

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. SA-2010-0219
In the Matter of the Application of Canyon Treatment Facility, LLC for Permission, Approval and a Certificate of Convenience and Necessity Authorizing it to Acquire, Construct, Install, Own, Operate, Control, Manage, and/or Maintain a Sewer System for the Public Located In Stone County, Missouri

FROM: Jim Merciel – Water & Sewer Unit
Cary Featherstone – Auditing Unit
Karen Lyons – Auditing Unit
Shana Atkinson – Financial Analysis Unit
John Robinett – Engineering and Management Services Unit

<u>/s/ Mark Oligschlaeger</u> Auditing Unit	<u>12/22/2011</u> Date
<u>/s/ Jim Busch</u> Water and Sewer Unit	<u>12/22/2011</u> Date
<u>/s/ Rachel Lewis</u> Staff Counsel's Office	<u>12/22/2011</u> Date

SUBJECT: Staff Recommendation Regarding Certificate of Convenience and Necessity

DATE: December 22, 2011

PROCEDURAL BACKGROUND

On November 24, 2009, Staff filed a formal complaint, File No. SC-2010-0161, against various persons and entities, alleging those persons and entities were operating a sewer utility that falls within the jurisdiction of the Missouri Public Service Commission (Commission). Respondents in the complaint case are Box Canyon Watershed Association, Inc., Dream Builders, LLC, Horse Trading, LLC, Canyon Treatment Facility, LLC, Super Market Merchandising & Supply, Inc., Kandis Davis, Thomas Davis, David Sanford, Curtis Butrick, and Kevin Knasel. Among other activities in this complaint case, two parties filed for, and were granted, intervention: VPG Partners VI, LLC (VPG) and Royal Vista, LLC (Royal Vista), referred together as the Intervenor or developer Intervenor, both of which are condominium developers involved with properties served by the sewer utility. VPG and Royal Vista are two of the largest customers connected to the Company's sewer system, and comprise the greatest growth potential.

**** Denotes Highly Confidential Information ****

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As a possible resolution to the complaint, Canyon Treatment Facility, LLC (Canyon Treatment or Company) filed an Application seeking a Certificate of Convenience and Necessity (Certificate case or CCN), Case No. SA-2010-0219, on January 21, 2010. VPG and Royal Vista also intervened in the Certificate case.

Staff has investigated these matters in great detail. Staff conducted many meetings with all of the involved parties and Missouri Department of Natural Resources (DNR) and performed extensive reviews of the Company's books, records and operations, as well as the books and records of Ms. Davis' other wholly-owned companies. Staff reviewed daily flow records and conducted on-site visits, reviewed operating expenses, capital expenditures, revenues and capital contributions. Staff also received information from both VPG and Royal Vista regarding those customers operations. Beginning in the fall of 2010, the Company began an attempt to sell the sewer system to the Stone County Sewer District No. 1. All parties were in support of the concept of such a sale, however, that sale is contingent on federal funding, among many other contingencies. Such federal funding may not be available at all and certainly has not come through as of the date of this Recommendation. As a result of the uncertainty in funding, Staff is filing this Recommendation to inform the Commission of the results of its investigation and to allow this matter to proceed.

SUMMARY

As a result of its investigation, Staff finds that Canyon Treatment, as it exists and proposes to operate its sewer system, should be subject to regulation under the Missouri Public Service Commission (Commission). Staff recommends that the Commission grant a Certificate to Canyon Treatment only with the condition that a receiver be appointed to take over the day-to-day operations of the system and provide safe and adequate service to the current customers with the current utility plant that is in service to the best of his or her ability, and continue discussions with potential purchasers of the system with the goal of finding or creating a permanent and stable utility to serve this area.

Although the body of this Recommendation includes additional concerns regarding Ms. Davis' imprudent business decisions and other operational issues, Staff has three primary areas that disqualify the Applicant to receive a certificate. First, Staff is concerned that Ms. Davis does not have the necessary business acumen to operate a regulated sewer system, despite owning several other business entities. The current owner has failed to obtain appropriate easements to operate the system. The current owner does not have the funds or means to acquire financing for the essential expansion needs of the Company's customers. In fact, the construction has been suspended because the owner of Canyon Treatment cannot make payments to the construction contractors.

Second, while Staff, the Company, and the Intervenor agree that there is a *need* for expansion, there is disagreement as to the *level* of expansion, as well as the timing and method of reaching an *ultimate* level of expansion. The Company proposes to build a very large expansion project and to rely *exclusively* on Contribution in Aid of Construction (CIAC) fees collected from new customers to fund construction of this large expansion. However, Staff does not agree that the number of customers (and associated CIAC) required to fund the current owner's proposed large construction project will exist for many years to come, resulting in a capital shortfall that this

Company cannot withstand. Staff deems the Company's plan to be overly expansive and not economically feasible or viable from a customer growth perspective. Further, Staff determined that the Company does not have the financial resources, or ability to raise the funds, necessary to construct the Company's proposed large expanded treatment facility and provide service to additional customers in the service area. Even while relying on fees collected from new customers as the Company proposed, a utility company needs a level of financial resources to fund its capital projects for periods of time, but the Company does not have adequate financial resources to do so.

Third, there are several pending legal actions involving Canyon Treatment's ownership and its various affiliated companies, ranging from collection actions to a pending civil lawsuit between Ms. Davis and one of the Intervenor as to Ms. Davis's decision to sell a portion of land exchanged for collection of CIAC fees for 13 sewer connections, and her treatment of the proceeds. Staff asserts that these business decisions and operational issues are significant, but the Commission should grant the application for a CCN, and allow a receiver to be appointed to take over the day-to-day operations of the sewer entity.

STAFF'S INVESTIGATION AND FINDINGS:

OVERVIEW OF CANYON TREATMENT, AFFILIATES, AND SERVICE TERRITORY

Canyon Treatment is proposed to be owned and operated by Ms. Kandis Davis. It's important to note that currently Canyon Treatment does not have any assets in its books or records, but nonetheless has applied to become a regulated entity. The assets affiliated with the sewer system and used to determine rate base are located on a variety of books and records of the companies Ms. Davis owns, in addition to Canyon Treatment, as some of those entities have taken actions to operate the sewer system and plan for its expansion. Those companies are:

1. Dream Builders, LLC
2. Horse Trading, LLC
3. Cabinets and Stones, LLC
4. Stables, LLC
5. Box Canyon Watershed Association, Inc.

All of these companies owned by Ms. Davis are Respondents in the complaint case, except Cabinets and Stones, LLC and Stables, LLC.

The service area requested by Canyon Treatment is located to the west of the City of Branson, in Stone County, Missouri. It consists of a number of separate developments as well as some vacant ground that can be developed in the future. When the certificate case was initially filed in January 2010, there were 234 customers: 232 single family residences and condominium units, and two commercial customers, with one being a real estate office and the other a condominium clubhouse facility with a restaurant. Most of the condominiums are time-shares or rentals that are occupied part-time. As of June 2011, there are 277 total customers.

[Lyons and Featherstone]

EXISTING PLANT CAPACITY AND COMPANY'S PROPOSED EXPANSION

Most sewage treatment facilities are used to provide service to full-time residential and light commercial customers with average-day wastewater flows that are consistent on most days. To determine the appropriate size of treatment facility, one may use the average daily flow, because the customer use will essentially be the same day-to-day on a year-round basis. However, the system proposed to be owned by Canyon Treatment includes a sewage treatment facility that not only serves full time residential customers but also recreational and resort facilities with part-time occupancy, so the daily flow varies, ranging from very low to very high, where the flow exceeds the maximum capacity on occasion.

So, in order to determine what size treatment facility is appropriate for a recreational area and resort with part-time occupants, one must review the low average daily use and also account for the days of peak flow. The sewer system should be built to meet the peak-day flows instead of the average-day flows. A determination of necessary plant capacity that can adequately treat the peak-day flows requires analysis and predictions because of the highly variable daily flows that result from part-time occupancy, as compared to more consistent flow rates on other systems that have full-time residential customers. These predictions and analysis sometimes result in different views of what may be necessary and appropriate for the system to expand.

Currently, the sewer system proposed to be owned by Canyon Treatment consists of a 29,715 gallon per day re-circulating sand filter treatment facility with an organic population equivalent of 398, a gravity sewer collection system, and one lift station.

In this case, Staff studied the daily flow records for the existing treatment facility for the period including September 2007 through February 2010. The plant flow fluctuates dramatically, from relatively low flows under 10,000 gallons per day on most days to over 40,000 gallons per day (about 139% capacity) because of its part-time occupancy and is in excess of the design capabilities of the existing treatment facility. There have been occasions where the plant capacity was exceeded for several days in a row.

Generally, when considering future plant capacity requirements, Staff designs capital cost recovery to be realized when 85% of plant capacity is reached. The reason is that if a utility's customer level is growing, then often at this capacity level it is time for the utility to begin spending additional funds planning and constructing additional plant capacity. After studying the flows that exceed the Company's plant capacity, Staff of the Commission's Water and Sewer Unit determined that a normal peak-day flow for the period evaluated was 34,000 gallons per day from the 234 customers that existed up through February 2010, which is the time of Staff's analysis. This corresponds with an average per-customer water usage of 145 gallons per day, which is a reasonable level to evaluate the cost of future treatment capacity for rate design purposes.

The fact that flow occasionally exceeds the maximum capacity does not necessarily mean it is a danger to the overall operation of the system, is negatively affecting the customers or that it is not meeting effluent discharge specifications and creating water pollution. However, treatment facilities that operate at or over design capacity require more operational attention and are at higher risk of exceeding discharge specifications. In fact, in recent months, Canyon Treatment

has violated its plant discharge specifications as prescribed by the Missouri Department of Natural Resources (DNR), some of the violations could have related to exceeding design flow capacity. The concept of continually adding more customers to an already overloaded treatment facility raises great concern about the future of this system.

Prior to applying for a CCN, Canyon Treatment or an affiliate proposed, and DNR approved, a plan to begin construction of a 150,000 gallon per day capacity treatment facility. The customer growth projections Staff reviewed during its investigation do not support the need for the 150,000 gallon per day facility, now or in the foreseeable future. While Staff recognizes that DNR has approved a plan to provide for this level of treatment capacity because it may be necessary to serve all customers that *ultimately* connect to the existing collecting sewers, Staff sees it is possible that DNR would approve alternative plans that provide for this level of treatment capacity in a gradual phase-in manner if provided updated growth numbers. Although Staff agrees that Canyon Treatment may *ultimately* need a capacity level of 150,000 gallons per day at some point in the future, it does not need that level at present and current customers would not be able to support such a level of capacity at this time. Staff asserts that that capacity size is not feasible or required for Canyon Treatment from the perspective of need, and as the result of the inability of the Company to have the necessary financial resources to construct such a facility that would largely be constructed for future use.

In the feasibility study filed with its *Application*, the Company states that its proposed expanded facility would serve an additional 500 customers, with an anticipated customer growth of 35 customers per year. Staff's analysis determined that the 150,000 gallon capacity treatment facility would be adequate to provide service to an additional 645 customers, beyond the 234 customers that existed at the time Staff analyzed rates and capital investment. This 645 additional customers calculation is based on Staff's analysis of existing plant flows through February 2010. Staff finds that the anticipated customer growth, as stated in the Company's feasibility study, does not justify the planned 150,000 gallon per day expansion for an additional 645 customers (beyond the 234 customer level) for many years in the future and may never utilize such an expansion. However, Canyon Treatment needs to undertake some level of expansion because its existing sewer plant cannot meet the needs of its current customers much less the future growth projections. Staff's investigation determined that the Intervenors have altered their business plans as a result of the capacity concerns with the current sewer system.

In its *Application*, Canyon Treatment proposes to finance this treatment facility only through a one-time CIAC fee of \$3,500 per residential unit. The proposed plan for Canyon Treatment, as presented to Staff, is to construct the entire plant at a cost of \$1,740,000, with only approximately \$122,500 (35 times \$3,500) in CIAC fees annually.

In contrast, Staff proposes a CIAC fee of \$2,700, using Staff's customer capacity numbers. Regardless of whether the Company's proposed CIAC amount or Staff's CIAC amount is considered, this extreme capital expense shortfall results in the Company's proposed addition is not feasible because Canyon Treatment does not have the financial resources to construct such plant nor is such a treatment facility needed for the expected size of the system. Considering the current size of the system and future growth potential of the area, Staff does not recommend that building this proposed plant capacity level is feasible, unless it is an ultimate capacity level of a project that is planned to be constructed and placed into service in phases. A phase-in

construction project is a viable alternative, and is more feasible than the Company's proposed plan. The Company or an affiliate originally made such a phase-in proposal to DNR in 2005. So, long before obtaining DNR approval to build the 150,000 gallon capacity treatment facility in question in this matter, it is clear to Staff that a phase-in construction approach, in the past, was considered logical by the Company, and still should be a viable option.

Under a phase-in approach, the plant capacity grows in smaller increments to meet the needs of the system as it grows, rather than the proposed 150,000 gallon per day system being built with excessive future plant capacity. Under the phased-in approach the existing sewer system could be expanded by adding increments of plant sufficient to add necessary capacity but at a controlled pace. As such, the phased growth approach is an expansion plan that could be better financed than the current proposal because the customers would be charged for CIAC fees that would more closely match the necessary capital to build the needed sewer system.

During the course of this case, Staff attempted to work with the Company to develop a plan that could meet current customer needs and that would be reasonable and financially feasible at this time. Staff and Ms. Davis discussed the idea, among others, of an expandable treatment facility that could be constructed in phases for a reasonable amount of expected customer growth, and generally as CIAC funds became available. While this would have required the Company to formulate another plan for a treatment facility and seek a new construction permit from DNR, it could have resulted in a feasible, viable plan to expand the facility and provide service to future customers. No such plan was formulated by the Company as it continued to be inflexible showing only a willingness to build an unnecessary level of capacity that neither the Company nor its customers could afford.

[Jim Merciel]

REVENUE REQUIREMENT, PROPOSED RATES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

Staff performed a detailed audit in 2010, and recently updated it to consider whether there has been any material change since its completion. This updated review indicates there has been little change to the results of Staff's findings since last year because of the financial condition of the Company's owner (discussed in more detail below). Staff determined that no additional growth in plant investment occurred during the period between July 1, 2010 and June 30, 2011. Staff reviewed updated customer growth information through June 30, 2011, and found that there was an increase of twenty-six (26) customers, all of which paid additional CIAC fees. Because those fees were outside the period used to determine the revenue requirement, they are not reflected in Staff's calculations. If those fees had been included in that analysis, the result would be a further reduction in the revenue requirement.

It should be noted that the 26 customers who connected to the system in 2011 resulted from permits already issued to Canyon Treatment's existing customers who added to their businesses, and also placed a greater strain on the system. There will be less growth opportunities in the near term because of the Company's capacity issue.

The customers presently pay a flat rate of \$25 per month for a single family residence or single family condominium unit and one commercial property, while the other commercial property is

charged a flat rate of \$460. Each new customer connecting to the sewer system pays a CIAC charge of \$4,500 per residential unit. Staff found that the owners of the sewer system did not consistently charge the same amounts for the CIAC charge to each customer, but rather collected a range from \$3,000 to \$4,500.

Based on Staff's 2010 audit, the Auditing Staff calculated an initial revenue requirement of (\$6,997), based on information through June 30, 2010, and modified for discussions with the Company. Staff recommends that the existing \$25 per month charge for a residential customer is appropriate. Staff recommends that Canyon Treatment continue with the flat rates for the residential customers and for the two existing commercial customers, \$25 per month for the residential customers and for one of the commercial customers and \$460 per month for the other commercial customers, until a future rate case, because the water usages of those customers is unknown to the Staff and thus potential impact in changing rates for those customers is unknown. Also, it is uncertain whether or not water usage information would be available to Canyon Treatment for billing purposes. Attached and incorporated by reference herein as Attachment A to this Memorandum is Staff's Exhibit Modeling System (EMS) that supports Staff's recommended rates. Staff believes Canyon Treatment has experienced sufficient revenue growth to cover any increases in expenses.

In its *Application*, the Company proposed to finance the expansion by collecting one-time CIAC fees of \$3,500 per residential unit to expand the capacity to 150,000 gallons per day at an estimated cost of \$1,740,000. The Company also proposed to charge \$40 per month for single family residential living units and one of the commercial customers, and \$460 per month for the other commercial customer. The Company did not propose an alternative plan for funding this expansion.

[Lyons and Featherstone]

RATE DESIGN

As discussed herein regarding the treatment facility expansion, Staff's review results in the Company being unable to collect an adequate amount of CIAC fees for construction of this facility that it proposes without an artificially high CIAC charge such that customers or developers would be funding future plant. While the Company proposes a one-time CIAC fee of \$3,500 per residential unit, Staff has determined that an appropriate CIAC charge for additional customers would be \$2,700 for additional customers based on the Company's proposed 150,000 gallon treatment facility. This charge is in addition to the developers' need to construct additional collecting sewer pipelines in some locations.

Staff's numbers are based on its finding that, should the proposed facility be built, it would add 616 more customers bringing the total to 879 customers. Staff recommends a rate be included in the Company's tariff that is derived from water usage apply to commercial customers based on peak residential usage of 145 gallons per day, or \$5.74 per thousand gallons water usage, with a minimum bill of \$25 per month. Staff supports keeping the rates currently paid to the system at the existing level of \$25 dollars per month level.

[Merciel]

CAPITAL STRUCTURE

The Company's capital structure, based on transferring appropriate utility plant assets and accounts to it, will consist of \$208,259 of common equity and no long-term debt, resulting in a capital structure of 100% equity. Staff member Shana Atkinson of the Commission's Financial Analysis Unit calculated a return on equity and a total overall rate of return of 9.03 percent (9.03%). The overall rate of return was applied to the Company's rate base to develop the revenue requirement identified above. *See Attachment A.*
[Atkinson]

RATE BASE

Staff obtained plant-in-service records for the period of 2005 through June 2010. This time period was chosen because the sewer treatment plant went into service December 2005. The records included documents for expenses, bank statements, check register, support for payments made by customers for service connection charges and plant invoices from all of the entities owned by Ms. Davis. Staff reviewed invoices provided by the Company to verify the appropriate amounts to include in plant. The invoices included costs associated with the sewer treatment plant in addition to collection lines.

Staff requested updated information from the Company regarding any plant additions and retirements through June 2011. Staff understands that expansion plans are on hold because of Canyon Treatment's (and its owners) financial condition, as discussed more fully in other sections of this recommendation. Staff found that there have been no significant changes to the net plant investment since June 2010, however there has been an increase to accumulated depreciation and contributed capital in the form of CIAC paid by new customers which would result in a lower revenue requirement.

Existing customers have largely paid for the existing sewer system in the form of CIAC funds as well as contribution of collecting sewers. Since 2005, the owners of Canyon Treatment and its affiliated companies have collected \$1,355,120 in CIAC fees. Using information supplied by the various commonly owned affiliates, Staff determined the total net plant and the amount of net CIAC updated through June 30, 2010, resulting in a net original cost rate base for sewer of \$208,259, after making appropriate adjustments to the Company's recorded capital expenditures factoring the overall rate of return of 9.03%. Since CIAC amounts were ultimately paid for by customers of the sewer system (neither the Company nor any of its affiliates made any investment of its own for those assets), the Company should not earn a return for or on those amounts.

[Lyons]

DEPRECIATION

Staff member John Robinett of the Commission's Engineering and Management Services Unit is sponsoring Staff's recommended sewer depreciation rates for the purpose of setting depreciation rates in this case. Staff proposes to use the standard depreciation rates that are commonly used for small sewer utilities as shown in Attachment B incorporated by reference herein.

Since the CIAC-related plant is not financed by the Company's investors and is removed from the calculation of net rate base, it must also be removed from the calculation of depreciation expense. Initially, Staff calculated depreciation expense on all plant-in-service which does not reflect the rate base reduction for CIAC, because of the way the Exhibit Modeling System computes the revenue requirement. Since the plant balances used to calculate depreciation expense include plant amounts related to contributed investment (CIAC), it was necessary for Staff to calculate the CIAC related depreciation and treat this amount as an offset (reduction) to depreciation expense. The difference between Staff's annualized CIAC related depreciation expense and the test year expense may be found in Attachment A.

[Robinett and Lyons]

PLANT AND DEPRECIATION RESERVE

Since Staff used actual plant amounts through the period of June 30, 2010, Depreciation Reserve was calculated based on the same period. The Depreciation Reserve amounts are located on Attachment A Schedule 6. Accumulated depreciation has increased from the June 30, 2010 time period which would result in a decrease to net plant if reflected in Staff's revenue requirement. Because Staff limited its review to the period of June 30, 2010, this decrease is not reflected in Staff's revenue requirement.

[Lyons]

REVENUES

Staff annualized revenues through June 30, 2010, based on the current number of customers receiving sewer service. At this time the sewer system served 251 customers consisting of 249 single family residence or single family condominium units and two commercial customers for a total of 251 customers¹. The annualized amount of revenues is \$82,920. Canyon Treatment collects CIAC fees to pay for the collection lines and also charges a connection fee to connect to the sewer system. The Company also charges a monthly charge for sewer services. The monthly fee was established when Canyon Treatment affiliate company Box Canyon was originally formed².

[Lyons]

OPERATING EXPENSES

Staff reviewed operating expenses of Canyon Treatment and its affiliates through the period ending June 30, 2010 and included those costs in the sewer system's revenue requirement calculation. Staff included payroll costs, amounts paid to the contracted operator hired to

¹ Since June 30, 2010, Canyon Treatment has increased customers by 26 but as stated above those increased revenues are not included in Staff's revenue requirement.

² Box Canyon Watershed Association, Inc. (Box Canyon) was formed as an operation and maintenance company for a sewer treatment facility and was established with the Missouri Secretary of State on May 22, 2003 as Charter No. N00522594. Ms. Davis is the only remaining director of Box Canyon.

oversee the sewer system's operations, chemical costs, as well as other operating expenses through June 30, 2010. Since Staff has not included the increase in revenues from the increase in customers it also has not reflected changes to expenses past June 30, 2011.
[Lyons]

OTHER MATTERS – BUSINESS JUDGMENT

Staff found several additional items of concern during its investigation and audit that appear to demonstrate poor business judgment by the owner of Canyon Treatment and various other affiliated entities. First, the owner has failed to obtain the appropriate easements and rights of way required to operate and maintain the existing facilities. This deficiency results in the Company's limited ability to make necessary repairs on collecting sewer pipelines. This can result in storm water inflow into the collecting sewers which in turn places additional hydraulic load on the treatment facility and affecting treatment plant performance. This limited ability to make necessary repairs also could affect the Company's ability to provide service to other customers connected upstream since their sewer service and transportation of sewage to the treatment facility is dependent on the proper functioning of these collecting sewers.

In 2005, Canyon Treatment received 1.81 acres of land and the constructed sewer plant from Intervenor VPG in exchange for forfeited service connection fees. Staff calculated that this land was valued at \$45,500. After Canyon Treatment received this land, Ms. Davis sold one acre of this land on January 9, 2009, to a third party who owns a timeshare in the service territory proposed to be that of Canyon Treatment. Staff reviewed the sales agreement and determined that Ms. Davis received ** _____ ** for this acre of property. The Commission should be aware of the decision by Canyon Treatment to sell the one acre of land because it negatively affects the ability of the Company or some other entity that may operate this system to properly expand this sewer system because the smaller amount of available area restricts options for future plant facilities and expansions. Staff determines that this is another example of poor business judgment that may negatively affect the customers.

Canyon Treatment and its owner continued with its proposed plan and began construction on the 150,000 gallon per day capacity expansion in 2010, despite the lack of support from its customers and without consideration of other financial resources. Such haste to begin construction without appropriate financing in place raises additional concerns about the owner's ability to make sound business decisions for a regulated utility.

Ms. Davis indicated to Staff that the construction of the plant addition was suspended because of the Company's inability to make payments to the construction contractors. Staff has reviewed the assets and liabilities of the various affiliated companies and they are in severe financial distress. Canyon Treatment and its owner mismanaged its capacity expansion program because it pursued plant additions and modifications it could not afford, had no way to finance, and ultimately could not construct. As a consequence, neither Canyon Treatment nor the current owners of the sewer system have adequate capacity to meet existing requirements nor any ability to meet the growth of its customers.

As Staff understands, Ms. Davis's decision to begin construction of such a large expansion and her inability to finance it has impeded development in the area. The customers have had to delay expansion plans as result of the inability of Canyon Treatment to prudently pursue a timely expansion of the sewer system because of the owner's insistence to build an oversized and unneeded plant upgrade that neither the Company nor its customers can financially support. Future customers will continue to be affected by the inability to build and finance an expansion. Staff's review determines that the management of Canyon Treatment failed to consider its own and its customers' best interest in moving forward with a plan for the 150,000 gallon per day expansion without first confirming the ability to collect connection fees from its customers or another viable financial resource.

Creditors have filed claims against Canyon Treatment, Ms. Davis, and some of the other affiliate entities she owns. Such claims bring into question the financial capability and business decisions made by the owner of such entities. This financial distress is indicative of Ms. Davis' lack of understanding of utility business decisions and the potential adverse consequences of those decisions on utility customers. These questionable business decisions demonstrate to Staff that Canyon Treatment and its owner do not possess the necessary ability to operate a successful regulated entity under current ownership and control. Ms. Davis has not established and maintained the necessary books and records to account for the utility operations separate and distinct from the many other non-utility entities she owns. Staff's audit reveals that the utility assets were found on several different companies' books and records, and not kept separate as necessary for a regulated utility.

One of Canyon Treatment's customers has refused payment of monthly service fees and additional CIAC fees because of the current state of flux with the construction Staff does not support non-payment of fees that are due to a utility and asserts that such payments should be made as soon as possible.

OTHER LEGAL MATTERS

Ms. Davis is subject to several legal proceedings, including foreclosure and collections actions. VPG, an Intervenor in this case, initiated legal matters against Ms. Davis seeking declaratory judgment, prior to Staff filing its complaint. Staff located one action seeking declaratory judgment, one suit on an account concerning American Express Bank, and four breach of contract matters filed against Ms. Davis since 2001, and three collection actions initiated a few months prior to the filing of this Memorandum. As demonstrated by these numerous pending legal proceedings, Ms. Davis does not possess the financial and business expertise needed to own and manage a regulated utility.

There is a pending civil action between VPG and Ms. Davis who disagree as to whether the acre Ms. Davis sold was intended solely for the sewer facility and the legality of the sale. While these land transfers occurred prior to Staff discovering the system and asserting it should be a public utility subject to Commission jurisdiction, this information is pertinent to this Recommendation because it demonstrates questionable business decisions made by Ms. Davis.

[Featherstone]

MISSOURI DEPARTMENT OF NATURAL RESOURCES VIOLATIONS

Canyon Treatment's treatment facility effluent has exceeded effluent specifications prescribed by DNR, and DNR issued three (3) Letters of Warning (LoW) and three (3) Notices of Violation (NOV) for events between July 2010 and June 2011. All of the LoW and NOV documents indicate exceedence of phosphorus, which may or may not be related to plant capacity since phosphorus treatment is applied to plant effluent, and DNR had stated to Staff that the operator had experienced some difficulties with the phosphorus treatment components. However, one LoW and two NOVs involve exceeding coliform bacteriological limits, which indicates inadequate treatment of sewage and could well be related to plant capacity and sewage flow. As stated, good plant operations becomes much more critical when a treatment facility is operating at or over its design flow capacity. There is no question among any parties that there is a need to increase the treatment capacity of this system.

[Merciel]

THE TARTAN ENERGY CRITERIA

As is customary with most cases involving a CCN, the Staff is using criteria similar to that which was studied by the Commission in a past CCN case that was filed by the Tartan Energy Company to summarize justification of granting a CCN, as follows:

1. Is there a need for the proposed services, and is there a need for the Company to provide the proposed services?

Yes, Staff believes that a need for the proposed services clearly exists. The Company is providing service to existing customers, though there are shortcomings with regard to providing service to future customers and the Company's sewage treatment facility operates over capacity on occasions. There is a need for the Company to provide service or, alternatively, another entity to provide service. There is no other sewer system immediately available. Possible alternative owners include Stone County Sewer District No. 1, which is a public sewer district that exists and operates other systems near the area, or other regulated utilities doing business in Missouri. However, at present the Company does not have a suitable agreement with regard to transfer of assets to any other sewer utility to successfully accomplish a transfer of assets to any other entity.

2. Is the Company qualified to provide the proposed service?

No, Staff concludes that this Company is not capable of providing the proposed service based on its investigation and its familiarity with present operations, which is why the Staff recommends the condition of a receiver be appointed to run the Company while exploring alternatives to system ownership, and ultimate permanent ownership. The existing treatment facility is operating at or above capacity, and the Company does not have a feasible or viable plan for expanding treatment capacity without requiring the customers to pay for a significant amount of the future plant capacity. The Company has planned to construct a larger treatment facility than is necessary for the foreseeable future, and has been unwilling to revise its plan to construct plant capacity needed for the foreseeable future that Staff can support. Further, the Company is not

able to construct the facility without 100% funding from customers, including funding for capacity needed for future customers. Based on its experience with attempts to work with the Company to develop a feasible proposal, Staff finds that the Company is not properly qualified to manage the operation and provide the proposed service.

3. Does the Company have the financial ability to provide the proposed services?

No, Staff does not find that the Company has sufficient financial capacity to proceed with construction requirements necessary to operate this utility system, as demonstrated by a halt to construction of the Company's planned new treatment facility since approximately October 2010. The Company is only capable of using incoming CIAC fees for present and future capital needs.

[Featherstone]

4. Is the Company's proposal economically feasible?

No, Staff does not believe the Company's proposal is economically feasible, fundamentally, because the Company has proposed a sewage treatment facility that is too large and too costly for providing service for the foreseeable future. With the Company's proposal, either customers will need to pay for future plant capacity which is not reasonable, or the Company would have to invest a significant amount of capital into plant that is held for future use and would not be able to recover in rates such capital for many years which is not a realistic undertaking. Staff's analysis of the operations of Canyon Treatment supports maintaining the Company's existing monthly rate of \$25 per month for a single family residence or living unit as the initial rate for this system and concludes this rate level is reasonable in order to pay for day-to-day operating expenses.

[Featherstone]

5. Does the Company's proposal promote the public interest?

Yes, the sewer service is necessary, but the Company as it exists today is not capable of providing service in the area, and as such, granting a CCN at this time, without fundamental conditions to which the Company can agree and comply, is not in the public interest.

Staff believes the Company, as it exists and operating its sewer system, is subject to regulation, but has some concerns about the ability of the current owner to provide safe and adequate service to current and future customers. Canyon Treatment's generally weak financial condition and lack of capital is the key concern for Staff, as is the inability to raise sufficient capital to construct the Company's proposed large expansion of the sewer treatment facilities.

Staff concludes that the Company has inadequate financial resources, has ceased construction of its expanded treatment facility, and has no viable plan to continue the expansion into the future. There is rate base in the amount of approximately \$215,000. Therefore, Staff recommends the Commission issue a Certificate of Convenience and Necessity to Canyon Treatment, ordering all assets associated with the operation of the sewer system be transferred to accounts under the name Canyon Treatment, LLC and that Staff be allowed to seek a receiver to oversee the operations of this system or, alternatively, assist any future purchaser of the system. The receiver would need to manage Canyon Treatment as it exists, and sell the Company or transfer

the assets to Sewer District or another legitimate sewer utility entity that has adequate financial resources and is able to plan for necessary expansion that meets all regulatory requirements. If a CCN is issued to Canyon Treatment, then Staff makes recommendations in that regard as described following.

Staff notes that operation of the sewer system as it exists carries risks of violation of the treatment facility discharge permit as issued by DNR because of the loading of the facility, and continued violations could result in enforcement action taken by DNR, which could, in turn, result in a building construction moratorium enforced either by DNR or a county agency, or both, until an adequate treatment facility is constructed and placed into service.

CONCLUSION

Staff recommends that the owner of the sewer system, as the sewer system exists and is operating, is subject to regulation and should receive a certificate. But, Staff recommends the owner not be allowed to continue its operation, and instead seeks permission to locate an interim receiver to take over the day-to-day operations of the system and provide safe and adequate service to the current customers. Staff is concerned that the current owner does not possess the appropriate business judgment to operate a regulated sewer utility. The Company has inadequate financial resources to continue and has ceased construction of a permitted expansion project, with no viable plan to continue to expand in the future and these raise concerns with Staff.

Therefore, Staff recommends the Commission issue an order stating the following:

1. Canyon Treatment Facility, LLC, be granted a Certificate of Convenience and Necessity for the system described in its *Application*.
2. Appoints an interim receiver to take over the day-to-day operations of the sewer system and authorize the Commission Staff to petition the Circuit Court for the appointment of a receiver.
3. Canyon Treatment Facility, LLC, its affiliates and common ownership will provide all books and records including existing permits needed to operate the sewer system to any receiver that acquires the sewer system.
4. The owners of Canyon Treatment Facility, LLC and its affiliates must be sure that all utility assets, liabilities, revenues and expense accounts necessary to operate and maintain the sewer system should be preserved and treated part of the utility operations and are to be included in the transfer to Canyon Treatment Facility, LLC. All other books, records, permits, invoices, drawings and blueprints that are necessary or useful for the existing operation of the sewer system, and any reports, documents including invoices for work performed on any construction to date and drawing that have been prepared for planned additions or modifications to the sewer system, to the entity identified as Canyon Treatment Facility, LLC and considered Canyon Treatment Facility, LLC's property. All such utility assets and property necessary to operate and maintain the sewer system and expansion or modification plans should be preserved and treated as part of the utility operations and are to be transferred to be in the possession and control of any

receiver appointed to control Canyon Treatment Facility, LLC, regardless of where said utility assets are currently accounted for and identified in the financial records of Canyon Treatment Facility, LLC, its owner and any Canyon Treatment affiliate companies—Box Canyon, Horse Trading or any other commonly owned affiliated company.

5. All necessary easements and rights of way to properly operate and maintain Canyon Treatment's existing and future expansion of the sewer system must be established and any such easements and rights of way will transfer to Canyon Treatment Facility, LLC or any entity established to operate the sewer system.
6. The depreciation rates shown in Attachment B are used for Canyon Treatment Facility, LLC, for purposes of accruing depreciation expense.
7. Canyon Treatment Facility, LLC would be required to comply with the Commission's rules and regulations.
8. Canyon Treatment Facility, LLC would be required to maintain books and records in accordance with the Uniform System of Accounts (USOA) for the appropriate revenue class. The Company would submit to the Commission an annual report based on the use of the USOA.
9. Canyon Treatment Facility, LLC would be required to file an original Schedule of Rates, Rules and Regulations (Tariff) that includes approved rates and CIAC fees, as described in this memorandum, and including language identifying the discontinuance of service for non-payment, and a Collecting Sewer Extension Rule, and any other necessary rule that would apply to the customers.
10. Until a receiver is appointed, the owner of Canyon Treatment Facility, LLC should continue to provide utility service to existing customers to the best of its ability.
11. Until a receiver is appointed, Canyon Treatment Facility, LLC is authorized on an interim basis to enforce collection of payment from customers currently receiving utility service from the Company. After a receiver is appointed and proper tariff rules are in place, Canyon Treatment Facility, LLC may enforce collections by the terms of the tariff and rules and regulations of the Commission.
12. Canyon Treatment Facility, LLC must take all steps necessary to ensure that all customers – present and future - are current on amounts owed to the utility including the establishment of effective means to discontinue service to customers and necessary tariff language for discontinuance of sewer service.
13. Intervenor VPG shall pay Canyon Treatment Facility, LLC any and all current and past due fees for services provided.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Canyon)
Treatment Facility, LLC for Permission,) File No. SA-2010-0219
Approval and a Certificate of Convenience)
and Necessity Authorizing it to Acquire,)
Construct, Install, Own, Operate, Control,)
Manage, and/or Maintain a Sewer System for)
the Public Located in Stone County, Missouri)

AFFIDAVIT OF SHANA ATKINSON

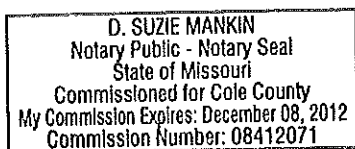
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

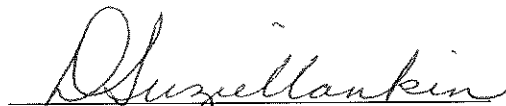
COMES NOW SHANA ATKINSON, being of lawful age, and on his oath states the following: (1) that she is a Utility Regulatory Auditor III in the Missouri Public Service Commission's Financial Analysis Unit; (2) that she participated in the Staff's investigation of the application of the Certificate of Convenience and Necessity request that is the subject of the instant case; (3) that she has knowledge of the foregoing Staff Recommendation; (4) that she was responsible for the preparation of the section titled *Capital Structure* of the Staff Recommendation; (5) that she has knowledge of the matters set forth in the section titled *Capital Structure* of the Staff Recommendation; and (6) that the matters set forth in the section titled *Capital Structure* of the Staff Recommendation are true and correct to the best of her knowledge, information, and belief.



SHANA ATKINSON
Utility Regulatory Auditor III
Financial Analysis Unit

Subscribed and sworn to before me this 22nd day of December, 2011.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Canyon Treatment)
Facility, LLC for Permission, Approval and a)
Certificate of Convenience and Necessity Authorizing) File No. SA-2010-0219
it to Acquire, Construct, Install, Own, Operate,)
Control, Manage, and/or Maintain a Sewer System for)
the Public Located in Stone County, Missouri)

AFFIDAVIT OF CARY G. FEATHERSTONE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Cary G. Featherstone, of lawful age, on his oath states: (1) that he is a Utility Regulatory Auditor V in the Auditing Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity* in memorandum form; (3) that certain information in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* were provided by him; (4) that he has knowledge of matters set forth in the following sections of the *Staff Recommendation Regarding Certificate of Convenience and Necessity*;

OVERVIEW OF CANYON TREATMENT, AFFILIATES, AND SERVICE TERRITORY

REVENUE REQUIREMENT, PROPOSED RATES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

OTHER MATTERS – BUSINESS JUDGMENT

OTHER LEGAL MATTERS

Corresponding information in portions of

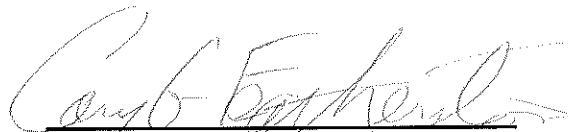
PROCEDURAL BACKGROUND

SUMMARY

THE TARTAN ENERGY CRITERIA

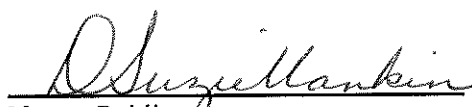
CONCLUSION

and, (5) that such matters set forth in the above sections of *Staff Recommendation Regarding Certificate of Convenience and Necessity* are true and correct to the best of his knowledge, information and belief.


Cary G. Featherstone

Subscribed and sworn to before me this 22nd day of December 2011.

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 Canyon Treatment)
Facility, LLC for Permission, Approval and a)
Certificate of Convenience and Necessity Authorizing)
it to Acquire, Construct, Install, Own, Operate,)
Control, Manage, and/or Maintain a Sewer System for)
the Public Located in Stone County, Missouri)

File No. SA-2010-0219

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI)
) ss
COUNTY OF Jackson)

Karen Lyons, of lawful age, on her oath states: (1) that she is a Utility Regulatory Auditor IV in the Auditing Unit of the Missouri Public Service Commission; (2) that she participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity* in memorandum form; (3) that certain information in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* were provided by her; (4) that she has knowledge of matters set forth in Attachment A and in the following sections of the *Staff Recommendation Regarding Certificate of Convenience and Necessity*;

OVERVIEW OF CANYON TREATMENT, AFFILIATES, AND SERVICE TERRITORY

REVENUE REQUIREMENT, PROPOSED RATES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

RATE BASE

DEPRECIATION

PLANT AND DEPRECIATION RESERVE

REVENUES

OPERATING EXPENSES

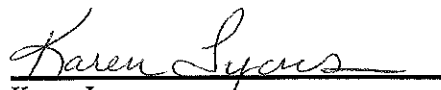
Corresponding information in portions of

PROCEDURAL BACKGROUND

SUMMARY

CONCLUSION

and, (5) that such matters set forth in Attachment A and in the above sections of *Staff Recommendation Regarding Certificate of Convenience and Necessity* are true and correct to the best of her knowledge, information and belief.


Karen Lyons

Subscribed and sworn to before me this 22nd day of December 2011.


Notary Public

BEVERLY M. WEBB
Notary Public - Notary Seal
STATE OF MISSOURI
County of Clay
My Commission Expires 4/14/2012
Commission # 08464070

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

In the Matter of the Application of Canyon Treatment)
Facility, LLC for Permission, Approval and a)
Certificate of Convenience and Necessity Authorizing)
it to Acquire, Construct, Install, Own, Operate,)
Control, Manage, and/or Maintain a Sewer System for)
the Public Located in Stone County, Missouri)

File No. SA-2010-0219

AFFIDAVIT OF JAMES A. MERCIEL, JR., P.E.

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Merciel, Jr., P.E., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff Recommendation Regarding Certificate of Convenience and Necessity* in memorandum form; (3) that certain information in the *Staff Recommendation Regarding Certificate of Convenience and Necessity* were provided by him; (4) that he has knowledge of matters set forth in the following sections of the *Staff Recommendation Regarding Certificate of Convenience and Necessity*;

EXISTING PLANT CAPACITY AND COMPANY'S PROPOSED EXPANSION

REVENUE REQUIREMENT, PROPOSED RATES AND CONTRIBUTIONS IN AID OF CONSTRUCTION

RATE DESIGN

OTHER MATTERS – BUSINESS JUDGMENT

MISSOURI DEPARTMENT OF NATURAL RESOURCES VIOLATIONS

Corresponding information in portions of

PROCEDURAL BACKGROUND

SUMMARY

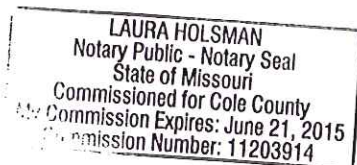
THE TARTAN ENERGY CRITERIA


CONCLUSION

and, (5) that such matters set forth in the above sections of *Staff Recommendation Regarding Certificate of Convenience and Necessity* are true and correct to the best of his knowledge, information and belief.


James A. Merciel, Jr., P.E.

Subscribed and sworn to before me this 22nd day of December 2011.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

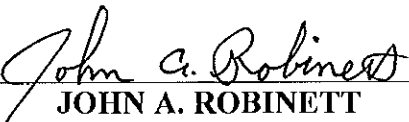
OF THE STATE OF MISSOURI

In the Matter of the Application of Canyon)
Treatment Facility, LLC for Permission,) File No. SA-2010-0219
Approval and a Certificate of Convenience)
and Necessity Authorizing it to Acquire,)
Construct, Install, Own, Operate, Control,)
Manage, and/or Maintain a Sewer System for)
the Public Located in Stone County, Missouri)

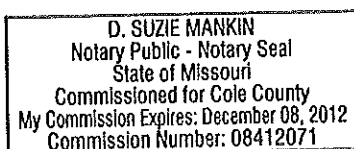
AFFIDAVIT OF JOHN A. ROBINETT

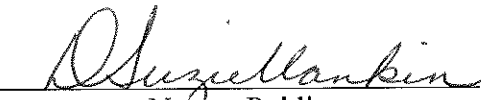
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

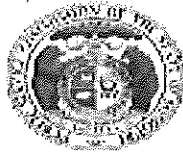
COMES NOW JOHN A. ROBINETT, being of lawful age, and on his oath states the following: (1) that he is a Utility Engineering Specialist in the Missouri Public Service Commission's Engineering and Management Services Unit; (2) that he participated in the Staff's investigation of the application of the Certificate of Convenience and Necessity request that is the subject of the instant case; (3) that he has knowledge of the foregoing Staff Recommendation; (4) that he was responsible for the preparation of the section titled *Depreciation* and Attachment B to the Staff Recommendation; (5) that he has knowledge of the matters set forth in the section titled *Depreciation* and Attachment B to the Staff Recommendation; and (6) that the matters set forth in the section titled *Depreciation* and Attachment B to the Staff Recommendation are true and correct to the best of his knowledge, information, and belief.


JOHN A. ROBINETT
Utility Engineering Specialist
Engineering and Management Services Unit

Subscribed and sworn to before me this 22nd day of December 2011.




Notary Public



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Certificate of Convenience and Necessity

STAFF ACCOUNTING SCHEDULES

CANYON TREATMENT FACILITY, LLC
Test Year 12-Month Ending March 31, 2010
Updated through June 30, 2010

CASE NO. SA-2010-0219

Jefferson City, Missouri

December 2011

****Denotes Highly Confidential Information****

NP

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Revenue Requirement

Line Number	A Description	B 9.03% Return	C 9.03% Return	D 9.03% Return
1	Net Orig Cost Rate Base	\$208,259	\$208,259	\$208,259
2	Rate of Return	9.03%	9.03%	9.03%
3	Net Operating Income Requirement	\$18,806	\$18,806	\$18,806
4	Net Income Available	\$24,754	\$24,754	\$24,754
5	Additional Net Income Required	-\$5,948	-\$5,948	-\$5,948
6	Income Tax Requirement			
7	Required Current Income Tax	\$3,319	\$3,319	\$3,319
8	Current Income Tax Available	\$4,368	\$4,368	\$4,368
9	Additional Current Tax Required	-\$1,049	-\$1,049	-\$1,049
10	Revenue Requirement	-\$6,997	-\$6,997	-\$6,997
11	Allowance for Known and Measureable Changes/True-Up Estimate	\$0	\$0	\$0
12	Gross Revenue Requirement	-\$6,997	-\$6,997	-\$6,997

Accounting Schedule: 1
Sponsor: Karen Lyons
Date: 12/21/2011
Page: 1 of 1

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
RATE BASE SCHEDULE

Line Number	A Rate Base Description	B Percentage Rate	C Dollar Amount
1	Plant In Service		\$1,703,862
2	Less Accumulated Depreciation Reserve		\$283,724
3	Net Plant In Service		\$1,420,138
4	ADD TO NET PLANT IN SERVICE		
5	Cash Working Capital		\$0
6	CIAC Depreciation		\$143,241
7	TOTAL ADD TO NET PLANT IN SERVICE		\$143,241
8	SUBTRACT FROM NET PLANT		
9	Federal Tax Offset	0.0000%	\$0
10	State Tax Offset	0.0000%	\$0
11	City Tax Offset	0.0000%	\$0
12	Interest Expense Offset	0.0000%	\$0
13	Contribution In Aid of Construction		\$1,355,120
14	TOTAL SUBTRACT FROM NET PLANT		\$1,355,120
15	Total Rate Base		<u>\$208,259</u>

Accounting Schedule: 2
Sponsor: Karen Lyons
Date: 12/21/2011
Page: 1 of 1

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Plant In Service

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjust. Number	E Adjustments	F As Adjusted Plant	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
3		COLLECTION PLANT							
4	310.000	Land and Land Rights	\$45,500	P-4	**	** \$25,500	100.00	\$0	\$25,500
5	311.000	Structures and Improvements	\$299,538	P-5	\$0	\$299,538	100.00%	\$0	\$299,538
6	352.200	Collection Sewers-Gravity	\$707,710	P-6	\$0	\$707,710	100.00%	\$0	\$707,710
7	354.000	Services to Customers	\$0	P-7	\$0	\$0	100.00%	\$0	\$0
8	355.000	Flow Measuring Devices	\$119,079	P-8	\$0	\$119,079	100.00%	\$0	\$119,079
9		TOTAL COLLECTION PLANT	\$1,171,827		**	** \$1,151,827		\$0	\$1,151,827
10		SYSTEM PUMPING PLANT							
11	362.000	Receiving Wells	\$0	P-11	\$0	\$0	100.00%	\$0	\$0
12	363.000	Pumping Equipment	\$0	P-12	\$0	\$0	100.00%	\$0	\$0
13		TOTAL SYSTEM PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
14		TREATMENT & DISPOSAL PLANT							
15	373.000	Treatment & Disposal Equipment - TDP	\$550,481	P-15	\$0	\$550,481	100.00%	\$0	\$550,481
16		TOTAL TREATMENT & DISPOSAL PLANT	\$550,481		\$0	\$550,481		\$0	\$550,481
17		GENERAL PLANT							
18	391.000	Office Furniture and Equipment	\$0	P-18	\$0	\$0	100.00%	\$0	\$0
19	391.100	Office Computer/Electronic Equipment	\$1,554	P-19	\$0	\$1,554	100.00%	\$0	\$1,554
20	392.000	Transportation Equipment	\$0	P-20	\$0	\$0	100.00%	\$0	\$0
21	393.000	Other General Equipment	\$0	P-21	\$0	\$0	100.00%	\$0	\$0
22		TOTAL GENERAL PLANT	\$1,554		\$0	\$1,554		\$0	\$1,554
23		TOTAL PLANT IN SERVICE	\$1,723,862		**	** \$1,703,862		\$0	\$1,703,862

NP

Accounting Schedule: 3
Sponsor: Karen Lyons
Date: 12/21/2011
Page: 1 of 1

ATTACHMENT A - 4

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Adjustments to Plant in Service

A Plant Adj. Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount	F Jurisdictional Adjustments	G Total Jurisdictional Adjustments
P-4	Land and Land Rights	310.000		** **		\$0
	1. To remove 1 acre of land sold in 2009 (Lyons)		** **		\$0	
Total Plant Adjustments				** **		\$0

NP

Accounting Schedule: 4
Sponsor: Karen Lyons
Date: 12/21/2011
Page: 1 of 1

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Depreciation Expense

Line Number	A Account Number	B Plant Account Description	C MO Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2		TOTAL PLANT INTANGIBLE	\$0		\$0
3		COLLECTION PLANT			
4	310.000	Land and Land Rights	\$25,500	0.00%	\$0
5	311.000	Structures and Improvements	\$299,538	3.00%	\$8,986
6	352.200	Collection Sewers-Gravity	\$707,710	2.00%	\$14,154
7	354.000	Services to Customers	\$0	2.00%	\$0
8	355.000	Flow Measuring Devices	\$119,079	3.30%	\$3,930
9		TOTAL COLLECTION PLANT	\$1,151,827		\$27,070
10		SYSTEM PUMPING PLANT			
11	362.000	Receiving Wells	\$0	0.00%	\$0
12	363.000	Pumping Equipment	\$0	0.00%	\$0
13		TOTAL SYSTEM PUMPING PLANT	\$0		\$0
14		TREATMENT & DISPOSAL PLANT			
15	373.000	Treatment & Disposal Equipment - TDP	\$550,481	5.00%	\$27,524
16		TOTAL TREATMENT & DISPOSAL PLANT	\$550,481		\$27,524
17		GENERAL PLANT			
18	391.000	Office Furniture and Equipment	\$0	5.00%	\$0
19	391.100	Office Computer/Electronic Equipment	\$1,554	20.00%	\$311
20	392.000	Transportation Equipment	\$0	13.00%	\$0
21	393.000	Other General Equipment	\$0	6.70%	\$0
22		TOTAL GENERAL PLANT	\$1,554		\$311
23		Total Depreciation	\$1,703,862		\$54,905

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Accumulated Depreciation Reserve

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjust. Number	E Adjustments	F As Adjusted Reserve	G Jurisdictional Allocations	H Jurisdictional Adjustments	I MO Adjusted Jurisdictional
1		INTANGIBLE PLANT							
2		TOTAL PLANT INTANGIBLE	\$0		\$0	\$0		\$0	\$0
3		COLLECTION PLANT							
4	310.000	Land and Land Rights	\$0	R-4	\$0	\$0	100.00%	\$0	\$0
5	311.000	Structures and Improvements	\$57,534	R-5	\$0	\$57,534	100.00%	\$0	\$57,534
6	352.200	Collection Sewers-Gravity	\$72,892	R-6	\$0	\$72,892	100.00%	\$0	\$72,892
7	364.000	Services to Customers	\$0	R-7	\$0	\$0	100.00%	\$0	\$0
8	355.000	Flow Measuring Devices	\$11,789	R-8	\$0	\$11,789	100.00%	\$0	\$11,789
9		TOTAL COLLECTION PLANT	\$142,215		\$0	\$142,215		\$0	\$142,215
10		SYSTEM PUMPING PLANT							
11	362.000	Receiving Wells	\$0	R-11	\$0	\$0	100.00%	\$0	\$0
12	363.000	Pumping Equipment	\$0	R-12	\$0	\$0	100.00%	\$0	\$0
13		TOTAL SYSTEM PUMPING PLANT	\$0		\$0	\$0		\$0	\$0
14		TREATMENT & DISPOSAL PLANT							
15	373.000	Treatment & Disposal Equipment - TDP	\$141,431	R-15	\$0	\$141,431	100.00%	\$0	\$141,431
16		TOTAL TREATMENT & DISPOSAL PLANT	\$141,431		\$0	\$141,431		\$0	\$141,431
17		GENERAL PLANT							
18	391.000	Office Furniture and Equipment	\$0	R-18	\$0	\$0	100.00%	\$0	\$0
19	391.100	Office Computer/Electronic Equipment	\$78	R-19	\$0	\$78	100.00%	\$0	\$78
20	392.000	Transportation Equipment	\$0	R-20	\$0	\$0	100.00%	\$0	\$0
21	393.000	Other General Equipment	\$0	R-21	\$0	\$0	100.00%	\$0	\$0
22		TOTAL GENERAL PLANT	\$78		\$0	\$78		\$0	\$78
23		TOTAL DEPRECIATION RESERVE	\$283,724		\$0	\$283,724		\$0	\$283,724

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Adjustments for Depreciation Reserve

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

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Cash Working Capital

Line Number	A Description	B Test Year Adj. Expenses	C Revenue Lag	D Expense Lag	E Net Lag C - D	F Factor (Col E / 365)	G CWC Req B x F
1	OPERATION AND MAINT. EXPENSE						
2	Base Payroll	\$0	43.00	12.38	30.62	0.083890	\$0
3	Tax Withholding	\$0	43.00	365.00	-322.00	-0.882192	\$0
4	Pensions and Employee Benefits	\$0	43.00	39.35	3.65	0.010000	\$0
5	Electric	\$0	43.00	39.51	3.49	0.009562	\$0
6	Telephone	\$0	43.00	43.00	0.00	0.000000	\$0
7	Office Rents	\$0	43.00	43.00	0.00	0.000000	\$0
8	Intercompany Billing	\$0	43.00	0.00	43.00	0.117808	\$0
9	Uncollectible Accounts	\$0	43.00	0.00	43.00	0.117808	\$0
10	PSC Assessment	\$0	43.00	0.00	43.00	0.117808	\$0
11	Expense Allocations	\$0	43.00	0.00	43.00	0.117808	\$0
12	Cash Vouchers	\$43,848	0.00	0.00	0.00	0.000000	\$0
13	TOTAL OPERATION AND MAINT. EXPENSE	\$43,848					\$0
14	TAXES						
15	FICA - Employer Portion	\$0	43.00	0.00	43.00	0.117808	\$0
16	Unemployment	\$0	43.00	0.00	43.00	0.117808	\$0
17	Property Tax	\$0	43.00	182.00	-139.00	-0.380822	\$0
18	Gross Receipts Tax	\$0	43.00	38.03	4.97	0.013616	\$0
19	Corporate Franchise	\$0	43.00	0.00	43.00	0.117808	\$0
20	Sales Tax	\$0	43.00	0.00	43.00	0.117808	\$0
21	TOTAL TAXES	\$0					\$0
22	CWC REQ'D BEFORE RATE BASE OFFSETS						\$0
23	TAX OFFSET FROM RATE BASE						
24	Federal Tax Offset	\$3,319	0.00	0.00	0.00	0.000000	\$0
25	State Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
26	City Tax Offset	\$0	0.00	0.00	0.00	0.000000	\$0
27	Interest Expense Offset	\$0	0.00	0.00	0.00	0.000000	\$0
28	TOTAL OFFSET FROM RATE BASE	\$3,319					\$0
29	TOTAL CASH WORKING CAPITAL REQUIRED						\$0

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Income Statement Detail

	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
	\$0	See note (1)	See note (1)	Rev-2	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
	\$0			Rev-3		\$0	100.00%	\$0	\$0		
	\$0			Rev-4		\$0	100.00%	\$0	\$0		
	\$77,400			Rev-5		\$77,400	100.00%	\$0	\$77,400		
	\$5,520			Rev-6		\$5,520	100.00%	\$0	\$5,520		
	\$0			Rev-7		\$0	100.00%	\$0	\$0		
	\$82,920					\$82,920		\$0	\$82,920		
USES											
	\$4,800	\$0	\$4,800	E-2	\$0	\$4,800	100.00%	\$0	\$4,800	\$0	\$4,800
	\$5,773	\$0	\$5,773	E-3	\$0	\$5,773	100.00%	\$0	\$5,773	\$0	\$5,773
	\$487	\$0	\$487	E-4	\$0	\$487	100.00%	\$0	\$487	\$0	\$487
	\$960	\$0	\$960	E-5	\$0	\$960	100.00%	\$0	\$960	\$0	\$960
	\$1,800	\$0	\$1,800	E-6	\$0	\$1,800	100.00%	\$0	\$1,800	\$0	\$1,800
EXPENSES	\$13,820	\$0	\$13,820		\$0	\$13,820		\$0	\$13,820	\$0	\$13,820
	\$0	\$0	\$0	E-9	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-12	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
	\$2,400	\$0	\$2,400	E-15	\$0	\$2,400	100.00%	\$0	\$2,400	\$0	\$2,400
	\$0	\$0	\$0	E-16	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
EXPENSES	\$2,400	\$0	\$2,400		\$0	\$2,400		\$0	\$2,400	\$0	\$2,400
	\$300	\$0	\$300	E-19	\$0	\$300	100.00%	\$0	\$300	\$0	\$300
	\$6,060	\$0	\$6,060	E-20	\$0	\$6,060	100.00%	\$0	\$6,060	\$0	\$6,060
EXPENSE	\$6,360	\$0	\$6,360		\$0	\$6,360		\$0	\$6,360	\$0	\$6,360
	\$0	\$0	\$0	E-23	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
EXPENSES	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-26	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-27	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
EXPENSE	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
	\$7,154	\$7,154	\$0	E-30	\$0	\$7,154	100.00%	\$0	\$7,154	\$7,154	\$0
	\$2,880	\$2,880	\$0	E-31	\$0	\$2,880	100.00%	\$0	\$2,880	\$2,880	\$0
	\$248	\$0	\$248	E-32	\$0	\$248	100.00%	\$0	\$248	\$0	\$248
	\$347	\$0	\$347	E-33	\$0	\$347	100.00%	\$0	\$347	\$0	\$347
	\$1,157	\$0	\$1,157	E-34	\$0	\$1,157	100.00%	\$0	\$1,157	\$0	\$1,157

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Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Income Statement Detail

	C Test Year Total (D+E)	D Test Year Labor	E Test Year Non Labor	F Adjust. Number	G Total Company Adjustments (From Adj. Sch.)	H Total Company Adjusted (C+G)	I Jurisdictional Allocations	J Jurisdictional Adjustments (From Adj. Sch.)	K MO Final Adj Jurisdictional (H x I) + J	L MO Adj. Juris. Labor L + M = K	M MO Adj. Juris. Non Labor
USES	\$540	\$0	\$540	E-35	\$0	\$540	100.00%	\$0	\$540	\$0	\$540
	\$0	\$0	\$0	E-36	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
	\$2,167	\$0	\$2,167	E-37	\$0	\$2,167	100.00%	\$0	\$2,167	\$0	\$2,167
	\$3,260	\$0	\$3,260	E-38	\$0	\$3,260	100.00%	\$0	\$3,260	\$0	\$3,260
	\$1,135	\$0	\$1,135	E-39	\$0	\$1,135	100.00%	\$0	\$1,135	\$0	\$1,135
	\$2,400	\$2,400	\$0	E-40	\$0	\$2,400	100.00%	\$0	\$2,400	\$2,400	\$0
	\$21,268	\$12,434	\$8,834		\$0	\$21,268		\$0	\$21,268	\$12,434	\$8,834
	\$0	See note (1)	See note (1)	E-43	See note (1)	\$0	100.00%	\$54,905	\$54,905	See note (1)	See note (1)
	-\$44,955			E-44		-\$44,955	100.00%	\$0	-\$44,955		
	-\$44,955	\$0	\$0		\$0	-\$44,955		\$54,905	\$9,950	\$0	\$0
USE	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-49	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-50	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-51	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	E-52	\$0	\$0	100.00%	\$0	\$0	\$0	\$0
	\$0	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0
	-\$1,107	\$12,434	\$31,414		\$0	-\$1,107		\$54,905	\$53,798	\$12,434	\$31,414
	\$84,027					\$84,027		-\$54,905	\$29,122		
	\$0	See note (1)	See note (1)	E-57	See note (1)	\$0	100.00%	\$4,368	\$4,368	See note (1)	See note (1)
	\$0					\$0		\$4,368	\$4,368		
ax.	\$0	See note (1)	See note (1)	E-60	See note (1)	\$0	100.00%	\$0	\$0	See note (1)	See note (1)
	\$0			E-61		\$0	100.00%	\$0	\$0		
	\$0			E-62		\$0	100.00%	\$0	\$0		
	\$0					\$0		\$0	\$0		
	\$84,027					\$84,027		-\$59,273	\$24,754		

ue & Taxes

Accounting Schedule: 9
Sponsor: Karen Lyons
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ATTACHMENT A - 11

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Adjustments to Income Statement Detail

A Income Adj. Number	B Income Adjustment Description	C Account Number	D Company Adjustment Labor	E Company Adjustment Non Labor	F Company Adjustments Total	G Jurisdictional Adjustment Labor	H Jurisdictional Adjustment Non Labor	I Jurisdictional Adjustments Total
E-43	Depreciation Expense, Dep. Exp.		\$0	\$0	\$0	\$0	\$54,905	\$54,905
	1. To Annualize Depreciation Expense		\$0	\$0		\$0	\$54,905	
	2. No Adjustment		\$0	\$0		\$0	\$0	
E-57	Current Income Taxes		\$0	\$0	\$0	\$0	\$4,368	\$4,368
	1. To Annualize Current Income Taxes		\$0	\$0		\$0	\$4,368	
	2. No Adjustment		\$0	\$0		\$0	\$0	
Total Operating Revenues			\$0	\$0	\$0	\$0	\$0	\$0
Total Operating & Maint. Expense			\$0	\$0	\$0	\$0	\$59,273	\$59,273

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 9.03% Return	E 9.03% Return	F 9.03% Return
1	TOTAL NET INCOME BEFORE TAXES		\$29,122	\$22,125	\$22,125	\$22,125
2	ADD TO NET INCOME BEFORE TAXES					
3	Book Depreciation Expense		\$9,950	\$9,950	\$9,950	\$9,950
4	Test		\$0	\$0	\$0	\$0
5	TOTAL ADD TO NET INCOME BEFORE TAXES		\$9,950	\$9,950	\$9,950	\$9,950
6	SUBT. FROM NET INC. BEFORE TAXES					
7	Interest Expense calculated at the Rate of	0.0000%	\$0	\$0	\$0	\$0
8	Tax Straight-Line Depreciation		\$9,950	\$9,950	\$9,950	\$9,950
9	Excess Tax Depreciation		\$0	\$0	\$0	\$0
10	TOTAL SUBT. FROM NET INC. BEFORE TAXES		\$9,950	\$9,950	\$9,950	\$9,950
11	NET TAXABLE INCOME		\$29,122	\$22,125	\$22,125	\$22,125
12	PROVISION FOR FED. INCOME TAX					
13	Net Taxable Inc. - Fed. Inc. Tax		\$29,122	\$22,125	\$22,125	\$22,125
14	Deduct Missouri Income Tax at the Rate of	35.000%	\$0	\$0	\$0	\$0
15	Deduct City Inc Tax - Fed. Inc. Tax		\$0	\$0	\$0	\$0
16	Federal Taxable Income - Fed. Inc. Tax		\$29,122	\$22,125	\$22,125	\$22,125
17	Federal Income Tax at the Rate of	See Tax Table	\$4,368	\$3,319	\$3,319	\$3,319
18	Subtract Federal Income Tax Credits					
19	Credit - Wind		\$0	\$0	\$0	\$0
20	Credit - Solar		\$0	\$0	\$0	\$0
21	Net Federal Income Tax		\$4,368	\$3,319	\$3,319	\$3,319
22	PROVISION FOR MO. INCOME TAX					
23	Net Taxable Income - MO. Inc. Tax		\$29,122	\$22,125	\$22,125	\$22,125
24	Deduct Federal Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
25	Deduct City Income Tax - MO. Inc. Tax		\$0	\$0	\$0	\$0
26	Missouri Taxable Income - MO. Inc. Tax		\$29,122	\$22,125	\$22,125	\$22,125
27	Missouri Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
28	PROVISION FOR CITY INCOME TAX					
29	Net Taxable Income - City Inc. Tax		\$29,122	\$22,125	\$22,125	\$22,125
30	Deduct Federal Income Tax - City Inc. Tax		\$4,368	\$3,319	\$3,319	\$3,319
31	Deduct Missouri Income Tax - City Inc. Tax		\$0	\$0	\$0	\$0
32	City Taxable Income		\$24,754	\$18,806	\$18,806	\$18,806
33	City Income Tax at the Rate of	0.000%	\$0	\$0	\$0	\$0
34	SUMMARY OF CURRENT INCOME TAX					
35	Federal Income Tax		\$4,368	\$3,319	\$3,319	\$3,319
36	State Income Tax		\$0	\$0	\$0	\$0
37	City Income Tax		\$0	\$0	\$0	\$0
38	TOTAL SUMMARY OF CURRENT INCOME TAX		\$4,368	\$3,319	\$3,319	\$3,319
39	DEFERRED INCOME TAXES					
40	Deferred Income Taxes - Def. Inc. Tax.		\$0	\$0	\$0	\$0
41	Amortization of Deferred ITC		\$0	\$0	\$0	\$0
42	Test Line		\$0	\$0	\$0	\$0
43	TOTAL DEFERRED INCOME TAXES		\$0	\$0	\$0	\$0
44	TOTAL INCOME TAX		\$4,368	\$3,319	\$3,319	\$3,319

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Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Income Tax Calculation

Line Number	A Description	B Percentage Rate	C Test Year	D 9.03% Return	E 9.03% Return	F 9.03% Return
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Federal Tax Table					
Federal Income Taxes		\$29,122	\$22,125	\$22,125	\$22,125
15% on first \$50,000		\$4,368	\$3,319	\$3,319	\$3,319
25% on next \$25,000		\$0	\$0	\$0	\$0
34% > \$75,000 < \$100,001		\$0	\$0	\$0	\$0
39% > \$100,000 < \$335,001		\$0	\$0	\$0	\$0
34% > \$335,000 < \$10,000,001		\$0	\$0	\$0	\$0
35% > \$10MM < \$15,000,001		\$0	\$0	\$0	\$0
38% > \$15MM < \$18,333,334		\$0	\$0	\$0	\$0
36% > \$18,333,333		\$0	\$0	\$0	\$0
Total Federal Income Taxes		\$4,368	\$3,319	\$3,319	\$3,319

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Capital Structure Schedule

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital 9.03%	F Weighted Cost of Capital 9.03%	G Weighted Cost of Capital 9.03%
1	Common Stock	\$208,259	100.00%		9.030%	9.030%	9.030%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
4	Long Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%	0.000%	0.000%
7	TOTAL CAPITALIZATION	\$208,259	100.00%		9.030%	9.030%	9.030%
8	PreTax Cost of Capital				10.623%	10.623%	10.623%

Canyon Treatment Facility, LLC
Case No. SA-2010-0219
Box Canyon Watershed Association, LLC
Test Year Ending 03-31-2010
Executive Case Summary

Line Number	Description	Amount
1	Annualized Missouri Retail Revenues	\$82,920
2	Annualized Customer Numbers	235
3	Annualized Customer Usage	0
4	Profit (Return on Equity)	\$18,806
5	Interest Expense	\$0
6	Annualized Payroll	\$12,434
7	Utility Employees	0
8	Depreciation	\$54,905
9	Net Investment Plant	\$1,420,138
10	Pensions	\$0