

APPENDIX A

CASE No. WR-2012-0405

STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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Company/Staff Disposition Agreement

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

RAYTOWN WATER COMPANY

MO PSC FILE NO. WR-2012-0405

BACKGROUND

The Raytown Water Company ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on June 4, 2012, the Company set forth its request for an increase of \$426,951 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request and could, thus, be the subject of Staff recommendations. The Company provides service to approximately 6,508 customers; where the vast majority of which are residential customers located in the city of Raytown, Missouri.

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

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with information regarding Staff's investigation and the results of the investigation, including Staff's initial recommendations for the resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of December 21, 2012;
- (2) The current PSC MO Number 5 original tariff sheets 3, 12, 20, 21 and 35 will be cancelled and replaced by PSC MO Number 5 1st revised tariff sheets 3, 12, 20, 21 and 35, and the current PSC MO Number 5 1st revised tariff sheet No. 9 will be cancelled and replaced by PSC MO Number 5 2nd revised tariff sheet No. 9 and are included in the example tariff, Attachment A, and reflect the recommendations made by the Water and Sewer Unit in its Memorandum, attached and incorporated herein by reference as Attachment B;
- (3) The rates included in the example tariff, specifically on the 2nd revised tariff sheet 9, attached hereto and included in Attachment A and incorporated by reference herein, are just and reasonable, and that the provisions of the attached example tariff also properly reflect all other agreements set out herein, where necessary;
- (4) The rates set out in the attached example tariff, specifically on the 2nd revised tariff sheet 9, included in Attachment A, are designed to generate revenues sufficient to recover the annualized cost of service for the Company, and equates to a 11.90% increase in annual operating water revenues;
- (5) The rates included in the attached example tariff, specifically on the 2nd revised tariff sheet 9, included in Attachment A, will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment D and incorporated by reference herein;
- (6) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment C and incorporated by reference herein, and the ratemaking income statement attached hereto as Attachment E and incorporated by reference herein, accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$390,268 is just and reasonable and designed to recover the Company's cost of service;
- (7) The audit work papers attached hereto as Attachment C and incorporated by reference herein, which include consideration of a capital structure of 87.44% equity

for the Company and a return on that equity of 8.25%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (4) above;

(8) The agreed-upon net rate base is \$5,156,781, the development of which is shown on the rate base worksheet attached hereto as Attachment F and incorporated by reference herein;

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

(10) The Auditing Unit conducted an audit of the Company's books and records using the 12-month period ending December 31, 2011, updated for construction to August 18, 2012, as the basis for the revenue requirement calculation. All revenues, expenses, and rate base investment were reviewed through this period. The audit findings are identified herein as Attachment H and incorporated by reference herein.

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

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

(a) The Company shall resume the practice of sending bad debt accounts over \$30.00 to the Company's collection agency once the accounts have reached a pre-determined number of days in arrears and utilize the monthly report that the Company developed previously to track payments recovered by the collection agency;

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

(a) The Company shall update its other rate base items in its general ledger (GL) on a monthly basis;

(b) The Company shall record all of its operating and maintenance expenses and administrative and general account expenses in its GL to the proper account per the National Association Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA); and

- (c) The Company shall start charging all of its meter replacement labor to Account 347, Meters Installation, per NARUC USOA;
- (13) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (14) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (15) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (16) The Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement; and
- (17) The above agreements satisfactorily resolve all issues identified by Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

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

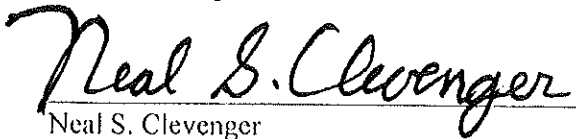
Staff has completed a Summary of Case Events and has included that summary as Attachment J to this Company/Staff Disposition Agreement.

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

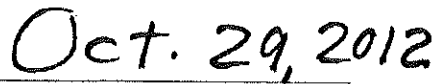
Additionally, the Company agrees that subject to the rules governing practice before the Commission that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to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

SIGNATURES

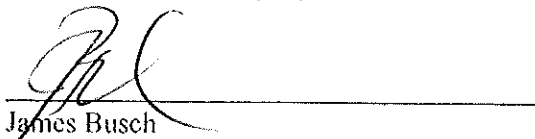
Agreement Signed and Dated:



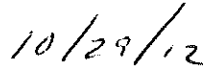
Neal S. Clevenger
President/General Manager
Raytown Water Company



Date



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



Date

List of Attachments

- Attachment A -- Example Tariff Sheets
- Attachment B -- Water & Sewer Unit Memorandum
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Agreement Attachment A

Example Tariff Sheets

Name of Utility: The Raytown Water Company

For: Raytown MO & Territory Adjacent Thereto

Rules Governing
Rendering of Water Service

Exhibits

- A Fire Hydrant Rental Agreement
- B Residential Application for Service
- B1 Owner/Property Manager of Rental Property Application +
- B2 Commercial/Business Application for Service
- C Application for New Service Tap
- D Metered Jumper Rental Agreement
- E Project Development / Main Extension Agreement
- F Payment Plan Application
- G Budget Bill Application
- H Waiver of Presence
- I Customer Deposit Receipt
- J ACH Application
- K Service Line Permit

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE November 6, 2012
Month Day Year

DATE EFFECTIVE December 21, 2012
Month Day Year

ISSUED BY Neal Clevenger, President 9820 E. 63rd Street, Raytown, MO 64133
name of officer title address

The Raytown Water Company
Name of Utility:

For: Raytown MO & Territory Adjacent Thereto
Certificated Service Area

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

SCHEDULE OF RATES

Rules and Regulations: The Rules and Regulations set forth in this Tariff shall cover the supply of service under this rate.

Availability: Any metered customer located in the Company's service territory.

Water Rates: There shall be a monthly minimum charge on the size of the water meters as follows:*

<u>Meter Size</u>	<u>Charge</u>	<u>Meter Size</u>	<u>Charge</u>
5/8"	\$9.96	2.0"	\$47.43
1.0"	\$18.07	3.0"	\$84.77
1.5"	\$31.40	4.0"	\$138.10

There shall be a metered usage charge applied on a monthly basis, and billed by the Company on a monthly basis of \$6.26 per 1,000 gallons. *

+Bulk Water Service Rate:

Bulk Water sales shall be at the rate of \$0.25 per 40.4 gallons. *

Payment Terms: Bills are due and payable within twenty-one (21) days after rendition of the bill.

Online payment thru OPAY: third party fee assessed by and paid directly to OPAY

* Indicates new rate or text

+ Indicates change

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DATE EFFECTIVE December 21, 2012
Month Day Year

ISSUED BY Neal Clevenger, President
name of officer title

9820 E. 63rd Street, Raytown, MO 64133
address

Name of Utility: The Raytown Water Company

For: Raytown MO & Territory Adjacent Thereto

Rules Governing
Rendering of Water Service

Collection by 3rd Party Collection Agency: Customer is responsible for all prudently incurred costs in the collection of a past due account. The fees and costs are payable directly to the 3rd party collection agency.

+ **New Customer Water Service:** No charges will be assessed for the initial trip to establish water service. If the customer had a previous account with a past due balance then that balance is payable at time of new service.

Late Payment Charge: The period after which the payment is considered delinquent is twenty-one (21) days after rendition of the bill. A charge of \$5.00 or 1%, whichever is greater, will be added to the delinquent amounts.

Returned Check Charge: A check returned from the bank not paid will be charged \$25.00 per check.

Meter Reading: Completed during non-business hours as requested by the customer shall be charged \$25.00 per occurrence.

Meter Reinstallation Charges: Meter pulled for non-payment of an account, for unapproved usage, tampering or Non Compliance with Cross Connection/Backflow Prevention is subject to the following fees:

<u>Meter Size</u>	<u>Charge</u>
5/8"	\$50.00
1" or Duplex	Actual Cost
2.0"	Actual Cost
3.0"	Actual Cost
4.0"	Actual Cost

Inspection Fee: to inspect new or repaired service line: \$15.00

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+ Indicates change

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Month Day Year

ISSUED BY Neal Clevenger, President 9820 E. 63rd Street, Raytown, MO 64133
name of officer title address

The Raytown Water Company
Name of Issuing Company

For: Raytown MO & Territory Adjacent Thereto
Certificated Service Area

**Rules Governing
Rendering of Water Service**

Rule 3: Deposits to Guarantee Payment

- A. Each applicant for water is required to pay a deposit if the following conditions apply:
 - 1. The service of the Customer has been terminated by the Company for nonpayment of a delinquent account not in dispute; or +
 - 2. In an unauthorized manner, the Customer interfered with or diverted the service of the Company situated on or about or delivered to the Customer's premises; or +
 - 3. The Customer has failed to pay an undisputed bill before the delinquency date for five (5) out of twelve (12) consecutive billing periods. +
- B. The Company shall apply deposit standards uniformly as a condition of utility service to all residential Customers regardless of a Customer's race, sex, creed, national origin, marital status, age, number of dependents, source of income, or geographical area of residence. +
- C. A deposit shall not exceed two (2) times the highest bill of that Customer at the same address during the preceding twelve (12) months. +
- D. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account. *
- E. Upon termination of a service, any retained deposit, with accrued interest, shall be credited to the final bill and the balance, if any, shall be returned promptly to the Customer. +
- F. The Company may withhold refund of the secured deposit fund pending the resolution of a matter in dispute.
- G. The Company shall maintain a record of all deposits received from Customers, showing the name of each Customer, the location of the premises occupied by the Customer at the time the deposit was required and each successive location while the deposit was retained, the date and amount of deposit and the date and amount of interest paid. +

* Indicates new rate or text
 + Indicates change

DATE OF ISSUE November 6, 2012 DATE EFFECTIVE December 21, 2012
 Month Day Year Month Day Year

ISSUED BY Neal Clevenger, President 9820 E. 63rd Street, Raytown, MO 64133
 name of officer title address

The Raytown Water Company
Name of Issuing Company

For: Raytown MO & Territory Adjacent Thereto
Certificated Service Area

**Rules Governing
Rendering of Water Service**

- H. Each Customer posting a security deposit shall receive in writing at the time of deposit or with the first bill, a receipt as evidence thereof, unless the Company shows the existence or non-existence of a deposit on the Customer’s bill, in which event the receipt shall not be required unless requested by the Customer. The receipt (Exhibit I) shall contain the following minimum information: +
 - 1. Name of Customer
 - 2. Date of Payment
 - 3. Amount of Payment
 - 4. Identifiable name, signature, and title of the Company employee receiving payment.
 - 5. Statement of the terms and conditions governing the payment, retention and return of the deposits.
- I. The Company may not refuse to return a Customer’s deposit for failure to present the original receipt as long as the Customer can prove their identity. +
- J. The Company shall provide means whereby a Customer, required to make deposit, may pay such deposit in installments unless the Company can show likelihood that the Customer does not intend to pay for such service. 4 CSR 240-13.030(4)(1). +
- K. In lieu of a security deposit required by these rules, the Company may accept the written guarantee of a responsible 3rd party as surety for a Customer service account. A guarantee accepted by the Company is subject to the following terms and conditions: +
 - 1. It shall be in writing and shall state the terms of guarantee and the maximum amount guaranteed. The Company shall not hold the guarantor liable for sums in excess of the maximum amount of the required cash deposit unless the guarantor consents thereto in a separate written instrument.
 - 2. Credit shall be established for the Customer and the guarantor shall be released upon satisfactory payment by the Customer of all proper charges for the utility service for a period of twelve (12) successive months. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute. +

* Indicates new rate or text
+ Indicates change

DATE OF ISSUE November 6, 2012 DATE EFFECTIVE December 21, 2012
Month Day Year Month Day Year

ISSUED BY Neal Clevenger, President 9820 E. 63rd Street, Raytown, MO 64133
name of officer title address

Name of Utility: The Raytown Water Company

For: Raytown MO & Territory Adjacent Thereto

Rules Governing
Rendering of Water Service

- F. Customers are responsible for furnishing the Company with their correct address. Failure to receive bills will not be considered an excuse for non-payment nor permit an extension of the date when the account would be considered delinquent. All bills will be sent to the address entered in the application unless the Company is notified in writing by the customer of any change of address.
- G. The use of water by the same customer in different premises or localities will not be combined and each installation shall stand by itself.
- H. Water bills are rendered per meter and will not be subdivided.
- I. Meters are to be read monthly. If the Company is unable to read a customer's meter at its regularly scheduled time, the Company may estimate the meter reading in order to calculate a bill. If necessary, a billing adjustment will be made when an actual reading is obtained. When, during normal business hours, the Company is unable to read a customer's meter for three consecutive months, the customer shall on request from the Company, provide access to the premises to obtain an actual meter reading. The access will be provided at an agreed to time during the Company's business hours. If the customer is unable to provide access to the premises during the Company's normal business hours, the Company will offer an appointment to read the meter during non-business hours on weekdays prior to 9:00 p.m. and on Saturday between the hours of 9:00 a.m. and 12:00 p.m., excluding holidays. The customer will be charged per rate on the Service Charge Schedule for meter readings performed during non-business hours. Should the customer fail to provide access to the premises in order for the Company to obtain an actual meter reading, the Company may discontinue service, unless and until the customer provides an accessible meter well just inside the customer's property line.
- J. * If access to meter is denied due to any obstruction, which can be directly attributed to the customer, the obstruction will be removed at the customer's expense. This includes and is not limited to vehicles parked on top of meter well. Every effort by Company will be made to access the meter prior to incurring fees and costs for removal of the obstruction.
- K. The Company may render a bill based on estimated usage due to extreme weather conditions or emergencies.
- L. If a customer account is turned over to a 3rd party collection agency, all prudent fees/costs associated with collecting this debt are assessed to the customer's account and are the sole responsibility of the Customer.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE November 6, 2012
Month Day Year

DATE EFFECTIVE December 21, 2012
Month Day Year

ISSUED BY Neal Clevenger, President 9820 E. 63rd Street, Raytown, MO 64133
name of officer title address

Agreement Attachment B

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
Case No. WR-2012-0405
Raytown Water Company
James Merciel/James Russo
October 1, 2012

Introduction

This Report was prepared jointly by Missouri Public Service Commission (the Commission) Staff members James Merciel and James Russo, and the Staff member responsible for each section is denoted at the end of each section.

Raytown Water Company (the Company) is a regulated water utility that has been in business as a regulated water utility since 1925. The Company's certificated area encompasses most of the city of Raytown, and a small portion of the city of Independence. The Company filed this rate case on June 4, 2012. The Commission's Water and Sewer Unit Staff's (Staff) investigation of the Company included a review of the Company's facilities and general operations.

Source of Supply and Water Treatment

The Company purchases all of its water wholesale from the city of Kansas City, MO or Missouri (KC). KC operates a water treatment facility that takes water from the Missouri River and alluvial wells along the Missouri River. The Company has eight (8) metering stations surrounding its service area, seven (7) of which each have a six-inch (6") meter and one which has a four-inch (4") meter. The Company does no further treatment or pumping after purchase of water through the metering stations.

Staff Expert: James Merciel

Distribution System

The distribution system consists of approximately 364,140 feet of water mains of various sizes up to twelve-inch (12"). These mains are made of various materials including cast iron, ductile iron, PVC, galvanized iron, and copper. As a long-term improvement program and as funds become available, the Company has been and is replacing the galvanized iron pipe, most of which are two-inch (2") diameter piping, because it is older and subject to leaks and breaks due to corrosion. The new replacement pipe is mostly six-inch (6") diameter ductile iron pipe. The new pipe, in addition to improving

reliability and decreasing water losses, improves fire flows for some areas because of its larger size.

The Company also plans to undertake a main replacement project that will be done in conjunction with roadway and sidewalk rehabilitation that the City of Raytown will undertake. The financing for this project is the subject of another pending case the Company has filed before the Commission, Case No. WF-2012-0413.

Staff Expert: James Merciel

Storage Tanks

The Company has three (3) elevated storage tanks. Two (2) of the tanks, the Gregory Boulevard tank and the 51st Street tank have capacity of 250,000 gallons each, and the third, called the 63rd Street tank, has a capacity of 2,000,000 gallons, for a total usable volume of 2,500,000 million gallons. The Company's wholesale water purchase contract with KC provides that KC may turn water off during evening hours of peak-use days. The Company's 63rd Street tank was designed to enable it to provide an adequate volume of water for the Company's customers during such times, along with reserve volume for fire protection. The Company has a service contract with Utility Service Co., Inc., a firm specializing in water storage tanks, for ongoing tank inspections, maintenance, repairs, and painting.

Staff Expert: James Merciel

Operations

The Company has approximately 6,555 customers, of which approximately 6,180 are residential, and 375 are commercial. The Company has a ten-year (10-year) meter replacement program for residential customers, and a test or replacement program for larger-size meters, which complies with the Commission's regulations on meter testing and replacement. The Company has a radio-read system for reading some of its meters, although installation of radio transmitters for each meter is a long-term program and most meters are read manually.

The Company keeps records of distribution system valves that include type, location, installation date, and exercising. The Company also keeps records of fire hydrants that include similar information as well as flow performance and residual pressure.

The Company is a public drinking water supply that is subject to the requirements of the Missouri Department of Natural Resources (DNR) pertaining to meeting drinking water standards. Among various DNR requirements, some require direct interaction with customers, including a backflow prevention program which insures water that could be contaminated within customers' premises cannot flow back into the Company's distribution system in the event of low pressure. Through this program, the Company requires certain customers to install backflow prevention devices on their customer-owned service lines or building plumbing and provide evidence to the Company that it is tested periodically by a certified backflow tester. The Company publishes a Consumer Confidence Report (CCR) that is made available to all customers, which is also a DNR requirement.

Staff Expert: James Merciel

Customer Complaints

The Company is currently operating its water system adequately. Staff has not received any customer complaints about the quality of the water since the initial customer notice was mailed out on June 29, 2012, although Staff received one complaint regarding the Company's communication to its customers about a boil order that was issued by KC because of a pressure problem in KC's system. Although the pressure issue itself did not directly affect the Company, the boil order affected the Company's service area and there was some conflicting information from several sources regarding when KC's boil order was to be lifted. Staff also received one customer complaint related to water pressure, though the Company's investigation indicated this matter could be one of internal house plumbing, which is not owned or maintained by the Company.

Staff Expert: James Merciel

Tariff Review

The Company's current tariff became effective in May 2009 and was completely revised to conform with current practices and to make several improvements. Staff is recommending minor changes to correct a misspelled word on tariff sheet number 3, and to finish incomplete sentences on tariff sheet numbers 12 and 35 in the current tariff. In addition, Staff is recommending changes to the schedule of rates that might result from this case.

Staff Experts: James Russo and James Merciel

Rate Design

Staff reviewed the current rate design and is not making any recommendations changing the existing rate design. Staff is recommending that any change in existing rates be based on an equal percentage change for all of the Company's current customer classifications. Staff also reviewed the service charges and neither the Staff nor the Company is recommending any changes in this rate case proceeding.

Staff Expert: James Russo

Conclusion and Recommendations

The Company is operating its water system well and is providing safe and adequate service to its customers. Continued routine improvements are being undertaken and should continue. Staff is recommending changes be made to the Company's tariff sheets correcting misspelled words and finishing incomplete sentences.

Agreement Attachment C

EMS Run

Exhibit No.:
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2012-0405
Date Prepared: October 11, 2012



MISSOURI PUBLIC SERVICE COMMISSION
UTILITY SERVICES DEPARTMENT
STAFF ACCOUNTING SCHEDULES

RAYTOWN WATER COMPANY
CASE NO. WR-2012-0405

Jefferson City, Missouri

August 2012

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$2,956,861			
Rev-3	Miscellaneous Revenues		(1) \$323,819			
Rev-4	TOTAL ANNUALIZED REVENUES		\$3,280,680			
1	OPERATIONS EXPENSES		(2)			
2	Operation Supervision & Engineering SS	600.000	0	\$0	\$0	
3	Operation Labor & Expenses SS	601.000	0	\$0	\$0	
4	Purchased Water SS	602.000	1199719	\$0	\$1,199,719	
5	Misc. Expense SS	603.000	0	\$0	\$0	
6	Rents SS	604.000	0	\$0	\$0	
7	Operation Supervision & Engineering PE	620.000	0	\$0	\$0	
8	Fuel for Power Production PE	621.000	0	\$0	\$0	
9	Power Production Labor for Pumping PE	622.000	0	\$0	\$0	
10	Fuel or Power Purchased for Pumping PE	623.000	0	\$0	\$0	
11	Pumping Labor and Expenses PE	624.000	0	\$0	\$0	
12	Expenses Transferred - Cr. PE	625.000	0	\$0	\$0	
13	Misc. Expense PE	626.000	0	\$0	\$0	
14	Rents PE	627.000	0	\$0	\$0	
15	Operation Supervision & Engineering WTE	640.000	0	\$0	\$0	
16	Chemicals WTE	641.000	0	\$0	\$0	
17	Operation Labor & Expenses WTE	642.000	0	\$0	\$0	
18	Misc. Expense WTE	643.000	0	\$0	\$0	
19	Rents WTE	644.000	0	\$0	\$0	
20	Operation Supervision & Engineering T&D	660.000	57240	\$0	\$57,240	
21	Storage Facilities Expenses T&D	661.000	2434	\$0	\$2,434	
22	Transmission & Distribution Lines Expense T&D	662.000	9209	\$0	\$9,209	
23	Merter Testing T&D	663.000	202	\$0	\$202	
24	Customer Installation Expense T&D	664.000	0	\$0	\$0	
25	Misc. Expense T&D	665.000	0	\$0	\$0	
26	Rents T&D	666.000	0	\$0	\$0	
27	TOTAL OPERATIONS EXPENSE		\$1,268,804	\$0	\$1,268,804	
28	MAINTENANCE EXPENSES					
29	Maintenance Supervision & Engineering SS	610.000	\$0	\$0	\$0	0.00%
30	Maintenance of Structures & Improvements SS	611.000	\$0	\$0	\$0	0.00%
31	Maintenance of Collecting & Impounding Reservoirs SS	612.000	\$0	\$0	\$0	0.00%
32	Maintenance of Lake, River & Other Intakes SS	613.000	\$0	\$0	\$0	0.00%
33	Maintenance of Wells & Springs SS	614.000	\$0	\$0	\$0	0.00%
34	Maintenance of Infiltration Galleries & Tunnels SS	615.000	\$0	\$0	\$0	0.00%
35	Maintenance of Supply Mains SS	616.000	\$0	\$0	\$0	0.00%
36	Maintenance of Misc. Water Source Plant SS	617.000	\$0	\$0	\$0	0.00%
37	Maintenance Supervision & Engineering PE	630.000	\$0	\$0	\$0	0.00%
38	Maintenance of Structures & Improvements PE	631.000	\$0	\$0	\$0	0.00%
39	Maintenance of Power Production Equipment PE	631.000	\$0	\$0	\$0	0.00%
40	Maintenance of Pumping Equipment PE	633.000	\$0	\$0	\$0	0.00%
41	Maintenance Supervision & Engineering WTE	650.000	\$0	\$0	\$0	0.00%
42	Maintenance of Structures & Improvements WTE	651.000	\$0	\$0	\$0	0.00%
43	Maintenance of Water Treatment Equipment WTE	652.000	\$0	\$0	\$0	0.00%
44	Maintenance Supervision & Engineering T&D	670.000	\$0	\$0	\$0	0.00%

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
45	Maintenance of Structures & Improvements T&D	671.000	\$271	\$0	\$271	0.00%
46	Maintenance of Dist. Reservoirs & Standpipes T&D	672.000	\$15,388	\$0	\$15,388	0.00%
47	Maintenance of T&D Mains T&D	673.000	\$152,351	\$0	\$152,351	0.00%
48	Maintenance of Fire Mains T&D	674.000	\$0	\$0	\$0	0.00%
49	Maintenance of Services T&D	675.000	\$15,749	\$0	\$15,749	0.00%
50	Maintenance of Meters T&D	676.000	\$1,846	\$0	\$1,846	0.00%
51	Maintenance of Hydrants T&D	677.000	\$9,915	\$0	\$9,915	0.00%
52	Maintenance of Misc. Plant T&D	678.000	\$0	\$0	\$0	0.00%
53	TOTAL MAINTENANCE EXPENSE		\$195,520	\$0	\$195,520	
54	CUSTOMER ACCOUNT EXPENSE					
55	Supervision	901.000	\$420	\$0	\$420	0.00%
56	Meter Reading Expense	902.000	\$94,449	\$0	\$94,449	0.00%
57	Customer Records & Collection Expense	903.000	\$203,745	\$0	\$203,745	0.00%
58	Uncollectible Accounts	904.000	\$13,864	\$0	\$13,864	0.00%
59	Misc. Customer Accounts Expense	905.000	\$0	\$0	\$0	0.00%
60	Customer Services & Information Expense	907.000	\$2,521	\$0	\$2,521	0.00%
61	Sales Promotion Expense	910.000	\$0	\$0	\$0	0.00%
62	TOTAL CUSTOMER ACCOUNT EXPENSE		\$314,999	\$0	\$314,999	
63	ADMINISTRATIVE & GENERAL EXPENSES					
64	Administration & General Salary	920.000	\$155,235	\$0	\$155,235	0.00%
65	Office Supplies & Other Expenses	921.000	\$122,029	\$0	\$122,029	0.00%
66	Administrative Expense Transferred - CR	922.000	-\$52,380	\$0	-\$52,380	0.00%
67	Outside Services Employed	923.000	\$183,531	\$0	\$183,531	0.00%
68	Property Insurance	924.000	\$27,658	\$0	\$27,658	0.00%
69	Injuries & Damages	925.000	\$46,790	\$0	\$46,790	0.00%
70	Employee Pensions & Benefits	926.000	\$184,532	\$0	\$184,532	0.00%
71	Regulatory Commission Expense	928.000	\$2,443	\$0	\$2,443	0.00%
72	Duplicate Charges - CR	929.000	\$0	\$0	\$0	0.00%
73	Institutional or Goodwill Advertising Expense	930.100	-\$2,103	\$0	-\$2,103	0.00%
74	Misc. General Expense	930.200	\$43,395	\$0	\$43,395	0.00%
75	Research & Development Expense	930.300	\$700	\$0	\$700	0.00%
76	Rents	931.000	\$0	\$0	\$0	0.00%
77	Maintenance of General Plant	932.000	\$19,682	\$0	\$19,682	0.00%
78	Vacation, Sick, Holiday Comp/Greivance & Workers Comp Pay	999.000	\$0	\$0	\$0	0.00%
79	TOTAL ADMINISTRATIVE AND GENERAL		\$731,512	\$0	\$731,512	
80	OTHER OPERATING EXPENSES					
81	Interest on Customer Deposit	431.400	\$2,749	\$0	\$2,749	0.00%
82	Account 431.3 Evanston House (Payroll Distribution)	431.300	-\$4,763	\$0	-\$4,763	0.00%
83	Debit Account 186 Maintenance Payroll Expenses	186.000	\$0	\$0	\$0	0.00%
84	Debit Account 184 Payroll Expenses	184.000	\$0	\$0	\$0	0.00%
85	PSC Assessment	408.000	\$23,841	\$0	\$23,841	0.00%
86	Missouri Franchise Taxes	408.000	\$20	\$0	\$20	0.00%
87	Depreciation	403.100	\$328,527	\$0	\$328,527	0.00%
88	EIERA Insurance Costs	403.000	\$2,888	\$0	\$2,888	0.00%
89	TOTAL OTHER OPERATING EXPENSES		\$363,262	\$0	\$363,262	
90	TAXES OTHER THAN INCOME					
91	Property Taxes	408.000	\$136,152	\$0	\$136,152	0.00%
92	Payroll Taxes	408.000	\$50,571	\$0	\$50,571	0.00%
93	Amortize ITC	403.000	-\$2,404	\$0	-\$2,404	0.00%
94	TOTAL TAXES OTHER THAN INCOME		\$184,319	\$0	\$184,319	
95	TOTAL OPERATING EXPENSES		\$3,048,416	\$0	\$3,048,416	
96	Interest Expense		(3) \$27,692	\$0	\$27,692	0.00%

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Rate Design Schedule - Water

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
97	Return on Equity	(3)	\$372,010	\$0	\$372,010	0.00%
98	Income Taxes	(3)	\$222,830	\$0	\$222,830	0.00%
99	TOTAL INTEREST RETURN & TAXES		<u>\$622,532</u>	<u>\$0</u>	<u>\$622,532</u>	
100	TOTAL COST OF SERVICE		\$3,670,948	\$0	\$3,670,948	
101	Less: Miscellaneous Revenues		<u>\$323,819</u>	<u>\$0</u>	<u>\$323,819</u>	0.00%
102	COST TO RECOVER IN RATES		<u>\$3,347,129</u>	<u>\$0</u>	<u>\$3,347,129</u>	
103	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$390,268</u>			
104	PERCENTAGE OF INCREASE		<u>11.90%</u>			
105	REQUESTED INCREASE IN REVENUES		\$0			

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

Raytown Water Company
Informal Rate Case
Case Number WR-2012-0405
Test Year Ending 12-31-2011/ Construction Update 8/18/2012
Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$11,200,202	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$4,813,741	From Depreciation Reserve Schedule
3	Net Plant In Service	\$6,386,461	
4	Other Rate Base Items:	\$0	
	Customer Deposits	-\$91,629	
	Materials & Supplies	\$178,278	
	Prepaid Insurance	\$9,491	
	Contribution In Aid of Construction	-\$397,075	
	CIAC Offset	\$65,580	
	Customer Credit Balance	-\$16,383	
	Deferred Taxes	-\$956,312	
	Investment Tax Credits	-\$21,630	
5	Total Rate Base	\$5,156,781	
6	Total Weighted Rate of Return Including Income Tax	12.07%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u>\$622,532</u>	

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Rate of Return Including Income Tax - Water

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	6.25%	(2)	5.24%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	34.00%	(1) & (2)	32.22%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			37.46%	$B1 + B2$
4	Equity Tax Factor			1.5990	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			7.21%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			11.54%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			0.54%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			12.07%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$563,652
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$50,000	\$7,500
\$50,001	\$75,000	25.00%	\$25,000	\$6,250
\$75,001	\$100,000	34.00%	\$25,000	\$8,500
\$100,001	\$335,000	39.00%	\$235,000	\$91,650
\$335,001	\$9,999,999,999	34.00%	\$228,652	\$77,742
			<u>\$563,652</u>	<u>\$191,642</u>
			Consolidated Tax Rate:	
			Average Tax Rate:	0.34

Raytown Water Company
Informal Rate Case
Case Number WR-2012-0405
Test Year Ending 12-31-2011/ Construction Update 8/18/2012
Capital Structure Schedule - Water

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$4,786,360	87.44%	8.25%	7.214%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$687,350	12.56%	4.28%	0.537%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u><u>\$5,473,710</u></u>	<u><u>100.00%</u></u>		<u><u>7.751%</u></u>

To PreTax Return Rate Schedule

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

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$0			100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13	317.000	Other Water Source Plant	\$0			100.00%	\$0
14		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
15		PUMPING PLANT					
16	320.000	Land & Land Rights	\$0			100.00%	\$0
17	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
18	322.000	Boiler Plant Equipment	\$0			100.00%	\$0
19	323.000	Other Power Production Equipment	\$0			100.00%	\$0
20	324.000	Steam Pumping Equipment	\$0			100.00%	\$0
21	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
22	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
23	327.000	Hydraulic Pumping Equipment	\$0			100.00%	\$0
24	328.000	Other Pumping Equipment	\$0			100.00%	\$0
25		TOTAL PUMPING PLANT	\$0		\$0		\$0
26		WATER TREATMENT PLANT					
27	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
28	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
29	332.000	Water Treatment Equipment	\$0			100.00%	\$0
30		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
31		TRANSMISSION & DISTRIBUTION PLANT					
32	340.000	Land & Land Rights-T&D	\$88,215			100.00%	\$88,215
33	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
34	342.000	Distribution Reservoirs & Standpipes	\$2,745,768			100.00%	\$2,745,768
35	343.000	Transmission & Distribution Mains	\$4,387,256	P-35	\$19,740	100.00%	\$4,406,996
36	343.100	Gateway Transmission Main	\$258,013			100.00%	\$258,013
37	344.000	Fire Mains	\$0			100.00%	\$0
38	345.000	Services	\$130,670			100.00%	\$130,670
39	346.100	Meters- Bronze Chamber	\$243,015	P-39	\$800	100.00%	\$243,815
40	346.200	Meters- Plastic Chamber	\$315,286	P-40	\$4,584	100.00%	\$319,870
41	347.000	Meter Installation	\$264,236	P-41	\$6,794	100.00%	\$271,030
42	348.000	Hydrants	\$882,398	P-42	\$5,325	100.00%	\$887,723
43	349.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
44		TOTAL TRANS. & DISTRIBUTION PLANT	\$9,314,857		\$37,243		\$9,352,100
45		GENERAL PLANT					
46	389.000	Land & Land Rights-GP	\$3,531			100.00%	\$3,531
47	390.000	Structures & Improvements - GP	\$463,822			100.00%	\$463,822
48	391.000	Office Furniture & Equipment	\$37,075			100.00%	\$37,075
49	391.100	Office Electronic Equipment	\$127,368	P-49	\$2,564	100.00%	\$129,932
50	391.200	New Computer Systems	\$122,159			100.00%	\$122,159
51	392.000	Transportation Equipment - GP	\$437,831	P-51	\$3,540	100.00%	\$441,371
52	393.000	Stores Equipment	\$0			100.00%	\$0

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
53	394.000	Tools, Shop and Garage Equipment	\$154,029			100.00%	\$154,029
54	395.000	Laboratory Equipment	\$5,660			100.00%	\$5,660
55	396.000	Power-Operated Equipment	\$323,704	P-55	\$115,671	100.00%	\$439,375
56	397.000	Communication Equipment	\$48,145	P-56	\$3,003	100.00%	\$51,148
57	398.000	Misc. Equipment	\$0			100.00%	\$0
58	399.000	Other Tangible Property	\$0			100.00%	\$0
59		TOTAL GENERAL PLANT	<u>\$1,723,324</u>		<u>\$124,778</u>		<u>\$1,848,102</u>
60		TOTAL PLANT IN SERVICE	<u>\$11,038,181</u>		<u>\$162,021</u>		<u>\$11,200,202</u>

To Rate Base & Depreciation Schedules

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-35	Transmission & Distribution Mains	343.000		\$19,740
	1. Adjust Plant for New Main Replacement Construction Update (Harrison)		\$30,500	
	2. Remove Cost Basis of old Mains from Plant. (Rice)		-\$600	
	3. To Decrease Main Account for Production/Use Tax Refund (Harrison)		-\$10,160	
P-39	Meters- Bronze Chamber	346.100		\$800
	1. Adjust Plant for Meter Move Out or Re-Locate Meter (Harrison)		\$800	
P-40	Meters- Plastic Chamber	346.200		\$4,584
	1. To Reclassify Meters that was expensed to Account 676 to the Appropriate Capital Account. (Harrison)		\$4,584	
P-41	Meter Installation	347.000		\$6,794
	1. To Reclassify Meter Labor that was expensed to Account 676 to the Appropriate Capital Account. (Harrison)		\$6,794	
P-42	Hydrants	348.000		\$5,325
	1. Adjust Plant for New Fire Hydrants, Construction Update (Harrison)		\$5,730	
	2. Remove Cost Basis of old Hydrant from Plant. (Rice)		-\$405	
P-49	Office Electronic Equipment	391.100		\$2,564

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant in Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. Adjust Plant for New Software, Construction Update (Harrison)		\$2,564	
	2. Remove Cost Basis of old Software from Plant. (Harrison)		\$0	
P-51	Transportation Equipment - GP	392.000		\$3,540
	1. Adjust Plant for New Truck Purchase, Construction Update (Harrison)		\$35,909	
	2. Remove Truck that was traded in on new Truck, Construction Update (Harrison)		-\$32,369	
P-55	Power-Operated Equipment	396.000		\$115,671
	1. Adjust Plant for New Unloader, Construction Update (Harrison)		\$108,881	
	2. Adjust Plant for New Asphalt Roller, Construction Update (Harrison)		\$41,418	
	3. Remove Unloader that was traded in on new Unloader, Construction Update (Harrison)		-\$21,371	
	4. Remove Asphalt Roller that was traded in on New Asphalt Roller, Construction Update (Harrison)		-\$13,257	
P-56	Communication Equipment	397.000		\$3,003
	1. Adjust Plant to Upgrade Company's Phone System, Construction Upgrade (Harrison)		\$8,795	
	2. Remove old Cost Basis of old Phone System from Plant. (Rice)		-\$5,792	
	Total Plant Adjustments			<u>\$162,021</u>

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	0.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$0	0.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13	317.000	Other Water Source Plant	\$0	0.00%	\$0
14		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
15		PUMPING PLANT			
16	320.000	Land & Land Rights	\$0	0.00%	\$0
17	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
18	322.000	Boiler Plant Equipment	\$0	0.00%	\$0
19	323.000	Other Power Production Equipment	\$0	0.00%	\$0
20	324.000	Steam Pumping Equipment	\$0	0.00%	\$0
21	325.000	Electric Pumping Equipment	\$0	0.00%	\$0
22	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
23	327.000	Hydraulic Pumping Equipment	\$0	0.00%	\$0
24	328.000	Other Pumping Equipment	\$0	0.00%	\$0
25		TOTAL PUMPING PLANT	\$0		\$0
26		WATER TREATMENT PLANT			
27	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
28	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
29	332.000	Water Treatment Equipment	\$0	0.00%	\$0
30		TOTAL WATER TREATMENT PLANT	\$0		\$0
31		TRANSMISSION & DISTRIBUTION PLANT			
32	340.000	Land & Land Rights-T&D	\$88,215	0.00%	\$0
33	341.000	Structures & Improvements - T&D	\$0	0.00%	\$0
34	342.000	Distribution Reservoirs & Standpipes	\$2,745,768	2.50%	\$68,644
35	343.000	Transmission & Distribution Mains	\$4,406,996	2.00%	\$88,140
36	343.100	Gateway Transmission Main	\$258,013	0.00%	\$0
37	344.000	Fire Mains	\$0	0.00%	\$0
38	345.000	Services	\$130,670	2.50%	\$3,267
39	346.100	Meters- Bronze Chamber	\$243,815	3.30%	\$8,046
40	346.200	Meters- Plastic Chamber	\$319,870	10.00%	\$31,987
41	347.000	Meter Installation	\$271,030	5.70%	\$15,449

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
42	348.000	Hydrants	\$887,723	2.00%	\$17,754
43	349.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
44		TOTAL TRANS. & DISTRIBUTION PLANT	\$9,352,100		\$233,287
45		GENERAL PLANT			
46	389.000	Land & Land Rights-GP	\$3,531	0.00%	\$0
47	390.000	Structures & Improvements - GP	\$463,822	2.50%	\$11,596
48	391.000	Office Furniture & Equipment	\$37,075	0.00%	\$0
49	391.100	Office Electronic Equipment	\$129,932	14.30%	\$18,580
50	391.200	New Computer Systems	\$122,159	0.00%	\$0
51	392.000	Transportation Equipment - GP	\$441,371	7.80%	\$34,427
52	393.000	Stores Equipment	\$0	0.00%	\$0
53	394.000	Tools, Shop and Garage Equipment	\$154,029	5.00%	\$7,701
54	395.000	Laboratory Equipment	\$5,660	5.00%	\$283
55	396.000	Power-Operated Equipment	\$439,375	6.70%	\$29,438
56	397.000	Communication Equipment	\$51,148	6.70%	\$3,427
57	398.000	Misc. Equipment	\$0	0.00%	\$0
58	399.000	Other Tangible Property	\$0	0.00%	\$0
59		TOTAL GENERAL PLANT	\$1,848,102		\$105,452
60		Total Depreciation	<u>\$11,200,202</u>		<u>\$338,739</u>

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$0			100.00%	\$0
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13	317.000	Other Water Source Plant	\$0			100.00%	\$0
14		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
15		PUMPING PLANT					
16	320.000	Land & Land Rights	\$0			100.00%	\$0
17	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
18	322.000	Boiler Plant Equipment	\$0			100.00%	\$0
19	323.000	Other Power Production Equipment	\$0			100.00%	\$0
20	324.000	Steam Pumping Equipment	\$0			100.00%	\$0
21	325.000	Electric Pumping Equipment	\$0			100.00%	\$0
22	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
23	327.000	Hydraulic Pumping Equipment	\$0			100.00%	\$0
24	328.000	Other Pumping Equipment	\$0			100.00%	\$0
25		TOTAL PUMPING PLANT	\$0		\$0		\$0
26		WATER TREATMENT PLANT					
27	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
28	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
29	332.000	Water Treatment Equipment	\$0			100.00%	\$0
30		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
31		TRANSMISSION & DISTRIBUTION PLANT					
32	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
33	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
34	342.000	Distribution Reservoirs & Standpipes	\$1,301,106	R-34	\$35,636	100.00%	\$1,336,742
35	343.000	Transmission & Distribution Mains	\$1,581,330	R-35	\$57,693	100.00%	\$1,639,023
36	343.100	Gateway Transmission Main	\$258,013			100.00%	\$258,013
37	344.000	Fire Mains	\$0			100.00%	\$0
38	345.000	Services	\$118,071	R-38	\$1,724	100.00%	\$119,795
39	346.100	Meters- Bronze Chamber	\$157,667	R-39	\$3,218	100.00%	\$160,885
40	346.200	Meters- Plastic Chamber	\$188,521	R-40	\$4,221	100.00%	\$192,742
41	347.000	Meter Installation	\$58,890	R-41	\$3,577	100.00%	\$62,467
42	348.000	Hydrants	\$296,988	R-42	\$11,310	100.00%	\$308,298
43	349.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
44		TOTAL TRANS. & DISTRIBUTION PLANT	\$3,960,586		\$117,379		\$4,077,965
45		GENERAL PLANT					
46	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
47	390.000	Structures & Improvements - GP	\$159,160	R-47	\$6,121	100.00%	\$165,281
48	391.000	Office Furniture & Equipment	\$37,075			100.00%	\$37,075
49	391.100	Office Electronic Equipment	\$56,298	R-49	\$1,715	100.00%	\$58,013
50	391.200	New Computer Systems	\$122,159			100.00%	\$122,159
51	392.000	Transportation Equipment - GP	\$93,533	R-51	-\$23,544	100.00%	\$69,989
52	393.000	Stores Equipment	\$0			100.00%	\$0

Raytown Water Company
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 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
53	394.000	Tools, Shop and Garage Equipment	\$72,528	R-53	\$2,033	100.00%	\$74,561
54	395.000	Laboratory Equipment	\$3,083	R-54	\$75	100.00%	\$3,158
55	396.000	Power-Operated Equipment	\$193,686	R-55	-\$10,505	100.00%	\$183,181
56	397.000	Communication Equipment	\$27,476	R-56	-\$5,117	100.00%	\$22,359
57	398.000	Misc. Equipment	\$0			100.00%	\$0
58	399.000	Other Tangible Property	\$0			100.00%	\$0
59		TOTAL GENERAL PLANT	\$764,998		-\$29,222		\$735,776
60		TOTAL DEPRECIATION RESERVE	\$4,725,584		\$88,187		\$4,813,741

To Rate Base Schedule

Raytown Water Company
Informal Rate Case
Case Number WR-2012-0405
Test Year Ending 12-31-2011/ Construction Update 8/18/2012
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-34	Distribution Reservoirs & Standpipes	342.000		\$35,636
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$36,236	
	2. Remove Cost Basis of old Mains from Reserve. (Rice)		-\$600	
R-35	Transmission & Distribution Mains	343.000		\$57,693
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$58,293	
	2. Remove Cost Basis of old Mains from Reserve. (Harrison)		-\$600	
R-38	Services	345.000		\$1,724
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$1,724	
R-39	Meters- Bronze Chamber	346.100		\$3,218
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$3,218	
R-40	Meters- Plastic Chamber	346.200		\$4,221
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$4,221	
R-41	Meter Installation	347.000		\$3,577
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$3,577	

Raytown Water Company
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Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-42	Hydrants	348.000		\$11,310
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$11,715	
	2. Remove Cost Basis of old Hydrant from Reserve. (Rice)		-\$405	
R-47	Structures & Improvements - GP	390.000		\$6,121
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$6,121	
R-49	Office Electronic Equipment	391.100		\$1,715
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$1,715	
	2. Remove Cost Basis of old software from Reserve. (Rice)		\$0	
R-51	Transportation Equipment - GP	392.000		-\$23,544
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$5,825	
	2. Remove Truck that was traded in on new Truck, Construction Update (Harrison)		-\$32,369	
	2. To include Trade-In Value of Old Truck as Salvage. (Harrison)		\$3,000	
R-53	Tools, Shop and Garage Equipment	394.000		\$2,033
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$2,033	

Raytown Water Company
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 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
R-54	Laboratory Equipment	395.000		\$75
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$75	
R-55	Power-Operated Equipment	396.000		-\$10,505
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$5,798	
	2. Remove Uniloader that was traded in on new Uniloader, Construction Update (Harrison)		-\$21,371	
	3. Remove Asphalt Roller that was traded in on New Asphalt Roller, Construction Update (Harrison)		-\$13,257	
	4. To include Trade-In Value of Old Uniloader as Salvage. (Harrison)		\$14,210	
	54. To include Trade-In Value of Old Asphalt Roller as Salvage. (Harrison)		\$4,115	
R-56	Communication Equipment	397.000		-\$5,117
	1. To Update Reserve to Aug 18, 2012 (Harrison)		\$675	
	2. Remove old Cost Basis of old Phone System from Reserve. (Rice)		-\$5,792	
	Total Reserve Adjustments			<u>\$88,157</u>

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$2,844,436	Rev-2	\$112,426	100.00%	\$2,956,861
Rev-3		Miscellaneous Revenues	\$333,821	Rev-3	-\$10,002	100.00%	\$323,819
Rev-4		TOTAL ANNUALIZED REVENUES	\$3,178,257		\$102,423		\$3,280,680

Raytown Water Company
 Informal Rate Case
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 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Revenue Adjustment Schedule - Water

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			\$112,425
	1. To Annualize Rate Revenues		\$112,425	
Rev-3	Miscellaneous Revenues			-\$10,002
	1. To Annualize Miscellaneous Revenues		-\$10,002	
Total Revenue Adjustments				<u>\$102,423</u>

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Residential 1"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	6,001		79	
3	Bills Per Year	12		12	
4	Customer Bills Per year	72,012		948	
5	Current Customer Charge	<u>\$8.80</u>		<u>\$15.96</u>	
6	Annualized Customer Charge Revenues		\$833,706		\$15,130
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	297,317		13,037	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	297,317		13,037	
11	Block 1, Commodity Gallons per Block	297,317		13,037	
12	Block 1, Number of Commodity Gallons per Unit	<u>1</u>		<u>1</u>	
13	Block 1, Commodity Billing Units	297,317.00		13,037.00	
14	Block 1, Existing Commodity Charge	<u>\$5.53</u>		<u>\$5.53</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$1,644,163		\$72,095
16	Residential, Commodity Gallons per Block	0		0	
17	Residential, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	Residential, Commodity Billing Units	0.00		0.00	
19	Residential, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Residential, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$2,277,869</u>		<u>\$87,225</u>

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

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 1 1/2"		Residential 2"	
		E Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	16		24	
3	Bills Per Year	12		12	
4	Customer Bills Per year	192		288	
5	Current Customer Charge	<u>\$27.74</u>		<u>\$41.90</u>	
6	Annualized Customer Charge Revenues		\$5,326		\$12,067
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	5,439		13,723	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	5,439		13,723	
11	Block 1, Commodity Gallons per Block	5,439		13,723	
12	Block 1, Number of Commodity Gallons per Unit	<u>1</u>		<u>1</u>	
13	Block 1, Commodity Billing Units	5,439.00		13,723.00	
14	Block 1, Existing Commodity Charge	<u>\$5.53</u>		<u>\$5.53</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$30,078		\$75,888
16	Residential, Commodity Gallons per Block	0		0	
17	Residential, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	Residential, Commodity Billing Units	0.00		0.00	
19	Residential, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Residential, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$35,404</u>		<u>\$87,955</u>

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

Raytown Water Company
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 3"		Residential 4"	
		J Amount	K Amount	L Amount	M Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	9		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	108		12	
5	Current Customer Charge	\$74.89		\$122.00	
6	Annualized Customer Charge Revenues		\$8,088		\$1,464
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	12,036		3,570	
9	Less: Base Gallons Included in Customer Charge	0		0	
10	Commodity Gallons	12,036		3,570	
11	Block 1, Commodity Gallons per Block	12,036		3,570	
12	Block 1, Number of Commodity Gallons per Unit	1		1	
13	Block 1, Commodity Billing Units	12,036.00		3,570.00	
14	Block 1, Existing Commodity Charge	\$5.53		\$5.53	
15	Block 1, Annualized Commodity Charge Rev.		\$66,559		\$19,742
16	Residential, Commodity Gallons per Block	0		0	
17	Residential, Number of Commodity Gallons per Unit	0		0	
18	Residential, Commodity Billing Units	0.00		0.00	
19	Residential, Existing Commodity Charge	\$0.00		\$0.00	
20	Residential, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		\$74,647		\$21,206

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

Raytown Water Company
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 6/8"		Commercial 1"	
		N Amount	Q Amount	P Amount	Q Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	244		69	
3	Bills Per Year	12		12	
4	Customer Bills Per year	2,928		828	
5	Current Customer Charge	<u>\$8.80</u>		<u>\$15.96</u>	
6	Annualized Customer Charge Revenues		\$25,766		\$13,215
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	13,320		6,104	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	13,320		6,104	
11	Block 1, Commodity Gallons per Block	13,320		6,104	
12	Block 1, Number of Commodity Gallons per Unit	<u>1</u>		<u>1</u>	
13	Block 1, Commodity Billing Units	13,320.00		6,104.00	
14	Block 1, Existing Commodity Charge	<u>\$5.53</u>		<u>\$5.53</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$73,660		\$33,755
16	Residential, Commodity Gallons per Block	0		0	
17	Residential, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	Residential, Commodity Billing Units	0.00		0.00	
19	Residential, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Residential, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$99,426</u>		<u>\$46,970</u>

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

Raytown Water Company
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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 1 1/2"		Commercial 2"	
		B Amount	S Amount	I Amount	U Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	27		34	
3	Bills Per Year	12		12	
4	Customer Bills Per year	324		408	
5	Current Customer Charge	<u>\$27.74</u>		<u>\$41.90</u>	
6	Annualized Customer Charge Revenues		\$8,988		\$17,095
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	8,129		21,266	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	8,129		21,266	
11	Block 1, Commodity Gallons per Block	8,129		21,266	
12	Block 1, Number of Commodity Gallons per Unit	<u>1</u>		<u>1</u>	
13	Block 1, Commodity Billing Units	8,129.00		21,266.00	
14	Block 1, Existing Commodity Charge	<u>\$5.53</u>		<u>\$5.53</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$44,953		\$117,601
16	Residential, Commodity Gallons per Block	0		0	
17	Residential, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
18	Residential, Commodity Billing Units	0.00		0.00	
19	Residential, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
20	Residential, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		<u>\$53,941</u>		<u>\$134,696</u>

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

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 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Commercial 3"		Total	
		V Amount	W Amount	X Amount	Y Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	4		6,508	
3	Bills Per Year	12			
4	Customer Bills Per year	48		78,096	
5	Current Customer Charge	\$74.89			
6	Annualized Customer Charge Revenues		\$3,595		\$744,440
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	6,135		400,076	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	6,135		400,076	
11	Block 1, Commodity Gallons per Block	6,135			
12	Block 1, Number of Commodity Gallons per Unit	1			
13	Block 1, Commodity Billing Units	6,135.00			
14	Block 1, Existing Commodity Charge	\$5.53			
15	Block 1, Annualized Commodity Charge Rev.		\$33,927		\$2,212,421
16	Residential, Commodity Gallons per Block	0			
17	Residential, Number of Commodity Gallons per Unit	0			
18	Residential, Commodity Billing Units	0.00			
19	Residential, Existing Commodity Charge	\$0.00			
20	Residential, Annualized Commodity Charge Rev.		\$0		\$0
21	Total Annualized Water Rate Revenues		\$37,622		\$2,956,861

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

Raytown Water Company
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Miscellaneous Revenues Feeder - Water

Line Number	A Description	B Amount
1	Bulk Water Sales (461)	\$1,833
2	Late Fees (461-2)	\$92,068
3	Turn On/Off, NSF (461-3)	\$91,001
4	Private Fire Protection (462)	\$13,028
5	Other Sales -Public Authorities (KC) (464)	\$10,622
6	Discounts Earned (470)	\$2,169
7	Misc. Service Revenue-Service Lines (471-1)	\$9,620
8	Rents From Water Property-Equip. Rental (472)	\$238
9	Rents from Water Property-Tower Tenants (472-1)	\$102,733
10	Bagged ICE Sales (474-1)	\$214
11	Misc. Non-Operating Income (421)	\$293
12	Total Miscellaneous Revenues	<u>\$323,819</u>

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2	600.000	Operation Supervision & Engineering SS	\$0			100.00%	\$0
3	601.000	Operation Labor & Expenses SS	\$0			100.00%	\$0
4	602.000	Purchased Water SS	\$1,090,543	W-4	\$109,176	100.00%	\$1,199,719
5	603.000	Misc. Expense SS	\$0			100.00%	\$0
6	604.000	Rents SS	\$0			100.00%	\$0
7	620.000	Operation Supervision & Engineering PE	\$0			100.00%	\$0
8	621.000	Fuel for Power Production PE	\$0			100.00%	\$0
9	622.000	Power Production Labor for Pumping PE	\$0			100.00%	\$0
10	623.000	Fuel or Power Purchased for Pumping PE	\$0			100.00%	\$0
11	624.000	Pumping Labor and Expenses PE	\$0			100.00%	\$0
12	625.000	Expenses Transferred - Cr. PE	\$0			100.00%	\$0
13	628.000	Misc. Expense PE	\$0			100.00%	\$0
14	627.000	Rents PE	\$0			100.00%	\$0
15	640.000	Operation Supervision & Engineering WTE	\$0			100.00%	\$0
16	641.000	Chemicals WTE	\$0			100.00%	\$0
17	642.000	Operation Labor & Expenses WTE	\$0			100.00%	\$0
18	643.000	Misc. Expense WTE	\$0			100.00%	\$0
19	644.000	Rents WTE	\$0			100.00%	\$0
20	660.000	Operation Supervision & Engineering T&D	\$71,507	W-20	-\$14,267	100.00%	\$57,240
21	661.000	Storage Facilities Expenses T&D	\$486	W-21	\$1,948	100.00%	\$2,434
22	662.000	Transmission & Distribution Lines Expense T&D	\$13,817	W-22	-\$4,608	100.00%	\$9,209
23	663.000	Merter Testing T&D	\$165	W-23	\$37	100.00%	\$202
24	664.000	Customer Installation Expense T&D	\$0			100.00%	\$0
25	666.000	Misc. Expense T&D	\$0			100.00%	\$0
26	668.000	Rents T&D	\$0			100.00%	\$0
27		TOTAL OPERATIONS EXPENSE	\$1,176,618		\$92,286		\$1,268,804
28		MAINTENANCE EXPENSES					
29	610.000	Maintenance Supervision & Engineering SS	\$0			100.00%	\$0
30	611.000	Maintenance of Structures & Improvements SS	\$0			100.00%	\$0
31	612.000	Maintenance of Collecting & Impounding Reservoirs SS	\$0			100.00%	\$0
32	613.000	Maintenance of Lake, River & Other Intakes SS	\$0			100.00%	\$0
33	614.000	Maintenance of Wells & Springs SS	\$0			100.00%	\$0
34	615.000	Maintenance of Infiltration Galleries & Tunnels SS	\$0			100.00%	\$0
35	616.000	Maintenance of Supply Mains SS	\$0			100.00%	\$0
36	617.000	Maintenance of Misc. Water Source Plant SS	\$0			100.00%	\$0
37	630.000	Maintenance Supervision & Engineering PE	\$0			100.00%	\$0
38	631.000	Maintenance of Structures & Improvements PE	\$0			100.00%	\$0
39	631.000	Maintenance of Power Production Equipment PE	\$0			100.00%	\$0
40	633.000	Maintenance of Pumping Equipment PE	\$0			100.00%	\$0
41	650.000	Maintenance Supervision & Engineering WTE	\$0			100.00%	\$0
42	651.000	Maintenance of Structures & Improvements WTE	\$0			100.00%	\$0
43	652.000	Maintenance of Water Treatment Equipment WTE	\$0			100.00%	\$0
44	670.000	Maintenance Supervision & Engineering T&D	\$0			100.00%	\$0
45	671.000	Maintenance of Structures & Improvements T&D	\$0	W-45	\$271	100.00%	\$271
46	672.000	Maintenance of Dist. Reservoirs & Standpipes T&D	\$20,878	W-46	-\$5,490	100.00%	\$15,388
47	673.000	Maintenance of T&D Mains T&D	\$196,255	W-47	-\$43,904	100.00%	\$152,351

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
48	674.000	Maintenance of Fire Mains T&D	\$0			100.00%	\$0
49	675.000	Maintenance of Services T&D	\$21,109	W-49	-\$5,360	100.00%	\$15,749
50	676.000	Maintenance of Meters T&D	\$13,572	W-50	-\$11,726	100.00%	\$1,846
51	677.000	Maintenance of Hydrants T&D	\$17,695	W-51	-\$7,780	100.00%	\$9,915
52	678.000	Maintenance of Misc. Plant T&D	\$0			100.00%	\$0
53		TOTAL MAINTENANCE EXPENSE	\$269,509		-\$73,989		\$195,520
54		CUSTOMER ACCOUNT EXPENSE					
55	901.000	Supervision	\$0	W-55	\$420	100.00%	\$420
56	902.000	Meter Reading Expense	\$89,944	W-56	\$4,506	100.00%	\$94,449
57	903.000	Customer Records & Collection Expense	\$175,931	W-57	\$27,814	100.00%	\$203,745
58	904.000	Uncollectible Accounts	\$13,864			100.00%	\$13,864
59	905.000	Misc. Customer Accounts Expense	\$0			100.00%	\$0
60	907.000	Customer Services & Information Expense	\$1,858	W-60	\$663	100.00%	\$2,521
61	910.000	Sales Promotion Expense	\$0			100.00%	\$0
62		TOTAL CUSTOMER ACCOUNT EXPENSE	\$281,597		\$33,402		\$314,999
63		ADMINISTRATIVE & GENERAL EXPENSES					
64	920.000	Administration & General Salary	\$165,991	W-64	-\$10,756	100.00%	\$155,235
65	921.000	Office Supplies & Other Expenses	\$124,733	W-65	-\$2,704	100.00%	\$122,029
66	922.000	Administrative Expense Transferred - CR	-\$52,380			100.00%	-\$52,380
67	923.000	Outside Services Employed	\$193,327	W-67	-\$9,786	100.00%	\$183,531
68	924.000	Property Insurance	\$27,091	W-68	\$567	100.00%	\$27,658
69	925.000	Injuries & Damages	\$30,335	W-69	\$16,455	100.00%	\$46,790
70	926.000	Employee Pensions & Benefits	\$230,286	W-70	-\$45,734	100.00%	\$184,532
71	928.000	Regulatory Commission Expense	\$23	W-71	\$2,420	100.00%	\$2,443
72	929.000	Duplicate Charges - CR	\$0			100.00%	\$0
73	930.100	Institutional or Goodwill Advertising Expense	\$0	W-73	-\$2,103	100.00%	-\$2,103
74	930.200	Misc. General Expense	\$36,553	W-74	\$8,842	100.00%	\$43,395
75	930.300	Research & Development Expense	\$0	W-75	\$700	100.00%	\$700
76	931.000	Rents	\$0			100.00%	\$0
77	932.000	Maintenance of General Plant	\$20,120	W-77	-\$438	100.00%	\$19,682
78	999.000	Vacation, Sick, Holiday Comp/Greivance & Workers Comp Pay	\$20,871	W-78	-\$20,871	100.00%	\$0
79		TOTAL ADMINISTRATIVE AND GENERAL	\$796,930		-\$65,418		\$731,512
80		OTHER OPERATING EXPENSES					
81	431.400	Interest on Customer Deposit	\$2,944	W-81	-\$195	100.00%	\$2,749
82	431.300	Account 431.3 Evanston House (Payroll Distribution)	\$0	W-82	-\$4,763	100.00%	-\$4,763
83	186.000	Debit Account 186 Maintenance Payroll Expenses	\$38,882	W-83	-\$38,882	100.00%	\$0
84	184.000	Debit Account 184 Payroll Expenses	\$5,808	W-84	-\$5,808	100.00%	\$0
85	408.000	PSC Assessment	\$19,043	W-85	\$4,798	100.00%	\$23,841
86	408.000	Missouri Franchise Taxes	\$20			100.00%	\$20
87	403.100	Depreciation	\$270,768	W-87	\$57,759	100.00%	\$328,527
88	403.000	EIERA Insurance Costs	\$0	W-88	\$2,888	100.00%	\$2,888
89		TOTAL OTHER OPERATING EXPENSES	\$337,465		\$15,797		\$353,262
90		TAXES OTHER THAN INCOME					
91	408.000	Property Taxes	\$119,256	W-91	\$16,896	100.00%	\$136,152
92	408.000	Payroll Taxes	\$51,851	W-92	-\$1,280	100.00%	\$50,571
93	403.000	Amortize ITC	-\$2,404			100.00%	-\$2,404
94		TOTAL TAXES OTHER THAN INCOME	\$168,703		\$15,616		\$184,319
95		TOTAL OPERATING EXPENSES	\$3,030,722		\$17,694		\$3,048,416

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-4	Purchased Waterr SS	602.000		\$109,176
	1. To Annualize Purchased Water Expense. (Bolin)		\$109,176	
W-20	Operation Supervision & Engineering T&D	660.000		-\$14,267
	1. To Annualize Payroll (Harrison)		\$20,939	
	2. To Normalize Supervision & Engineering Expense. (Harrison)		-\$35,206	
W-21	Storage Facillties Expenses T&D	661.000		\$1,948
	1. To Annualize Payroll (Harrison)		\$46	
	2. To Normalize Storage Facility Expense. (Harrison)		\$1,902	
W-22	Transmission & Distribution Lines Expense T&D	662.000		-\$4,608
	1. To Annualize Payroll (Harrison)		\$844	
	2. To Normalize T & D Line Expense (Harrison)		-\$5,452	
W-23	Merter Testing T&D	663.000		\$37
	1. To Annualize Payroll (Harrison)		\$37	
W-45	Maintenance of Structures & Improvements T&D	671.000		\$271
	1. To Annualize Payroll (Harrison)		\$271	
W-46	Maintenance of Dist. Reservoirs & Standpipes T&D	672.000		-\$5,490
	1. To Annualize Payroll (Harrison)		\$200	
	2. To Normalize Tower Maintenance Expense (Harrison)		-\$5,690	

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-47	Maintenance of T&D Mains T&D	673.000		-\$43,904
	1. To Annualize Payroll (Harrison)		\$14,829	
	1. To Normalize T & D Maintenance Expense (Harrison)		-\$58,733	
W-49	Maintenance of Services T&D	675.000		-\$5,360
	1. To Annualize Payroll (Harrison)		\$1,020	
	2. To Normalize Maintenance of T & D Services (Harrison)		-\$6,380	
W-50	Maintenance of Meters T&D	676.000		-\$11,726
	1. To Annualize Payroll (Harrison)		\$1,548	
	2. To Normalize Maintenance of Meters (Harrison)		-\$1,896	
	3. To Reclassify the 117 meters to Account 346, Plant Account. (Harrison)		-\$4,584	
	3. To Reclassify the Labor associated with the Meter Change-Out Program of 750 Meters to Account 347, Plant Account. (Harrison)		-\$6,794	
W-51	Maintenance of Hydrants T&D	677.000		-\$7,780
	1. To Annualize Payroll (Harrison)		\$3,024	
	2. To Normalize Maintenance of Hydrants (Harrison)		-\$10,804	
W-55	Supervision	901.000		\$420
	1. To Normalize Supervision Expense (Harrison)		\$420	
W-56	Meter Reading Expense	902.000		\$4,505

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To Annualize Payroll (Harrison)		\$27,486	
	2. To Normalize Meter Reading Expense (Harrison)		-\$22,981	
W-57	Customer Records & Collection Expense	903.000		\$27,814
	1. To Annualize Payroll (Harrison)		\$57,489	
	2. To Remove Turn-On & Turn-Off-Field (Harrison)		-\$3,380	
	3. To Remove Turn-On & Turn-Off-Office (Harrison)		-\$3,567	
	4. To Normalize Customer Records & Collection Expense (Harrison)		-\$22,728	
W-60	Customer Services & Information Expense	907.000		\$663
	1. To Annualize Payroll (Harrison)		\$94	
	2. To Normalize Safety Equipment Expense (Harrison)		\$569	
W-64	Administration & General Salary	920.000		-\$10,756
	1. To Annualize Payroll (Harrison)		\$49,625	
	2. To Adjust Surburban Water Coalition Fees (Harrison)		-\$1,719	
	3. To Eliminate Board of Director Fees for two Members. Normalize BOD Fees. (Harrison)		-\$3,167	
	4. To Normalize A & G Expense (Harrison)		-\$55,495	
W-65	Office Supplies & Other Expenses	921.000		-\$2,704
	1. To Normalize Office Expense (Harrison)		-\$2,704	
W-67	Outside Services Employed	923.000		-\$9,796

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To Normalize Outside Service Expense (Harrison)		-\$7,952	
	2. To Annualize Tower Contract Maintenance. (Harrison)		-\$1,844	
W-68	Property Insurance	924.000		\$567
	1. To Normalize Property Insurance Expense (Casey)		\$567	
W-69	Injuries & Damages	925.000		\$16,455
	1. To Annualize Worker's Compensation Insurance (Wolfe)		\$16,985	
	2. To Normalize I & D Insurance Expense		-\$530	
W-70	Employee Pensions & Benefits	926.000		-\$45,734
	1. To Remove 15% Salary Expense (Harrison)		-\$81,703	
	2. To Remove Christmas Bonuses. (Harrison)		-\$3,342	
	3. To include Employee Defined Contribution Plan/401k Expense. (Harrison)		\$45,977	
	4. To annualize Health and Dental Expense. (Wolfe)		-\$6,666	
W-71	Regulatory Commission Expense	928.000		\$2,420
	1. To Normalize Rate Case Expense (Harrison)		\$2,420	
W-73	Institutional or Goodwill Advertising Expense	930.100		-\$2,103
	1. To Remove Membership, Gifts & Misc. Personnel Expenses. (Harrison)		-\$2,103	
W-74	Misc. General Expense	930.200		\$6,842
	1. To Annualize Payroll (Harrison)		\$458	

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	2. To Normalize Misc. General Expense (Harrison)		\$6,384	
W-75	Research & Development Expense	930.300		\$700
	1. To Annualize Payroll (Harrison)		\$700	
W-77	Maintenance of General Plant	932.000		-\$438
	1. To Annualize Payroll (Harrison)		\$2,271	
	2. To Normalize General Plant Expense (Harrison)		-\$2,709	
W-78	Vacation, Sick, Holiday Comp/Grevance & Workers C	999.000		-\$20,871
	1. To Spread Vacation, Holiday, Grievance Pay, etc., to 600 & 900 Accounts (Harrison)		-\$20,871	
W-81	Interest on Customer Deposit	431.400		-\$195
	1. To Annualize Customer Deposits (Wolfe)		-\$195	
W-82	Account 431.3 Evanston House (Payroll Distribution)	431.300		-\$4,763
	1. To Remove Payroll from this Account (Harrison)		-\$4,763	
W-83	Debit Account 186 Maintenance Payroll Expenses	186.000		-\$38,882
	1. To reclassify Payroll in Debit Account 186 to 600 & 900 Accounts (Harrison)		-\$38,882	
W-84	Debit Account 184 Payroll Expenses	184.000		-\$5,808
	1. To reclassify Payroll in Debit Accounts 184 to 600 & 900 Accounts (Harrison)		-\$5,808	
W-85	PSC Assessment	408.000		\$4,798

Raytown Water Company
 Informal Rate Case
 Case Number WR-2012-0405
 Test Year Ending 12-31-2011/ Construction Update 8/18/2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	1. To Annualize PSC Assessment (Harrison)		\$4,798	
W-87	Depreciation	403.100		\$57,759
	1. To Annualize Depreciation		\$67,971	
	1. To Annualize CIAC Depreciation Offest (Harrison)		-\$10,212	
W-88	EIERA Insurance Costs	403.000		\$2,888
	1. To Normalize EIERA Insurance Costs (Harrison)		\$2,888	
W-91	Property Taxes	408.000		\$16,896
	1. To Normalize Property Taxes (Wolfe)		\$16,896	
W-92	Payroll Taxes	408.000		-\$1,280
	1. To Annualize Payroll Taxes (Harrison)		-\$1,280	
	Total Expense Adjustments			\$17,694

Agreement Attachment D

Billing Comparison Worksheet

RAYTOWN WATER COMPANY

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$8.80	\$9.96	\$5.53	\$6.26

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 8.80
Usage Charge	\$ 33.18
Total Bill	\$ 41.98

Proposed Rates

Customer Charge	\$ 9.96
Usage Charge	\$ 37.56
Total Bill	\$ 47.52

INCREASES

Customer Charge

\$ Increase	\$1.16
% Increase	13.20%

Usage Charge

\$ Increase	\$4.38
% Increase	13.20%

Total Bill

\$ Increase	\$5.54
% Increase	13.20%

Agreement Attachment E
Ratemaking Income Statement

RAYTOWN WATER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	2,956,861
2	Other Operating Revenues *	\$	323,819
3	Total Operating Revenues	\$	3,280,680

4 * See "Revenues - Current Rates" for Details

Cost of Service

	Item		Amount
1	Purchased Water	\$	1,199,719
2	Operation Supervision & Engineering T&D	\$	57,240
3	Storage Facilities expenses T&D	\$	2,434
4	Transmission & Distribution Lines Expense T&D	\$	9,209
5	Meter Testing T&D	\$	202
6	Maintenance of Structures & Improvements T&D	\$	271
7	Maintenance of Dist. Reservoirs & Standpipes T&D	\$	15,388
8	Maintenance of T&D Mains T&D	\$	152,351
9	Maintenance of Services T&D	\$	15,749
10	Maintenance of Meters T&D	\$	1,846
11	Maintenance of Hydrants T&D	\$	9,915
12	Supervision-Customer Accounts Expense	\$	420
13	Meter Reading Expense	\$	94,449
14	Customer Records & Collection Expense	\$	203,745
15	Uncollectible Accounts	\$	13,864
16	Customer Service & Information Expense	\$	2,521
17	Administration & General - Salaries	\$	155,235
18	Office Supplies & Other Expenses	\$	122,029
19	Administrative Expense Transferred-CR	\$	(52,380)
20	Outside Services Employed	\$	183,531
21	Property & Liability Insurance	\$	27,658
22	Injuries & Damages	\$	46,790
23	Employee Pensions & Benefits	\$	184,532
24	Regulatory Commission Expense	\$	2,443
25	Institutional or Goodwill Advertising Expense	\$	(2,103)
26	Miscellaneous General Expenses	\$	43,395
27	Research & Development Expense	\$	700
28	Maintenance of General Plant	\$	19,682
29	Interest on Customer Deposit	\$	2,749
30	Account 431.3 Evanston House	\$	(4,763)
31	PSC Assessment	\$	23,841
32	EIRRA Issuance Costs	\$	2,888
33	Sub-Total Operating Expenses	\$	2,535,550
34	Property Taxes	\$	136,152
35	MO Franchise Taxes	\$	20
36	Employer FICA Taxes	\$	50,571
37	Federal Unemployment Taxes	\$	-
38	State Unemployment Taxes	\$	-
39	State & Federal Income Taxes	\$	222,830
40	Sub-Total Taxes	\$	409,573
41	Depreciation Expense	\$	328,527
42	Interest Expense	\$	27,692
43	Amortization ITC	\$	(2,404)
44	Sub-Total Depreciation/Interest/Amortization	\$	353,815
45	Return on Rate Base	\$	372,010
46	Total Cost of Service	\$	3,670,948
47	Overall Revenue Increase Needed	\$	390,268

Agreement Attachment F

Rate Base Worksheet

Raytown Water Company
Informal Rate Case
Case Number WR-2012-0405
Test Year Ending 12-31-2011/ Construction Update 8/18/2012
Rate Base Schedule F - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$11,200,202
2	Less Accumulated Depreciation Reserve	\$4,813,741
3	Net Plant In Service	\$6,386,461
4	Other Rate Base Items:	\$0
	Customer Deposits	-\$91,629
	Materials & Supplies	\$178,278
	Prepaid Insurance	\$9,491
	Contribution in Aid of Construction	-\$397,075
	CIAC Offset	\$65,580
	Customer Credit Balance	-\$16,383
	Deferred Taxes	-\$956,312
	Investment Tax Credits	-\$21,630
5	Total Rate Base	\$5,156,781

Agreement Attachment G
Schedule of Depreciation Rates

RAYTOWN WATER COMPANY

Attachment G - Schedule of Depreciation Rates (WATER) Date prepared 8/14/2012

WR-2012-0405

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
340	Land and Land Rights	0.0%	NA	NA
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
343.1	Gateway Transmission Project	0.0%	Fully Amortized	0%
345	Services	2.5%	40	0%
346.1	Meters, Bronze	3.3%	27	10%
346	Meters, Plastic	10.0%	10	0%
347	Meter Installations	5.7%	17.5	0%
348	Hydrants	2.0%	48	5%
390	Structures & Improvements	2.5%	40	0%
391	Office Furniture & Equipment	0.0%	Fully Depreciated	0%
391.1	Office Electronic Equipment	14.3%	7	0%
391.2	Computer System Upgrade	0.0%	Fully Amortized	0%
392	Transportation Equipment	7.8%	12	7%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	14	6%
397	Communication Equipment	6.7%	15	0%

Agreement Attachment H

Auditing Unit Recommendation Memorandum

AUDITING UNIT RECOMMENDATION MEMORANDUM

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

**TO: James Russo
Water and Sewer Department, Case Coordinator**

**CC: Rachel Lewis
Tanya Alm
Staff Counsel's Office
Kim Bolin**

**SUBJECT: Auditing Unit's Findings and Recommended Cost of Service
Raytown Water Company
Case No. WR-2012-0405**

DATE: August 28, 2012

Raytown Water Company ("Raytown Water" or "Company") filed a rate increase request with the Missouri Public Service Commission ("Commission") on June 4, 2012. The proposed increase is in the amount of \$426,951; and, if approved, would result in an increase over current revenues of approximately 13.34%. Raytown Water currently serves approximately 6,508 water customers within the city limits of Raytown, MO and Independence, MO. After Raytown Water's filing, the Commission's Staff ("Staff") performed an audit of Raytown Water's operations to determine whether an increase was appropriate, and if so, the amount thereof that was reasonable.

Based upon Staff's examination of Raytown Water's books and records and discussions with the Company's employees, Staff's recommended revenue requirement calculation for Raytown Water through June 30, 2012, using a return on equity (ROE) of 8.25%, is \$390,268. Staff concludes that this revenue requirement amount requires an increase in Raytown Water's current rates. An increase in rates by this amount would represent an approximate 11.90% increase from current rates. Attached to this Memorandum are Staff's Accounting Schedules and relevant workpapers related to its review and audit of Raytown Water's financial operations.

Test Year and Update Period

Staff used a test year consisting of the twelve months ending December 31, 2011, with an update period through June 30, 2012, to develop its revenue requirement recommendation in this case. In addition, Staff made adjustments for significant known and measurable changes beyond June 30, 2012, and in some cases through the construction cut-off date in this case of August 18, 2012, to account for material changes

in Raytown Water's capital structure and debt cost rates, rate base (plant-in-service and depreciation reserve), revenue levels (tower rentals), payroll expense (employee levels and pay rates), and purchased water expense (namely, an increase in rates charged Raytown Water by the Kansas City, Missouri Water Department (KCWD)).

Rate Base

Plant-in-Service and Depreciation Reserve were updated through June 30, 2012, for all investment that is paid for and in service. In addition, certain plant additions and retirements made after June 30, 2012, through August 18, 2012, were also included in Staff's rate base. August 18, 2012, is the cut-off for new construction in this case.

Raytown Water is not updating all of its other rate base items on a monthly basis (Prepayments, Contributions in Aid of Construction, CIAC Depreciation Offset, Customer Credit Balances and Investment Tax Credits) in its general ledger (GL), as required by the Uniform System of Accounts (USOA). Staff used the external auditor's reports and Raytown Water's balance sheets in determining the appropriate balances for these items to include in rate base.

Raytown Water does not keep track of its monthly prepayment balances; and, therefore, a 13-month analysis of prepayments could not be performed. While reviewing Raytown Water's general ledger, Staff discovered that the Company is making quarterly premium payments for their auto and property insurance in accordance with the terms of those insurance policies. Therefore, to determine the appropriate ending balance of prepayments to include in rate base, Staff applied a 25% factor to the total insurance payments for the year.

Customer deposits were included in rate base at the January 2012 levels. Customer deposits have steadily increased every month for the last two years, except for February 2012. Since February 2012 was the only month that deposits decreased over the last two years, Staff deemed it appropriate to use the January 2012 balance for rate base. The update period for this case was June 2012, but Staff did not have enough information to analyze customer deposits through this date. The interest on customer deposits was calculated using the 3.0% interest rate identified in Raytown Water's tariffs. This percentage rate was applied to the ending balance of customer deposits that Staff included in rate base in this case to arrive at the appropriate amount of customer deposit interest to include in this case.

Staff determined the proper amount of materials and supplies balance to include in rate base for this case by using a 13-month average of the ending balance as of March 2012. Staff did not have enough information to carry the 13-month average out through the update period of June 30, 2012.

Investment Tax Credit and Contributions in Aid of Construction (CIAC) were updated through June 30, 2012. The Deferred Tax offset to rate base was calculated by calculating the percentage increase in gross Plant-in-Service through June 30, 2012, compared to the balance of gross plant-in-service in Case No. WR-2010-0304, Raytown Water's most recent rate increase case, and applying that percentage increase ratio to the balance of the Deferred Income Tax rate base offset in Case No. WR-2010-0304. This approach was used because the Company does not update its balance of Deferred Taxes on a monthly basis; it is only updated at calendar year-end.

Purchase and Replacement of Service Trucks and Equipment

During Staff's audit, the General Manager of the Company, Mr. Neal Clevenger, informed Staff of his intent to purchase vehicles and equipment to replace current vehicles and equipment including, but not limited to: one new service truck, an asphalt roller with accessories, and a 2012 Volvo Compact Diesel with milling attachments. Staff concluded that given the age, mileage, condition, and needed repairs of its fleet of trucks and equipment, it was appropriate for Raytown Water to purchase the trucks and equipment. The Company purchased these vehicles and equipment within the cut-off date for inclusion of new Plant-in-Service in rate base for this case. Therefore, Staff has included in Plant-in-Service the prudent and necessary acquisition costs for these new vehicles and equipment. Staff removed the replaced trucks and equipment cost basis from Plant-in-Service and depreciation reserve. Staff also deemed that the trade-in value of the vehicles and equipment that was replaced should be treated as salvage and included that component in Staff's depreciation reserve balances.

Meter Ten-Year Change-Out Program

During Staff's audit, Staff discovered that Raytown Water is expensing all of the labor associated with its ten-year (10-year) Meter Change-Out Program. During the test year, Raytown Water changed out 750 meters as part of its Meter Change-Out Program and charged all of the labor to USOA Account 676, Meter Maintenance Account. In addition, the Company replaced 117 defective meters during the test year and booked all of the meters to this account. Since meters are a capital asset, all of the labor associated with removal and replacement of these meters should be charged to USOA Plant Account 347, Meter Installation. If a meter is repaired instead of being replaced, then the labor associated with the repair of that meter should be expensed. Staff made adjustments in this case to remove the labor and the meters that were inappropriately expensed in relation to this account and reclassified the cost into Plant Account 347.

Depreciation Rates

The depreciation rates used in this case were provided by Staff member Mr. Art Rice of the Commission's Engineering and Management Services Unit (EMSU).

Revenues

For purposes of annualizing revenues, the average number of customers over the twelve months ended June 30, 2012, was used, since the Company is of a fairly large size and has been losing customers over the last three (3) years. The Company's monthly customer counts also tend to be volatile because a portion of its customers are renters, and the numbers of renters are in constant fluctuation. The average number of customers, based on the twelve months ending June 30, 2012, was multiplied by the current monthly tariff rate (the rate effective January 1, 2011), and then multiplied by twelve to derive the annualized customer charge revenue. Staff used a three-year average ending June 2012 to normalize Raytown's customer water usage revenue because Raytown's customers' water usage varied from one year to the next, and a three-year average was used to normalize the effect of this fluctuation. Staff's analysis of revenues for the Company produced an annualized level of \$2,956,855 for metered sales and \$323,819 for miscellaneous revenues.

The Company receives rental income from tower lease contracts with cellular phone companies. The annualized level of revenue from this rental income is \$102,734 as of June 30, 2012, (this amount is included in total miscellaneous revenues stated above).

Bad Debt

Staff used the test year actual write-offs in USOA Account 904, Uncollectible Customer Accounts, to normalize bad debt expense. Staff reviewed the level of yearly write-offs for the last five (5) years and compared them to the level of revenues for those same years to determine if there was a correlation between an increase in revenue and the amount of bad debt expense on the Company books. Based upon Staff's analysis, Staff determined there was no direct correlation between the level of revenues and bad debt. Staff's analysis determined that while revenues fluctuated from one year to the next, bad debt has been constantly trending downward; and, therefore, due to this trend, Staff determined that the test year amount of actual write-offs was appropriate to include in Raytown Water's revenue requirement.

Weighted Cost of Capital

The rate of return and capital structure used to develop Staff's recommended revenue requirement in this case was provided by Ms. Shana Atkinson of the Commission's Financial Analysis Unit. Staff's capital structure includes the EIARA loans that were issued in August 2008 in the long-term debt balance. The capital structure also includes loans for vehicles and equipment. Raytown Water's capital structure, as of the end of the test year December 31, 2011, consists of 87.44 % equity and 12.56 % long-term debt. Staff estimated a return on equity of 8.25 % and a total overall rate of return of 7.75 %.

Purchased Water

The most significant item included in Raytown's operating expense is the cost of purchased water. Raytown Water purchases all of its water requirements from KCWD. KCWD increased its water rates beginning May 1, 2012, with a 12 % increase. Staff's annualized purchased water volumes were determined by inflating annualized sales volumes, as calculated in Staff's revenue annualization, by a three-year average percentage of lost and unaccounted for water experienced by the Company.

Payroll

Raytown Water is not currently complying with the USOA general instructions when coding its O&M, Administrative & General Accounts (A&G) and payroll expenses in its GL. Staff reclassified numerous O&M, A&G and payroll expenses from USOA Accounts 163, 184 and 186 accounts which are balance sheet accounts. For this case, Staff re-distributed Raytown payroll into its proper O&M and A&G account per the USOA.

Staff adjusted Raytown Water's test year payroll expense to reflect an annualized and normalized level of payroll, payroll taxes, and pension benefits as of June, 30, 2012. To account for the amount of labor that is associated with construction activities, Staff applied an 89.92 % operation and maintenance expense ratio (O&M expense ratio) to its annualized payroll amount. This percentage was determined by calculating four and one-half (4 ½) year average of Raytown Water's annual O&M expense ratio.

According to Raytown Water's Personnel Policy Manual, non-exempt employees will be paid one and one-half (1 ½) times their hourly rate for all time worked in excess of forty (40) hours in a payroll week. Overtime payroll for Raytown Water was calculated based on a two and one-half (2 ½) year average of the Company's overtime that was included on its books and its employees' timesheets. Staff reviewed a sample of Raytown Water's 2010 and 2011 employee timesheets to ensure the exclusions made by Staff in Raytown Water's last rate case had been fully implemented in determining the amount of overtime booked per week in this case. These overtime exclusions typically apply in two different circumstances: (1) when a Raytown employee included vacation or sick leave hours in their 40 hours of work in a week; or (2) when an employee included holiday time in their 40 hours of work. The Company has fully incorporated the changes in its time reporting on its employees' timesheets as recommended by Staff in the last Raytown Water rate case.

Staff also included a 3.6% merit salary increase for each Raytown employee that took effect January 1, 2012, in its recommended revenue requirement. The Company's proposed merit increase was based upon a Cost of Living Allowance (COLA) for Calendar Year 2012 and was determined by using the Social Security Administration

COLA increase percentage. The Company did not give its employees a merit increase in calendar year 2011.

Raytown Water implemented a program in 2010 to hire two (2) part-time summer employees to work as field technicians during the months of June through August. These part-time employees receive no benefits and were paid \$9.50 per hour for approximately 520 hours during the summer to assist with construction, operations, and maintenance functions for Raytown Water. Staff incorporated these part-time employees' payroll and payroll taxes into its cost of service.

During this case, Raytown Water and Staff conducted several meetings concerning employee retention for Raytown Water and ways of improving employee retention. Since Raytown Water's last rate case, the Company has lost four (4) of its field technicians to other water districts in the area and also lost its junior accountant. The Company has since hired new employees to replace these losses. As a result of the more experienced employees leaving the Company and new employees beginning work, the Company realized a payroll savings of approximately \$39,093. The Company stated that, as a result of the Company losing its experienced employees, the other long-term employees were picking up additional responsibilities and the Company wanted to increase their compensation in the amount of the payroll savings of \$39,093. The Company proposed to use these savings to grant salary increases to seven (7) of its long-term employees that had worked at the Company for several years. Staff performed an analysis of several different water districts in the Raytown area and determined that these seven (7) Raytown Water employees were in the top end of their particular pay scales. Therefore, Staff concludes that this pay increase for these seven (7) employees is not warranted at this time.

Raytown Water has a long-standing practice of compensating each employee through a lump-sum payment at year-end equal to 15 % of their salary in lieu of a formal pension plan. In another initiative to attempt to improve employee retention, the Company has proposed to develop a Defined Contribution Plan/401(k) Plan for its employees in lieu of its previous lump-sum payments. During this case, the Company contacted representatives of Principal Investment Group and Edward D. Jones in an effort to determine what types of retirement plans might be available for its employees. Staff was informed by an Edward D. Jones representative and Raytown Water that in order for the plan selected by the Company to take effect this year, the plan would have to be implemented in the early part of September of this year. The plan that the Company has chosen involves an annual 3.0 % "Safe Harbor" contribution and an annual 12 % "Profit Share" contribution by the Company, equal to the earlier 15 % lump-sum payment. After Staff's discussions with the Edward D. Jones representative and Raytown Water, Staff performed an analysis of the other water districts in the Raytown area to determine how Raytown Water's employee benefit plan compared to the other water districts. Two (2) of the three (3) water districts reviewed by Staff provide up to a 12.5 % "match" for its employees. These two (2) districts' benefit plan funds their employees' retirement

benefits in an amount equal to each employee's contribution up to a maximum of 12.5 % of the employee's annual salary. For instance, if an employee contributes an amount equal to 5 % of their salary, then these districts will match only that 5 %. Since Raytown Water continues to have a retention problem with its employees, has a long time policy of providing a 15 % lump-sum payment in lieu of a pension, and has no formal retirement plan for its employees, Staff supports the establishment of a Defined Contribution/401(k) Plan with an annual maximum of 7.5 % (3 % Safe Harbor and 4.5 % Profit Share contribution) per employee contributed by the Company. This recommendation is based upon the analysis of the other water districts matching concept of their plan and the fact that Raytown Water's 15 % in lieu of pension has been allowed recovery in previous rate cases. This proposal will allow the same 15 % annual total salary contribution except that the employee will need to contribute 50 % of the contribution in order to receive the full 15 % of annual funding of retirement benefits. A matching provision whereby a utility bases its funding of employee retirement benefits in a Defined Contribution/401(k) Plan is standard for participating Missouri utilities, in Staff's experience. Staff concludes that this matching concept appropriately balances out the interests of the Company, the employee and the ratepayer.

Payroll taxes were normalized based upon Staff's current annualized payroll. Staff did not include any expense associated with overtime hours worked by the senior accountant. She is a part-time employee, who normally works twenty-four (24) hours a week. There is no evidence that this employee worked in excess of forty (40) hours in any given week in 2011.

Employee Benefits

Raytown Water provides Health, Dental, and Life insurance for their employees. Staff reviewed all of the invoices for the benefits to determine the level of insurance to include in the cost of service.

In Staff's analysis, health insurance was annualized by multiplying the premium in effect for December 2011 by 12 months to arrive at a yearly total. Staff used the December 2011 amount, as this represented a time when Raytown Water was at full employment capacity. Staff did not deem it appropriate to use any of the premiums for 2012 as the basis for its adjustment because Raytown Water lost employees in those months, and the Company did not have to provide insurance coverage for those employees. Some of these employees have since been replaced and so the premiums paid will go back to normal levels. The rest of the employees lost are expected to be replaced by the August 18 cut-off period in this case. Staff also made an adjustment to remove the part-time employees' life insurance payments made by Raytown because part-time employees are not eligible to receive benefits.

Dental insurance was normalized by taking a five-year (5-year) average of the total insurance paid from 2007-2011. Even with fluctuations in premium amounts, the

total amount of dental insurance paid has only varied by approximately \$2,000, either up or down since 2007. Staff did not include the 2012 dental premiums in its analysis for the same reasons as described above regarding the health insurance premiums.

Auto, Property and Workman's Compensation Insurance

Raytown Water is not currently complying with the USOA general instructions when coding its O&M and Administrative & General Accounts (A&G) expenses in its GL. Staff reclassified numerous O&M and A&G expenses from USOA Accounts 184 and 186 accounts which are balance sheet accounts. For this case, Staff re-distributed Raytown auto insurance into the Company's proper O&M and A&G accounts per the USOA.

Auto, property, and workers' compensation insurance were adjusted by taking the amount of the premiums for the applicable period and adjusting the test year to match the amount of the premiums.

Property Taxes

An adjustment was made to property taxes to include property taxes for plant through December 31, 2011. A ratio of total property taxes paid compared to the amount of total Plant-in-Service was derived from previous cases and updated to develop the appropriate ratio to apply to the 2011 year-end balance of Plant-in-Service in order to determine the level of property taxes to include in Staff's recommendation. While performing this analysis, Staff discovered there was a "material and supplies inventory" account that had not been included in the calculation for the amount of property taxes included in past cases. Accordingly, Staff decided to use a two-year (2-year) average of the ratio between property taxes and Plant-in-Service to accurately calculate property taxes in this case.

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

Rate Case Expense

Staff included the actual costs incurred by Raytown Water for rate case expense as of August 18, 2012, for this case (Case No. WR-2012-0405). Staff's rate case expense adjustment is based upon all costs associated with filing and bringing this case before the Commission such as administrative costs, employee overtime associated with the rate case, and outside consulting fees. The ultimate amount of rate case expense incurred by the Company in this proceeding will be directly associated with the length of the case through the settlement conference and hearing process. Staff will continue to update these costs throughout the course of the case. Staff is proposing to normalize this cost over a

two-year (2-year) period. The normalized amount of rate case expense included in Staff's revenue requirement is \$2,360.

Utilities Expenses

Electricity and natural gas costs were annualized based on the current cost to Raytown Water for electricity and natural gas expense. The test year electric cost was increased to reflect electric provider rate increases that occurred during, and subsequent to, the test year.

Additional Adjustments

Staff has reflected adjustments in its cost of service to normalize amounts related to: 1) various O&M expenses, 2) operator training and certification, 3) telephone expenses, 4) postage increases due to new postage rates, 5) costs associated with uniform rental and weekly floor mat replacement service and cleaning expenses, 6) permit and degradation fees, 7) Board of Directors fees and insurance, 8) General Casualty and Liability insurance, 9) Department of Natural Resources (DNR) lab fees, 10) Commission's annual assessment, 11) tank painting, and 12) amortization of a portion of prior Contributions in Aid of Construction (CIAC).

Staff excluded from the cost of service disallowances for: 1) dues and donations; 2) miscellaneous expenses; 3) non-regulated expenses; 4) director fees for Mr. Neal Clevenger and Ms. Chiki Thompson, who are both full-time employees of the Raytown Water Company; 5) City of Raytown sewer contract expenses and revenues; 6) property taxes for the Evanston House; 7) amortization of the Investment Tax Credit; and 8) depreciation expense on CIAC.

Audit Staff Recommendations for Raytown Water Company:

1) Raytown Water is not updating its other rate base item on a monthly basis (Prepayments, Customer Deposits, Material & Supplies, Contributions in Aid of Construction, CIAC Depreciation Off-set, Customer Credit Balances and Investment Tax Credits) in its general ledger (GL), as required by the NARUC USOA. Staff recommends that Raytown Water update its other rate base items in its GL on a monthly basis. **The Company should fully comply with this recommendation within ninety (90) days of the effective date of the Commission's Order for this case.**

2) Raytown Water is not complying with the USOA instruction when coding its O&M and Administrative & General Accounts (A&G) expenses in its GL. Staff had to pull numerous O&M and A&G expenses from USOA Account 184 & 186, which are deferred asset accounts. Raytown Water should record all of its O&M expenses and A&G expense in its GL to the proper account per the NARUC USOA. **The Company should**

fully comply with this recommendation within ninety (90) days of the effective date of the Commission's Order for this case.

3) Raytown Water is charging its labor to expense incurred in relation to its Meter Change-Out Program. Staff recommends that the Company start charging all of its meter replacement labor to Account 347, Meter Installation, per the NARUC USOA. **The Company should fully comply with this recommendation within ninety (90) days of the effective date of the Commission's Order for this case.**

4) Staff's cost of service currently includes the 7.5% of base salary for the implementation of a retirement plan for the Raytown Water Company's employees, which is conditioned upon the Company establishing this plan within six (6) months after the new rates go into effect for this case. **The Company should fully comply with this recommendation within one hundred and eighty (180) days of the effective date of the Commission's Order for this case.**

Agreement Attachment I

EMSU Implementation Review

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

File No. WR-2012-0405

Raytown Water Company

Nila Hagemeyer

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (Commission) initiated an informal review of the customer service and business processes, procedures, and practices of Raytown Water Company, Inc., (“Raytown Water” or “the Company”) located in Raytown, Missouri, in June 2012. The review was performed in conjunction with the Company’s rate increase request, File No. WR-2012-0405, filed on June 4, 2012. The Company is requesting an increase of \$426,951 in its annual water system operating revenues. This request represents an increase of approximately 13.34% to the Company’s annual water system operating revenues.

The EMSU staff examined the Company’s tariffs, annual reports, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the EMSU staff submitted data requests to the Company on June 19, 2012, and conducted a telephone interview with Company personnel on August 2, 2012. The EMSU staff performed a detailed review for the current rate increase request, and this report will focus on updates made since the 2010 reviews. The EMSU staff’s current review of the Company resulted in one additional recommendation for Company management:

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Resume the practice of sending bad debt accounts over \$30.00 to the Company’s collection agency once the accounts have reached a pre-determined number of days in arrears. Utilize the monthly report that the Company developed previously to track payments recovered by the collection agency. This recommendation should be completed within thirty (30) days of the Commission’s order in File No. WR-2012-0405.

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

The objectives of this review are to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers’ service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services

provided to its customers. The findings of this review will also provide the Commission with information regarding the Company's customer service and business operations.

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

- Meter Reading
- Customer Billing
- Payment Remittance
- Credit and Collections
- Collection Agency
- Vehicle Logs

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

History/Collection Agency

Comprehensive reviews of Raytown Water were performed by the EMSU staff in March 2003 and September 2008, with implementation reviews filed in December 2009 and March 2010 for Case No. WR-2009-0098. In addition, a focused review was completed and filed with the Commission in June 2010 by the EMSU staff as part of Case No. WR-2010-0304.

In the Customer Service and Business Operations Review in Case No. WR-2009-0098, the EMSU staff recommended, among other recommendations, that Company management:

Develop and utilize a report that monthly tracks the payments collected by the Company's collection agency. Monitor the information on a regular basis.

During implementation reviews on December 22, 2009, and March 25, 2010, as well as the focused review in Case No. WR-2010-0304, the EMSU staff deemed this recommendation as "in progress." The Company signed a contract with Green Flag, a subsidiary of Transworld Systems, Inc. on May 14, 2010, to provide collection services for Raytown Water for uncollectible accounts over \$30.00 and had forwarded its April and May 2010 uncollectible accounts to Green Flag. Raytown Water developed a spreadsheet report containing written-off accounts forwarded to Green Flag; however, due to the short time frame involved, had not been able to fully utilize the spreadsheet.

As part of its current review, the EMSU staff examined the Company's spreadsheet that contains the accounts submitted to and collected from TSI, another subsidiary collection agency of Transworld Systems, Inc. During 2011, Raytown Water sent a total of 116 past-due customer accounts in the amount of \$24,308.46 to TSI for collection. Of this amount, TSI collected \$462.22. The EMSU staff now deems the actions taken by the Company as satisfactory, and the previous recommendation as complete.

Overview

The Company’s business office is located at 9820 East 63rd Street, Raytown, MO 64133. Business office hours are 7 a.m. to 4 p.m., Monday through Friday. Raytown Water’s Web site address is www.raytownwaterco.com.

As noted in previous reports, the Company purchases the water it provides to its customers from the City of Kansas City, Missouri. Thus, the Company is not actively involved in the production or treatment of water. The Company does operate a water distribution system, and as such is a public water supply that is also subject to regulations of the Missouri Department of Natural Resources (DNR).

The Company provides water service to approximately 6,490 meters in a service area located mostly in Raytown, Missouri, with some located in Independence, Missouri. All meters are read, whether active or inactive. The Company’s future growth is very limited, as its service territory is landlocked. The City of Raytown has experienced a decline in population over the last 10 years. The number of customers, calculated as an average for each year, is shown in the following table:

Raytown Water Average Number of Customers		
Year	Residential	Commercial
2007	6,262	391
2008	6,216	389
2009	6,185	387
2010	6,141	377
2011	6,115	378

Source: Raytown Water Data Request Response No. 10.

As shown in the above chart, the average number of residential customers has declined by 147 since 2007, while the average number of commercial customers has declined by 13.

The City of Raytown received a Cityscapes grant and will be replacing sidewalks and trees in the downtown area. In conjunction with the Cityscapes Project, Raytown Water plans to begin work in the fourth quarter 2012 to replace its infrastructure in downtown Raytown, including replacing 84-year-old mains, increasing the size of the mains from 6” to 10”, replacing water valves, adding hydrants, replacing old galvanized service lines and tie-ins for circulating feed, and moving inside meters to outside wells. The project is expected to be completed mid-2013.

According to the Company’s General Manager, Raytown Water’s long-term plans include continued installation of an Automated Meter Reading (AMR) system and replacement of its office that was built in 1925.

Meter Reading

Raytown Water manually reads meters and records readings using Hersey handheld devices. The Hersey handhelds operate on a Windows platform and readings are uploaded to the Company’s billing software. The Company’s two meter readers manually read both active and inactive meters on 66 routes each month. Meter readers continuously evaluate the routes for efficiency and advise the billing clerk when a route needs to be adjusted. The following chart shows the meter reading and billing cycle, as well as the approximate number of meters read per week:

Raytown Water Company Meter Reading/Billing Cycle				
Cycle	Books	Week Meters Read (5 days to read all meters for billing, including re-reads)	Week Bill is Released	Approximate # of Meters
1	1-15	Last week of the month	First week of the following month	1,645
2	16-28	First week of the month	Second week of the month	1,556
3	29-42	Second week of the month	Third week of the month	1,669
4	44-66	Third week of the month	Fourth week of the month	1,620

Source: Raytown Water Data Request Response No. 75.

The Company indicated that it estimates reads only when there are extraordinary events, such as heavy snow, extreme temperatures, field emergencies, and covered meters. The Company’s billing system tracks estimated reads by meter reading book, account number, customer name, and read date. The Company’s Billing Journal Report also shows the previous reading, current reading, and comments section that notes reasons for estimation. From selected documented reasons for estimates, such as a dog in the yard, dirt covering the meter, or a car parked over the meter, Raytown Water mails the customer a letter to resolve the issue.

Meters are replaced about every 10 years for residential customers, typically during the warmer months. The billing clerk produces a list of meters that are ready to be replaced. These are generally all in one area, but occasionally, Raytown Water changes out a meter for a new customer or has a problem with a frozen meter. Raytown Water is currently in the process of purchasing 750 meters for the annual meter replacement program, and the Company intends to install these new meters by August 28, 2012. Meter replacements since January 1, 2010, have taken place as follows:

Year	# of Meter Replacements
2010	1,624
2011	811
2012 YTD	69

Source: Raytown Water Data Request Response No. 82.

In May 2010, Raytown Water began a pilot project to install automated meter reading (AMR) transmitters in 15 meters in the Raytown Plaza area. Meter readers used the Hersey Street Machine™ receiver to capture drive-by meter readings. In addition to meter reads, the devices enable Raytown Water to obtain leak detection data. To date, the Company has installed about 200 radio-read meters, and plans to install 100 radio-read meters each year as part of their meter replacement program. The Company noted that the majority of the radio-read meters have been installed along 63rd Street, which contains commercial property and an apartment complex. These meters were previously the most difficult to read on a regular basis due to heavy traffic and cars parked on top of meters. Meter reads obtained via the Hersey Street Machine™ interface directly with the Company's billing software.

Customer Billing

When initiating service, Raytown Water requires customers to complete an application for service and provide photo identification, along with a copy of their rental agreement, lease, or proof of ownership. In the event the customer does not have a written rental agreement, Raytown Water contacts the property manager or landlord for verification. When applications are received by noon, Raytown Water generally turns on service that business day. As applications for service are accepted, Raytown Water searches its system for prior customer records. If the customer is transferring within its system, the customer service representative checks to see if a deposit or final bill also needs to be transferred. When a previous customer has a good pay history, Raytown Water may waive the deposit requirement; however, when a customer does not meet the required criteria, they will be charged a deposit. Required criteria per the Commission Rules includes owning or purchasing a home, being employed on a full-time basis for at least one year, having an adequate regular source of income, or providing adequate credit references from a commercial credit source. If a previous customer had bad debt with Raytown Water, the Company requires the customer to pay the bad debt, as well as any collection fees along with a deposit before initiating service.

As noted in the above Meter Reading section, Raytown Water divides its monthly billing into four cycles. Bills are generally mailed on the 7th, 14th, 21st, and 28th of each month unless these dates fall on a weekend. In accordance with the Company's tariffs and the Commission's Chapter 13 Rules, payment is due 21 days after rendition of the bill.

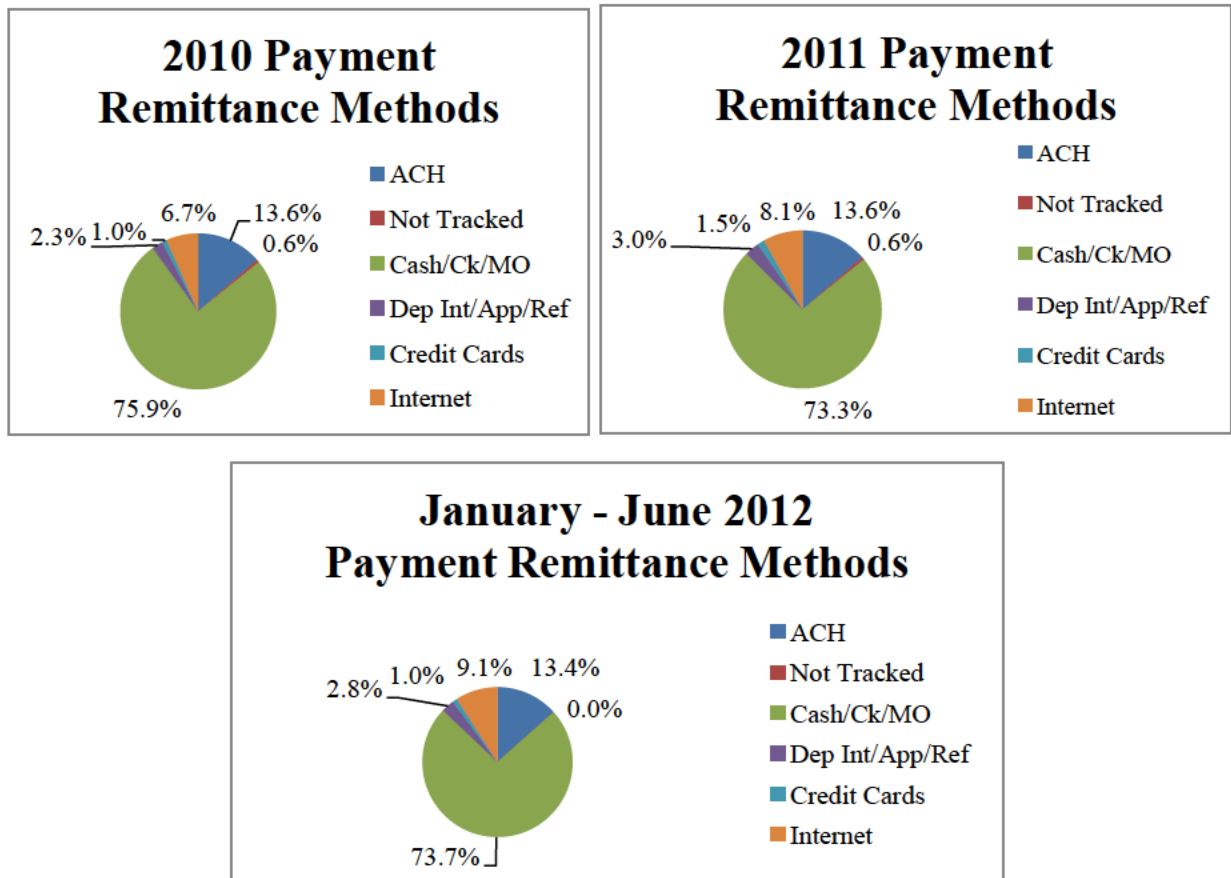
Although Raytown Water's CUBIC billing system does not permit them to calculate the number of e-bills sent at specific times in the past, July 11, 2012, billing records show that 1,168 customers receive e-bills. Of this amount, 1,016 of the e-billed customers also receive paper bills.

Raytown Water began offering budget billing on January 1, 2007. Currently, 22 customers are on budget billing which is recalculated each January.

Payment Remittance

Payment options include mail, automatic bank account withdraw (otherwise known as automatic clearing house or ACH), Internet payments through OPay, drop box, and walk-ins to Raytown Water’s office. Payments are only collected in the field after 4:00 p.m. for restoration of service on the same date customers have been disconnected. Payments for restoration must be in the form of a money order made payable to Raytown Water Company. Payments are posted to customer accounts several times each day, Monday through Saturday, with the exception of holidays.

The following charts note customer payment methods for 2010, 2011, and 2012 year-to-date. The category “Dep Int/App/Ref” refers to deposits used for payment including earned deposit interest, deposits applied to the customer’s account and deposits refunded.



Source: Raytown Water Data Request Response No. 91.

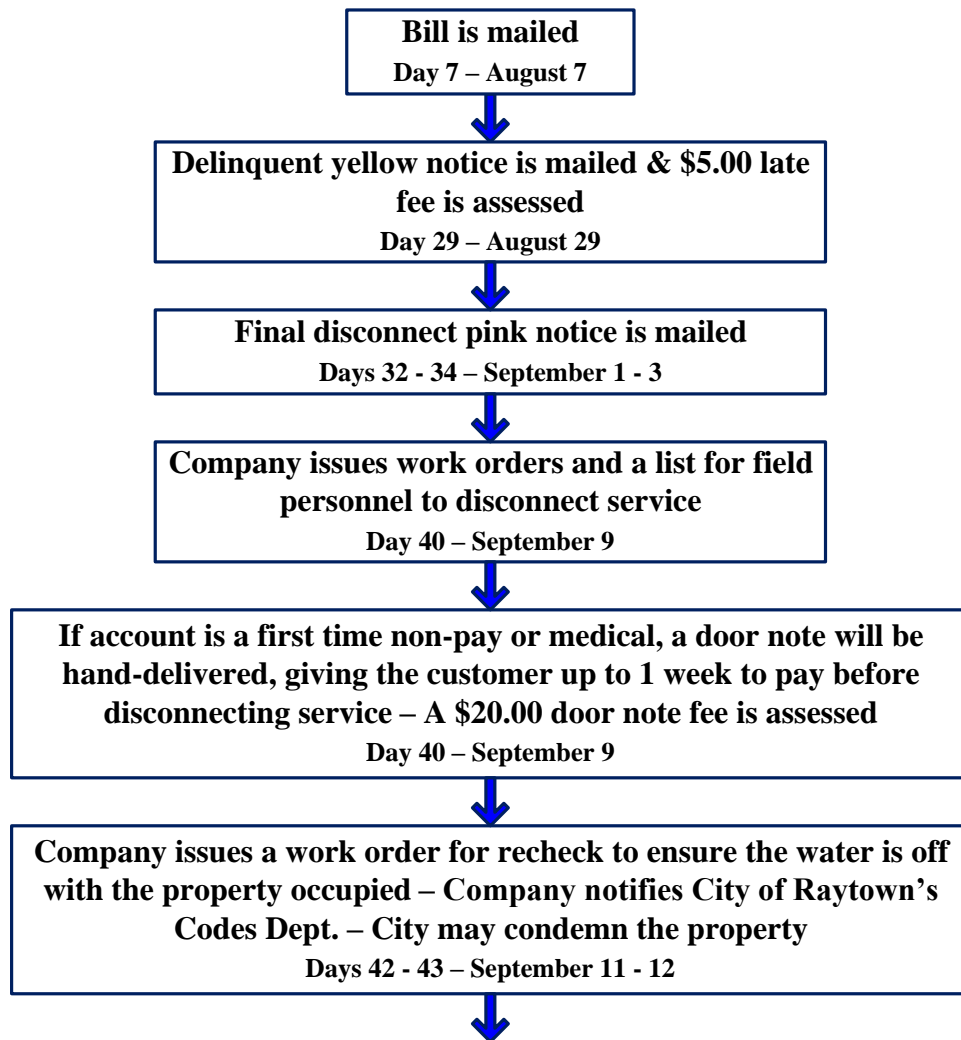
Bearing in mind that the data from 2012 is from January through June only, the above charts show that while ACH and credit cards remain rather consistent, Internet payments are steadily increasing. Payments

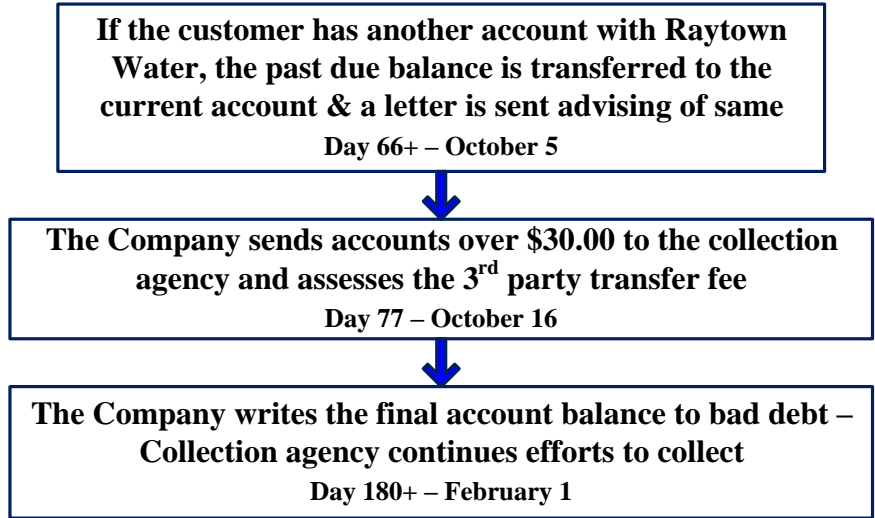
with cash, check, and money order have decreased since 2010. The Company is more closely tracking payment methods, so the “Not Tracked” category is nearly non-existent for 2012 YTD.

Credit and Collections

Raytown Water has an established procedure for handling delinquent accounts. The following illustration shows the actions that would be taken on an account that remains unpaid if the bill were mailed on August 7.

Delinquent Account Actions

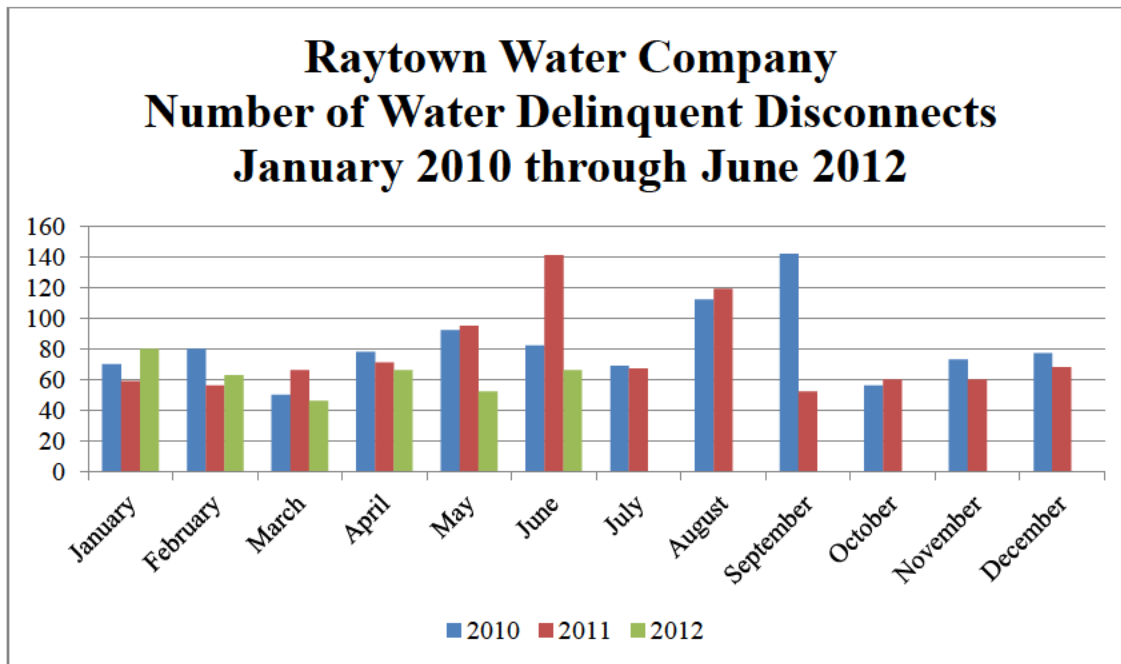




Source: Raytown Water Data Request Response Nos. 75, 83, 92, 93, 98.

As shown in the above illustration, accounts that remain unpaid are subject to disconnection approximately 11 days after they become delinquent. Raytown Water hand-delivers a door note in lieu of turn-off for first time customers who have not paid, as well as customers who have known medical needs. In accordance with the Company’s tariffs, customers who receive a door note are charged a \$20 fee and are given one additional week to pay.

After proper customer notification, Raytown Water disconnects service for non-payment of customer accounts. Upon disconnection, customers must pay their account balance including the \$5 late fee, \$25 disconnect fee, \$25 reconnect fee during business hours (or \$40 reconnect fee after business hours), plus a deposit if a deposit is not already on the account prior to getting their service restored, pursuant to the tariff. Company management represented to the EMSU staff that a service that is disconnected for delinquent non-pay is usually reconnected the day the bill is paid in full, including the extra fees, unless it occurs late in the day. The following chart shows the number of disconnects performed since June 2010.



Source: Raytown Water Data Request Response No. 100.

The above chart illustrates a large spike in delinquent disconnects in September 2010 and June 2011. The Company surmised that the high disconnect rate in September 2010 was due to families returning from vacation and expending funds to enroll children in school, while delinquent disconnects in June 2011 may have resulted from an apartment complex that was in default and ultimately went through receivership.

The Company also has a process in place to deal with insufficient funds payments. Upon notification from the bank that a customer’s payment has been returned for insufficient funds or an account that has been closed, the Company immediately reverses the payment and adds applicable charges. A \$25.00 fee is charged for an insufficient funds payment in accordance with the Company’s tariffs. A notation is made on the customer’s account, and a notice is printed. The notice, along with a copy of the returned check and a door hanger is hand-delivered to the customer’s premise that same date. The total amount due and a minimum 10-day due date are both listed on the notice. On the first day following the due date, the account is reviewed for payment. If no payment or contact has been made by the customer, a work order is issued to disconnect service for non-payment of the insufficient funds check. The following chart shows the number of insufficient funds payments or customer accounts whose balances were not sufficient to cover ACH payments since January 2010:

Date	Number of Insufficient Funds Payments or Non-Sufficient ACH Accounts	Amount	Grand Total (including penalties, taxes, deposits)
2010	119	\$5,074.50	\$5,413.08
2011	172	\$6,676.74	\$7,372.82
2012 through June 30	51	\$1,638.83	\$1,757.74

Source: Raytown Water Data Request Response No. 95.

It appears from the data provided by Raytown Water that the number of insufficient funds payments and insufficient funds to cover ACH payments peaked during 2011 and are currently on the decline.

Collection Agency

Raytown Water previously sent uncollectible accounts over \$30.00 to TSI, the collection agency, approximately 48 days after the account became delinquent. However, Raytown Water has sent no customer accounts to TSI during 2012. The Company's July 10, 2012, Aged Trial Balance Spreadsheet showed that 1,252 customers carried a total past-due balance of \$14,762.92. Of this amount, the breakdown amounts of past-due accounts are as follows:

Raytown Water Company Past-Due Accounts	
Current	\$ 725.31
31-60 days	\$ 1,507.24
61-90 days	\$ 1,498.92
91 or more days	\$11,031.45
Total	\$14,762.92

Source: Raytown Water Aged Trial Balance Spreadsheet Data.

Vehicle Logs

Raytown Water maintains three binders containing vehicle and equipment logs tabbed for each of its vehicles. Those logs note the vehicle identification, date used, driver, beginning mileage, total mileage or hours, destination, and purpose. The Company provided to the Commission's auditing staff the vehicle logs including invoices for personal use of Company vehicles, the number of hours the vehicles were used, and demonstrate a rate of 55 cents per mile charged to the employee and offset to Account 921 vehicle expense.

Findings, Conclusions, and Recommendation

The following discussion presents a summary of the findings, conclusions, and recommendation pertaining to the Company's customer service operations. The information presented in this section focuses on the following issue that requires Company management's attention:

- Collection Agency

Collection Agency

Raytown Water has forwarded no bad debt customer accounts over \$30.00 to the collection agency since January 1, 2012. The Company represented to Staff auditors that 1,252 customer accounts in the total amount of \$14,762.92 are delinquent; however, due to other pressing matters such as the Company's rate increase case and water main breaks, they have not forwarded those accounts to the collection agency.

In response to an EMSU recommendation, the Company had developed a spreadsheet and was tracking the payments collected by its collection agency. According to the Company, during 2011, the Company had sent 116 accounts to TSI in the amount of \$24,308.46 for collection, and TSI had collected \$462.22. However, that practice has lapsed. The longer the Company takes to forward uncollectible accounts to its collection agency, the more difficult it is for the collection agency to collect on those accounts. Because bad debt ultimately affects all customers, the Company has an obligation to attempt collection of those accounts. Thus, it is vital that the Company return to its prior practice of forwarding delinquent accounts over \$30.00 to its collection agency in a timely manner and continue to monitor those accounts.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Resume the practice of sending bad debt accounts over \$30.00 to the Company's collection agency once the accounts have reached a pre-determined number of days in arrears. Utilize the monthly report that the Company developed previously to track payments recovered by the collection agency. This recommendation should be completed within thirty (30) days of the Commission's order in File No. WR-2012-0405.

Implementation Review

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

Agreement Attachment J

Summary of Case Events

Raytown Water Company
Case #WR-2012-0405
Summary of Case Events

Date Filed	June 4, 2012
Day 150	November 1, 2012
Extension?	No
If yes, why?	N/A
Amount Requested	\$426,951
Amount Agreed Upon	\$390,268
Item(s)/Dollar(s) Driving Rate Increase	Increase in cost of water purchased from the City of Kansas City
Number of Customers	6,508
Return on Equity	8.25%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	None
Status with Secretary of State	Current
DNR Violations	None
Significant Service/Quality Issues	None

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

James Merciel – Water & Sewer Department

Paul Harrison-Auditing Department

Lisa Kremer for Arthur Rice – Engineering & Management Services Department

Lisa Kremer – Engineering & Management Services Department

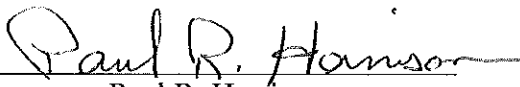
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of a Rate)
Increase of Raytown Water Company) Case No. WR-2012-0405

AFFIDAVIT OF PAUL R. HARRISON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

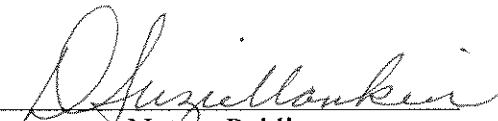
COMES NOW Paul R. Harrison, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Auditor IV in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Auditing Unit; (2) that he participated in the Staff's investigation of the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



Paul R. Harrison
Utility Regulatory Auditor IV
Auditing Department

Subscribed and sworn to before me this 31st day of October, 2012.

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



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of a Rate Increase)
of Raytown Water Company) Case No. WR-2012-0405

AFFIDAVIT OF LISA A. KREMER

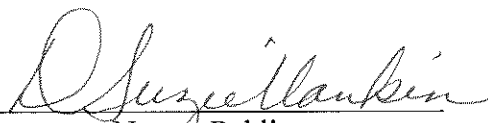
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Lisa A. Kremer, being of lawful age, and on her oath states that as a Utility Regulatory Manager in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Engineering & Management Services Unit, she has the knowledge of matters as follows: (1) Arthur W. Rice, PE is a Utility Regulatory Engineer I in the Missouri Public Service Commission's Regulatory Review Division, Engineering & Management Services Unit; (2) that he participated in the Staff's investigation that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request*; (4) that he was responsible for the preparation of Attachment G; (5) that he has knowledge of the matters set forth in Attachment G; and (6) that the matters set forth in Attachment G are true and correct to the best of his knowledge, information, and belief.


Lisa A. Kremer
Utility Regulatory Manager
Engineering & Management
Services Unit

Subscribed and sworn to before me this 31st day of October, 2012

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


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of a Rate)
Increase of Raytown Water Company) Case No. WR-2012-0405

AFFIDAVIT OF LISA A. KREMER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

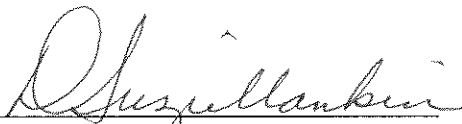
COMES NOW Lisa A. Kremer, being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Manager in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Engineering & Management Services Unit; (2) that she participated in the Staff's investigation that is the subject of the instant case; (3) that she has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request*; (4) that she was responsible for the preparation of Attachment I; (5) that she has knowledge of the matters set forth in Attachment I; and (6) that the matters set forth in Attachment I are true and correct to the best of her knowledge, information, and belief.



Lisa A. Kremer
Utility Regulatory Manager
Engineering & Management
Services Unit

Subscribed and sworn to before me this 31st day of October, 2012.

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



Notary Public