

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

**In the Matter of the Application of Seges)
Partners Mobile Home Park, LLC for a)
Small Company Rate Increase Request)**

Case No. SR-2011-0133

**NOTICE OF UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its *Notice of Unanimous Agreement Regarding Disposition of Small Company Rate Increase Request* ("Unanimous Agreement Notice") states as follows:

1. On November 8, 2010, the Missouri Public Service Commission ("the Commission") received a Rate Increase Request Letter ("Request Letter") from Seges Partners Mobile Home Park, L.L.C ("Seges" or "the Company").

2. In its Request Letter, Seges requested Commission approval of an increase of \$5,697.12 in its total annual sewer system operating revenues pursuant to Commission Rule 4 CSR 240-3.050.

3. Upon completion of its investigation of the Company's request, Staff provided Seges and the Office of the Public Counsel ("Public Counsel") with materials related to Staff's investigation, as well as Staff's initial recommendations for the resolution of the revenue increase request.

4. Subsequent to Staff's investigation and pursuant to negotiations between the Company, Staff, and Public Counsel, all parties have been able to reach a *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Unanimous Agreement").

5. Included in Appendix A, attached and incorporated by reference herein, is a copy of the above-referenced *Unanimous Agreement*, as well as various attachments related to the *Unanimous Agreement*. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

6. As agreed upon by the parties to this case, the *Unanimous Agreement* provides for an increase of \$8,627 in Seges' annual operating revenues for its sewer system.

7. Pursuant to Rule 4 CSR 240-3.050(13), (Small Utility Rate Case Procedure), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed by the utility, the staff and the public counsel, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than (30) days after they are filed, to implement the agreement." Seges will file a substitute tariff sheet no later than March 1, 2011 seeking to implement the terms of the *Unanimous Agreement*. This tariff sheet will not become effective until April 1, 2011, in compliance with Rule 4 CSR 340.3.050 (13).

8. Seges is current on its payment of Commission assessments and on its filings of annual reports and statements of revenue. Seges has no other cases pending before the Commission at this time.

WHEREFORE, Staff respectfully submits this *Unanimous Agreement Notice* and the attached Appendix A for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff, the Company, and Public Counsel, including an earlier effective date for the tariff sheet.

Respectfully submitted,

/s/ RACHEL M. LEWIS

Rachel M. Lewis, Deputy Counsel
Missouri Bar No. 56073

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-6715 (Telephone)
(573) 751-9285 (Fax)
rachel.lewis@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 25th day of February, 2011.

/s/ RACHEL M. LEWIS

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2011-0133

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Jermaine Green-Auditing Department

David Williams – Engineering & Management Services Department

Benjamin Wisnewski – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

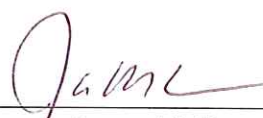
In the Matter of the Application of Seges)
Partners Mobile Home Park, LLC for a Small)
Company Rate Increase Request)

SR-2011-0133

AFFIDAVIT OF JAMES M. RUSSO

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (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 *Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement") (4) That he was responsible for the preparation of Attachments, A, C, D, E and I to the Disposition Agreement (5) that he has knowledge of the matters set forth in Disposition Agreement; and (5) that the matters set forth in the Disposition Agreement are true and correct to the best of his knowledge, information and belief.



James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 23rd day of February, 2011.



Notary Public

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 03, 2014 Commission Number: 10942086
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BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF JERMAINE GREEN

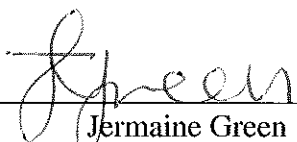
In the Matter of the Application of Seges)
Partners Mobile Home Park, LLC for a Small) Case No. SR-2011-0133
Company Rate Increase Request)

STATE OF MISSOURI

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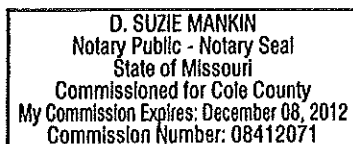
COUNTY OF COLE


COMES NOW Jermaine Green, being of lawful age, and on his oath states the following: (1) that he is a(n) **Utility Regulatory Auditor** in the Missouri Public Service Commission's **Auditing Department** ; (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 Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment **B & G** to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment **B & G** to the Disposition Agreement; and (6) that the matters set forth in Attachment **B & G** to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Jermaine Green
Utility Regulatory Auditor
Auditing Department

Subscribed and sworn to before me this 23rd day of February, 2011.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DAVID WILLIAMS

In the Matter of the Application of Seges)
Partners Mobile Home Park, LLC for a Small)
Company Rate Increase Request)

Case No. SR-2011-0133

STATE OF MISSOURI

ss.

COUNTY OF COLE

COMES NOW David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) **Utility Engineer Specialist** in the Missouri Public Service Commission's **Engineering and Management Services Department** ; (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 Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

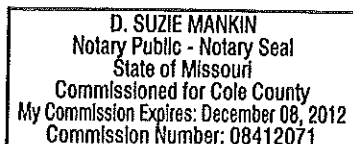
David Williams

David Williams

Utility Engineer Specialist

Engineering and Management Services Department

Subscribed and sworn to before me this 23rd day of February, 2011.



Suzie Mankin

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF BENJAMIN WISNEWSKI

In the Matter of the Application of Seges)
Partners Mobile Home Park, LLC for a Small) Case No. SR-2011-0133
Company Rate Increase Request)

STATE OF MISSOURI

ss.

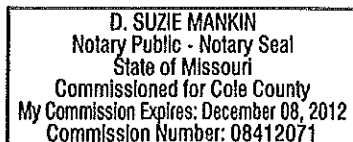
COUNTY OF COLE

COMES NOW Benjamin Wisnewski, being of lawful age, and on his oath states the following: (1) that he is a(n) **Utility Management Analyst** in the Missouri Public Service Commission's **Engineering and Management Services Department** ; (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 Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment **H** to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment **H** to the Disposition Agreement; and (6) that the matters set forth in Attachment **H** to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

Benjamin Wisnewski

Benjamin Wisnewski
Utility Management Analyst
Engineering and Management Services Department

Subscribed and sworn to before me this 23rd day of February, 2011.



D. Suzie Mankin
Notary Public

Unanimous Agreement

UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST

SEGES PARTNERS MOBILE HOME PARK, L.L.C.

MO PSC FILE NO. SR-2011-0133

BACKGROUND

Seges Partners Mobile Home Park, L.L.C. ("Company") initiated the small company revenue increase request ("Request") for sewer 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 November 8, 2010, the Company set forth its request for an increase of \$5,697.12 in its total annual sewer service operating revenues. In its request letter, 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 59 residential customers.

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.)

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") 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 OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff, OPC 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 set out in the example tariff sheet attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of April 1, 2011;
- (2) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment B and incorporated by reference herein, and the ratemaking income statement attached hereto as Attachment C 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 \$8,627 is just and reasonable and designed to recover the Company's cost of service;
- (3) The audit work papers attached hereto as Attachment B and incorporated herein, 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 (2) above;
- (4) The rates set out in the attached example tariff sheet, the development of which is shown on the rate design worksheet attached hereto as Attachment D and incorporated by reference herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company;
- (5) The rates included in the attached example tariff sheet will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E and incorporated by reference herein;
- (6) The rates included in the example tariff sheet, attached hereto as Attachment A and incorporated by reference herein, are just and reasonable, and that the provisions of the attached example tariff sheet also properly reflect all other agreements set out herein, where necessary;
- (7) The schedule of depreciation rates attached hereto as Attachment F and incorporated herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (8) The Commission's Auditing Department conducted an audit of the Company's books and records using the 12-month period ending June 30, 2010, 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 hereto as Attachment G, the Auditing Department Recommendation Memorandum and incorporated by reference herein.

Staff provided the Company and OPC its initial recommendations of the revenue increase for the resolution of the Company's request and Staff's EMS run. The work papers supporting the revenue requirement calculation were also provided to the Company and OPC with the results of its investigation regarding the proposed rate increase;

(9) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the recommendations contained in Attachment G. These recommendations include the following:

- a. The Company shall develop Continuing Property Records (CPRs) for all of its Plant in Service and Contributions in Aid of Construction (CIAC) records as the Company acquires new plant items; and
- b. The Company shall maintain three (3) separate general ledgers, one (1) each for the Company's water, sewer and mobile home park transactions;

(10) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment H and incorporated by reference herein;

- a. The Company shall ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each assignment; and
- b. The Company shall ensure that all Company employees complete and maintain a written log to record the task and miles driven while utilizing the Company's vehicle;

(11) 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 Unanimous 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;

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

(13) Staff or OPC may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Disposition Agreement;

(14) The Company and OPC agree that they have read the foregoing Unanimous Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's and OPC's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company, OPC and Staff; and that the Company and OPC freely and voluntarily enter into this agreement; and

(15) The above agreements satisfactorily resolve all issues identified by Staff, OPC 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 Unanimous 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 I to this Unanimous Disposition Agreement.

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


Additionally, the Company and OPC agree 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 Unanimous 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 Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company and OPC 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

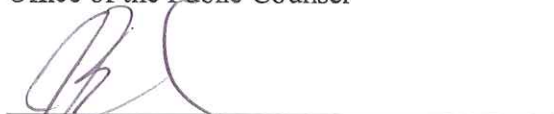
Agreement Signed and Dated:


J. Michael Otten
Partner
Seges Partners Mobile Home Park, L.L.C.

2-24-11
Date


Christina Baker
Senior Public Counsel
Office of the Public Counsel

2-24-11
Date


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

2-24-11
Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – EMS Run
- Attachment C – Ratemaking Income Statement
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – Auditing Department Recommendation Memorandum
- Attachment H – EMSD Report
- Attachment I – Summary of Events

Agreement Attachment A

Example Tariff Sheets

P.S.C. MO No. 1

1st Revised Sheet No. 5

Cancelling Original Sheet No. 5

Seges Partners Mobile Home Park, LLC
Name of Issuing Company

For: Seges Partners Mobile Home Park
Certificated Service Area

Rules & Regulations Governing
Rendering of Sewer Service

Schedule of Rates

Monthly Customer Charge:

\$27.53, regardless of water usage

Monthly Commodity Charge:

\$3.86 for each 1,000 gallons of metered water usage

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

Sewer bills will be prepared and distributed on a monthly billing cycle and will be rendered net, bearing the last date on which payment is due, all in accordance with Rule 9 hereafter.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: March 1, 2011
Month/Day/Year

Effective Date: April 1, 2011
Month/Day/Year

Issued By: J. Michael Otten, Partner
Name & Title of Issuing Officer

1435 Thompson Blvd., Suite B Sedalia, MO 65301
Company Mailing Address

Agreement Attachment B

EMS Run

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: SR-2011-0133
Date Prepared: January 1, 2011



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Revised

STAFF ACCOUNTING SCHEDULES

SEGES PARTNERS MOBILE HOME PARK

CASE NO. SR-2011-0133

Jefferson City, Missouri

June 2010

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Rate Design Schedule - Sewer

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)	\$20,772			
Rev-3	Miscellaneous Revenues	(1)	\$408			
Rev-4	TOTAL ANNUALIZED REVENUES		\$21,180			
1	OPERATIONS EXPENSES	(2)				
2	Operator/Supervisors Salary		\$1,560	\$0	\$1,560	0.00%
3	Electricity - Pumping Treatment		\$0	\$0	\$0	0.00%
4	Purchased Sewer Treatment		\$20,355	\$0	\$20,355	0.00%
5	TOTAL OPERATIONS EXPENSE		\$21,915	\$0	\$21,915	
6	MAINTENANCE EXPENSES					
7	Outside Services Employed		\$0	\$0	\$0	0.00%
8	System Repairs and Maintenance		\$1,293	\$0	\$1,293	0.00%
9	Supplies Expense		\$0	\$0	\$0	0.00%
10	TOTAL MAINTENANCE EXPENSE		\$1,293	\$0	\$1,293	
11	CUSTOMER ACCOUNT EXPENSE					
12	Accounting Fees		\$0	\$0	\$0	0.00%
13	Billing & Collections		\$0	\$0	\$0	0.00%
14	Office Supplies		\$0	\$0	\$0	0.00%
15	Postage Expense		\$77	\$0	\$77	0.00%
16	Uncollectible Accounts		\$0	\$0	\$0	0.00%
17	TOTAL CUSTOMER ACCOUNT EXPENSE		\$77	\$0	\$77	
18	ADMINISTRATIVE & GENERAL EXPENSES					
19	Administration & General Salaries		\$2,340	\$0	\$2,340	0.00%
20	Management Fee		\$1,039	\$0	\$1,039	0.00%
21	Telephone & Pagers		\$286	\$0	\$286	0.00%
22	Office Utilities		\$0	\$0	\$0	0.00%
23	Property & Liability Insurance		\$0	\$0	\$0	0.00%
24	Rate Case Expense		\$118	\$0	\$118	0.00%
25	Other Misc. Expenses		\$0	\$0	\$0	0.00%
26	TOTAL ADMINISTRATIVE AND GENERAL		\$3,783	\$0	\$3,783	
27	OTHER OPERATING EXPENSES					
28	MO DNR Fees		\$0	\$0	\$0	0.00%
29	PSC Assessment		\$1,941	\$0	\$1,941	0.00%
30	Amortization Expense (Cost of Certificate Case)		\$500	\$0	\$500	0.00%
31	Depreciation		\$0	\$0	\$0	0.00%
32	TOTAL OTHER OPERATING EXPENSES		\$2,441	\$0	\$2,441	
33	TAXES OTHER THAN INCOME					
34	Real & Personal Property Taxes		\$0	\$0	\$0	0.00%
35	Payroll Taxes		\$298	\$0	\$298	0.00%
36	TOTAL TAXES OTHER THAN INCOME		\$298	\$0	\$298	
37	TOTAL OPERATING EXPENSES		\$29,807	\$0	\$29,807	
38	Interest Expense	(3)	\$0	\$0	\$0	0.00%
39	Return on Equity	(3)	\$0	\$0	\$0	0.00%
40	Income Taxes	(3)	\$0	\$0	\$0	0.00%
41	TOTAL INTEREST RETURN & TAXES		\$0	\$0	\$0	
42	TOTAL COST OF SERVICE		\$29,807	\$0	\$29,807	
43	Less: Miscellaneous Revenues		\$408	\$0	\$408	0.00%

Seges Partners Mobile Home Park
 Informal Rate/Certification Case
 Tracking Number SR-2011-0133
 Test Year Ending 6/30/2010
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
44	COST TO RECOVER IN RATES		\$29,399	\$0	\$29,399	
45	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$8,627</u>			
46	PERCENTAGE OF INCREASE		<u>40.73%</u>			
47	REQUESTED INCREASE IN REVENUES		\$5,697			

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

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$31,725 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$0</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$31,725
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	<u>-\$31,725</u>
	CIAC Depreciation	<u>\$0</u>
5	Total Rate Base	<u>\$0</u>
6	Total Weighted Rate of Return Including Income Tax	<u>0.00%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$0</u></u>

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	6.25%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		6.25%	$B1 + B2$
4 Equity Tax Factor		1.0667	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		0.00%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		0.00%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		0.00%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		0.00%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$0
& Preliminary Federal Tax

Tax Rate Table

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

Seges Partners Mobile Home Park
 Informal Rate/Certification Case
 Tracking Number SR-2011-0133
 Test Year Ending 6/30/2010
 Capital Structure Schedule - Sewer

Line Number	A	B	C	D	E
	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$0	0.00%	0.00%	0.000%
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	\$0	0.00%	0.00%	0.000%
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>\$0</u>	<u>0.00%</u>		<u>0.000%</u>

To PreTax Return Rate Schedule

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Plant In Service - Sewer

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	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
10		COLLECTION PLANT					
11	352.100	Collection Sewer Pipes	\$31,725			100.00%	\$31,725
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	<u>\$31,725</u>		<u>\$0</u>		<u>\$31,725</u>
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$0			100.00%	\$0
33		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
34		TOTAL PLANT IN SERVICE	<u><u>\$31,725</u></u>		<u><u>\$0</u></u>		<u><u>\$31,725</u></u>

To Rate Base & Depreciation Schedules

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Schedule of Adjustments for Plant In Service - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment

Total Plant Adjustments		\$0
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Seges Partners Mobile Home Park
 Informal Rate/Certification Case
 Tracking Number SR-2011-0133
 Test Year Ending 6/30/2010
 Depreciation Expense - Sewer

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	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.00%	\$0
8	311.000	Structures & Improvements	\$0	0.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
10		COLLECTION PLANT			
11	352.100	Collection Sewer Pipes	\$31,725	0.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0	0.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
14	354.000	Services to Customers	\$0	0.00%	\$0
15	355.000	Flow Measuring Devices	\$0	0.00%	\$0
16		TOTAL COLLECTION PLANT	\$31,725		\$0
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	0.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	0.00%	\$0
20		TOTAL PUMPING PLANT	\$0		\$0
21		TREATMENT & DISPOSAL PLANT			
22	372.000	Oxidation Lagoon	\$0	0.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$0	0.00%	\$0
24	374.000	Plant Sewers	\$0	0.00%	\$0
25	375.000	Outfall Sewer Lines	\$0	0.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$0		\$0
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$0	0.00%	\$0
30		Office Computer Equipment	\$0	0.00%	\$0
31	392.000	Transportation Equipment	\$0	0.00%	\$0
32	393.000	Other General Equipment, Includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$0	0.00%	\$0
33		TOTAL GENERAL PLANT	\$0		\$0
34		Total Depreciation	\$31,725		\$0

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Accumulated Depreciation Reserve - Sewer

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	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
10		COLLECTION PLANT					
11	352.100	Collection Sewer Pipes	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
20		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$0			100.00%	\$0
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$0			100.00%	\$0
33		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
34		TOTAL DEPRECIATION RESERVE	<u><u>\$0</u></u>		<u><u>\$0</u></u>		<u><u>\$0</u></u>

To Rate Base Schedule

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

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

Sages Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Expense Schedule - Sewer

Líno 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		Operator/Supervisors Salary	\$0	S-2	\$1,560	100.00%	\$1,560
3		Electricity - Pumping Treatment	\$0			100.00%	\$0
4		Purchased Sewer Treatment	\$29,503	S-4	-\$9,148	100.00%	\$20,355
5		TOTAL OPERATIONS EXPENSE	\$29,503		-\$7,588		\$21,915
6		MAINTENANCE EXPENSES					
7		Outside Services Employed	\$0			100.00%	\$0
8		System Repairs and Maintenance	\$868	S-8	\$425	100.00%	\$1,293
9		Supplies Expense	\$0			100.00%	\$0
10		TOTAL MAINTENANCE EXPENSE	\$868		\$425		\$1,293
11		CUSTOMER ACCOUNT EXPENSE					
12		Accounting Fees	\$0			100.00%	\$0
13		Billing & Collections	\$0			100.00%	\$0
14		Office Supplies	\$0			100.00%	\$0
15		Postage Expense	\$0	S-15	\$77	100.00%	\$77
16		Uncollectible Accounts	\$0			100.00%	\$0
17		TOTAL CUSTOMER ACCOUNT EXPENSE	\$0		\$77		\$77
18		ADMINISTRATIVE & GENERAL EXPENSES					
19		Administration & General Salaries	\$0	S-19	\$2,340	100.00%	\$2,340
20		Management Fee	\$0	S-20	\$1,039	100.00%	\$1,039
21		Telephone & Faxes	\$286			100.00%	\$286
22		Office Utilities	\$0			100.00%	\$0
23		Property & Liability Insurance	\$0			100.00%	\$0
24		Rate Case Expense	\$0	S-24	\$118	100.00%	\$118
25		Other Misc. Expenses	\$0			100.00%	\$0
26		TOTAL ADMINISTRATIVE AND GENERAL	\$286		\$3,497		\$3,783
27		OTHER OPERATING EXPENSES					
28		MO DNR Fees	\$0			100.00%	\$0
29		PSC Assessment	\$0	S-29	\$1,941	100.00%	\$1,941
30		Amortization Expense (Cost of Certificate Case)	\$500			100.00%	\$500
31		Depreciation	\$0	S-31	\$0	100.00%	\$0
32		TOTAL OTHER OPERATING EXPENSES	\$500		\$1,941		\$2,441
33		TAXES OTHER THAN INCOME					
34		Real & Personal Property Taxes	\$0			100.00%	\$0
35		Payroll Taxes	\$0	S-35	\$298	100.00%	\$298
36		TOTAL TAXES OTHER THAN INCOME	\$0		\$298		\$298
37		TOTAL OPERATING EXPENSES	\$31,167		-\$1,350		\$29,807

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-2	Operator/Supervisors Salary			\$1,560
	To annualize Jimmy Smith's salary		\$1,560	
S-4	Purchased Sewer Treatment			-\$9,148
	To Annualize Purchased Sewer Expense		-\$9,148	
S-8	System Repairs and Maintenance			\$425
	To annualized maintenance expense		\$425	
S-15	Postage Expense			\$77
	To annualize postage expense		\$77	
S-19	Administration & General Salaries			\$2,340
	To annualize Allison Schowengerdt's salary		\$2,340	
S-20	Management Fee			\$1,039
	To annualize management fee		\$1,039	
S-24	Rate Case Expense			\$118
	To normalize rate case expense		\$118	
S-29	PSC Assessment			\$1,941
	To annualize PSC Assessment		\$1,941	
S-31	Depreciation			\$0
	1. To Annualize Depreciation		\$0	
S-35	Payroll Taxes			\$298

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	To annualize payroll taxes		\$298	
Total Expense Adjustments				<u><u>- \$1,350</u></u>

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Revenue Schedule - Sewer

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		\$0	Rev-2	\$20,772	100.00%	\$20,772
Rev-2	Annualized Rate Revenues		\$0	Rev-3	\$408	100.00%	\$408
Rev-3	Miscellaneous Revenues		\$0		\$21,180		\$21,180
Rev-4	TOTAL ANNUALIZED REVENUES						

Seges Partners Mobile Home Park
 Informal Rate/Certification Case
 Tracking Number SR-2011-0133
 Test Year Ending 6/30/2010
 Revenue Adjustment Schedule - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$20,772
	1. To Annualize Rate Revenues		\$20,772	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$408
	1. To Annualize Miscellaneous Revenues		\$408	
	2. Description		\$0	
Total Revenue Adjustments				<u>\$21,180</u>

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		E Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	59	
3	Bills Per Year		
4	Customer Bills Per year	708	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$13,771
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	2,564,543	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	2,564,543	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$7,001
16	Total Annualized Sewer Rate Revenues		<u>\$20,772</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.

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	59		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	708		0	
5	Current Customer Charge	\$19.45		\$0.00	
6	Annualized Customer Charge Revenues		\$13,771		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,564,543		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	2,564,543		0	
11	Block 1, Commodity Gallons per Block	2,564,543		0	
12	Block 1, Number of Commodity Gallons per Unit	1,000		0	
13	Block 1, Commodity Billing Units	2,564.54		0.00	
14	Block 1, Existing Commodity Charge	\$2.73		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$7,001		\$0
16	Total Annualized Sewer Rate Revenues		\$20,772		\$0

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.

Seges Partners Mobile Home Park
Informal Rate/Certification Case
Tracking Number SR-2011-0133
Test Year Ending 6/30/2010
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
4	Total Miscellaneous Revenues	<u>\$408</u>

Agreement Attachment C

Ratemaking Income Statement

SEGES PARTNERS MOBILE HOME PARK, LLC

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	20,772
2	Other Operating Revenues *	\$	408
3	Total Operating Revenues	\$	21,180
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary	\$ 1,560
2 Purchased Sewer Treatment	\$ 20,355
3 System Repairs and Maintenance	\$ 1,293
4 Administration & General - Salaries	\$ 2,340
5 Management Fees	\$ 1,039
6 Telephone & Internet Expense	\$ 286
7 Rate Case Expense	\$ 118
8 Postage Expense	\$ 77
9 Regulatory Commission Expense	\$ 1,941
10 Miscellaneous General Expenses	\$ -
11 Sub-Total Operating Expenses	\$ 29,009
12 Property Taxes	\$ -
13 MO Franchise Taxes	\$ -
14 Employer FICA Taxes	\$ 298
15 Federal Unemployment Taxes	\$ -
16 State Unemployment Taxes	\$ -
17 State & Federal Income Taxes	\$ -
18 Sub-Total Taxes	\$ 298
19 Depreciation Expense	\$ -
20 Amortization Expense (Certificate Case)	\$ 500
21 Sub-Total Depreciation/Amortization	\$ 500
22 Return on Rate Base	\$ -
23 Total Cost of Service	\$ 29,807
24 Overall Revenue Increase Needed	\$ 8,627

Agreement Attachment D

Rate Design Worksheet

SEGES PARTNERS MOBILE HOME PARK, LLC

Development of Tariffed Rates-Sewer

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 20,772
Agreed-Upon Overall Revenue Increase	\$ 8,627
Percentage Increase Needed	41.533%

Metered Customer Rates				
Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 19.45	\$ 27.53	\$ 2.730	\$ 3.864

Agreement Attachment E

Billing Comparison Worksheet

SEGES PARTNERS MOBILE HOME PARK, LLC

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

Current Base Customer Charge	Proposed Base Customer Charge	Current Usage Rate	Proposed Usage Rate
\$19.45	\$27.53	\$2.73	\$3.86

current service charge is monthly charge

MONTHLY BILL COMPARISON

Based on 4,000 gallons of sewage

Current Rates

Customer Charge	\$ 19.45
Usage Charge	\$ 10.92
Total Bill	\$ 30.37

Proposed Rates

Customer Charge	\$ 27.53
Usage Charge	\$ 15.46
Total Bill	\$ 42.98

INCREASES

Customer Charge

\$ Increase	\$8.08
% Increase	41.53%

Usage Charge

\$ Increase	\$4.54
% Increase	41.53%

Total Bill

\$ Increase	\$12.61
% Increase	41.53%

Agreement Attachment F

Schedule of Depreciation Rates

Seges Partners Mobile Home Park L.L.C.

Attachment F - Schedule of Depreciation Rates

SR-2011-0133

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	0%

Agreement Attachment G

Auditing Department Recommendation Memorandum

AUDITING DEPARTMENT RECOMMENDATION MEMORANDUM

FROM: Jermaine Green

TO: James Russo
Water and Sewer Department

CC: Kim Bolin
Joan Wandel
Rachel Lewis

SUBJECT: **Auditing Departments Findings and Recommended Cost of Service
Seges Partners Mobile Home Park L.L.C.
Case No. SR-2011-0133**

DATE: January 13, 2011

Seges Partners Mobile Home Park L.L.C. (Seges or Company) is located in Holts Summit, Missouri and presently provides water and sewer service to an average of 59 customers. In June of 2008, Seges applied for a certificate of convenience and necessity to provide sewer service within the Seges Partners Mobile Home Park. Seges sewer tariffs became effective December 31, 2009. Seges filed for a rate increase on November 8, 2010 under the Commission's small company rate procedure. Their request consisted of an annual revenue increase of \$5,697.12 for sewer service.

The Auditing Staff (Staff) performed an analysis of Seges financial documents and records, based on a test year of the twelve months ending June 30, 2010, and were updated for known and measurable changes through November 30, 2010. The Staff's analysis shows that the rates for the Company's sewer operations are under recovering the cost of service by \$8,627. Attached to this memorandum are Staff's workpapers related to its review of Seges operations. The following is a discussion of Staff's findings in this case.

RATE BASE:

The Staff did not sponsor plant in service work papers in this case. Plant in service for Seges during the certificate case was determined to be contribution in aid of construction (CIAC); therefore due to the lack of plant records and the CIAC categorization, the Staff has not allowed any recovery of plant in service in this case.

REVENUES:

Seges current sewer customer charge is \$19.45 regardless of water usage per month. The metered tariff rate for sewer is \$2.73 per 1000 gallons of use. The Staff performed a 23-month analysis to determine a normalized number of customers and a normalized usage per customer and used this information to determine the annualized revenues.

PURCHASED SEWER COSTS

Seges currently purchases its sewer services from the City of Holts Summit, Missouri. At the end of the each month Seges bills the mobile home park residents an itemized bill which lists fee for sewer service, the mobile home pad rent, and water service. The Staff used the City of Holts Summit's sewer rate that will be effective on April 1, 2011, which is \$17.47 per month for each pad connection and \$3.13 per 1000 gallons for the usage. The Staff's normalized customer numbers and usage to determine Seges normalized purchased sewer costs. The Staff's analysis used only the 59 customers/pad rentals that are occupied. Seges is currently paying the City of Holts Summit a connection fee for an additional 55 pads that are not occupied by residents. These unoccupied pads are costing the Company an additional \$9,148. The monthly costs for the additional vacant pads should be paid by the mobile home park not the sewer customers within the mobile home park.

PAYROLL & PAYROLL TAXES:

Seges currently has two employees, a Mobile Home Park Manager and an Office Manager. The Park Manager is responsible for the mobile home park maintenance and

repairs, water and sewer system maintenance and meter reading. He holds a drinking water distribution license (DS 1) from the Department of Natural Resources, (DNR). The Office Manager is responsible for all the administrative tasks, including accounts payable, accounts receivable, billing and collections and general financial statement preparation. The Staff normalized the payroll for the Park Manager and the Office Manager positions based on three (3) hours a week for \$10 and \$15 per hour, respectively. At the time of the audit, the Company did not have a formal process of tracking its employee's time between the different business entities. However, after meeting with the Company's employees and discussing their daily routine and responsibilities as it relates to the water and sewer utilities, the Staff found it prudent to allow three (3) hour per week for each employee. The salary level that the Staff has included for both employees in this case is supported by the Missouri Research and Information Center (MERIC) under the job categories for bookkeeping and waste water operator in the central Missouri area.

The Staff has included a total of \$298 in its cost of service calculation for payroll taxes.

MANAGEMENT FEE

Michael J. Otten and William Gray are the two managing partners in Seges Partners Mobile Home Park L.L.C. They charge a management fee based on five percent (5%) of total revenue to the sewer utility. This management fee is compensation for the managing partners' various functions and managerial oversight. Staff applied the 5% management fee factor to the Staff's annualized revenues to determine its annualized management fee expense. The Staff found this amount to be reasonable and included this amount in its cost of service.

POSTAGE

Customers are sent one bill each month which bills for sewer service, mobile home pad rent and water service. The Staff used an allocation percentage in order to allocate these costs. The Staff found it prudent to allocate fifty percent (50%) of all costs to the mobile

home park rental business and twenty-five percent (25%) to the water utility. The remaining twenty five percent (25%) is allocated to the sewer utility. This ratio was then applied to the annualized postage expense to determine an annualized postage expense.

TELEPHONE EXPENSE

Seges currently utilizes the services of three (3) telecommunication companies, all of which serve the mobile home park, the water utility and sewer utility. The Park Manager has a cellular phone with AT&T. There is a fax line through Centurylink at the mobile home park's office. The office in Sedalia has a long distance line through GTC Telecom. These telephone charges are all billed to Seges Partners Mobile Home Park L.L.C. The Staff used the same ratio to determine how much telephone expense to allocate to each entity as it did with the postage expense described above. The Staff allocated twenty-five percent (25%) of total telephone expense to the sewer utility, after normalizing the total telephone expense over an 18-month period.

MAINTENANCE EXPENSE

For all immediate maintenance to the pipes and drainage equipment, Seges currently employs the services of Roto-Rooter out of Columbia, Missouri. Throughout the test year; the Staff reviewed a sample of invoices from Roto-Rooter and calculated an annualized amount for this expense. The Staff's annualized amount for maintenance expense is \$2,032.

PSC ASSESSMENT

There is no 2011 fiscal year PSC Assessment on file for Seges since they were approved a Certificate of Convenience and Necessity (CCN) in December 2009. Therefore, the Staff used the most current PSC assessment percentage factor provided by the PSC's Budget and Fiscal Services to determine the appropriate level of PSC Assessment to include in this case. The Staff used a 9.34% assessment factor and multiplied it by Staff's annualized revenues.

RATE CASE EXPENSE

The Staff normalized rate case expense totaling \$118 over a two year period.

STAFF RECOMMENDS:

The Company should fully comply with these recommendations within 90 days of the effective date of the Commission Order for this case.

The Staff recommends that Seges Partners Mobile Home Park L.L.C develop (Continuing Property Records) CPRs for all of its Plant in Service and CIAC records as the Company acquires new plant items.

The Staff recommends that Seges Partners Mobile Home Park L.L.C maintain three (3) separate general ledgers. Currently the Company only uses one Quickbooks ledger to record all of its water, sewer and mobile home park transactions. The Company need to be able to track transactions related to their mobile home park business, water and sewer business separately.

The Auditing Staff endorses the recommendation to the Company by the Engineering and Management Services Department (EMSD) in which they must maintain timesheets for all employees and vehicle logs on the park's truck.

Agreement Attachment H

EMSD Implementation Review

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case with File No. SR-2011-0133

Seges Partners Mobile Home Park L.L.C.

Benjamin Wisnewski and Debbie Bernsen

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service and business processes, procedures, and practices at Seges Partners Mobile Home Park L.L.C. (Seges or Company) in Sedalia, Missouri, in November 2010. The review was performed in conjunction with the Company's filed rate increase request submitted on October 28, 2010, and assigned Case with File No. SR-2011-0133. This is the Company's first rate case with the Commission. The Company is requesting an increase of \$5,697.12 in its annual sewer system operating revenues.

The EMSD staff examined the Company's tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service and business operations. The EMSD staff submitted informal data requests and conducted interviews on December 14, 2010, with Company personnel located in Sedalia, Missouri, and on December 28, 2010, with Company personnel located in Holts Summit, Missouri, in preparation of this report. The EMSD staff's review of the Company resulted in the following two recommendations for Company management.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each work assignment. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0133.
2. Ensure that all Company employees complete and maintain a written log to record the task and miles driven while utilizing the Company's vehicle. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0133.

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

The objectives of this review were to analyze and document 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 provide the Commission with information regarding the Company's business and customer service operations.

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

- Meter Reading
- Customer Billing
- Payment Remittance
- Credit and Collections
- Customer Communication
- Complaints and Inquiries
- Time Sheets
- Service Calls and Maintenance
- Record Storage

Overview and Company History

Seges Partners Mobile Home Park L.L.C. purchased the mobile home park containing 114 lot spaces located in Holts Summit, Missouri, in 2006. As part of that transaction, the Company also became the owner and operator of the water and sewer distribution system for the mobile home park, and bills its customers for water and sewer service each month along with their lot rental fees.

After purchasing the mobile home park, the Company obtained the consent of Callaway County PWSD #1 to provide water service and obtained consent from Holts Summit to provide sewer service within the mobile home park. Initially, the Company included customers' water

and sewer rates as part of the monthly lot rental fees. However, the Company then decided to install individual meters to each lot space and began billing the customers a separate charge based on actual usage for water service and sewer service each month. Following this action, the Company was made aware that it was required to be a public water system and must operate under the rules of the Department of Natural Resources and the Missouri Public Service Commission. In June of 2008, the Company applied to the Missouri Public Service Commission for a certificate of convenience and necessity to provide water service to the residents of its mobile home park. During Staff's review of the Company's application for a certificate of convenience and necessity to provide water service, Staff found the Company also billed for the sewer service. This required the Company to obtain a certificate of convenience and necessity to provide sewer service to the residents of its mobile home park. The Commission approved water and sewer tariffs effective December 31, 2009, for the Company to utilize in billing its customers.

Seges Partners Mobile Home Park L.L.C. is one of seven entities owned by the Company's Managing Partner. All seven entities are managed from the Company's Sedalia business office. The Company has three employees which work for all seven entities, but employees are considered contract employees and receive their paychecks from M & C Management L.L.C. which is owned by the Managing Partner. Two employees, the Managing Partner and the Office Manager, work at the business office in Sedalia, Missouri. The third employee, who is the Park Manager, resides and works at the mobile home park. The Company has recently hired a part-time employee to assist the Park Manager. With regards to Seges, the Managing Partner is responsible for the management of the mobile home park, assists with minor maintenance tasks, and holds a DS-I water distribution certificate. The Office Manager is responsible for all administrative tasks associated with the Company such as accounts payable, accounts receivable, customer billing, credit and collections, and financial statement preparation. The Park Manager is responsible for maintenance and repairs, meter reading, and responding to emergency calls. This employee also holds a DS-I water distribution certificate and is the Company's registered operator with the Missouri Department of Natural Resources.

The Company has a maintenance office within the mobile home park in Holts Summit, Missouri, and a business office in Sedalia, Missouri, with business hours of Monday to Friday

8:30 a.m. to 5:00 p.m. The mobile home park has 114 available lot spaces, and as of November 2010 the Company had approximately 52 customers.

Customers initiate service with the Company by completing a customer application in person at the Company's business or maintenance office. The Company then conducts a credit and criminal background check and if approved all necessary paperwork is generated at the business office and faxed to the maintenance office to be signed by the customer. The Company conducts background checks on potential customers because the person will be renting a mobile home from the Company as well as becoming a water and sewer customer. The Company does not charge customers a deposit for water or sewer services.

The table below displays the Company's number of sewer customers by month for 2009 and 2010.

Month	2009 Customers	2010 Customers
January	59	58
February	61	56
March	61	59
April	62	61
May	62	61
June	59	59
July	59	55
August	63	55
September	60	55
October	60	54
November	58	52
December	58	N/A

Source: Seges Data Request Response

Meter Reading

On the 18th day of each month, the Office Manager faxes a meter reading sheet to the Park Manager. On the 20th day of each month, the Park Manager manually reads the meter of each customer, records the reading on the meter reading sheet next to the corresponding lot number, and faxes the completed meter reading sheet to the business office. The Park Manager has a copy of the previous month's meter sheet and is able to compare it to the present one. The Company indicated this process takes approximately two hours. The meter reads are then entered into the Company's billing software program called TenantPro. If the Company notices

unusually low or high reads, the Office Manager or Park Manager may call that customer to inquire if there has been any change in water usage or if there might be a possible leak.

Customer Billing

Customer billing statements are generated after the meter reading sheet has been faxed to the business office by the Park Manager and the meter reads have been entered into the billing software by the Office Manager. The customers' actual water usage is used to calculate the amount of the sewer bill. Customer billing statements are then generated using the Company's billing software program and mailed by the Office Manager from the business office around the 23rd day of each month. The Company currently uses envelopes and stamps for all bills but plans to transition to bulk mailing when feasible. Bills are reviewed by the Office Manager before mailing. Customers' bills are due on the 15th day of the following month unless that day is a weekend or holiday and then the bills are due on the next business day.

Payment Remittance

Customers' bills are due on the 15th day of the month following the issuance of the customer billing statements, and they are given between 21 to 25 days to pay their bill before it is considered delinquent. Payment can be made by ACH, check, credit card, debit card, or money order. The Company does not accept cash payments. There is a convenience fee charged by the card vendor that is passed along to customers who pay by credit card. Most customers mail their payments to the Company and a small number of customers pay at the business office.

Credit and Collections

On the next business day after the 15th day of the month (billing due date), a \$5.00 late fee is applied to all delinquent accounts. The next business day, the Sedalia office generates a notice of disconnection letter to the delinquent customers, faxes the letters to the maintenance office, and the Park Manager hand delivers the letters to the homes of the delinquent customers. The Company also makes several telephone calls to the customers during the next 96-hour period. After the 20th day of each month, the business office generates a 24-hour notice of disconnection letter for the remaining delinquent customers, which is then faxed to the maintenance office and hand delivered by the Park Manager. If payment is still not made after 24

hours, water service is disconnected. Since the Company hand delivers the disconnection notices, this allows for a shorter timeline of disconnection. The disconnected customers must then pay the balance due, a \$25.00 disconnect fee and a \$50.00 reconnect fee. These fees are currently included in the Company's tariffs. The Park Manager accepts customer payments in the field, telephones the Office Manager, and payment is immediately credited to the customer's account. The payment is processed at the business office and if the payment is declined the customer is notified and given a deadline to submit a new payment. The Company has received five checks that were returned for insufficient funds from January 2009 through November 2010. The Company is authorized through its tariff to collect a \$40 fee for checks returned for insufficient funds.

The Company performed one disconnection for non-payment in 2009 and has performed eight disconnections for non-payment from January through November 2010. The Company has not utilized a collection agency and does not intend to do so at this time. The Company will offer payment arrangements to customers in some instances.

The table below displays the number and dollar amount of the Company's delinquent accounts and for 2009 through November 2010.

Number of Delinquent Accounts

Year	0-30 days	31-60 days	61-90 days	90+ days	Total
2009	0	0	0	26	26
2010	37	7	4	26	74

Source: Seges Data Request Response

Dollar Amount of Delinquent Accounts

Year	0-30 days	31-60 days	61-90 days	90+ days	Total
2009	\$0.00	\$0.00	\$0.00	\$1,658.15	\$1,658.15
2010	\$1,095.40	\$180.93	\$116.85	\$835.67	\$2,228.85

Source: Seges Data Request Response

Customer Communication

The Company's customer billing statements contain a message box where the Company can convey pertinent information. The Company also mails letters to customers when appropriate to convey information such as a rate case filing. The Company also has an

informational brochure which contains all necessary information according to Commission Rules.

Complaints and Inquiries

Customers that have a complaint or inquiry with the Company may call or come by the business or maintenance office during normal business hours. The Company maintains a customer complaint log. The EMSD staff found one customer complaint on file with the Commission in 2009.

Time Sheets

Employees of the Company currently do not implement or use time sheets. The EMSD staff discussed the implementation of time sheets with the Company in order to quantify what work is done and how much time is spent by Company employees working for the regulated water and sewer components of the business. The Company indicated it would begin the use of time sheets for all employees starting in January 2011.

Service Calls and Maintenance

The Park Manager handles all repairs and maintenance for the water and sewer system, and has access to the Company's vehicle. A part-time employee has recently been hired to assist the Park Manager in his duties. A Company-owned truck is used by the Park Manager and part-time employee. The Park Manager has a cell phone and also answers the after-hours emergency contact number. The Company currently uses one outside contractor, which is Roto Rooter. If a maintenance or repair task requires the use of heavy equipment the Company rents whatever is required.

Record Storage

The Company maintains all customer files at the Sedalia business office either in a file cabinet or storage boxes. Meter reading sheets are also kept at the business office. Older records are stored off-site. Customer account records are kept electronically through the Company's billing software program. All the Company's electronic records are backed up online by the offsite data storage program Carbonite.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The following discussion presents a summary of the findings, conclusions and recommendations pertaining to Seges Partners Mobile Home Park, LLC's customer service and business office operations. This section focuses on the following areas that warrant Company management attention:

- Time Sheets
- Vehicle Logs

Time Sheets

Company employees currently do not maintain and complete time sheets. As stated earlier, Seges is one of seven entities owned by the Managing Partner. The Company indicated that its employees perform work for all seven entities. While the Company estimated the amount of time its employees spend on Seges's tasks in a data request response, there was no documentation provided to the EMSD staff to verify the accuracy of the Company's estimate.

A lack of time sheets also limits the Company's ability to manage its employees and keep track of what tasks employees are working on and how much time is spent on each task. In addition, given the fact the employees work for seven different entities, it is important for the Company's management as well as in the regulatory process with the Commission to have a written record of the amount of time employees spend working for each entity.

Without documentation of the tasks performed by Company employees and the time required to complete them, the EMSD staff and other Commission staff cannot verify the work Company employees have done. This lack of documentation impedes the ability of the Company to justify the salaries of its employees in the regulatory process with the Commission.

Therefore, it is in the Company's administrative and financial interests to have its employees document in writing the tasks they are working on and how much time is spent on each task. The Company's management can develop a time sheet of its choosing, but it should make clear the entity the employee is working for, the date, a general description of the task, and the time required to complete the task.

The EMSD staff has discussed this issue with the Company and the Managing Partner indicated that all Company employees would begin using time sheets in January 2011.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each work assignment. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0133.

Vehicle Logs

Company employees do not currently log the task completed or miles driven while using the Company's vehicle. Company employees indicated that the vehicle is used for water and sewer tasks as well as non-regulated tasks such as maintenance and repairs in the mobile home park. The lack of written documentation regarding use of the Company's vehicle makes it difficult for EMSD staff to determine how the Company utilizes the vehicle with regards to regulated water and sewer activities.

Therefore, it is in the Company's administrative and financial interests to have its employees document in writing how the Company vehicle is utilized. The Company's management can develop a vehicle log of its choosing, but it should make clear the entity for which the truck is being used, the date, a general description of the task, and the miles driven while completing the task.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that all Company employees complete and maintain a written log to record the task and miles driven while utilizing the Company's vehicle. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0133.

Implementation Review

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

Agreement Attachment I

Summary of Case Events

Seges Partners Mobile Home Park LLC
Case # SR-2011-0133
Summary of Case Events

Date Filed	November 8, 2010
Day 150	April 7, 2011
Extension?	No
If yes, why?	
Amount Requested	\$5,697
Amount Agreed Upon	\$8,627
Item(s)/Dollar(s) Driving Rate Increase	Increase in sewer rates from the City of Holts Summit
Number of Customers	
Assessments Current	N/A-New Company
Annual Reports Filed	Staff filed for waiver
Statement of Revenue Filed	N/A-New Company
Other Open Cases before Commission	None
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None