small company rate case process. The
13 Commission assigned the filing Case No. WR-2017-0343. In the application, Gascony Water
14 requested an annual rate increase of \$15,000 or approximately a 44% increase over its
15 existing annual water service operating revenues.¹ In its January 8, 2018 direct filing, the
16 Company updated its recommendation to a revenue increase of \$22,260, or approximately a
17 63% increase over its existing annual water service operating revenues.² The Company also
18 proposed that the customer equivalent factors for part-time customers be changed from .35
19 customer equivalent to a .5 customer equivalent. Gascony Water Company has 157 part time
20 customers, 26 full time customers and 1 commercial customer³ for a total of 184 customers.

¹ Gascony Water Company Rate Increase Request Letter, filed June 19, 2017

² Russo direct testimony, page 10, line 19 and schedule 4, line 36

³ Pool, kitchen, and dump station are included as the 1 commercial customer

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1 Q. What are the revenue requirement issues that Staff and Gascony Water do not
2 agree on?

3 A. Staff and Gascony Water do not agree on salaries paid for the owner/operator
4 of the water system, rent expense, rate case expense, revenues, and the rate base treatment of
5 assets that Gascony Water has proposed to be transferred from affiliated entities to Gascony
6 Water in this rate case. Staff witness Matthew R. Young will be submitting rebuttal testimony
7 on the revenues and the rate base items.

8 Q. Has Staff made revisions to its Accounting Schedules since they were filed as
9 an attachment to the Partial Disposition Agreement?⁴

10 A, Yes. Attached to my rebuttal testimony as Schedule MJT-r2 is Staff's updated
11 Accounting Schedules. Items that were revised in the Accounting Schedules include:

- 12 • Annualized Revenues⁵
- 13 • Plant-in-service and accumulated depreciation reserve for Account 321 –
14 Structures and Improvements⁶
- 15 • Rate Case Expense

16 **GASCONY WATER PAYROLL COSTS**

17 Q. Please describe the different proposals for payroll costs in this case.

18 A. Gascony Water proposes a salary of \$10,107 for operational duties and
19 \$17,777 for management duties for a grand total of \$27,884.⁷ Staff proposes a salary of
20 \$10,107 for operational duties and \$4,893 for management duties for a grand total of \$15,000.

⁴ Filed November 17, 2017 in Case No. WR-2017-0343; EFIS Item No. 8

⁵ Customer Counts corrected. See rebuttal testimony of Staff Witness Young

⁶ Additional \$3,627 capitalized to Account 321 pursuant to response to Staff Data Request No. 7

⁷ Russo direct testimony, page 4 and page 5

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1 Q. How did Staff evaluate salaries for Gascony Water Company?

2 A. Staff had an on-site visit on July 31, 2017, with Mr. Hoesch at the Company's
3 office located at Gascony Village in Hermann, Missouri. Staff discussed the duties and
4 responsibilities of each employee, including Mr. Hoesch. Gascony Water employs an
5 individual who, according to Company's time sheet, on a monthly basis prepares, prints, and
6 mails customer statements, posts payments to customer accounts and makes deposits, pays
7 monthly bills, balances the Company's checkbook, prints tax information in April, and
8 prepares and mails disconnect notices. Staff asked Mr. Hoesch for all time sheet(s) pertaining
9 to all work performed by his employee and Mr. Hoesch. Staff received time sheets from
10 Mr. Hoesch for himself and the Company's only employee while at the on-site visit. Staff
11 reviewed and performed several analyses to determine an appropriate salary level for
12 Mr. Hoesch and his employee.

13 Q. What did the Company's time sheets report?

14 A. The Company's time sheets for its only employee (Attached Schedule MJT-r3)
15 identified a list of duties performed and amount of hours worked per month. The Company's
16 time sheet for Mr. Hoesch (Attached Schedule MJT-r4) was identical to the time sheets that
17 Gascony Water agreed to maintain in the Stipulation and Agreement from the 1997 Certificate
18 Case. Mr. Hoesch's time sheets also listed a description of work performed, which identified
19 for each week that he worked on reading the one "master" meter, checking property and mail
20 as his only identified duties. These same three activities were listed each and every week for
21 his time reporting. Mr. Hoesch's time sheets listed the date of the week and the amount of
22 hours recorded per day. However, based on the amount of time reported on Mr. Hoesch's
23 time sheet, Staff's opinion is that the activities identified in the time sheets may not reflect

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1 how Mr. Hoesch actually used his time. Mr. Hoesch performed other responsibilities to
2 operate the water system. These other activities likely included managerial and administrative
3 related activities also.

4 Q. When identifying the duties and responsibilities of Mr. Hoesch, what does
5 Staff mean when it states Mr. Hoesch operates the Gascony Water system?

6 A. In operating Gascony Water, Mr. Hoesch performs all owner related
7 responsibilities, all management functions and related administrative responsibilities as well
8 as the responsibilities of a licensed operator charged with ensuring the operations of the water
9 system are in compliance with federal and state regulations, operating the system in a safe and
10 reliable matter and performing all tasks necessary relating to the provision of water service to
11 the utility's water customers. As such, as the owner, manager and operator of Gascony
12 Water, Mr. Hoesch is responsible for all aspects to operate this water system.

13 Q. Why does Staff believe Mr. Hoesch's time reporting includes other activities
14 beyond those identified in his time sheets?

15 A. The total hours reported by Mr. Hoesch for the most recent year is 493 hours.
16 In the time reporting provided by Gascony Water for Mr. Hoesch's job functions, he
17 identified only the three work activities. Each time sheet created by Mr. Hoesch identified
18 that he read Gascony Water's single master meter, checked the water property and reviewed
19 mail as his only identified duties. Staff does not view that those three work activities would
20 result in 493 total hours worked. Mr. Hoesch did not list all the work activities he did during
21 those 493 hours reported. Staff's opinion the 493 hours originally reported by Mr. Hoesch
22 related to all work activities for managerial, administrative and operational hours.

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1 Q. How did Staff evaluate the work activities of Mr. Hoesch?

2 A. Mr. Hoesch has several work functions regarding Gascony Water operations.
3 Mr. Hoesch is the owner of this small water system; he is manager of the water system as well
4 operator of the system having a Class D operator's license.

5 As the owner, Mr. Hoesch is responsible for all managerial function that a typical
6 owner of small business must perform such as ensuring that the Company has sufficient
7 financial and operational resources available to provide safe and adequate utility service to its
8 water customers. The owner must be responsive to all regulatory oversight by the Department
9 of Natural Resources and the Missouri Public Service Commission. The owner is required to
10 see that all federal and state laws are followed and to meet all reporting requirements such as
11 the state and federal tax returns and the completion and submission of the Commission's
12 annual report required of all water and sewer utilities.

13 As the manager of Gascony Water, Mr. Hoesch is required to oversee the work
14 activities of his employee and make day to day operating decisions regarding Gascony Water.
15 These day to day decisions relate to overseeing any outside contractors repairing and
16 constructing new facilities and ensure that the billing of customers is timely and accurate and
17 any collections of revenues is secure and properly deposited in the Company's cash accounts.

18 As the operator, Mr. Hoesch must perform administrative duties on billing and
19 collection activities, meeting with customers concerning operational functions for
20 connections, shut-offs, ensuring any leaks are identified and repaired, reading of the one
21 master meter and taking water samples. Mr. Hoesch must ensure quality of water service for
22 his customers so that would also be part of his activities.

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1 In looking at the payroll costs to include in the rate case, Staff did not approach its
2 recommendation in isolation but considered the total of all work related activities Mr. Hoesch
3 is responsible as owner, manager and operator to perform.

4 Q. What steps did Staff take to determine the salary levels for Gascony Water's
5 part-time employee?

6 A. Staff examined the material from the 1997 Certificate Case to determine the
7 level of costs included in rates that still exist today. Staff reviewed the actual costs incurred
8 in the test year for payroll and in each of the past several years of historical payroll costs.
9 Staff concluded that a 3-year average of hours recorded for the part time employee's time
10 sheets would be appropriate. This 3-year average results in 92 hours each year, which Staff
11 multiplied by \$18.00 per hour (the actual rate that the Company wants to pay for this position)
12 resulting in an annual salary of \$1,656. Staff evaluated the hourly rate using the Missouri
13 Economic Research and Information Center ("MERIC"), a Missouri Department of Labor
14 website that surveys market wages for certain job titles by the various regions of Missouri.
15 The 2016 MERIC Central Region, the latest survey available at the time of the audit, reports
16 an hourly rate of \$18.36 for an experienced billing clerk. Since Gascony Water determined
17 the actual amount paid for this position is less than the MERIC level results, no adjustment is
18 being proposed for the part-time employee's hourly rate.

19 Q. How did Staff evaluate the amount of payroll for the owner's time to operate
20 and manage Gascony Water?

21 A. Staff examined the amount of payroll that was included in the original 1997
22 Certificate Case. Staff also reviewed the costs incurred in the test year as well as historical
23 periods paid to Mr. Hoesch. Staff reviewed the actual time sheets maintained by Mr. Hoesch

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1 through-out the year on a weekly basis. Staff compared the level of total payroll costs of
2 Gascony Water to other water and sewer systems the size of this Company. Staff also
3 compared the work duties and job responsibilities to operate and manage a water system like
4 Gascony Water to other owners who operate and manage water and sewer companies.

5 In this case, to evaluate Mr. Hoesch's salary, Staff averaged the hours reported on his
6 weekly timesheets over a period of 2 years to find an average of 493 hours per year. Staff
7 then multiplied the average annual hours by the 2016 MERIC Central Region Operator
8 Position of \$20.49 an hour resulting in an annual salary of \$10,107. The following table
9 identifies the total payroll for Gascony Water proposed by Staff based on actual time
10 reporting:

| Individual | Average Hours Worked | Hourly Rate | Total Salary |
|--------------------|----------------------|-------------|--------------|
| Part time Employee | 92.00 hours | \$18.00 | \$1,656 |
| George Hoesch | 493.25 hours | \$20.49 | \$10,107 |
| Total | | | \$11,763 |

11
12 However, Staff's actual payroll recommendation is greater than the \$11,763 amount
13 shown in the above table.

14 Q. If Staff viewed the total 493 hours reported by Mr. Hoesch to cover all
15 operational functions required to run Gascony Water (management, administrative and
16 operating responsibilities), then why did it only include the hourly rate for the Central Region
17 Operator Position?

18 A. While Staff asserts the total 493 hours reported by Mr. Hoesch included all
19 work activities required to operate this water system, Mr. Hoesch did not maintain detail time
20 reporting to specifically identify work activity between hours spent managing the business,
21 performing administrative activities and operational activities. In other words, Mr. Hoesch's

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1 recordkeeping simply does not allow Staff the ability to delineate hours for the various duties
2 and responsibilities necessary to provide safe and reliable water service to customers.

3 Q. Since the time reporting records prevent a detail accounting of the specific
4 work activities, does Staff consider the amount or recommended payroll for Mr. Hoesch
5 determined using the Central Region Operator Position of \$20.49 an hour understated?

6 A. No. Staff is recommending a higher payroll amount for Mr. Hoesch than what
7 was calculated using the 493 hours. Had Staff had detailed records on time spent by activity,
8 it would have group hours by work activity and priced the grouping of the various hours by
9 different levels of dollars per hour by functional activity. However, that was not possible
10 since the time reporting was not maintained in this detail.

11 Staff is recommending a \$15,000 amount, however, greater than the reported hours
12 support.

13 Q. Why is Staff recommending \$15,000 for Mr. Hoesch's salary if Staff is
14 calculating a salary of \$10,107?

15 A. The salary included for Mr. Hoesch in the 1997 CCN case was \$15,000. Also,
16 it is likely that the timesheets recorded by Mr. Hoesch represent approximate times, and are
17 not 100% accurate. Staff's opinion is that while the time reporting identifies certain job
18 duties performed by Mr. Hoesch, he also performs other activities to manage Gascony Water
19 that is included in the time reporting that is not specifically outlined. While Staff does not
20 have enough information to support more than the \$15,000, Staff does not have a reason to
21 believe \$15,000 is not just and reasonable based on levels of payroll costs included in other
22 water systems the size of this one.

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1 Q. Why does Staff dispute the time reporting made by the owner of Gascony
2 Water?

3 A. It is difficult to identify the exact job activities performed by Mr. Hoesch
4 during the time recorded on the timesheets. The activities identified include reading the
5 well's meter, checking the property, and processing mail. However, there are other activities
6 that are not specifically identified in the time reporting sheets supplied by Mr. Hoesch but
7 likely are performed as part of the actual hours identified on the weekly time sheets. Because
8 Mr. Hoesch lists the same work activities each week without deviation, Staff's opinion is that
9 there are other work activities operational in nature and managerial and administrative
10 functions that the owner performs within the time reporting process. These job activities are
11 required to operate and manage the water system and provide service to Gascony Water's
12 customers. However, Staff's opinion is that there may be work activities that were not
13 reported in the weekly time sheets that should be included in the payroll costs.

14 Q. Did Staff adjust its salary calculation to reflect this potentially unreported
15 managerial and operational activity?

16 A. Yes. To that end, Staff used the higher level actually paid to Mr. Hoesch (the
17 \$15,000) even though the actual hourly levels reported by him and using the MERIC hourly
18 rate calculated a lesser amount (the \$10,107 level). Staff decided to support the higher level
19 for Mr. Hoesch than supported by time sheets to allow for additional operational, managerial
20 and administrative duties necessary to operate Gascony Water. The amount above the
21 MERIC level was to reflect the additional job duties performed by Mr. Hoesch. At the 2016
22 MERIC hourly rate for "Managers, All Others", a \$38.05 per hour amount was used for the
23 additional hours above the actual hours reported in the time sheets. Staff's recommendation

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1 to include a level based over the reported hours was made to support the actual costs paid to
2 Mr. Hoesch of \$15,000. While the amount over the reported hours was higher, it is also
3 recognized this was an unsupported amount of \$4,893 (\$15,000 - \$10,107 level based on the
4 actual time reporting). In reality, the additional \$4,893 amount represents an additional 129
5 hours per year that Staff has included for operational, managerial and administrative duties
6 that Mr. Hoesch failed to identify in his weekly reporting process. Adding the hours for
7 management and administrative activities to the 493 hours supported by Mr. Hoesch's
8 timesheets, Staff has essentially included a total of 622 hours per year for Mr. Hoesch (493
9 hours based on the time sheets and the 129 hours based on the \$15,000 actual amount paid to
10 Mr. Hoesch). Staff's position recognizes a salary commiserate with the actual time reported
11 through the time sheets and the required level of hours to operate and manage a water
12 company this size.

13 Q. After the conclusion of Staff's initial audit, did the Company provide
14 additional information for Mr. Hoesch's salary?

15 A. Yes. The Company and Staff had several discussions regarding different
16 aspects of Staff's recommended revenue requirement calculation, in particular relating to
17 payroll. Staff was asked to consider further compensation for Mr. Hoesch's duties. During a
18 meeting in November 2017, Staff was provided a list of additional hours (Attached Schedule
19 MJT-r5) that Mr. Russo stated was for Mr. Hoesch's management duties, indicating the
20 original time sheets received in July were only for what Mr. Hoesch considered as operator
21 duties. These additional hours were developed by Gascony Water based on a discussion

1 between Mr. Russo and Mr. Hoesch well after the actual work was performed.⁸ As such,
2 these additional were not part of the actual reporting Mr. Hoesch agreed to do in the 1997
3 Certificate Case. Staff evaluated these additional hours and found the hours suggested by the
4 Company appear to be significantly inflated.

5 Q. Why does Staff consider additional hours provided by the Company inflated?

6 A. Gascony Water provided a list of hours and duties that it believes should be
7 included as compensation for management duties, on top of the hours provided for what
8 Mr. Hoesch deemed to be for operational duties. The Company recommends an additional
9 467 hours above the 493 actual hours actually reported by Mr. Hoesch in his actual timesheets
10 maintained throughout the year as the work was performed. Using the 2016 MERIC Central
11 Region "Managers, All Other" position at \$38.05 an hour multiplied by the additional 467
12 hours results in another \$17,777 above the amount of \$10,107, which is based on the 493 of
13 actual hours reported. Adding these two amounts together results in a grand total of \$27,884
14 per year for what the Company is proposing for Mr. Hoesch's annual salary. The Company's
15 additional hours requested in this case above those actually reported by Mr. Hoesch totals to
16 960 hours on average per year. The Company's recommendation, based on 960 hours,
17 represents an average work week in excess of 18 hours to operate this small water system.

18 In contrast, Staff adjusted the additional hours for management support based on the
19 recommended \$15,000 level to those actually reported, the 493 hours to operate and manage
20 the water system reported on the weekly time sheets, plus the additional 129 hours that Staff
21 determined was just and reasonable. Staff included a total of 622 hours, which represents an
22 average work week of 12 hours to operate this small water system or 30% of a full time

⁸ Russo direct testimony, page 4, lines 12-21 and Schedule 2 of Russo direct testimony

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1 employee. Staff's opinion is that this level of hours is a reasonable level and calculated
2 management hours at an average of 129 hours per year at the full MERIC management
3 compensation amount.

4 In comparison, Mr. Russo calculated Mr. Hoesch working over 46% of the year on
5 Gascony Water based on the level the Company supports by the actual time reporting of 493
6 hours plus the additional 467 hours based on after-the-fact discussions Mr. Russo had with the
7 Company's owner. This 46% compares to the 30% of the year worked based on Staff's
8 proposed payroll. The percentages were calculated by dividing the recommended hours by
9 2,080 total annual work hours. Staff finds the small size of Gascony Water does not support
10 46% of a total work week compared to other water systems that Staff has recently audited.

11 The following table summarizes the payroll recommendation by the Company and
12 Staff for the owner of Gascony Water:

| | Company's Recommended Salary | Staff's Recommended Salary |
|---|---|---|
| Actual hours for Operator included based on weekly time sheets | 493 | 493 |
| Additional Management hours | 467 | 129 |
| Total hours | 960 | 622 |
| Percentage of total hours in a year: 52 weeks X 40 hours = 2,080 hours | 46% | 30% |

13
14 The following table compares Gascony Water's position of the owner's payroll to the
15 level Staff has supported in its payroll calculation:
16
17

18 *continued on next page*

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1

| | Company's Recommended Salary | Staff's Recommended Salary |
|--|------------------------------------|----------------------------------|
| Actual hours for Operator included based on weekly time sheets | 493.25 | 493.25 |
| MERIC Central Region Operator @ \$20.49 per hour | \$10,106.69 | \$10,106.69 |
| Additional Management hours | 467.20 | 128.60 |
| MERIC Central Region Managers, All Other @ \$38.05 per hour | \$17,776.96 | \$4,893.31 |
| Total Annual Salary for Operator/Manager Position | \$27,883.65 | \$15,000.00 |

2

3 Q. Did Staff take the additional hours that the Company provided into
4 consideration when calculating the level of appropriate salary?

5 A. Yes. Mr. Russo is recommending additional work hours for Mr. Hoesch over
6 those actually supported by his time sheets. I evaluated the additional hours that were
7 provided by Mr. Russo, which is nothing more than an "after the fact" analysis conducted
8 long after the work was actually performed. In my analysis of Mr. Russo's recommendation,
9 I adjusted the hours to a more realistic amount of time for the listed managerial duties.
10 I reviewed each reporting entry in the after-the-fact analysis developed by Mr. Russo and
11 Mr. Hoesch and determined the additional work hours were overstated (inflated).

12 Q. How did Staff determine what amount of the additional hours would be a
13 reasonable level?

14 A. I took several things into my analysis (Attached as Schedule MJT-r6) to adjust
15 Mr. Hoesch's inflated additional work hours. I looked at the original time sheets provided,
16 and came to a conclusion that Mr. Hoesch would be doing other operational or managerial

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1 | duties than the three listed activities of reading meter, mail, and checking property in relation
2 | to the amount of time Mr. Hoesch spends at Gascony Water. I looked at the overlap of duties
3 | performed between the part-time employee and Mr. Hoesch according to the original time
4 | sheets. For hours related to accounting functions, Staff has already included expenses for a
5 | CPA in the cost of service, which Staff's opinion is that it would reduce the amount of time
6 | Mr. Hoesch would be required to work on the financial aspects of the water company. With
7 | this series of information, I determined that the level of hours supported by Staff in its initial
8 | payroll calculation to be the most reasonable and accurate. But an additional small level of
9 | hours could be added to the level in Staff's original calculation.

10 | Q. What additional small level of hours could be added to Staff's recommended
11 | level?

12 | A. Staff found that the additional hours the Company provided for Staff
13 | consideration may support a maximum of \$15,660 a year in combined operator and
14 | management salary. Note that this calculation is similar to Staff's primary position of
15 | \$15,000. The following table summarizes the compensation that could be reasonable based
16 | on Staff's original payroll calculation for Mr. Hoesch by adding a small level of hours using
17 | the after-the-fact time sheets based on Staff's judgment of these additional activities:

18 |

| | Company's Additional Hours | Staff's Adjusted Additional Hours |
|--|---------------------------------------|--|
| Actual hours for Operator included based on weekly time sheets | 493 | 493 |
| Additional Management hours | 467 | 146 |
| Total hours | 960 | 639 |
| Percentage of total hours in a year: 52 weeks X 40 hours = 2080 hours | 46% | 31% |

19 |

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1 Based on this comparison, the Company is proposing that water rates paid by Gascony Water
2 customers reflect time to manage and operate this small water system based on 46% of a full
3 time employee (assuming full time position of 2,080 hours).

4 Q. Did Staff make any further comparison regarding the level of payroll costs for
5 Mr. Hoesch?

6 A. Yes. Another way of looking at the two proposals for Mr. Hoesch's compensation
7 is compare the total payroll costs to Gascony Water's overall revenues.

8 The following table compares Gascony Water's position of the owner's payroll to the
9 level Staff has supported in its payroll calculation:

10

| | Company's Additional Hours | Staff's Adjusted Additional Hours |
|---|-------------------------------|--------------------------------------|
| Staff hours for Operator included based on weekly time sheets | 493 | 493 |
| MERIC Central Region Operator @ \$20.49 per hour | \$10,106.69 | \$10,106.69 |
| Company's Additional Management hours | 467 | 146 |
| MERIC Central Region Managers, All Other @ \$38.05 per hour | \$17,776.96 | \$5,553.40 |
| Total Hours | 960 | 639 |
| Total Annual Salary for Operator/Manager Position | \$27,883.65 | \$15,660.09 |
| Company's Revenue - see EMS run Schedule 9 | \$36,296.00 | \$36,296.00 |
| Percentage of proposed salaries compared to total revenues | 77% | 43% |

11

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1 The Company compensation for Mr. Hoesch represents 77% of Gascony Water's total
2 revenues. The payroll costs Staff is supporting is 43% at the \$15,660 level and 41% at the
3 \$15,000 level [\$15,000 divided by \$36,296].

4 Q. If Staff supported the adjusted additional hours, what would be the percentage
5 of revenues if total compensation is considered?

6 A. If the compensation paid to Mr. Hoesch and his part time employee is
7 considered, the percentage of total payroll costs is 48% [\$17,316 divided by \$36,296]
8 compared to total revenues.

9 In addition, if Mr. Hoesch's travel costs from his residence in St. Louis are included in
10 Staff's cost of service, along with his compensation, then the amount of total costs paid to
11 Mr. Hoesch is \$19,844 [\$15,660 + \$4,184], which represents 55% [\$19,844 divided by the
12 \$36,296 total revenues] of total revenues. Adding all costs paid to Mr. Hoesch and his part
13 time worker, results in \$21,500 [\$15,660 + \$1,656 + \$4,184], or 59% [\$21,500 divided by
14 \$36,296] of total revenues.

15

| | Percentage of salary to revenues |
|--|-------------------------------------|
| Mr. Hoesch's Salary and part-time employee | 48% |
| Mr. Hoesch's Salary and travel costs. | 55% |
| Mr. Hoesch's Salary, part-time employee, and travel costs | 59% |

16

17 Q. Could Staff support including the \$15,660 amount in rates?

18 A. Yes. While Staff continues to support the \$15,000 actually paid to
19 Mr. Hoesch, Staff could support the additional hours level of \$15,660 for Mr. Hoesch's

Rebuttal Testimony of
Michael Jason Taylor

1 salary determined through an independent review. If the Commission should find that the
2 \$15,660 more appropriate, Staff would support this level.

3 Q. Does Staff agree that the additional hours presented by the Company should be
4 used to set rates?

5 A. No. Staff does not agree with the Company's proposed additional hours,
6 which results in \$27,884 of salary. The original time reporting provided on-site shows
7 Mr. Hoesch working multiple hours throughout the week with a description of checking mail,
8 checking the property, and reading one master meter. Staff's opinion is that, when compared
9 to the additional hours developed after the rate case was filed, the original time sheets are a
10 better representation of the actual hours that Mr. Hoesch needs to conduct Gascony Water's
11 business. Overall, Staff's analysis found that the additional information was not at all
12 persuasive to update Staff's recommended salary of \$15,000.

13 Q. Is the type of after-the-fact time reporting the Company is using to support its
14 payroll recommendation accurate?

15 A. No. The accuracy of the original time sheets presented by Mr. Hoesch that
16 Staff reviewed was suspect as only three activities were shown in every report provided.
17 Time reporting made long after the actual work events occurred cannot in any way be relied
18 on to determine the level of work activities and how much time was spent performing those
19 activities. What Mr. Russo is attempting to do through discussions with the owner-operator
20 of the Company, is to identify the work activities over a long period of time well after those
21 activities were performed. Memories simply are not that good to rely on to report long-ago
22 work functions. While certainly Mr. Hoesch had to spend time on preparing and overseeing
23 the preparation of the Commission's annual report, without detailed reporting in his original

Rebuttal Testimony of
Michael Jason Taylor

1 time sheets, who's to say that the previous reported hours didn't include time spent on annual
2 reports. Staff evaluated the total hours in the time sheets and added additional hours totaling
3 622 hours, which it believes is a reasonable level to operate this water system.

4 Staff does not view that the time reporting made by the Company on an on-going basis
5 to be precisely accurate, but time reporting completed a year after the worked is performed
6 simply cannot be relied on.

7 Q. Did the 1997 CCN Case contain any testimony on the number of hours
8 required to operate and manage the water system?

9 A. Yes. After over a decade of experience operating a water system prior to
10 requesting the certificate from the Commission, Mr. Hoesch testified in the 1997 CCN case
11 that:

12 "I spend approximately six hundred (600) hours per year on Company
13 Business. I am on call twenty-four (24) hours per day year round, and I
14 have to spend time on evenings and weekends handling the Company's
15 business."⁹

16 During the 1997 CCN case, Company showed that they had 180 customers, compared to the
17 current level of customers of 184, an addition of 4 customers. It is reasonable to assume the
18 amount of time to operate the water system indicated by Mr. Hoesch in the 1997 CCN Case is
19 the same today as the size of the water system is approximately the same. Staff is unaware of
20 any circumstance that would require the significant increase in work hours that is being
21 proposed by the Company in this case over those identified in the 1997 CCN Case.

22 Q. How does the level of work hours Staff included in its payroll recommendation
23 for Mr. Hoesch compare to the 1997 CCN Case?

⁹ Hoesch Direct Testimony, Case No. WA-97-510, page 6, line 120 - 122

Rebuttal Testimony of
Michael Jason Taylor

1 A. As noted above, Staff's payroll recommendation includes a total of 622 hours
2 which is comparable to the 600 hours Mr. Hoesch indicated in his direct testimony filed in the
3 1997 CCN Case. Mr. Hoesch's 600 hours included his time to operate and manage the water
4 system.

5 Q. Did Mr. Hoesch operate the water system before receiving Commission's
6 approval granting a certificate?

7 A. Yes. Mr. Hoesch drilled the water well in 1980 and had actual experience
8 operating the water system before he filed for certificate in 1997. Mr. Hoesch operated a
9 water system for several years before he actually received the certificate from the Commission
10 to do so— a water system that became known as Gascony Water Company. As a result, when
11 Mr. Hoesch indicated he spent 600 hours to operate the water system, now known as Gascony
12 Water. At the time of the certificate case, Mr. Hoesch had an actual basis for reporting this
13 amount to the Commission in his testimony presented in the 1997 CCN case.

14 Q. Has Mr. Hoesch questioned his compensation in the past?

15 A. No, Mr. Hoesch determined the \$15,000 salary level in the 1997 Certificate
16 Case indicating this was satisfactory. He did not dispute this amount or request any higher
17 salary in the 2015 rate case.

18 Q. Did Staff support the original \$15,000 salary level in the certificate case?

19 A. Yes. While this salary level was likely overstated in 1999 for this small of a
20 system and has continued to be so during many of the years this system has been operated by
21 Mr. Hoesch, today's analysis indicates the salary is about right, and may be still on the high
22 side. However, as indicated above, Staff's opinion is that either the \$15,000 or the slightly

Rebuttal Testimony of
Michael Jason Taylor

1 higher \$15,660 amount is supported and justified. Either of these amounts are reasonable to
2 be included in rates.

3 Q. What would be the cost to Gascony Water's 184 customers for the owner's
4 salary that the Company proposes?

5 A. The cost to customers would be an additional \$151.54 per year [\$27,883.65
6 divided 184 customers], or \$37.89 a quarter per customer, or \$12.63 per month.

7 The table below summarizes those amounts based on the Company's proposed payroll
8 costs for the owner on a per-customer basis:

9

| | Customer cost per month | Customer cost per quarter | Customer cost per Year |
|--|----------------------------|------------------------------|---------------------------|
| Total Hours | 960.45 | 960.45 | 960.45 |
| Total Annual Salary for Operator/Manager Position | \$27,883.65 | \$27,883.65 | \$27,883.65 |
| Company's proposed payroll expense for each customer | \$12.63 | \$37.89 | \$151.54 |

10
11 Staff's level of per-customer payroll costs for Mr. Hoesch with consideration of the
12 additional hours is shown as:

13

| | Customer cost per month | Customer cost per quarter | Customer cost per Year |
|--|----------------------------|------------------------------|---------------------------|
| Total Hours | 639.20 | 639.20 | 639.20 |
| Total Annual Salary for Operator/Manager Position | \$15,660.09 | \$15,660.09 | \$15,660.09 |
| Staff's proposed payroll expense for each customer | \$7.09 | \$21.28 | \$85.11 |

14

Rebuttal Testimony of
Michael Jason Taylor

1 Q. Did Staff take any other steps to examine Company's Salaries?

2 A. Yes, Staff compared similar sized water and sewer companies to evaluate what
3 compensation had been set in rates in recent rate cases, on a per-customer basis. Schedule
4 MJT-r7 shows the levels of breakdown that Staff performed. Staff's Schedule contrasts
5 Staff's recommendation, Company's recommendation, and Staff's consideration of additional
6 hours. In relation to other water and sewer companies, Staff's recommendation of \$15,000 is
7 comparable to the average compensation approved in other cases for water and sewer
8 companies while Company's recommendation is clearly an outlier. The following table
9 compares the employee-related costs using Staff's recommended total salary, Staff's payroll
10 considering the additional hours and, the Company's total recommended salary with
11 employee-related costs approved in other recent water and sewer rate cases:

12

| Methodology | Annual Cost of Compensation Plus Travel per Customer |
|---|---|
| Staff's recommendation | \$113 |
| Staff's consideration of additional hours | \$117 |
| Gascony Water's recommendation | \$183 |
| Average employee-related cost in ten recent rate cases | \$119 |

13

14 Q. Does Company have sufficient support to propose the "after the fact" of hours
15 worked and the salary of \$27,884 for Mr. Hoesch?

16 A. No. Clearly Mr. Russo and Mr. Hoesch have fabricated these additional time
17 sheets. The original time sheets clearly do not identify activities that Mr. Hoesch likely
18 performed but the hours likely represent time related to the operational duties of Gascony
19 Water and the time spent by Mr. Hoesch to take care of the management duties of Gascony

1 Water. The Company presented these inflated management hours after Staff had presented
2 their case and at no time prior did Mr. Hoesch or Mr. Russo assert that the time sheets did not
3 represent Mr. Hoesch actual hours.

4 **GASCONY WATER RENT EXPENSE**

5 Q. What does the Company propose for rent expense?

6 A. The Company is requesting an increase of the original trailer office rent
7 (Attached Schedule MJT-r8) of \$125 per month (\$1,500 annually) based on the consumer
8 price index ("CPI") from 1999 through 2016. This results in a proposed increase of the rent to
9 \$2,210 per year or \$184.14 per month. The Company is also requesting recovery for a second
10 office, located at Mr. Hoesch's St. Louis home, at a rate of \$1,888 per year or \$157.34 per
11 month. Collectively, both offices would cost a total of \$4,098 per year or \$341.50 per month
12 based on Gascony Water's proposal.

13 Q. Does Staff agree with the Company's proposed rent expense?

14 A. No. Staff's opinion is that inflating the rent for the trailer is not proper and is
15 opposed to the CPI indexing. Staff is also opposed to the rent for the second office located at
16 Mr. Hoesch's St. Louis residence.

17 Q. What is currently in Company's rates for rent?

18 A. Company receives \$1,500 a year, or \$125 per month, of rent for the use of the
19 original trailer located in Gascony Village in Gascony Water's service area.

20 Q. Does Staff agree with Mr. Russo's statement that Company maintains two
21 offices?¹⁰

¹⁰ Russo Direct Testimony page 5, line 13 - 15

Rebuttal Testimony of
Michael Jason Taylor

1 A. No. Staff does not agree with Mr. Russo that Company maintains two offices.

2 Staff Data Request No. 1, asks the Company:

3
4 A description of facilities shared for regulated and non-
5 regulated purposes (for example, a home used as a utility
6 office). For each shared facility, identify the cost charged to
7 utility operations and documentation supporting the calculation
8 of charges to the utility.

9 Company responded:

10 The Company utilizes space in the owners residence located in
11 Gascony Village for the Company's office. The Company pays
12 a minimal amount of \$125 per month for this usage.
13

14 Also in Staff Data Request No. 1, Staff asked numerous other questions for the
15 Company to supply documents, to which the Company responded that the items are
16 available for review at the Company's office in Hermann, Missouri. During the 2015 rate
17 case as well as this current rate case, at no time did Gascony Water ever indicate a need
18 for a second office rent amount for Mr. Hoesch's personal residence in St. Louis. Until
19 stated by Gascony Water's consultant Russo, Staff was unaware of a St. Louis office as
20 Mr. Hoesch never referenced any other office but the one at Gascony Village.

21 Q. Where does Gascony Water maintain its books and records?

22 A. In both the 2015 rate case as well as this current case, Staff made on site
23 visits to review the Company's books and records at Gascony Water's Hermann location.
24 Staff has never had to go to Mr. Hoesch's home in St. Louis for any purpose. As
25 indicated above, until it was referenced by Mr. Russo, Staff was unaware of the existence
26 of this "office."

Rebuttal Testimony of
Michael Jason Taylor

1 Q. Does Mr. Hoesch use his St. Louis home to conduct his other businesses?

2 A. Yes. Staff's opinion is that Mr. Hoesch may conduct business related to
3 Gasc-Osage Realty Company from his home in St. Louis. Additionally, CMC Water Co
4 LLC's property tax bills are mailed to Mr. Hoesch's home, which indicates the space is also
5 shared with CMC Water Co LLC. But at no time has Staff ever had to meet with Mr. Hoesch
6 at his home in St. Louis to discuss Gascony Water's operations or to examine records of
7 the Company.

8 Q. When is it appropriate for a water or sewer company to recover rent for
9 an office space located in a personal structure, how does Staff typically calculate a
10 reasonable rent?

11 A. Typically, when the operator of a water or sewer system has only an office and
12 work space at their residence, Staff will identify some level of the cost of the residence to
13 assign for a rent payment to include in rates. In those instances, the home office is the
14 utility's only place where customers can come to discuss utility matters and the only place
15 where the owner maintains records of the system. Staff has examined several companies
16 where the only place office that existed was the owner's residence.

17 Q. Did Staff receive any support for the actual costs incurred for the trailer located
18 at Gascony Village?

19 A. Yes. In response to Staff Data Request No. 9, Gascony Water provided
20 information supporting the rent charges to the utility. Rent of the trailer was also a topic
21 discussed during Staff's July 31, 2017, interview with Mr. Hoesch. Staff received a response
22 to Staff Data Request No. 9 in which the Company provided a list of expenses for the

Rebuttal Testimony of
Michael Jason Taylor

1 Company's office trailer including electric expense for 2016 and 2017, \$500 of mowing
2 expense, \$450 for the homeowner's assessment, and property taxes.

3 Q. Did Staff make any analysis on Company's rent expenses?

4 A. Yes. Staff had already included the mowing expense and homeowner's
5 assessment to Company's expenses in its Accounting Schedules. To calculate rent expense,
6 Staff included the property taxes and took a two year average of the electricity expenses to
7 determine an annual total cost of \$2,134 related to the trailer. Schedule MJT-r9 shows an
8 analysis of the allocation, between personal and utility, of the trailer's total cost. Staff,
9 through its analysis, developed a percentage of the trailer used for the Company and
10 Mr. Hoesch's personal use since the trailer is also Mr. Hoesch's residence when he is in
11 Hermann. Staff's analysis shows that the current \$1,500 of rent in rates would be supported if
12 the Company is allocated 70% of the trailer. While Staff's opinion is that the prior years of
13 the rent expense were overstated, Staff continues to support the \$1,500 for rent expense since
14 Company would be required to rent an office so ratepayers would have a location available
15 to them. To date, Staff has not received any form of support for increasing the amount of rent
16 for the trailer and has not received any information supporting the need for an "office" in
17 St. Louis.

18 Q. How does the Company's recommendation for rent of the Hermann office
19 compare to Staff's analysis of actual costs?

20 A. The Company's recommendation of \$2,210 exceeds the \$2,134 of actual total
21 costs incurred to maintain the trailer. In other words, if the Company's proposed rent expense
22 is included in rates, this amount would exceed the total actual costs related to the trailer
23 resulting in cost recovery for the entire trailer amount. This proposed amount would allow

Rebuttal Testimony of
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1 over 100% of the trailer costs to be paid by Gascony Water leaving no amount to be paid by
2 Mr. Hoesch for his personal use. In essence the costs the Company wants its customers to pay
3 for rent assumes the trailer would be allocated in excess of 100% for the use of utility
4 business, which is not true and is not possible.

5 Q. What is Staff's position on the rent for the Company?

6 A. Staff included the actual amount paid by Gascony Water for rent of the trailer
7 office at Hermann only. Staff did not include any costs for the trailer related to Mr. Hoesch's
8 personal use. Staff also did not include any rental costs for Mr. Hoesch's personal residence
9 in St. Louis.

10 Staff did not receive any evidence from the Company that the actual cost of
11 maintaining the space rented at Gascony Village required an increase in rent. When
12 ratepayers need to physically interact with the Company, it is reasonable to have a location on
13 site where they can resolve their issues if necessary so it is reasonable to include rent expense
14 in rates. While it may be convenient for Mr. Hoesch to work from home when it is possible,
15 Staff's opinion is that the second office in St. Louis is not necessary for the provision of water
16 service in Hermann, Missouri. Staff's opinion is that the Commission should not allow an
17 increase in rent for the trailer or the additional expense of a second office location in
18 St. Louis.

19 RATE CASE EXPENSE

20 Q. What is Company's position on rate case expense?

21 A. The Company has included an estimated \$18,000 of rate case expense and
22 recommends a six-year normalization period. Or to say another way, this \$18,000 rate case
23 expense level is being proposed by the Company to be recovered over six years. Gascony

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Michael Jason Taylor

1 Water further states that in order to mitigate the impact on ratepayers, the Company is willing
2 to consider an eight-year normalization period on the condition that the Company fully
3 recovers rate case expense incurred in this case.¹¹

4 Q. Has Staff included an estimated amount of rate case expense?

5 A. No. Staff has included an amount of actual rate case expense that the
6 Company has supported to date using paid invoices.

7 Q. Does Staff agree with the Company's condition to track rate case expense?

8 A. No. Staff recommends basing rates on a normalized amount of rate case
9 expense, regardless of the normalization period. Rate case expense is not a cost item that
10 requires "tracking" actual costs versus cost recovered. Typically, costs that are eligible for
11 tracking must be significant, volatile, and extraordinary. Rate case expense does not qualify
12 under these standards because the expense can be examined in the context of a rate case.

13 Q. What is the amount of rate increase requested by Gascony Water?

14 A. The Company initially requested a \$15,000 increase in rates and has revised its
15 request to \$22,260 currently, which is inclusive of the rate case expense recommended by the
16 Company. It is estimated by Gascony Water the rate case will cost \$18,000, which represents
17 81% of the current total \$22,000 requested amount [the \$18,000 divided by the \$22,000
18 updated request]. With a six-year normalization period, the Company's methodology is a
19 \$3,000 per year revenue requirement impact. To put the requested \$18,000 in perspective,
20 each of Gascony Water's customers will be required to pay in water rates a \$16.30 per
21 customer per year [\$3,000 per year revenue requirement impact divided by 184 customers] or
22 \$1.35 per customer per month [\$16.30 customer cost per year divided by 12 months].

¹¹ Russo direct testimony, page 8, lines 1-14

Rebuttal Testimony of
Michael Jason Taylor

1 The following table represents the rate case expense cost to customers: Under the Company's
2 proposal:

3

| | Customer cost per year | Customer cost per month | Customer cost per quarter |
|--|---------------------------|----------------------------|------------------------------|
| Company's proposed rate case expense | \$18,000 | \$18,000 | \$18,000 |
| Number of Gascony Water Customers | 184 | 184 | 184 |
| Company's proposed rate case expense for each customer | \$16.30 | \$1.35 | \$4.05 |

4

5 Q. Is it unusual for a small water or sewer company to incur this level of rate case
6 expense?

7 A. Yes. Mr. Russo's states in his direct testimony that he projects \$18,000 for
8 rate case expense. Staff finds that for this amount of expense for this size of a water company
9 to be very high. To provide some perspective, the Company is requesting \$22,260 in
10 additional revenue requirement, and the rate case expense represents 81% of the requested
11 revenue increase in this case. Based on a six-year recovery basis, the total 18,000, or \$3,000
12 per year, represents 8.3% of the total Gascony Water revenues of \$36,296¹² [\$3,000 divided
13 by \$36,296].

14 Q. How does the Company's projected rate case expense compare to its
15 annualized revenues?

16 A. The Company is projecting a level of rate case expense that is almost 50% of
17 what Company collects in revenue annually.

¹² See EMS Run Accounting Schedule 9

Rebuttal Testimony of
Michael Jason Taylor

1 Q. Has Staff reviewed Company's rate case expense?

2 A. Yes, through the period of December 31, 2017 the Company has incurred
3 approximately \$6,000 of rate case expense. Staff has issued Data Request No. 10 requesting
4 the Company to provide additional amounts for rate case expense that will be considered for
5 inclusion in rate case expense recovery.

6 Q. What are the results of Staff's review of the Company's rate case expense?

7 A. As of the end of December 2017, Company has provided invoices totaling
8 \$3,459 for Mr. Russo's services and invoices totaling \$2,252 for attorney fees, for a grand
9 total of \$5,979.

10 Q. What is Staff's position on rate case expense?

11 A. Staff recommends including actual rate case expense incurred normalized over
12 a 10 year period.

13 Q. Could the Commission consider another option, if it disagrees with 10 year
14 normalization period?

15 A. Yes. The Commission could recognize that the primary issues, specifically the
16 rate base issues, which the Company is bringing before the Commission should have already
17 been resolved, as indicated through Mr. Hoesch's testimony from the 1999 CCN case.¹³ If
18 Mr. Hoesch had transferred the assets as he stated he would do in his testimony from the 1999
19 CCN case then the matters of the land, rent expense, and the trencher would be resolved.
20 Staff's opinion is that the Commission could disallow any recovery of rate case expense
21 relating to the litigation of these issues, perhaps by making a 50% disallowance.

¹³ See the rebuttal testimony of Staff witness Young

Rebuttal Testimony of
Michael Jason Taylor

1 Q. Does this conclude your rebuttal testimony?

2 A. Yes.

Michael Jason Taylor

Educational and Employment Background and Credentials

I am currently employed as a Utility Regulatory Auditor for the Missouri Public Service Commission (Commission). I was employed by the Commission in April 2016. I earned a Bachelor of Science degree; dual majored in Accounting and Finance from Missouri Western State University in May 2007.

As a Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings as ordered by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by work papers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases I have been assigned are shown in the following table:

| Date Filed | Case/Tracking Number | Company Name - Issues |
|--------------------|------------------------------|---|
| September 14, 2017 | WM-2018-0023 | Liberty Utilities (Merger) Midland Water Company, Inc. Valley Woods Utility, LLC <ul style="list-style-type: none">• Plant in Service• Depreciation Reserve• Rate Base |
| June 19, 2017 | WR-2017-0343 | Gascony Water Company (Rate Case) <ul style="list-style-type: none">• Rate Case Expense• Rent• Payroll |
| April 11, 2017 | GR-2017-0215 GR-2017-0216 | Laclede Gas Company (Rate Case) Missouri Gas Energy <ul style="list-style-type: none">• Insurance• PSC Assessment• Injuries and Damages |
| November 14, 2016 | WR-2017-0139 | Stockton Hills Water Company (Rate Case) <ul style="list-style-type: none">• Revenues |
| July 1, 2016 | ER-2016-0285 | Kansas City Power & Light Company (Rate Case) <ul style="list-style-type: none">• Accounts Receivable Bank Fees• Customer Advances• Customer Deposits• Debit/Credit Card Acceptance Program• Dues and Donations• Material and Supplies• Prepayments• Injuries and Damages• Maintenance – Iatan 2 O&M Expenses/Tracker• Maintenance – Wolf Creek Mid-Cycle Outage• Maintenance – Wolf Creek Nuclear Refueling Outage |

| | | |
|-------------------|--------------|---|
| | | <ul style="list-style-type: none"> • Maintenance – Meter Replacement O&M • Maintenance – Generation, Transmission, Distribution, Nuclear, Normalization adjustments |
| February 23, 2016 | ER-2016-0156 | <p>KCP&L Greater Missouri Operations (Rate Case)</p> <ul style="list-style-type: none"> • Advertising • Dues & Donations • Leases • Plant Amortizations • PSC Assessment |

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2017-0343
Date Prepared: 1/29/2017



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Revised

STAFF ACCOUNTING SCHEDULES

GASCONY WATER COMPANY

CASE NO. WR-2017-0343

Jefferson City, Missouri

January 2017

Schedule MJT-r2

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 Revenue Requirement

| Line Number | A Description | B 8.02% Return | C 8.02% Return | D 8.02% Return |
|----------------|---|----------------------|----------------------|----------------------|
| 1 | Net Orig Cost Rate Base | \$31,419 | \$31,419 | \$31,419 |
| 2 | Rate of Return | 8.02% | 8.02% | 8.02% |
| 3 | Net Operating Income Requirement | \$2,520 | \$2,520 | \$2,520 |
| 4 | Net Income Available | \$1,535 | \$1,535 | \$1,535 |
| 5 | Additional Net Income Required | \$985 | \$985 | \$985 |
| 6 | Income Tax Requirement | | | |
| 7 | Required Current Income Tax | \$628 | \$628 | \$628 |
| 8 | Current Income Tax Available | \$382 | \$382 | \$382 |
| 9 | Additional Current Tax Required | \$246 | \$246 | \$246 |
| 10 | Revenue Requirement | \$1,231 | \$1,231 | \$1,231 |
| 11 | Allowance for Known and Measureable Changes/True-Up Estimate | \$0 | \$0 | \$0 |
| 12 | Gross Revenue Requirement | \$1,231 | \$1,231 | \$1,231 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
RATE BASE SCHEDULE

| Line Number | A Rate Base Description | B Percentage Rate | C Dollar Amount |
|----------------|---------------------------------------|-------------------------|-----------------------|
| 1 | Plant In Service | | \$57,293 |
| 2 | Less Accumulated Depreciation Reserve | | \$26,803 |
| 3 | Net Plant In Service | | \$30,490 |
| 4 | ADD TO NET PLANT IN SERVICE | | |
| 5 | Cash Working Capital | | \$0 |
| 6 | Materials & Supplies | | \$677 |
| 7 | Fuel Inventory | | \$252 |
| 8 | Meter Rerouting Project | | \$0 |
| 9 | TOTAL ADD TO NET PLANT IN SERVICE | | \$929 |
| 10 | SUBTRACT FROM NET PLANT | | |
| 11 | Federal Tax Offset | 0.0000% | \$0 |
| 12 | State Tax Offset | 0.0000% | \$0 |
| 13 | City Tax Offset | 0.0000% | \$0 |
| 14 | Interest Expense Offset | 0.0000% | \$0 |
| 15 | Customer Advances | | \$0 |
| 16 | Customer Deposits | | \$0 |
| 17 | Deferred Income Taxes | | \$0 |
| 18 | Deferred Income Taxes | | \$0 |
| 19 | Accrued Pension Liability | | \$0 |
| 20 | TOTAL SUBTRACT FROM NET PLANT | | \$0 |
| 21 | Total Rate Base | | \$31,419 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
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 | 100.00% | \$0 | \$0 |
| 3 | | TOTAL PLANT INTANGIBLE | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 4 | | SOURCE OF SUPPLY PLANT | | | | | | | |
| 5 | 310.000 | Land and Land Rights - SSP | \$0 | P-5 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 6 | 311.000 | Structures and Improvements - SSP | \$0 | P-6 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 7 | 314.000 | Well and Springs | \$0 | P-7 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 8 | | TOTAL SOURCE OF SUPPLY PLANT | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 9 | | PUMPING PLANT | | | | | | | |
| 10 | 320.000 | Land and Land Rights - PP | \$0 | P-10 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 11 | 321.000 | Structures and Improvements - PP | \$0 | P-11 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 12 | 325.000 | Electric Pumping Equipment | \$0 | P-12 | \$23,219 | \$23,219 | 100.00% | \$0 | \$23,219 |
| 13 | 327.000 | Hydraulic Pumping Equipment | \$11,761 | P-13 | -\$11,761 | \$0 | 100.00% | \$0 | \$0 |
| 14 | | TOTAL PUMPING PLANT | \$11,761 | | \$11,458 | \$23,219 | | \$0 | \$23,219 |
| 15 | | WATER TREATMENT PLANT | | | | | | | |
| 16 | 330.000 | Land and Land Rights - WTP | \$0 | P-16 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 17 | 331.000 | Structures and Improvements - WTP | \$0 | P-17 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 18 | 332.000 | Water Treatment Equipment | \$0 | P-18 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 19 | | TOTAL WATER TREATMENT PLANT | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 20 | | TRANSMISSION & DIST. PLANT | | | | | | | |
| 21 | 340.000 | Land and Land Rights - TDP | \$0 | P-21 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 22 | 341.000 | Structures and Improvements - TDP | \$0 | P-22 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 23 | 342.000 | Distribution Reservoirs and Standpipes | \$0 | P-23 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 24 | 343.000 | Transmission and Distribution Mains | \$0 | P-24 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 25 | 345.000 | Customer Services | \$0 | P-25 | \$139 | \$139 | 100.00% | \$0 | \$139 |
| 26 | 346.000 | Meters | \$0 | P-26 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 27 | 346.300 | Meter Installations | \$0 | P-27 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 28 | 347.000 | Meter and Meter Pit Installations | \$0 | P-28 | \$3,177 | \$3,177 | 100.00% | \$0 | \$3,177 |
| 29 | 348.000 | Hydrants | \$0 | P-29 | -\$1,055 | -\$1,055 | 100.00% | \$0 | -\$1,055 |
| 30 | | TOTAL TRANSMISSION & DIST. PLANT | \$0 | | \$4,371 | \$4,371 | | \$0 | \$4,371 |
| 31 | | GENERAL PLANT | | | | | | | |
| 32 | 371.000 | Structures and Improvements | \$0 | P-32 | \$13,374 | \$13,374 | 100.00% | \$0 | \$13,374 |
| 33 | 372.000 | Office Furniture and Equipment | \$0 | P-33 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 34 | 372.100 | Office Computer Equipment | \$1,185 | P-34 | \$144 | \$1,329 | 100.00% | \$0 | \$1,329 |
| 35 | 373.000 | Transportation Equipment | \$0 | P-35 | \$4,200 | \$4,200 | 100.00% | \$0 | \$4,200 |
| 36 | 379.000 | Other General Equipment | \$0 | P-36 | \$10,800 | \$10,800 | 100.00% | \$0 | \$10,800 |
| 37 | 391.000 | Office Furniture and Equipment | \$918 | P-37 | -\$918 | \$0 | 100.00% | \$0 | \$0 |
| 38 | 391.100 | Office Computer Equipment | \$0 | P-38 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 39 | 392.000 | Transportation Equipment | \$0 | P-39 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 40 | 394.000 | Tools, Shop and Garage Equipment | \$2,805 | P-40 | -\$2,805 | \$0 | 100.00% | \$0 | \$0 |
| 41 | 396.000 | Power-Operated Equipment | \$15,200 | P-41 | -\$15,200 | \$0 | 100.00% | \$0 | \$0 |
| 42 | 398.000 | Miscellaneous Equipment | \$0 | P-42 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 43 | | TOTAL GENERAL PLANT | \$20,108 | | \$9,595 | \$29,703 | | \$0 | \$29,703 |
| 44 | | TOTAL PLANT IN SERVICE | \$31,869 | | \$25,424 | \$57,293 | | \$0 | \$57,293 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 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-12 | Electric Pumping Equipment | 325.000 | | \$23,219 | | \$0 |
| | 1. To adjust for Electric Pumping Equipment | | \$23,219 | | \$0 | |
| P-13 | Hydraulic Pumping Equipment | 327.000 | | -\$11,761 | | \$0 |
| | 1. To adjust for Hydraulic Pumping Equipment | | -\$11,761 | | \$0 | |
| P-25 | Customer Services | 345.000 | | \$139 | | \$0 |
| | 1. To adjust for services | | \$139 | | \$0 | |
| P-28 | Meter and Meter Pit Installations | 347.000 | | \$3,177 | | \$0 |
| | 1. To adjust for Meter Pit Installations | | \$3,177 | | \$0 | |
| P-29 | Hydrants | 348.000 | | \$1,055 | | \$0 |
| | 1. To adjust for Hydrants | | \$1,055 | | \$0 | |
| P-32 | Structures and Improvements | 371.000 | | \$13,374 | | \$0 |
| | 1. To adjust for Structures and Improvements | | \$13,374 | | \$0 | |
| P-34 | Office Computer Equipment | 372.100 | | \$144 | | \$0 |
| | 1. To adjust for Office Computer Equipment | | \$144 | | \$0 | |
| P-35 | Transportation Equipment | 373.000 | | \$4,200 | | \$0 |
| | 1. To adjust for Transportation Equipment | | \$4,200 | | \$0 | |
| P-36 | Other General Equipment | 379.000 | | \$10,800 | | \$0 |
| | 1. To adjust for Other General Equipment | | \$10,800 | | \$0 | |
| P-37 | Office Furniture and Equipment | 391.000 | | -\$918 | | \$0 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 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 |
|--------------------------------|---|------------------------|---------------------------|------------------------------------|------------------------------------|---|
| | 1. To adjust for Office Furniture and Equipment | | -\$918 | | \$0 | |
| P-40 | Tools, Shop and Garage Equipment | 394.000 | | -\$2,805 | | \$0 |
| | 1. To adjust for Tools, Shop and Garage Equipment | | -\$2,805 | | \$0 | |
| P-41 | Power-Operated Equipment | 396.000 | | -\$15,200 | | \$0 |
| | 1. To adjust for Power-Operated Equipment | | -\$15,200 | | \$0 | |
| Total Plant Adjustments | | | | \$25,424 | | \$0 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Depreciation Expense

| Line Number | A Account Number | B Plant Account Description | C MO Adjusted Jurisdictional | D Depreciation Rate | E Depreciation Expense |
|-------------|---------------------|--|---------------------------------|------------------------|---------------------------|
| 1 | | INTANGIBLE PLANT | | | |
| 2 | 301.000 | Organization | \$0 | 0.00% | \$0 |
| 3 | | TOTAL PLANT INTANGIBLE | \$0 | | \$0 |
| 4 | | SOURCE OF SUPPLY PLANT | | | |
| 5 | 310.000 | Land and Land Rights - SSP | \$0 | 0.00% | \$0 |
| 6 | 311.000 | Structures and Improvements - SSP | \$0 | 2.50% | \$0 |
| 7 | 314.000 | Well and Springs | \$0 | 2.00% | \$0 |
| 8 | | TOTAL SOURCE OF SUPPLY PLANT | \$0 | | \$0 |
| 9 | | PUMPING PLANT | | | |
| 10 | 320.000 | Land and Land Rights - PP | \$0 | 0.00% | \$0 |
| 11 | 321.000 | Structures and Improvements - PP | \$0 | 2.50% | \$0 |
| 12 | 325.000 | Electric Pumping Equipment | \$23,219 | 10.00% | \$2,322 |
| 13 | 327.000 | Hydraulic Pumping Equipment | \$0 | 0.00% | \$0 |
| 14 | | TOTAL PUMPING PLANT | \$23,219 | | \$2,322 |
| 15 | | WATER TREATMENT PLANT | | | |
| 16 | 330.000 | Land and Land Rights - WTP | \$0 | 0.00% | \$0 |
| 17 | 331.000 | Structures and Improvements - WTP | \$0 | 2.50% | \$0 |
| 18 | 332.000 | Water Treatment Equipment | \$0 | 2.90% | \$0 |
| 19 | | TOTAL WATER TREATMENT PLANT | \$0 | | \$0 |
| 20 | | TRANSMISSION & DIST. PLANT | | | |
| 21 | 340.000 | Land and Land Rights - TDP | \$0 | 0.00% | \$0 |
| 22 | 341.000 | Structures and Improvements - TDP | \$0 | 2.50% | \$0 |
| 23 | 342.000 | Distribution Reservoirs and Standpipes | \$0 | 2.50% | \$0 |
| 24 | 343.000 | Transmission and Distribution Mains | \$0 | 2.00% | \$0 |
| 25 | 345.000 | Customer Services | \$139 | 2.50% | \$3 |
| 26 | 346.000 | Meters | \$0 | 10.00% | \$0 |
| 27 | 346.300 | Meter Installations | \$0 | 0.00% | \$0 |
| 28 | 347.000 | Meter and Meter Pit Installations | \$3,177 | 2.50% | \$79 |
| 29 | 348.000 | Hydrants | \$1,055 | 2.00% | \$21 |
| 30 | | TOTAL TRANSMISSION & DIST. PLANT | \$4,371 | | \$103 |
| 31 | | GENERAL PLANT | | | |
| 32 | 371.000 | Structures and Improvements | \$13,374 | 2.50% | \$334 |
| 33 | 372.000 | Office Furniture and Equipment | \$0 | 5.00% | \$0 |
| 34 | 372.100 | Office Computer Equipment | \$1,329 | 0.00% | \$0 |
| 35 | 373.000 | Transportation Equipment | \$4,200 | 6.70% | \$281 |
| 36 | 379.000 | Other General Equipment | \$10,800 | 3.30% | \$356 |
| 37 | 391.000 | Office Furniture and Equipment | \$0 | 0.00% | \$0 |
| 38 | 391.100 | Office Computer Equipment | \$0 | 0.00% | \$0 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 Depreciation Expense

| Line Number | A Account Number | B Plant Account Description | C MO Adjusted Jurisdictional | D Depreciation Rate | E Depreciation Expense |
|----------------|------------------------|----------------------------------|------------------------------------|---------------------------|------------------------------|
| 39 | 392.000 | Transporation Equipment | \$0 | 0.00% | \$0 |
| 40 | 394.000 | Tools, Shop and Garage Equipment | \$0 | 0.00% | \$0 |
| 41 | 396.000 | Power-Operated Equipment | \$0 | 0.00% | \$0 |
| 42 | 398.000 | Miscellaneous Equipment | \$0 | 0.00% | \$0 |
| 43 | | TOTAL GENERAL PLANT | \$29,703 | | \$971 |
| 44 | | Total Depreciation | <u>\$57,293</u> | | <u>\$3,396</u> |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
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 | 100.00% | \$0 | \$0 |
| 3 | | TOTAL PLANT INTANGIBLE | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 4 | | SOURCE OF SUPPLY PLANT | | | | | | | |
| 5 | 310.000 | Land and Land Rights - SSP | \$0 | R-5 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 6 | 311.000 | Structures and Improvements - SSP | \$0 | R-6 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 7 | 314.000 | Well and Springs | \$0 | R-7 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 8 | | TOTAL SOURCE OF SUPPLY PLANT | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 9 | | PUMPING PLANT | | | | | | | |
| 10 | 320.000 | Land and Land Rights - PP | \$0 | R-10 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 11 | 321.000 | Structures and Improvements - PP | \$0 | R-11 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 12 | 325.000 | Electric Pumping Equipment | \$0 | R-12 | \$10,981 | \$10,981 | 100.00% | \$0 | \$10,981 |
| 13 | 327.000 | Hydraulic Pumping Equipment | \$10,223 | R-13 | -\$10,223 | \$0 | 100.00% | \$0 | \$0 |
| 14 | | TOTAL PUMPING PLANT | \$10,223 | | \$758 | \$10,981 | | \$0 | \$10,981 |
| 15 | | WATER TREATMENT PLANT | | | | | | | |
| 16 | 330.000 | Land and Land Rights - WTP | \$0 | R-16 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 17 | 331.000 | Structures and Improvements - WTP | \$0 | R-17 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 18 | 332.000 | Water Treatment Equipment | \$0 | R-18 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 19 | | TOTAL WATER TREATMENT PLANT | \$0 | | \$0 | \$0 | | \$0 | \$0 |
| 20 | | TRANSMISSION & DIST. PLANT | | | | | | | |
| 21 | 340.000 | Land and Land Rights - TDP | \$0 | R-21 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 22 | 341.000 | Structures and Improvements - TDP | \$0 | R-22 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 23 | 342.000 | Distribution Reservoirs and Standpipes | \$0 | R-23 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 24 | 343.000 | Transmission and Distribution Mains | \$0 | R-24 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 25 | 345.000 | Customer Services | \$0 | R-25 | \$8 | \$8 | 100.00% | \$0 | \$8 |
| 26 | 346.000 | Meters | \$0 | R-26 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 27 | 346.300 | Meter Installations | \$0 | R-27 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 28 | 347.000 | Meter and Meter Pit Installations | \$0 | R-28 | \$552 | \$552 | 100.00% | \$0 | \$552 |
| 29 | 348.000 | Hydrants | \$0 | R-29 | \$61 | \$61 | 100.00% | \$0 | \$61 |
| 30 | | TOTAL TRANSMISSION & DIST. PLANT | \$0 | | \$621 | \$621 | | \$0 | \$621 |
| 31 | | GENERAL PLANT | | | | | | | |
| 32 | 371.000 | Structures and Improvements | \$0 | R-32 | \$3,015 | \$3,015 | 100.00% | \$0 | \$3,015 |
| 33 | 372.000 | Office Furniture and Equipment | \$0 | R-33 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 34 | 372.100 | Office Computer Equipment | \$0 | R-34 | \$1,476 | \$1,476 | 100.00% | \$0 | \$1,476 |
| 35 | 373.000 | Transportation Equipment | \$0 | R-35 | \$2,797 | \$2,797 | 100.00% | \$0 | \$2,797 |
| 36 | 379.000 | Other General Equipment | \$0 | R-36 | \$7,913 | \$7,913 | 100.00% | \$0 | \$7,913 |
| 37 | 391.000 | Office Furniture and Equipment | \$918 | R-37 | -\$918 | \$0 | 100.00% | \$0 | \$0 |
| 38 | 391.100 | Office Computer Equipment | \$474 | R-38 | -\$474 | \$0 | 100.00% | \$0 | \$0 |
| 39 | 392.000 | Transportation Equipment | \$0 | R-39 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 40 | 394.000 | Tools, Shop and Garage Equipment | \$2,783 | R-40 | -\$2,783 | \$0 | 100.00% | \$0 | \$0 |
| 41 | 396.000 | Power-Operated Equipment | \$3,521 | R-41 | -\$3,521 | \$0 | 100.00% | \$0 | \$0 |
| 42 | 398.000 | Miscellaneous Equipment | \$0 | R-42 | \$0 | \$0 | 100.00% | \$0 | \$0 |
| 43 | | TOTAL GENERAL PLANT | \$7,696 | | \$7,605 | \$15,201 | | \$0 | \$15,201 |
| 44 | | TOTAL DEPRECIATION RESERVE | \$17,919 | | \$8,884 | \$26,803 | | \$0 | \$26,803 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Adjustments for Depreciation Reserve

| A Reserve Adjustment Number | B Accumulated Depreciation Reserve Adjustments Description | C Account Number | D Adjustment Amount | E Total Adjustment Amount | F Jurisdictional Adjustments | G Total Jurisdictional Adjustments |
|--------------------------------------|--|------------------------|---------------------------|------------------------------------|------------------------------------|---|
| R-12 | Electric Pumping Equipment | 325.000 | | \$10,981 | | \$0 |
| | 1. To adjust for Electric Pumping Equipemt | | \$10,981 | | \$0 | |
| R-13 | Hydraulic Pumping Equipment | 327.000 | | -\$10,223 | | \$0 |
| | 1. To adjust for Hydraulic Pumping Equipment | | -\$10,223 | | \$0 | |
| R-25 | Customer Services | 345.000 | | \$8 | | \$0 |
| | 1. To adjust for Services | | \$8 | | \$0 | |
| R-28 | Meter and Meter Pit Installations | 347.000 | | \$552 | | \$0 |
| | 1. To adjust for Meter Installations | | \$552 | | \$0 | |
| R-29 | Hydrants | 348.000 | | \$61 | | \$0 |
| | 1. To adjust for Hydrants | | \$61 | | \$0 | |
| R-32 | Structures and Improvements | 371.000 | | \$3,015 | | \$0 |
| | 1. To adjust for Structures and Improvements | | \$3,015 | | \$0 | |
| R-34 | Office Computer Equipment | 372.100 | | \$1,476 | | \$0 |
| | 1. To adjust for Office Computer Equipment | | \$1,476 | | \$0 | |
| R-35 | Transportation Equipment | 373.000 | | \$2,797 | | \$0 |
| | 1. To adjust for Transporation Equipment | | \$2,797 | | \$0 | |
| R-36 | Other General Equipment | 379.000 | | \$7,913 | | \$0 |
| | 1. To adjust for Other General Equipment | | \$7,913 | | \$0 | |
| R-37 | Office Furniture and Equipment | 391.000 | | -\$918 | | \$0 |
| | 1. To Adjust for Office Furniture and Equipment | | -\$918 | | \$0 | |
| R-38 | Office Computer Equipment | 391.100 | | -\$474 | | \$0 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 Adjustments for Depreciation Reserve

| A Reserve Adjustment Number | B Accumulated Depreciation Reserve Adjustments Description | C Account Number | D Adjustment Amount | E Total Adjustment Amount | F Jurisdictional Adjustments | G Total Jurisdictional Adjustments |
|--------------------------------------|--|------------------------|---------------------------|------------------------------------|------------------------------------|---|
| | No adjustment | | -\$474 | | \$0 | |
| R-40 | Tools, Shop and Garage Equipment | 394.000 | | -\$2,783 | | \$0 |
| | 1. To adjust for Tools, Shop and Garage Equipment | | -\$2,783 | | \$0 | |
| R-41 | Power-Operated Equipment | 396.000 | | -\$3,521 | | \$0 |
| | 1. To adjust for Power-Operated Equipment | | -\$3,521 | | \$0 | |
| Total Reserve Adjustments | | | | \$8,884 | | \$0 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
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 | OPERATION AND MAINT. EXPENSE | | | | | | |
| 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 | \$30,913 | 0.00 | 0.00 | 0.00 | 0.000000 | \$0 |
| 12 | TOTAL OPERATION AND MAINT. EXPENSE | \$30,913 | | | | | \$0 |
| 13 | TAXES | | | | | | |
| 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 | TOTAL TAXES | \$0 | | | | | \$0 |
| 22 | CWC REQ'D BEFORE RATE BASE OFFSETS | | | | | | \$0 |
| 23 | TAX OFFSET FROM RATE BASE | | | | | | |
| 24 | Federal Tax Offset | \$445 | 0.00 | 0.00 | 0.00 | 0.000000 | \$0 |
| 25 | State Tax Offset | \$183 | 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 | \$0 | 0.00 | 0.00 | 0.00 | 0.000000 | \$0 |
| 28 | TOTAL OFFSET FROM RATE BASE | \$628 | | | | | \$0 |
| 29 | TOTAL CASH WORKING CAPITAL REQUIRED | | | | | | \$0 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Income Statement Detail

| 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 |
|-------------|---------------------|---------------------------------------|-------------------------------|----------------------|--------------------------|---------------------|--|--------------------------------------|---------------------------------|---|---|--|-------------------------------|
| Rev-1 | | OPERATING REVENUES | | | | | | | | | | | |
| Rev-2 | 480.000 | Residential | \$35,669 | See note (1) | See note (1) | Rev-2 | See note (1) | \$35,669 | 100.00% | \$627 | \$36,296 | See note (1) | See note (1) |
| Rev-3 | 481.100 | Commercial | \$0 | | | Rev-3 | | \$0 | 100.00% | \$0 | \$0 | | |
| Rev-4 | 481.200 | Industrial | \$0 | | | Rev-4 | | \$0 | 100.00% | \$0 | \$0 | | |
| Rev-5 | 483.000 | Private Fire Protection | \$0 | | | Rev-5 | | \$0 | 100.00% | \$0 | \$0 | | |
| Rev-6 | 487.000 | Public Fire Protection | \$0 | | | Rev-6 | | \$0 | 100.00% | \$0 | \$0 | | |
| Rev-7 | 488.000 | Other Public Auth. | \$0 | | | Rev-7 | | \$0 | 100.00% | \$0 | \$0 | | |
| Rev-8 | 489.000 | Sales for Resale | \$0 | | | Rev-8 | | \$0 | 100.00% | \$0 | \$0 | | |
| Rev-9 | 493.000 | Other Water Revenue - Oper. Rev. | \$832 | | | Rev-9 | | \$832 | 100.00% | -\$832 | \$0 | | |
| Rev-10 | | TOTAL OPERATING REVENUES | \$36,501 | | | | | \$36,501 | | -\$205 | \$36,296 | | |
| 1 | | SOURCE OF SUPPLY EXPENSES | | | | | | | | | | | |
| 2 | 600.000 | Casual Labor - Contracted | \$1,129 | \$0 | \$1,129 | E-2 | -\$220 | \$909 | 100.00% | \$0 | \$909 | \$0 | \$909 |
| 3 | 617.000 | Maint. Of Misc. Water Source Plant | \$0 | \$0 | \$0 | E-3 | \$212 | \$212 | 100.00% | \$0 | \$212 | \$0 | \$212 |
| 4 | | TOTAL SOURCE OF SUPPLY EXPENSES | \$1,129 | \$0 | \$1,129 | | -\$8 | \$1,121 | | \$0 | \$1,121 | \$0 | \$1,121 |
| 5 | | PUMPING EXPENSES | | | | | | | | | | | |
| 6 | 623.000 | Fuel or Power Purchased for Pumping | \$0 | \$0 | \$0 | E-6 | \$0 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 7 | 0.000 | Electric Expenses | \$0 | \$0 | \$0 | E-7 | \$1,628 | \$1,628 | 100.00% | \$0 | \$1,628 | \$0 | \$1,628 |
| 8 | 623.000 | Maint. of Pumping Equipment | \$0 | \$0 | \$0 | E-8 | \$0 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 9 | | TOTAL PUMPING EXPENSES | \$0 | \$0 | \$0 | | \$1,628 | \$1,628 | | \$0 | \$1,628 | \$0 | \$1,628 |
| 10 | | WATER TREATMENT EXPENSES | | | | | | | | | | | |
| 11 | 650.000 | Repair and Maintenance Materials | \$0 | \$0 | \$0 | E-11 | \$0 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 12 | 652.000 | Maint. of Water Treatment Equipment | \$0 | \$0 | \$0 | E-12 | \$0 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 13 | | TOTAL WATER TREATMENT EXPENSES | \$0 | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 |
| 14 | | TRANSMISSION & DIST. EXPENSES | | | | | | | | | | | |
| 15 | 660.000 | Travel Expense | \$0 | \$0 | \$0 | E-15 | \$4,184 | \$4,184 | 100.00% | \$0 | \$4,184 | \$0 | \$4,184 |
| 16 | 678.000 | Maint. of Miscellaneous Plant - TDE | \$0 | \$0 | \$0 | E-16 | \$244 | \$244 | 100.00% | \$0 | \$244 | \$0 | \$244 |
| 17 | | TOTAL TRANSMISSION & DIST. EXPENSES | \$0 | \$0 | \$0 | | \$4,428 | \$4,428 | | \$0 | \$4,428 | \$0 | \$4,428 |
| 18 | | CUSTOMER ACCOUNTS EXPENSE | | | | | | | | | | | |
| 19 | 905.000 | Misc. Customer Accounts Expense - CAE | \$0 | \$0 | \$0 | E-19 | \$0 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 20 | | TOTAL CUSTOMER ACCOUNTS EXPENSE | \$0 | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 |
| 21 | | CUSTOMER SERVICE EXPENSES | | | | | | | | | | | |
| 22 | | TOTAL CUSTOMER SERVICE EXPENSES | \$0 | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 |
| 23 | | SALES PROMOTION EXPENSES | | | | | | | | | | | |
| 24 | | TOTAL SALES PROMOTION EXPENSES | \$0 | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 |
| 25 | | ADMIN. & GENERAL EXPENSES | | | | | | | | | | | |
| 26 | 0.000 | Purchased Water - C&M Water Company | \$12,363 | \$0 | \$12,363 | E-26 | -\$12,363 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 27 | 920.100 | Clerical Salaries | \$1,700 | \$1,700 | \$0 | E-27 | -\$44 | \$1,656 | 100.00% | \$0 | \$1,656 | \$1,656 | \$0 |
| 28 | 920.200 | Management Salaries | \$10,000 | \$10,000 | \$0 | E-28 | \$5,000 | \$15,000 | 100.00% | \$0 | \$15,000 | \$15,000 | \$0 |
| 29 | 921.100 | Communication Expense | \$0 | \$0 | \$0 | E-29 | \$1,181 | \$1,181 | 100.00% | \$0 | \$1,181 | \$0 | \$1,181 |
| 30 | 921.200 | Billing Materials | \$0 | \$0 | \$0 | E-30 | \$534 | \$534 | 100.00% | \$0 | \$534 | \$0 | \$534 |
| 31 | 921.300 | I.T. Expense | \$1,135 | \$0 | \$1,135 | E-31 | -\$873 | \$262 | 100.00% | \$0 | \$262 | \$0 | \$262 |
| 32 | 923.000 | Outside Services Employed | \$0 | \$0 | \$0 | E-32 | \$602 | \$602 | 100.00% | \$0 | \$602 | \$0 | \$602 |
| 33 | 928.100 | MO PSC Assessment | \$0 | \$0 | \$0 | E-33 | \$271 | \$271 | 100.00% | \$0 | \$271 | \$0 | \$271 |
| 34 | 928.200 | Other Regulatory Expense | \$0 | \$0 | \$0 | E-34 | \$200 | \$200 | 100.00% | \$0 | \$200 | \$0 | \$200 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Income Statement Detail

| 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 |
|-------------|---------------------|--|-------------------------------|----------------------|--------------------------|---------------------|--|--------------------------------------|---------------------------------|---|---|---------------------------|-------------------------------|
| | | | | | | | | | | | | | L + M = K |
| 35 | 0.000 | Other Expenses | \$6,304 | \$0 | \$6,304 | E-35 | -\$6,304 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 36 | 0.000 | Interest Expense | \$2,070 | \$0 | \$2,070 | E-36 | -\$2,070 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 37 | 930,200 | Supplies and Expenses | \$1,722 | \$0 | \$1,722 | E-37 | -\$1,231 | \$491 | 100.00% | \$0 | \$491 | \$0 | \$491 |
| 38 | 0.000 | Rents - Storage of Equipment | \$1,200 | \$0 | \$1,200 | E-38 | -\$1,200 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 39 | 931,000 | Rents - AGE | \$1,500 | \$0 | \$1,500 | E-39 | \$0 | \$1,500 | 100.00% | \$0 | \$1,500 | \$0 | \$1,500 |
| 40 | 0.000 | Fuel Expense | \$0 | \$0 | \$0 | E-40 | \$506 | \$506 | 100.00% | \$0 | \$506 | \$0 | \$506 |
| 41 | 932,000 | Maint. of General Plant - AGE | \$1,701 | \$0 | \$1,701 | E-41 | -\$1,501 | \$200 | 100.00% | \$0 | \$200 | \$0 | \$200 |
| 42 | 0.000 | Rate Case Expense | \$0 | \$0 | \$0 | E-42 | \$598 | \$598 | 100.00% | \$0 | \$598 | \$0 | \$598 |
| 43 | 0.000 | Gascony Association Expense | \$0 | \$0 | \$0 | E-43 | \$340 | \$340 | 100.00% | \$0 | \$340 | \$0 | \$340 |
| 44 | 0.000 | Bank Fees | \$0 | \$0 | \$0 | E-44 | \$178 | \$178 | 100.00% | \$0 | \$178 | \$0 | \$178 |
| 45 | 0.000 | Uncollectible Accounts Expense | \$0 | \$0 | \$0 | E-45 | \$217 | \$217 | 100.00% | \$0 | \$217 | \$0 | \$217 |
| 46 | | TOTAL ADMIN. & GENERAL EXPENSES | \$39,695 | \$11,700 | \$27,995 | | -\$16,959 | \$23,736 | | \$0 | \$23,736 | \$16,656 | \$7,080 |
| 47 | | DEPRECIATION EXPENSE | | | | | | | | | | | |
| 48 | 0.000 | Depreciation Expense, Dep. Exp. | \$2,313 | See note (1) | See note (1) | E-48 | See note (1) | \$2,313 | 100.00% | \$1,083 | \$3,396 | See note (1) | See note (1) |
| 49 | | TOTAL DEPRECIATION EXPENSE | \$2,313 | \$0 | \$0 | | \$0 | \$2,313 | | \$1,083 | \$3,396 | \$0 | \$0 |
| 50 | | AMORTIZATION EXPENSE | | | | | | | | | | | |
| 51 | | TOTAL AMORTIZATION EXPENSE | \$0 | \$0 | \$0 | | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 |
| 52 | | OTHER OPERATING EXPENSES | | | | | | | | | | | |
| 53 | 408,000 | Property Taxes | \$435 | \$0 | \$435 | E-53 | -\$365 | \$70 | 100.00% | \$0 | \$70 | \$0 | \$70 |
| 54 | 408,000 | Missouri Franchise Taxes | \$0 | \$0 | \$0 | E-54 | \$0 | \$0 | 100.00% | \$0 | \$0 | \$0 | \$0 |
| 55 | | TOTAL OTHER OPERATING EXPENSE | \$435 | \$0 | \$435 | | -\$365 | \$70 | | \$0 | \$70 | \$0 | \$70 |
| 56 | | TOTAL OPERATING EXPENSE | \$43,572 | \$11,700 | \$29,659 | | -\$10,276 | \$33,296 | | \$1,083 | \$34,379 | \$16,656 | \$14,327 |
| 57 | | NET INCOME BEFORE TAXES | -\$7,071 | | | | | \$3,205 | | -\$1,288 | \$1,917 | | |
| 58 | | INCOME TAXES | | | | | | | | | | | |
| 59 | 0.000 | Current Income Taxes | \$0 | See note (1) | See note (1) | E-59 | See note (1) | \$0 | 100.00% | \$382 | \$382 | See note (1) | See note (1) |
| 60 | | TOTAL INCOME TAXES | \$0 | | | | | \$0 | | \$382 | \$382 | | |
| 61 | | DEFERRED INCOME TAXES | | | | | | | | | | | |
| 62 | 0.000 | Deferred Income Taxes - Def. Inc. Tax. | \$0 | See note (1) | See note (1) | E-62 | See note (1) | \$0 | 100.00% | \$0 | \$0 | See note (1) | See note (1) |
| 63 | 0.000 | Amortization of Deferred ITC | \$0 | | | E-63 | \$0 | \$0 | 100.00% | \$0 | \$0 | | |
| 64 | 0.000 | Deferred Income Tax - Test Line | \$0 | | | E-64 | \$0 | \$0 | 100.00% | \$0 | \$0 | | |
| 65 | | TOTAL DEFERRED INCOME TAXES | \$0 | | | | | \$0 | | \$0 | \$0 | | |
| 66 | | NET OPERATING INCOME | -\$7,071 | | | | | \$3,205 | | -\$1,670 | \$1,535 | | |

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

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Adjustments to Income Statement Detail

| A Income Adj. Number | B Income Adjustment Description | C Account Number | D Company Adjustment Labor | E Company Adjustment Non Labor | F Company Adjustments Total | G Jurisdictional Adjustment Labor | H Jurisdictional Adjustment Non Labor | I Jurisdictional Adjustments Total |
|-------------------------------|---|------------------------|-------------------------------------|---|--------------------------------------|--|--|---|
| Rev-2 | Residential | 480.000 | \$0 | \$0 | \$0 | \$0 | \$627 | \$627 |
| | 1. To Annualize Residential Revenue | | \$0 | \$0 | | \$0 | \$627 | |
| Rev-9 | Other Water Revenue - Oper. Rev. | 493.000 | \$0 | \$0 | \$0 | \$0 | -\$832 | -\$832 |
| | 1. To Annualize Other Water Revenue - Oper. Rev. | | \$0 | \$0 | | \$0 | -\$832 | |
| | 2. No Adjustment | | \$0 | \$0 | | \$0 | \$0 | |
| E-2 | Casual Labor - Contracted | 600.000 | \$0 | -\$220 | -\$220 | \$0 | \$0 | \$0 |
| | 1. To Normalize Casual Labor | | \$0 | -\$220 | | \$0 | \$0 | |
| E-3 | Maint. Of Misc. Water Source Plant | 617.000 | \$0 | \$212 | \$212 | \$0 | \$0 | \$0 |
| | 1. To Normalize Rock Expense | | \$0 | \$212 | | \$0 | \$0 | |
| E-7 | Electric Expenses | | \$0 | \$1,628 | \$1,628 | \$0 | \$0 | \$0 |
| | 1. To Annualize Electric Expense | | \$0 | \$1,628 | | \$0 | \$0 | |
| E-15 | Travel Expense | 660.000 | \$0 | \$4,184 | \$4,184 | \$0 | \$0 | \$0 |
| | 1. To normalize Travel Expense | | \$0 | \$4,184 | | \$0 | \$0 | |
| E-16 | Maint. of Miscellaneous Plant - TDE | 678.000 | \$0 | \$244 | \$244 | \$0 | \$0 | \$0 |
| | 1. To Normalize Maint of Miscellaneous Plant | | \$0 | \$244 | | \$0 | \$0 | |
| E-26 | Purchased Water - C&M Water Company | | \$0 | -\$12,363 | -\$12,363 | \$0 | \$0 | \$0 |
| | 1. To Annualize Purchased Water - C&M Water Company | | \$0 | -\$12,363 | | \$0 | \$0 | |
| E-27 | Clerical Salaries | 920.100 | -\$44 | \$0 | -\$44 | \$0 | \$0 | \$0 |
| | 1. To Annualize Clerical Salaries | | -\$44 | \$0 | | \$0 | \$0 | |
| E-28 | Management Salaries | 920.200 | \$5,000 | \$0 | \$5,000 | \$0 | \$0 | \$0 |
| | 1. To Annualize Management Salaries | | \$5,000 | \$0 | | \$0 | \$0 | |
| E-29 | Communication Expense | 921.100 | \$0 | \$1,181 | \$1,181 | \$0 | \$0 | \$0 |
| | 1. To Normalize Communication Expense | | \$0 | \$1,181 | | \$0 | \$0 | |
| E-30 | Billing Materials | 921.200 | \$0 | \$534 | \$534 | \$0 | \$0 | \$0 |
| | 1. To normalize Billing Materials | | \$0 | \$534 | | \$0 | \$0 | |
| E-31 | I.T. Expense | 921.300 | \$0 | -\$873 | -\$873 | \$0 | \$0 | \$0 |
| | 1. To Normalize IT Expense | | \$0 | -\$873 | | \$0 | \$0 | |
| E-32 | Outside Services Employed | 923.000 | \$0 | \$602 | \$602 | \$0 | \$0 | \$0 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Adjustments to Income Statement Detail

| A Income Adj. Number | B Income Adjustment Description | C Account Number | D Company Adjustment Labor | E Company Adjustment Non Labor | F Company Adjustments Total | G Jurisdictional Adjustment Labor | H Jurisdictional Adjustment Non Labor | I Jurisdictional Adjustments Total |
|-------------------------------|--|------------------------|-------------------------------------|---|--------------------------------------|--|--|---|
| | 1. To Annualize Accounting | | \$0 | \$450 | | \$0 | \$0 | |
| | 2. To Normalize Attorney Expense | | \$0 | \$152 | | \$0 | \$0 | |
| E-33 | MO PSC Assessment | 928.100 | \$0 | \$271 | \$271 | \$0 | \$0 | \$0 |
| | 1. To Annualize MO PSC Assessment | | \$0 | \$271 | | \$0 | \$0 | |
| E-34 | Other Regulatory Expense | 928.200 | \$0 | \$200 | \$200 | \$0 | \$0 | \$0 |
| | 1. To annualize Other Regulatory Expense | | \$0 | \$200 | | \$0 | \$0 | |
| E-35 | Other Expenses | | \$0 | -\$6,304 | -\$6,304 | \$0 | \$0 | \$0 |
| | 1. To Remove Other Expenses | | \$0 | -\$6,304 | | \$0 | \$0 | |
| E-36 | Interest Expense | | \$0 | -\$2,070 | -\$2,070 | \$0 | \$0 | \$0 |
| | 1. To Annualize Interest Expense | | \$0 | -\$2,070 | | \$0 | \$0 | |
| E-37 | Supplies and Expenses | 930.200 | \$0 | -\$1,231 | -\$1,231 | \$0 | \$0 | \$0 |
| | 1. To normalize Supplies and Expenses | | \$0 | -\$1,231 | | \$0 | \$0 | |
| E-38 | Rents - Storage of Equipment | | \$0 | -\$1,200 | -\$1,200 | \$0 | \$0 | \$0 |
| | 1. To Annualize Rent - Storage of Equipment | | \$0 | -\$1,200 | | \$0 | \$0 | |
| E-40 | Fuel Expense | | \$0 | \$506 | \$506 | \$0 | \$0 | \$0 |
| | 1. To Normalize Fuel Expense | | \$0 | \$506 | | \$0 | \$0 | |
| E-41 | Maint. of General Plant - AGE | 932.000 | \$0 | -\$1,501 | -\$1,501 | \$0 | \$0 | \$0 |
| | 1. To Normalize Maintenance Expense | | \$0 | -\$1,501 | | \$0 | \$0 | |
| E-42 | Rate Case Expense | | \$0 | \$598 | \$598 | \$0 | \$0 | \$0 |
| | 1. To Normalize Rate Case Expense | | \$0 | \$598 | | \$0 | \$0 | |
| E-43 | Gascony Association Expense | | \$0 | \$340 | \$340 | \$0 | \$0 | \$0 |
| | 1. To Annualize Gascony Association Expense | | \$0 | \$340 | | \$0 | \$0 | |
| E-44 | Bank Fees | | \$0 | \$178 | \$178 | \$0 | \$0 | \$0 |
| | 1. To Normalize Bank Fees | | \$0 | \$178 | | \$0 | \$0 | |
| E-45 | Uncollectible Accounts Expense | | \$0 | \$217 | \$217 | \$0 | \$0 | \$0 |
| | 1. To Normalize Uncollectible Accounts Expense | | \$0 | \$217 | | \$0 | \$0 | |
| E-48 | Depreciation Expense, Dep. Exp. | | \$0 | \$0 | \$0 | \$0 | \$1,083 | \$1,083 |
| | To Annualize Depreciation Expense | | \$0 | \$0 | | \$0 | \$1,083 | |
| | 1. No Adjustment | | \$0 | \$0 | | \$0 | \$0 | |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 Adjustments to Income Statement Detail

| A Income Adj. Number | B Income Adjustment Description | C Account Number | D Company Adjustment Labor | E Company Adjustment Non Labor | F Company Adjustments Total | G Jurisdictional Adjustment Labor | H Jurisdictional Adjustment Non Labor | I Jurisdictional Adjustments Total |
|---|--------------------------------------|------------------------|-------------------------------------|---|--------------------------------------|--|--|---|
| E-53 | Property Taxes | 408.000 | \$0 | -\$365 | -\$365 | \$0 | \$0 | \$0 |
| | 1. To Annualize Property Taxes | | \$0 | -\$365 | | \$0 | \$0 | |
| E-59 | Current Income Taxes | | \$0 | \$0 | \$0 | \$0 | \$382 | \$382 |
| | 1. To Annualize Current Income Taxes | | \$0 | \$0 | | \$0 | \$382 | |
| Total Operating Revenues | | | \$0 | \$0 | \$0 | \$0 | -\$205 | -\$205 |
| Total Operating & Maint. Expense | | | \$4,956 | -\$15,232 | -\$10,276 | \$0 | \$1,465 | \$1,465 |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Income Tax Calculation

| Line Number | A Description | B Percentage Rate | C Test Year | D 8.02% Return | E 8.02% Return | F 8.02% Return |
|-------------|--|----------------------|----------------|-------------------|-------------------|-------------------|
| 1 | TOTAL NET INCOME BEFORE TAXES | | \$1,917 | \$3,148 | \$3,148 | \$3,148 |
| 2 | ADD TO NET INCOME BEFORE TAXES | | | | | |
| 3 | Book Depreciation Expense | | \$3,396 | \$3,396 | \$3,396 | \$3,396 |
| 4 | Test | | \$0 | \$0 | \$0 | \$0 |
| 5 | TOTAL ADD TO NET INCOME BEFORE TAXES | | \$3,396 | \$3,396 | \$3,396 | \$3,396 |
| 6 | SUBT. FROM NET INC. BEFORE TAXES | | | | | |
| 7 | Interest Expense calculated at the Rate of | 0.0000% | \$0 | \$0 | \$0 | \$0 |
| 8 | Tax Straight-Line Depreciation | | \$3,396 | \$3,396 | \$3,396 | \$3,396 |
| 9 | Excess Tax Depreciation | | \$0 | \$0 | \$0 | \$0 |
| 10 | TOTAL SUBT. FROM NET INC. BEFORE TAXES | | \$3,396 | \$3,396 | \$3,396 | \$3,396 |
| 11 | NET TAXABLE INCOME | | \$1,917 | \$3,148 | \$3,148 | \$3,148 |
| 12 | PROVISION FOR FED. INCOME TAX | | | | | |
| 13 | Net Taxable Inc. - Fed. Inc. Tax | | \$1,917 | \$3,148 | \$3,148 | \$3,148 |
| 14 | Deduct Missouri Income Tax at the Rate of | 100.000% | \$111 | \$183 | \$183 | \$183 |
| 15 | Deduct City Inc Tax - Fed. Inc. Tax | | \$0 | \$0 | \$0 | \$0 |
| 16 | Federal Taxable Income - Fed. Inc. Tax | | \$1,806 | \$2,965 | \$2,965 | \$2,965 |
| 17 | Federal Income Tax at the Rate of | See Tax Table | \$271 | \$445 | \$445 | \$445 |
| 18 | Subtract Federal Income Tax Credits | | | | | |
| 19 | Credits - Solar | | \$0 | \$0 | \$0 | \$0 |
| 20 | Net Federal Income Tax | | \$271 | \$445 | \$445 | \$445 |
| 21 | PROVISION FOR MO. INCOME TAX | | | | | |
| 22 | Net Taxable Income - MO. Inc. Tax | | \$1,917 | \$3,148 | \$3,148 | \$3,148 |
| 23 | Deduct Federal Income Tax at the Rate of | 50.000% | \$136 | \$223 | \$223 | \$223 |
| 24 | Deduct City Income Tax - MO. Inc. Tax | | \$0 | \$0 | \$0 | \$0 |
| 25 | Missouri Taxable Income - MO. Inc. Tax | | \$1,781 | \$2,925 | \$2,925 | \$2,925 |
| 26 | Missouri Income Tax at the Rate of | 6.250% | \$111 | \$183 | \$183 | \$183 |
| 27 | PROVISION FOR CITY INCOME TAX | | | | | |
| 28 | Net Taxable Income - City Inc. Tax | | \$1,917 | \$3,148 | \$3,148 | \$3,148 |
| 29 | Deduct Federal Income Tax - City Inc. Tax | | \$271 | \$445 | \$445 | \$445 |
| 30 | Deduct Missouri Income Tax - City Inc. Tax | | \$111 | \$183 | \$183 | \$183 |
| 31 | City Taxable Income | | \$1,535 | \$2,520 | \$2,520 | \$2,520 |
| 32 | City Income Tax at the Rate of | 0.000% | \$0 | \$0 | \$0 | \$0 |
| 33 | SUMMARY OF CURRENT INCOME TAX | | | | | |
| 34 | Federal Income Tax | | \$271 | \$445 | \$445 | \$445 |
| 35 | State Income Tax | | \$111 | \$183 | \$183 | \$183 |
| 36 | City Income Tax | | \$0 | \$0 | \$0 | \$0 |
| 37 | TOTAL SUMMARY OF CURRENT INCOME TAX | | \$382 | \$628 | \$628 | \$628 |
| 38 | DEFERRED INCOME TAXES | | | | | |
| 39 | Deferred Income Taxes - Def. Inc. Tax. | | \$0 | \$0 | \$0 | \$0 |
| 40 | Amortization of Deferred ITC | | \$0 | \$0 | \$0 | \$0 |
| 41 | Deferred Income Tax - Test Line | | \$0 | \$0 | \$0 | \$0 |
| 42 | TOTAL DEFERRED INCOME TAXES | | \$0 | \$0 | \$0 | \$0 |
| 43 | TOTAL INCOME TAX | | \$382 | \$628 | \$628 | \$628 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 Income Tax Calculation

| Line Number | A Description | B Percentage Rate | C Test Year | D 8.02% Return | E 8.02% Return | F 8.02% Return |
|----------------|------------------|-------------------------|-------------------|----------------------|----------------------|----------------------|
|----------------|------------------|-------------------------|-------------------|----------------------|----------------------|----------------------|

| Federal Tax Table | | | | | | |
|-----------------------------------|--|--|--------------|--------------|--------------|--------------|
| Federal Income Taxes | | | \$1,806 | \$2,965 | \$2,965 | \$2,965 |
| 15% on first \$50,000 | | | \$271 | \$445 | \$445 | \$445 |
| 25% on next \$25,000 | | | \$0 | \$0 | \$0 | \$0 |
| 34% > \$75,000 < \$100,001 | | | \$0 | \$0 | \$0 | \$0 |
| 39% > \$100,000 < \$335,001 | | | \$0 | \$0 | \$0 | \$0 |
| 34% > \$335,000 < \$10,000,001 | | | \$0 | \$0 | \$0 | \$0 |
| 35% > \$10MM < \$15,000,001 | | | \$0 | \$0 | \$0 | \$0 |
| 38% > \$15MM < \$18,333,334 | | | \$0 | \$0 | \$0 | \$0 |
| 35% > \$18,333,333 | | | \$0 | \$0 | \$0 | \$0 |
| Total Federal Income Taxes | | | \$271 | \$445 | \$445 | \$445 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 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 8.02% | F Weighted Cost of Capital 8.02% | G Weighted Cost of Capital 8.02% |
|----------------|--------------------------------------|-----------------------|---|-------------------------------------|--|--|--|
| 1 | Common Stock | \$1,500 | 100.00% | | 8.020% | 8.020% | 8.020% |
| 2 | Other Security Tax Deductible | \$0 | 0.00% | 0.00% | 0.000% | 0.000% | 0.000% |
| 3 | Preferred Stock | \$0 | 0.00% | 0.00% | 0.000% | 0.000% | 0.000% |
| 4 | Long Term Debt | \$0 | 0.00% | 0.00% | 0.000% | 0.000% | 0.000% |
| 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 | TOTAL CAPITALIZATION | <u>\$1,500</u> | <u>100.00%</u> | | <u>8.020%</u> | <u>8.020%</u> | <u>8.020%</u> |
| 8 | PreTax Cost of Capital | | | | 10.016% | 10.016% | 10.016% |

Gascony Water Company
Case No. WR-2017-0343
Gascony Water Company
Test Year Ended December 31, 2016
Executive Case Summary

| Line Number | <u>A</u> Description | <u>B</u> Amount |
|----------------|-------------------------------------|--------------------|
| 1 | Annualized Missouri Retail Revenues | \$36,296 |
| 2 | Annualized Customer Numbers | 184 |
| 3 | Annualized Customer Usage | 0 |
| 4 | Profit (Return on Equity) | \$2,520 |
| 5 | Interest Expense | \$0 |
| 6 | Annualized Payroll | \$16,656 |
| 7 | Utility Employees | 0 |
| 8 | Depreciation | \$3,396 |
| 9 | Net Investment Plant | \$30,490 |
| 10 | Pensions | \$0 |

Gascony Water Company
 Case No. WR-2017-0343
 Gascony Water Company
 Test Year Ended December 31, 2016
 Residential No Min. Base Usage Revenue Feeder - Summary

| Meter Size | B Annualized Customers | C Bills Per Year | B Total Customer Bills | C Annual Customer Charge Revenues | D Annualized Water Usage | E Annualized Commodity Revenues | E Total Annualized Revenues |
|----------------|------------------------------|---------------------------|---------------------------------|--|-----------------------------------|--|--------------------------------------|
| Pool/Dump Site | 1 | 4 | 4 | \$2,389 | 0 | \$0 | \$2,389 |
| Part Time | 157 | 4 | 628 | \$23,161 | 0 | \$0 | \$23,161 |
| Full Time | 26 | 4 | 104 | \$10,746 | 0 | \$0 | \$10,746 |
| Totals | 184 | 4 | 736 | \$36,296 | 0 | \$0 | \$36,296 |

2014

January 9.75 Hours

Prepare statements, print and mail statements.
Post payments and make deposits.
Pay monthly bills.

February 3 hours

Post payments and make deposits.
Pay monthly bills.
Balance checkbook.

March 11 hours

Post payments and make deposits.
Pay monthly bills.
Balance checkbook.
Print tax information.

April 11 hours

Prepare statements, print and mail statements.
Post payments and make deposits.
Pay monthly bills.
Balance check book.

May 6 hours

Post payments and make deposits.
Pay monthly bills.
Balance check book.

June 6 hours

Post payments and make deposits.
Pay monthly bills.
Balance check book.

July 9 hours

Prepare statements, print and mail statements.
Post payments and make deposits.

Pay Monthly bills.
Balance check book.

August **11 hours**
Post payments and make deposits.
Pay monthly bills.
Balance check book.

September **13 hours**
Post payments and make deposits.
Pay monthly bills.
Balance checkbook.
Prepare and mail disconnect notices.

October **6 hours**
Prepare statements, print and mail statements.
Post payments and make deposits.
Pay monthly bills.
Balance check book.

November **2 hours**
Post payments and make deposits.
Pay monthly bills.
Balance check book.

December **9 hours**
Post payments and make deposits.
Pay monthly bills.
Balance Check book.

**Post payments and make deposits.
Pay monthly bills.
Balance check book.**

August 5 ½
**Post payments and make deposits.
Pay monthly bills.
Balance check book/**

September 5 ½
**Post Payments and make deposits.
Pay monthly bills.
Balance check book.**

October 10 hours
**Prepare statements, print and mail statements.
Post payments and make deposits.
Pay monthly bills.
Balance check book.**

November 9
**Post payments and make deposits.
Pay monthly bills.
Balance Check book.**

December 2 ½
**Post payments and make deposits.
Pay monthly bills.
Balance check book.**

2016

January 11 ½

Prepare statements, print and mail statements.
Post payments and make deposits.
Pay monthly bills.
Print end of year information.
Balance check book.

February 9

Post payments and make deposits.
Pay monthly bills.
Balance check book.

March 13

Prepare statements for April billing.
Post payments and make deposits.
Pay monthly bills.

April 6 ½

Print and mail statements.
Post payments and make deposits.
Pay monthly bills.
Balance check book.

May 0

June 9 ½

Post payments and make deposits.
Pay monthly bills.
Prepare and mail disconnect notices.
Balance check book.

July 10

Prepare statements, print and mail statements.
Post payments and make deposits.

Pay monthly bills.

August **8 ½**
Post payments and make deposits.
Pay monthly bills.
Prepare and mail disconnect notices.
Balance check book.

September **7**
Post payments and make deposits.
Pay monthly bills.
Balance check book.

October **6 ½**
Post statements and make deposits.
Pay monthly bills.
Balance check book.

November **9 ½**
Post payments and make deposits.
Pay monthly bills.
Balance check book.

December **7**
Post payments and make deposits.
Pay monthly bills.
Balance Check Book.

EMPLOYEE TIME SHEET

Month 1-1-15, 20 15 to 4-1-15, 20

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|--------------------------------------|-------------|--|-------|------|--------|-------|-------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter ^{Check} Property | 1/2/15 | | | | | | 7 | | 7 |
| " " " | 1/9 | | | | | 6 1/2 | 4 | | 10 |
| " " " | 1/14 | | | | | 3 1/2 | 4 | 3 | 11 1/2 |
| " " " | 1/23 | | | | | 3 1/2 | 4 | 2 | 9 1/2 |
| " " " | 2/6 | | | | | 3 1/2 | 4 | | 7 1/2 |
| " " " | 2/14 | | | | | 3 | 3 1/2 | | 3 1/2 |
| " " " | 2/20 | | | | | 3 1/2 | 4 | 1 | 8 1/2 |
| " " " | 2/27 | | | | | 3 1/2 | 2 | 2 | 7 1/2 |
| " " " | 3/6 | | | | | 3 1/2 | 6 | 1 | 10 1/2 |
| " " " | 3/14 | | | | 3 1/2 | 4 | 2 | 1 | 10 1/2 |
| " " " | 3/21 | | | | | | 3 1/2 | 4 | 7 1/2 |
| " " " | 3/27 | | | | | 3 1/2 | 2 | 2 | 7 1/2 |
| " Mail " | 4/1 | | | 6 | 4 | | 5 | 1 | 16 |

EMPLOYEE TIME SHEET

Month 4-11-15, 20 15 to 6-26-15, 20

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|--------------------------------------|-------------|--|-------|-------|--------|-------|------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter ^{Check} Property | 4/11 | | | | | | 7 | | 7 |
| " " " | 4/17 | | | | | 3 1/2 | 5 | 1 | 9 1/2 |
| " " " | 4/24 | | | | | 3 1/2 | 4 | 4 | 11 1/2 |
| " " " | 5/11 | | | | | 3 1/2 | 5 | 5 | 13 1/2 |
| " " " | 5/15 | | | | | 3 1/2 | 6 | | 9 1/2 |
| " " " | 5/21 | | | | 3 1/2 | 4 | 3 | 4 | 14 1/2 |
| " " " | 5/27 | | | 3 1/2 | | | | | 3 1/2 |
| " " " | 6/1 | | | 3 1/2 | | 5 | 4 | 5 | 17 1/2 |
| " " " | 6/8 | 3 1/2 | | | | | | | 3 1/2 |
| " " " | 6/14 | | | | | 3 1/2 | 4 | 1 | 8 1/2 |
| " " " | 6/19 | | | | | 3 1/2 | 2 | 5 | 10 1/2 |
| " Mail " | 6/26 | | | | | 8 | 4 | 2 | 14 |

EMPLOYEE TIME SHEET

Month 7-2-15, 20 to 9-6-15, 20

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|------------------------------------|-------------|--|-------|------|--------|-------|-------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter Check Property | 7/2 | | | | 3 1/2 | 4 | 6 | 10 | 23 1/2 |
| " " " " | 7/6 | 4 | | | | | | | 4 |
| " " " " | 7/11 | | | | | | 6 1/2 | | 6 1/2 |
| " " " " | 7/17 | | | | | 3 1/2 | 2 | 1 | 8 1/2 |
| " " " " | 7/24 | | | | | 3 1/2 | 4 | 4 | 18 1/2 |
| " " " " | 7/31 | | | | | 3 1/2 | 5 | 1 | 9 1/2 |
| " " " " | 8/7 | | | | | 3 1/2 | 5 | | 8 1/2 |
| " " " " | 8/14 | | | | | 3 1/2 | | 3 | 6 1/2 |
| " " " " | 8/22 | | | | | 3 1/2 | 7 | 1 | 11 1/2 |
| " " " " | 8/28 | | | | | 3 1/2 | 4 | 1 | 8 1/2 |
| " " " " | 9/4 | | | | | 3 1/2 | 6 | 1 | 10 1/2 |
| " " " " | 9/5 | | | | | | 10 | 8 | 18 |
| " " " " | 9/6 | | | | | | 10 | 3 | 13 |

EMPLOYEE TIME SHEET

Month 9-7-15, 20 to 11-30-15, 20

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|------------------------------------|-------------|--|-------|------|--------|-------|-------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter Check Property | 9/7 | 4 | | | | | | | 4 |
| " " " " | 9/12 | | | | | | 7 | | 7 |
| " " " " | 9/18 | | | | | 3 1/2 | 2 | 2 | 7 1/2 |
| " " " " | 9/28 | 4 | | | | | | | 4 |
| " " " " | 10/1 | | | | | 3 1/2 | 4 | | 7 1/2 |
| " " " " | 10/9 | | | | | 3 1/2 | | 6 | 9 1/2 |
| " " " " | 10/17 | | | | | | 6 1/2 | 3 | 9 1/2 |
| " " " " | 10/23 | | | | | 3 1/2 | 3 | 1 | 7 1/2 |
| " " " " | 10/30 | | | | | 3 1/2 | 4 | 6 | 13 1/2 |
| " " " " | 11/7 | | | | | | 6 1/2 | 1 | 7 1/2 |
| " " " " | 11/13 | | | | | 3 1/2 | 8 | | 11 1/2 |
| " " " " | 11/20 | | | | | 3 1/2 | 4 | 2 | 9 1/2 |
| " " " " | 11/30 | 3 1/2 | | | | | | | |

EMPLOYEE TIME SHEET

For Week of Month 1-4-16, 2016 to 4-15-16, 2016

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|------------------------------------|-------------|--|-------|------|--------|-------|------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter Check Property | | 1 | | | | | | | 1 |
| " | 1/8 | | | | | 3 1/2 | 4 | 2 | 9 1/2 |
| " | 1/22 | | | | | 3 1/2 | 2 | 2 | 4 |
| " | 2/1 | 1 | | | | 3 1/2 | | | 4 1/2 |
| " | 2/6 | 1 | | | | 3 1/2 | 4 | | 8 1/2 |
| " | 2/27 | 4 | | | | | 3 | 2 | 9 |
| " | 3/4 | | | | | 3 1/2 | 5 | | 8 1/2 |
| " | 3/14 | 4 | | | | | | | 4 |
| " | 3/18 | 1 | | | | 3 1/2 | 4 | 3 | 10 1/2 |
| " | 3/25 | | | | | 3 1/2 | 2 | 5 | 10 1/2 |
| " Mail | 4/1 | | | | | 3 1/2 | 6 | 3 | 12 1/2 |
| " | 4/8 | | | | | 3 1/2 | 5 | 5 | 13 1/2 |
| " | 4/15 | | | | | 4 1/2 | | | 4 1/2 |

EMPLOYEE TIME SHEET

For Week of Month 4/22/16, 2016 to 7-22-16, 2016

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|------------------------------------|-------------|--|-------|------|--------|-------|-------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter Check Property | 4/22 | | | | | 3 1/2 | 5 | 6 | 14 1/2 |
| " | 4/29 | | | | | 3 1/2 | 4 | 2 | 9 1/2 |
| " | 5/6 | | | | | 4 | | | 4 |
| " | 5/13 | | | | | 3 1/2 | 6 | 2 | 11 1/2 |
| " | 5/20 | | | | | 3 1/2 | 4 | 2 | 9 1/2 |
| " | 5/27 | | | | | 3 1/2 | 8 | 6 | 17 1/2 |
| " | 6/3 | | | | | 3 1/2 | 3 | 5 | 11 1/2 |
| " | 6/20 | 1 | | | | 3 1/2 | | | 4 |
| " | 6/25 | | | | | | 6 1/2 | 4 | 10 1/2 |
| " Mail | 7/1 | 5 | | | | 6 1/2 | 7 | 7 | 25 1/2 |
| " | 7/11 | 1 | | | | 3 1/2 | | | 4 1/2 |
| " | 7/15 | | | | | 3 1/2 | 4 | 5 | 12 1/2 |
| " | 7/22 | | | | | 3 1/2 | 6 | 6 | 15 1/2 |

EMPLOYEE TIME SHEET

Month 7-29-16, 20 to 10-14-16, 20

Employee Name: _____

| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|------------------------------------|-------------|--|-------|------|--------|-------|-------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter Check Property | 7/29 | | | | | | 6 1/2 | 5 | 11 1/2 |
| " " | 8/4 | | | | | 3 1/2 | 5 | 2 | 10 1/2 |
| " " | 8/8 | 4 1/2 | | | | | | | 4 1/2 |
| " " | 8-18 | | | | | 3 1/2 | 6 | 6 | 15 1/2 |
| " " | 8-25 | | | | | 4 1/2 | 4 | 4 | 12 1/2 |
| " " | 9/1 | | | | | 3 1/2 | 6 | 1 | 10 1/2 |
| " " | 9/4 | 10 | 3 | | | | | | 13 |
| " " | 9/12 | 4 1/2 | | | | | | | 4 1/2 |
| " " | 9/16 | | | | | | 4 1/2 | 6 | 10 1/2 |
| " " | 9/22 | | | | | 3 1/2 | 3 1/2 | 1 | 8 |
| " " | 9/29 | | | | | 3 1/2 | 6 | 3 | 12 1/2 |
| " " | 10/6 | | | | | 3 1/2 | 4 | 3 | 10 1/2 |
| " " | 10/14 | | | | | | 3 1/2 | 5 | 8 1/2 |

EMPLOYEE TIME SHEET

Month 10-24-16, 20 to 12-30-16, 20

Employee Name: _____

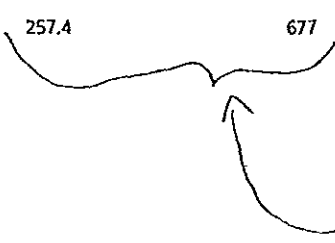
| Work Order No. or Work Description | A/C Charged | Time Expended This Week (nearest 1/2 hour) | | | | | | | Total Hours |
|------------------------------------|-------------|--|-------|------|--------|-------|-------|------|-------------|
| | | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. | Sun. | |
| Read Meter Check Property | 10/24 | 4 1/2 | | | | | | | 4 1/2 |
| " " | 10/30 | 4 1/2 | | | | | | | 4 1/2 |
| " " | 11/3 | | | | | 4 | 4 | 3 | 11 |
| " " | 11/10 | | | | | 3 1/2 | 5 | 1 | 9 1/2 |
| " " | 11/18 | | | | | | 3 1/2 | 6 | 9 1/2 |
| " " | 11/24 | | | | | 3 1/2 | 2 | 5 | 10 1/2 |
| " " | 12/1 | | | | | 3 1/2 | 4 | | 7 1/2 |
| " " | 12/5 | | 4 1/2 | | | | | | 4 1/2 |
| " " | 12/12 | | 4 1/2 | | | | 7 1/2 | 3 | 4 1/2 |
| " " | 12/16 | | | | | | 7 1/2 | 3 | 10 1/2 |
| " " | 12/20 | | 4 1/2 | | | | | | 4 |
| " Mail " | 12/30 | | | | | | 8 | 6 | 14 |

#11

Mr Hoesch hours spent as General Manager. The general manager plans, directs and coordinates the daily operations of the company including but not limited to the use of personnel and contractors (professional services and utility repair personnel), customer questions, formulating and implementing business decisions and policies,

| Weekly | Frequency | Min Hours | Ann. Hrs. | Max Hours | Ann. Hrs. | Average |
|---|-----------|-----------|-----------|-----------|-----------|---------|
| Interaction w/ customers | 52 | 0.5 | 26 | 2 | 104 | 65 |
| Review correspondence, billing statements | 52 | 1 | 52 | 3 | 156 | 104 |
| Interaction with vendors | 52 | 0.25 | 13 | 1 | 52 | 32.5 |
| Oversight repairs/maintenance | 52 | 0.25 | 13 | 1 | 52 | 32.5 |
| Miscellaneous general manager operations | 52 | 0.2 | 10.4 | 0.75 | 39 | 24.7 |
| Monthly | | | | | | |
| Company books, vendors, billings | 12 | 3 | 36 | 7 | 84 | 60 |
| Interaction w/ Government Agencies | 12 | 1 | 12 | 2 | 24 | 18 |
| Manage employee (not including billing) | 12 | 2.5 | 30 | 4 | 48 | 39 |
| Quarterly | | | | | | |
| Oversight Mailing Bills | 4 | 4 | 16 | 8 | 32 | 24 |
| Oversight Reviewing Payments | 4 | 5 | 20 | 8 | 32 | 26 |
| Annually | | | | | | |
| PSC Annual Report | 1 | 10 | 10 | 18 | 18 | 14 |
| State & Federal Income Taxes | 1 | 12 | 12 | 24 | 24 | 18 |
| Primacy Fees | 1 | 6 | 6 | 10 | 10 | 8 |
| Sales tax submission | 1 | 1 | 1 | 2 | 2 | 1.5 |

Total Hours



467.2 avg of ind. tasks not*

Jason Taylor
 WR-2017-0343
 Gascony Water Company Rate Case
 Companies after the fact inflated work hours

| Weekly | Company's proposal of Mr Hoesch's work hours as Manager | | | | | | Staff's consideration and adjustment of inflated hours | | | | |
|--|---|------------|--------------|----------|------------|--------------|--|--------------|----------|--------------|---------------|
| | Frequency | Min. Hours | Ann. Hrs | Max Hrs. | Ann Hours | Average | Min. Hours | Staff Annual | Max Hrs. | Staff Annual | Average |
| Interaction w/ customers | 52 | 0.5 | 26 | 2 | 104 | 65 | 0 | 0 | 0.5 | 26 | 13 |
| Review correspondence, billing statement | 52 | 1 | 52 | 3 | 156 | 104 | 0 | 0 | 0.5 | 26 | 13 |
| Interaction w/vendors | 52 | 0.25 | 13 | 1 | 52 | 32.5 | 0 | 0 | 0.25 | 13 | 6.5 |
| Oversight repairs/maintenance | 52 | 0.25 | 13 | 1 | 52 | 32.5 | 0 | 0 | 0.25 | 13 | 6.5 |
| Miscellaneous general manager operations | 52 | 0.2 | 10.4 | 0.75 | 39 | 24.7 | 0.2 | 10.4 | 0.75 | 39 | 24.7 |
| Monthly | | | | | | | | | | | |
| Company books, vendors, billings | 12 | 3 | 36 | 7 | 84 | 60 | 1.5 | 18 | 3 | 36 | 27 |
| Interaction w.Government Agencies | 12 | 1 | 12 | 2 | 24 | 18 | 1 | 12 | 2 | 24 | 18 |
| Manage employee (not including billing) | 12 | 2.5 | 30 | 4 | 48 | 39 | 0 | 0 | 1 | 12 | 6 |
| Quarterly | | | | | | | | | | | |
| Oversight Mailing Bills | 4 | 4 | 16 | 8 | 32 | 24 | 1 | 4 | 3 | 12 | 8 |
| Oversight Reviewing Payments | 4 | 5 | 20 | 8 | 32 | 26 | 2 | 8 | 3 | 12 | 10 |
| Annually | | | | | | | | | | | |
| PSC Annual Report | 1 | 10 | 10 | 18 | 18 | 14 | 3 | 3 | 5 | 5 | 4 |
| State & Federal Income Taxes | 1 | 12 | 12 | 24 | 24 | 18 | 4 | 4 | 6 | 6 | 5 |
| Primacy Fees | 1 | 6 | 6 | 10 | 10 | 8 | 2 | 2 | 4 | 4 | 3 |
| Sales tax submission | 1 | 1 | 1 | 2 | 2 | 1.5 | 1 | 1 | 1.5 | 1.5 | 1.25 |
| Total hours | | | 257.4 | | 677 | 467.2 | | 62.4 | | 229.5 | 145.95 |

Based on discussion with Company President
Staff's adjustment to inflated

| | Company's Position | hours | Staff's Position |
|--|---------------------|---------------------|---------------------|
| Total hours in a year | 2080 | 2080 | 2080 |
| Staff hours for Operator included | 493.25 | 493.25 | 493.25 |
| Company's Management additional hours | 467.2 | 145.95 | 128.6 |
| Total hours w/ Staff and Company hours | 960.45 | 639.2 | 621.85 |
| Percentage of year Mr Hoesch hours worked | 46% | 31% | 30% |
| Meric central region operator position @ \$20.49 | \$ 10,106.69 | \$ 10,106.69 | \$ 10,106.69 |
| Meric central region Managers, All Other @ \$38.05 | \$ 17,776.96 | \$ 5,553.40 | \$ 4,893.31 |
| Total Annual Salary for Operator/Manager Position | \$ 27,883.65 | \$ 15,660.09 | \$ 15,000.00 |

Jason Taylor
 Gascony Water Company Rate Case
 WR-2017-0343
 Comparison of Water and Sewer companies compensation

| Company | Case No. | Total Compensation Plus Travel* | Number of Customers | Annual Cost Per Customer |
|--|---------------------|---------------------------------|---------------------|--------------------------|
| Cannon Home Association | SR-2016-0112 | \$ 10,680 | 108 | \$ 98.89 |
| Central Rivers Utility Co | SR-2014-0247 | \$ 14,750 | 241 | \$ 61.20 |
| Spokane Highlands | WR-2015-0104 | \$ 5,905 | 49 | \$ 120.51 |
| Stockton Hills | WR-2017-0139 | \$ 19,690 | 142 | \$ 138.66 |
| Lincoln County W&S | SR-2013-0321 | \$ 20,353 | 245 | \$ 83.07 |
| Woodland Water | WR-2013-0326 | \$ 25,163 | 164 | \$ 153.43 |
| WPC Sewer Company | SR-2013-0053 | \$ 6,899 | 68 | \$ 101.46 |
| West 16th St. Sewer | SC-2013-0322 | \$ 13,797 | 150 | \$ 91.98 |
| Roy-L | WR-2016-0109 | \$ 12,598 | 59 | \$ 213.53 A |
| Roy-L | SR-2016-0110 | \$ 7,263 | 56 | \$ 129.70 A |
| | | | | \$ 119.24 Average |
| <hr/> | | | | |
| <u>Gascony Water Company</u> | | | | |
| Staff's Position | WR-2017-0343 | \$ 20,840 | 184 | \$ 113.26 |
| Company's Position | WR-2017-0343 | \$ 33,724 | 184 | \$ 183.28 |
| Staff's Consideration of Additional Hours | WR-2017-0343 | \$ 21,500 | 184 | \$ 116.85 |

* - In some cases there is no travel compensation due to owner/operator living on site

A - Owner/operator was required to do daily inspections that increased the cost

#2

| Year | Rent | Inflation | Adj. Sal. | per month | |
|------|----------|-----------|-----------|-----------|----------|
| 1999 | \$ 1,500 | 2.68% | \$ 1,540 | \$ 125.00 | |
| 2000 | \$ 1,540 | 3.39% | \$ 1,592 | \$ 128.35 | |
| 2001 | \$ 1,592 | 1.55% | \$ 1,617 | \$ 132.70 | |
| 2002 | \$ 1,617 | 2.38% | \$ 1,656 | \$ 134.76 | |
| 2003 | \$ 1,656 | 1.88% | \$ 1,687 | \$ 137.97 | |
| 2004 | \$ 1,687 | 3.26% | \$ 1,742 | \$ 140.56 | |
| 2005 | \$ 1,742 | 3.42% | \$ 1,801 | \$ 145.14 | |
| 2006 | \$ 1,801 | 2.54% | \$ 1,847 | \$ 150.10 | |
| 2007 | \$ 1,847 | 4.08% | \$ 1,922 | \$ 153.92 | |
| 2008 | \$ 1,922 | 0.09% | \$ 1,924 | \$ 160.20 | |
| 2009 | \$ 1,924 | 2.72% | \$ 1,976 | \$ 160.34 | |
| 2010 | \$ 1,976 | 1.50% | \$ 2,006 | \$ 164.70 | |
| 2011 | \$ 2,006 | 2.96% | \$ 2,065 | \$ 167.17 | |
| 2012 | \$ 2,065 | 1.74% | \$ 2,101 | \$ 172.12 | |
| 2013 | \$ 2,101 | 1.50% | \$ 2,133 | \$ 175.12 | |
| 2014 | \$ 2,133 | 0.76% | \$ 2,149 | \$ 177.74 | |
| 2015 | \$ 2,149 | 0.73% | \$ 2,165 | \$ 179.09 | |
| 2016 | \$ 2,165 | 2.07% | \$ 2,210 | \$ 180.40 | \$ 710 |
| 2017 | \$ 2,210 | | | \$ 184.14 | 0.473088 |

Rent Office in service area \$ 2,210
Rent Office in home \$ 1,888
 \$ 4,098 Total Rent

\$18.88 per square foot (1)

(1) <https://www.bizjournals.com/stlouis/blog/2015/11/office-space-in-st-louis-is-really-really-cheap.html>

Jason Taylor
 WR-2017-0343
 Gascony Water Company Rate Case
 Rent Expense
 Source DR 9

| <u>Company Expenses</u> | <u>2017 Amount</u> | <u>2016 Amount</u> | <u>Total Expenses</u> | |
|-------------------------|--------------------|--------------------|-----------------------|--|
| Property Taxes | \$ 470.00 | | \$ 470.00 | |
| Mowing | \$ 500.00 | | \$ - | Include in Staff's Expenses |
| Homeowners Assessment | \$ 450.00 | | \$ - | Include in Staff's Expenses |
| Electricity | \$ 1,614.78 | \$ 1,712.67 | \$ 1,663.73 | 2 year average based on 2016 and 2017 expenses |
| Grand Total | | | \$ 2,133.73 | |

| <u>Percentage of trailer used by Company</u> | <u>Current Rent Expense</u> | | | | | | | <u>Company's Proposed Rent Expense</u> |
|--|---------------------------------|------------|------------|-------------|-------------|-------------|-------------|--|
| | <u>20%</u> | <u>30%</u> | <u>40%</u> | <u>50%</u> | <u>70%</u> | <u>100%</u> | <u>104%</u> | |
| <u>Amount of Expenses per year</u> | \$ 426.75 | \$ 640.12 | \$ 853.49 | \$ 1,066.86 | \$ 1,500.00 | \$ 2,133.73 | \$ 2,210.00 | |