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DAVID N. APPLEBY

**FILED**

FEB 8 2005

Missouri Public  
Service Commission

MATTHEW B. OWEN

February 4, 2005

STEVE GAW CHAIRMAN  
MISSOURI PUBLIC SERVICE COMMISSION  
PO BOX 360  
JEFFERSON CITY MO 65102

**R E C E I V E D**

FEB 07 2005

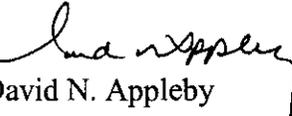
Adjudication Division  
Public Service Commission

RE: SOUTHTOWN UTILITIES COMPANY, INC.

Dear Mr. Chairman:

Accompanying Application for certificate of convenience and necessity for water and sewer company is sent to you for filing in compliance with the requirements of the Missouri Public Service Commission Law.

Very truly yours,

  
David N. Appleby

enclosures (original +14 copies)

cc: PUBLIC COUNSEL  
TRUMAN BUILDING  
301 WEST HIGH STREET  
JEFFERSON CITY MO 65102

JAMES A MERCIEL JR  
ASSISTANT MANAGER ENGINEERING  
WATER & SEWER DEPARTMENT  
MISSOURI PUBLIC SERVICE COMMISSION  
PO BOX 360  
JEFFERSON CITY MO 65102

BEFORE THE PUBLIC SERVICE COMMISSION OF  
THE STATE OF MISSOURI

**FILED**  
FEB 8 2005

Missouri Public  
Service Commission

In the Matter of the Application of )  
SOUTHTOWN UTILITIES COMPANY, INC. )  
for a Certificate of Convenience and Necessity )  
Authorizing it to Construct, Install, Operate and )  
Maintain a Sewer System and to Supply and )  
Render Sewer Service and Construct, Install, )  
Operate and Maintain a Water System and to )  
Supply and Render Water Service to the Public )  
Located in and around an Unincorporated Area )  
Near Bolivar, Polk County, Missouri. )

Case No. \_\_\_\_\_

**APPLICATION**

COMES NOW SOUTHTOWN UTILITIES COMPANY, INC., a Missouri Corporation,  
hereinafter referred to as "Applicant" and respectfully states:

1. That the applicant is a corporation duly organized and existing under the laws of the State of Missouri, and has its principal offices and place of business at 1900 South Killingsworth Avenue, Bolivar, Missouri 65613. A copy of its Certificate of Incorporation and Articles of Incorporation are attached hereto and marked Exhibit A and Exhibit B respectively, and incorporated herein.
2. Communications in regard to the applicant should be addressed to Richard Fink, President, SOUTHTOWN UTILITIES COMPANY, INC, 1900 South Killingsworth, P.O. Box 178, Bolivar, Missouri 65613, and David N. Appleby, Attorney at Law, 119 North Second Street, P.O. Box 158, Ozark, Missouri, 65721.
3. By this application, the Applicant seeks a Certificate of Convenience and Necessity to build, construct, operate and maintain a sewer system and all other facilities, including the acquisition of easements, rights of way, land, etc., necessary for the purpose of furnishing

sewer services to the public in the area described in Exhibit C attached hereto and incorporated herein.

4. By this application, the Applicant also seeks a Certificate of Convenience and Necessity to build, construct, operate and maintain a water system and all other facilities, including the acquisition of easements, rights of way, land, etc., necessary for the purpose of furnishing water to the public in the area described in said Exhibit C.
5. Applicant states that there are no municipal, public utilities or other government entities operating or rendering service within the area proposed to be served.
6. Applicant states that the area proposed to be served is rapidly being developed into a residential and commercial subdivisions and that there are many homes and businesses being planned in the near future within said areas, all of which will need adequate sewers and water.
7. The Applicant requests a minimum monthly rate of \$15.80 with a commodity rate per 1,000 gallons of \$6.30, and a \$250.00 connection/inspection fee (including meter, box, lid, installation, inspection), for the rendering of water service to the public in said area. Feasibility using these rates is shown at Exhibit D attached hereto and incorporated herein.
8. The Applicant requests a minimum monthly rate of \$19.56 with a commodity rate per 1,000 gallons of \$6.11, and a \$400.00 connection/inspection fee for the rendering of sewer service to the public in said area. Feasibility using these rates is shown at Exhibit D attached hereto and incorporated herein.

9. Applicant states that there is and will be a need for sewer and water service within the areas proposed to be served and that convenience and necessity will be promoted by the granting of the authority herein requested.
10. There is a no municipality located within the proposed area.
11. The names and addresses of all the residents/owners of the proposed service area are shown at Exhibit E attached hereto.

WHEREFORE, Applicant requests the Commission to grant it a Certificate of Convenience and Necessity authorizing it to acquire, build, construct, operate, and maintain sewer and water systems and all other facilities necessary for the purpose of furnishing a sewer and water systems to the public within the area above referred to and for such further orders as the commission may deem proper.



Ronda Riden - Sec.  
 Ronda Riden, Secretary

SOUTHTOWN UTILITIES COMPANY, INC.

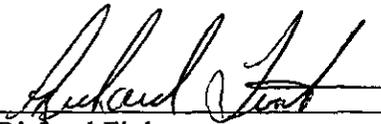
By: Richard Fink - President  
 Richard Fink, President

David N. Appleby  
 David N. Appleby, #25590  
 Attorney at Law  
 119 North Second Street  
 P. O. Box 158  
 Ozark, MO 65721  
 417-581-2411  
 Attorney for Applicant

**VERIFICATION**

STATE OF MISSOURI     )  
  ) ss.  
COUNTY OF POLK        )

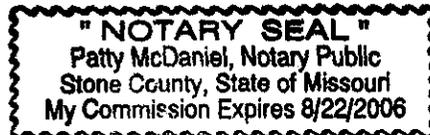
On this 31st day of January, 2005, before me appeared Richard Fink, to me personally known, who being by me duly sworn did say: That he is the President of SOUTHTOWN UTILITIES COMPANY, INC. a corporation of the State of Missouri, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Richard Fink acknowledged said instrument to be the free act and deed of said corporation.

  
\_\_\_\_\_  
Richard Fink

SUBSCRIBED AND SWORN to before me this 31st day of January, 2005.

  
\_\_\_\_\_  
Notary Public

My commission expires:



# STATE OF MISSOURI



**Matt Blunt**  
**Secretary of State**  
**CERTIFICATE OF INCORPORATION**

WHEREAS, duplicate originals of Articles of Incorporation of

***SOUTHTOWN UTILITIES COMPANY, INC.***  
***00609851***

have been received and filed in the Office of the Secretary of State, which Articles, in all respects, comply with the requirements of General and Business Corporation Law.

NOW, THEREFORE, I, MATT BLUNT, Secretary of State of the State of Missouri, do by virtue of the authority vested in me by law, do hereby certify and declare this entity a body corporate, duly organized this date and that it is entitled to all rights and privileges granted corporations organized under the General and Business Corporation Law.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 13th day of September, 2004.

  
Secretary of State



File Number: 200425723603  
00609851  
Date Filed: 09/13/2004  
Matt Blunt  
Secretary of State

Submitted to  
STATE OF MISSOURI  
REBECCA M. COOK  
SECRETARY OF STATE  
P.O. BOX 778, JEFFERSON CITY, MO 65102  
CORPORATE DIVISION

ARTICLES OF INCORPORATION  
(Submitted in duplicate by an attorney or an incorporator)

The undersigned natural persons of the age of eighteen years or more for the purpose of forming a corporation under the General and Business Corporation Law of Missouri adopt the following Articles of Incorporation:

**Article One**

The name of the corporation is: SOUTHTOWN UTILITIES COMPANY, INC.

**Article Two**

The address, including street and number, if any of the corporation's initial registered office in the state is: RONDA RIDEN 1900 S KILLINGSWORTH AVENUE, PO BOX 178, BOLIVAR MO 65613.

**Article Three**

The aggregate number, class and par value, if any, of shares which the corporation shall have authority to issue shall be: 30,000 shares common stock at \$1.00 per share par value.

The preferences, qualifications, limitations, restrictions, and the special or relative rights, including convertible rights, if any, in respect to the shares of each class are as follows:

None.

**Article Four**

The extent, if any, to which the preemptive right of a shareholder to acquire additional shares is limited or denied. None.

State of Missouri  
Creation - General Business - Domestic 3 Page(s)



T0425742401

**Article Five**

The name and place of residence of each incorporator is as follows:

<u>Name</u>	<u>Street</u>	<u>City</u>	<u>State</u> <u>Zip</u>
RICHARD FINK,	1900 S KILLINGSWORTH AVE PO BOX 178	BOLIVAR	MO 65613

**Article Six**

The number of directors to constitute the board of directors is two.

**Article Seven**

The duration of the corporation is: perpetual

**Article Eight**

The corporation is formed for the following purposes:

- A. To conduct any lawful business as allowed by the State of Missouri, to include but not limited to operate a water and sewer company.
- B. To do everything necessary, proper, advisable or convenient for the accomplishment of the purposes hereinabove set forth, and to do all things incidental to them or in connection with them that are not forbidden by the General and Business Corporation Law of Missouri, by other law, or by these Articles of Incorporation.
- C. To exercise all of the powers conferred upon it as a corporation as set forth in Section 351.385 of the Revised Statutes of Missouri, each of which powers is hereby incorporated by reference and is stated to be one of the purposes for which this corporation is formed.

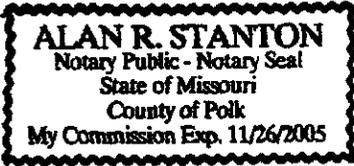
IN WITNESS WHEREOF, these Articles of Incorporation have been signed on this 20 day of August, 2004.

  
\_\_\_\_\_  
RICHARD FINK

STATE OF MISSOURI     )  
                                  ) ss.  
COUNTY OF CHRISTIAN )

I, Alan R. Stanton, a Notary Public, do hereby certify that on the 20 day of August, 2004, personally appeared before me RICHARD FINK, and being first duly sworn by me, acknowledged that she signed as her own free act and deed the foregoing document in the capacity therein set forth and declared that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.



Alan R. Stanton  
Notary Public

My commission expires: 11-26-2005

## EXHIBIT C

### Legal Description of Service Area

All of Southridge Commercial Development, a Subdivision in Polk County, Missouri,

and

All of Karlin Acres 1st Addition, a Subdivision in Polk County, Missouri, and

All of Replat of Karlin Place, a Subdivision in Polk County, Missouri, and

Beginning 1925.85 feet East of the Northwest corner of Section 31, Township 33 North, Range 22 West, at the South right of way of Missouri Highway "U," thence South 87°02'58" East 313.18 feet, thence South 53° 37'14" East 131.21 feet, thence South 02°02'29" West 330.25 feet, thence North 88°40'11" West 425.12 feet, thence North 02°32'22" East 414.53 feet to the point of beginning. All in Polk County, Missouri, and containing 3.88 acres, more or less. Subject to an easement for public or private utilities being the West 25 feet of aforesaid tract. commonly known as New Smith's Family Restaurant & Smith's Station Convenience Store.

A Boundary Map of said Service Area is shown in Exhibit D (Feasibility Report).

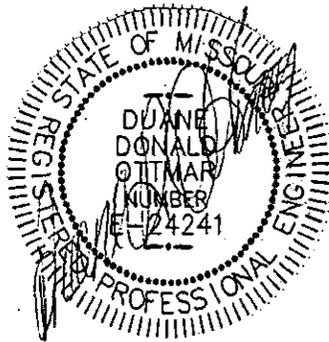
Exhibit D

A FEASIBILITY REPORT

FOR

SOUTHTOWN UTILITIES COMPANY, INC.

A PROPOSED PSC REGULATED PROVIDER OF WATER AND  
WASTEWATER UTILITIES IN POLK COUNTY, MISSOURI



November 30, 2004

Prepared By:

Ottmar & Associates, Inc.  
1165 W. Beverly Hills Drive  
Springfield, MO 65803  
(417) 833-9700

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**FOR**  
**SOUTHTOWN UTILITIES COMPANY, INC.**

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## **1.0. INTRODUCTION**

This Feasibility Report was commissioned by the organizers of a new 100-lot commercial and residential development that is located southwest of Bolivar in Polk County Missouri. The intent of this new corporate organization known as Southtown Utilities, Inc. is to provide drinking water and wastewater utilities to a service area that is generally west of 4-lane Highway 13 between "U" Highway on the south and E. 473<sup>rd</sup> Road to the north. The service area includes existing commercial developments, residential developments, and undeveloped agricultural lands that have been acquired by the developers. The service area is shown on an Exhibit Drawing that is included with this Report.

### **1.1. REPORT PURPOSE**

This Report was commissioned to determine if the proposed formation of new regulated utility is a reasonable and feasible endeavor. This Report was also ordered to define a fair and equitable Rate Structure that will be required to sustain and operate the proposed new water and wastewater infrastructure.

### **1.2. BACKGROUND**

A. The owner and founder of an established antique mall complex within the development boundaries has purchased the remaining lots of Karlin Place Subdivision, the remaining lots of Southridge Commercial Subdivision, and some vacant land between these subdivisions. In addition, approximately 3.5-acres of land was purchased on the west side of Highway 13, immediately south of State Letter Route "U". Said parcels of land are now being developed under the management of Mr. Richard Fink, a seasoned and successful developer in Polk County. Mr. Fink has created Southtown Utilities Company, Inc. to serve as the Continuing Authority for the newly constructed drinking water and wastewater infrastructure. A substantial amount of earthwork, street construction, building construction, and utility installations have been completed on various parcels within this development, following Mr. Fink's master plan for all of the properties. New and improved street, storm water, drinking water, and on-site wastewater infrastructure is being constructed at this writing. Recently, new DNR Permits have been acquired to upgrade the existing Karlin Place Wastewater Treatment Facility. The configuration of the entire development is shown on the General Utility Service Area Drawing that is included at the end of this Report.

C. Engineering Studies related to the capacity of the existing Karlin Place Wastewater Treatment Plant have been prepared. The Studies show that the existing Wastewater Plant will also need to be expanded to accommodate the service area. The costs to accomplish the necessary upgrades and expansion are included in the Wastewater Cost Exhibits included herewith.

D. A new drinking water system is under construction inside this service area. The new system has many redundant features. There are two State Approved wells, two ground storage tanks, and two pressure boosting systems located within boundaries of this development. Each well site has its own ground storage tank and booster system. The two well sites are interconnected with distribution piping and telemetry controls and are designed to work together. In the event of a major component failure or substantial

emergency, either one of the well sites can provide the entire development with drinking water and fire protection independently.

E. This development is located approximately 2-miles outside of the Bolivar service area and is not contiguous to the Bolivar City Limits. Previous efforts to extend the Bolivar City Limits and its infrastructure to the subject development were definitively unsuccessful. At this time, there are strong objections to the annexation of multiple properties between the current City Limits of Bolivar and this development.

F. Feasibility for the proposed utility in this service area is substantially improved because most of this service area is undeveloped. Therefore, the costs for the necessary infrastructure can be recovered from lot sales. Most of the land surrounding the service area is undeveloped. This fact increases the long-term feasibility for the proposed endeavor.

G. It is expected that this service area will develop at an accelerating rate. The developer is expecting 5-lot sales in the first year, 10-sales in the second year, 20-sales in the third year, 40-sales in the fourth year, and the remaining 25-lots to sell the fifth year. Financial projections are based upon this rate of lot sales. The projections also examine the behavior of the development during a 10-year operating period that assumes a 3% annual inflation rate for revenues and expenses.

## **2.0. VALUES, COSTS AND DEPRECIATION**

An inventory of the various infrastructure components is provided in Exhibits 1 and 2 included herewith. Each Exhibit details the value, costs, and depreciation of the respective components. Summaries of this information are provided in the narrative below.

### **2.1. WATER SYSTEM COMPONENTS**

A. The estimate value of the drinking water infrastructure is approximately \$655,800. Individual component values are provided in Exhibit 1 that is included herewith.

B. The drinking water components are expected to depreciate at the rate of \$16,675 for the first year. Depreciation is expected to grow at the rate of 3% each successive year. Individual component depreciation values are also provided in Exhibit 1 which, is included herewith.

C. The initial cost of the drinking water infrastructure described in Exhibit 1 is expected to be recovered from the sale of lots within the new development. The annual depreciation is to be recovered from user charges.

### **2.2. WASTEWATER SYSTEM COMPONENTS**

A. The estimated value of the wastewater water infrastructure is approximately \$744,700. Individual component values are provided in Exhibit 2 which, is included herewith.

B. The wastewater system components are expected to depreciate at the rate of \$20,490 during the first year. Depreciation is expected to grow at the rate of 3% for

each successive year. Individual component depreciation values are also provided in Exhibit 2 which is included herewith.

C. The initial costs of the wastewater systems and infrastructure described in Exhibit 2 can be recovered from the sale of lots within the new development. The annual depreciation is to be recovered from user charges.

### **2.3. WATER SYSTEM OPERATING COSTS**

A. The estimated costs to operate and maintain the drinking water infrastructure are expected to vary between approximately \$39,350 during the first year and \$51,340 in the tenth year. Details about the operation and maintenance costs related to the drinking water system are provided in Exhibit 3 which is included herewith.

B. The annual costs to operate and maintain the drinking water system are to be recovered from user charges. Rates should recover all costs and make a modest profit at the end of the 10-year planning period.

### **2.4. WASTEWATER SYSTEM OPERATING COSTS**

A. The estimated costs to operate and maintain the wastewater infrastructure are expected to vary between approximately \$43,280 during the first year and \$56,470 in the tenth year. Details about the operation and maintenance costs related to the drinking water system are provided in Exhibit 4 which is included herewith.

B. The annual costs to operate and maintain the wastewater collection and systems are to be recovered from user charges. Rates should recover all costs and make a modest profit at the end of the 10-year planning period.

### **3.0. PROPOSED USER CHARGES**

A. The median household income for Polk County Missouri is \$29,656 according to published census records. It is desirable to keep the proposed rates for each essential utility below 2% of the median household income in the service area.

B. The proposed rates assume that the proposed utility will operate at a loss for the first 3-years. During the next 7-years, the rates have been designed to recover the accumulated losses and deliver a modest profit.

### **3.1. PROPOSED WATER AND SEWER RATES**

A. Following is a summary of the costs for operating and maintaining the subject utilities that will be part of Southside Utilities Company, Inc. The summary assumes that the initial cost for developing this land to saleable housing and business tracts will be recovered during the next 5-years. Costs for replacement, yearly depreciation and ongoing maintenance will be charged per month, per residential lot, based on the rates shown below:

*The proposed minimum monthly charge for a 5/8-inch water service is \$15.80. The Commodity Rate per 1,000 gallons is \$6.30. The proposed minimum monthly charge for a sewer service is \$19.56. The Commodity Rate per 1,000 gallons used is \$6.11.*

### 3.2. PROPOSED OPERATING BUDGET SUMMARIES

#### SOUTHSIDE UTILITIES COMPANY, INC. PROPOSED USER CHARGES SUMMARY

**TOTAL ESTIMATED ANNUAL BUDGET TO OPERATE WATER SYSTEMS** **\$39,348.09**

Operation & Maintenance	\$21,950.00
Replacement/Depreciation	\$17,398.09

**Minimum Monthly Charge** **\$15.80**  
(includes 1,000-gallons or any fraction thereof)

**Residential Unit User Charge Per 1,000-gallons** **\$6.30**

Example:  
Residential Homes Average Usage of 5,000-gallons \$41.00

**TOTAL ESTIMATED ANNUAL BUDGET TO OPERATE WASTEWATER FACILITIES** **\$43,278.30**

Operation & Maintenance	\$21,950.00
Replacement/Depreciation	\$21,328.30

**Minimum Monthly Charge** **\$19.56**  
(includes 1,000-gallons or any fraction thereof)

**Residential Unit User Charge Per 1,000-gallons** **\$6.11**

Example:  
Residential Homes Average Usage of 5,000-gallons \$44.00

A. The proposed water usage rates and budget are for a standard 5/8-inch meter. Charges for larger service meters are proposed to be in accordance with the following schedule.

<i>Size of Meter</i>	<i>Minimum Monthly Charge</i>
5/8"	\$ 15.80
3/4"	\$ 23.70
1"	\$ 39.50
1.5"	\$ 86.90
2"	\$ 126.40
3"	\$ 197.50
4"	\$ 395.00
6"	\$ 948.00

B. The proposed wastewater rates and budget are for normal strength domestic sewage. It is proposed to collect a surcharge from those customers that contribute wastewater which has a strength greater than normal domestic sewage. The surcharge for operation, maintenance and replacement is:

\$0.480 per pound BOD

\$0.480 per pound SS

C. Exhibit 3 incorporates the proposed water usage rates for a standard 5/8-inch meter. The proposed rates have been increased at the rate of 3% per year. The projected rates recover all costs, included early losses, and show a modest profit of \$5,496.86 at the end of the 10-year operating period.

D. Exhibit 4 incorporates the sewer usage rates to treat normal domestic sewage. The proposed rates have been increased at the rate of 3% per year. The proposed rates recover all costs, including early losses, and show a modest profit of \$7,020.29 at the end of the 10-year operating period.

### **3.3. CONCLUSION**

A. The proposed Southtown Utilities Company, Inc. is a feasible endeavor during the 10-year planning period if the utilities are provided within the confines of the present service area. Additional development adjacent to the current service area will only increase the viability of the proposed utility company and reduce the user charge rates.

B. Feasibility is based upon user charge rates for an "average" 5,000-gallon per month user. The rates for water and sewer usage for this volume of consumption are \$41 and \$44 respectively. These rates are below 2% of the median household income per utility, which is calculated to be \$49.43 for each utility service.

End of Report

EXHIBIT 1 - WATER SYSTEM COSTS

Water System

Inventory of Components:

	# of units	Cost each	Total cost	Life (in years)	Depr. per year
Smith's Station Well	1	38,000.00	38,000.00		
Smith's Station Well House	1	20,000.00	20,000.00	40	500.00
Pressure Booster System	1	30,000.00	30,000.00	15	2,000.00
Telemetry Works	1/2	5,000.00	2,500.00	15	166.67
Water System Piping:					
8-inch line (LF)	8,328	16.00	133,248.00		
6-inch line (LF)	6,239	14.00	87,346.00		
Fire Hydrants	11	1,500.00	16,500.00		
Flow Control Valves	2	400.00	800.00		
Subdivision Well	1	38,000.00	38,000.00		
Subdivision Well House	1	20,000.00	20,000.00	40	500.00
Pressure Booster System	1	30,000.00	30,000.00	15	2,000.00
Telemetry Works	1/2	5,000.00	2,500.00	15	166.67
Buried Telemetry Cable	3,602	0.40	1,440.80		
Well Pumps	2	34,625.00	69,250.00	10	6,925.00
Subdivision Water Storage Tank	1	28,000.00	28,000.00	30	933.33
Smith's Station Water Storage Tank	1	28,000.00	28,000.00	30	933.33
Tank Foundations	2	4,000.00	8,000.00		
Number of service meter installations					
Meter setters	100	40.00	4,000.00		
H2O meters	100	135.00	13,500.00	10	1,350.00
Meter boxes & lids	100	50.00	5,000.00		
Remote meter reading equipment	1	12,000.00	12,000.00	10	<u>1,200.00</u>
Miscellaneous Fittings					
6" MJ Tee	6	120.00	720.00		16,675.00 yr
6x8 Increaser	1	60.00	60.00		
8" MJ Tee w/reducer	7	60.00	420.00		1,389.58 mo
8" MJ Tee	9	150.00	1,350.00		
8x6 Branch Tee	7	150.00	1,050.00		\$13.90 unit/mo
8" MJ Plug	1	20.00	20.00		(based on 100 units)
Thrust Block	20	25.00	500.00		
6" Gate Valve	10	275.00	2,750.00		
6" MJ Cross	1	200.00	200.00		\$34.02
Flush Hydrant	2	500.00	1,000.00		
Engineering/Surveying/Permits	10%		59,615.48		

WATER SYSTEM TOTAL COST: 655,770.28

**EXHIBIT 2 - WASTEWATER SYSTEM COSTS**

Wastewater Collection & Treatment Works

Inventory of Components:

	<u># of units</u>	<u>Cost each</u>	<u>Total cost</u>	<u>Life (in years)</u>	<u>Depr. per year</u>
8-inch Gravity (LF)	5,578	20.00	111,560.00		
Manholes (Standard)	18	1,500.00	27,000.00		
Cleanout/Lamphole	1	500.00	500.00		
<b>Lift Station Works</b>					
Electrical Installation	1	7,000.00	7,000.00	20	350.00
10-HP 3 phase 440 v submersible pumps	2	9,000.00	18,000.00	20	900.00
Valve Vault	1	4,500.00	4,500.00		
Backup Electrical Generator	1	30,000.00	30,000.00	30	1,000.00
3500-gal 3 chamber grease trap	1	7,000.00	7,000.00		
1500-gal nominal capacity septic tank	10	1,500.00	15,000.00		
Smith's Liftstation	1	20,000.00	20,000.00	20	1,000.00
4-inch Force Main (LF)	2,091	5.00	10,455.00		
<b>Treatment Works</b>					
Existing Karlin Place Plant	1	56,000.00	56,000.00	25	2,240.00
BOD Treater	1	20,000.00	20,000.00	20	1,000.00
<b>Proposed Plant Upgrade</b>					
Phase 1	1	120,000.00	120,000.00	25	4,800.00
Phase 2	1	230,000.00	230,000.00	25	9,200.00
Engineering, Surveying & Permits	10%		<u>67,701.50</u>		
<b>WASTEWATER TOTAL COST:</b>			<b>744,716.50</b>	<b>10</b>	<b>20,490.00 yr</b>
				<b>5</b>	<b>1,707.50 mo</b>
					<b>\$17.08 unit/mo</b> <b>(based on 100 units)</b>

**WATER SYSTEM FINANCIAL WORKSHEET - EXHIBIT 3**

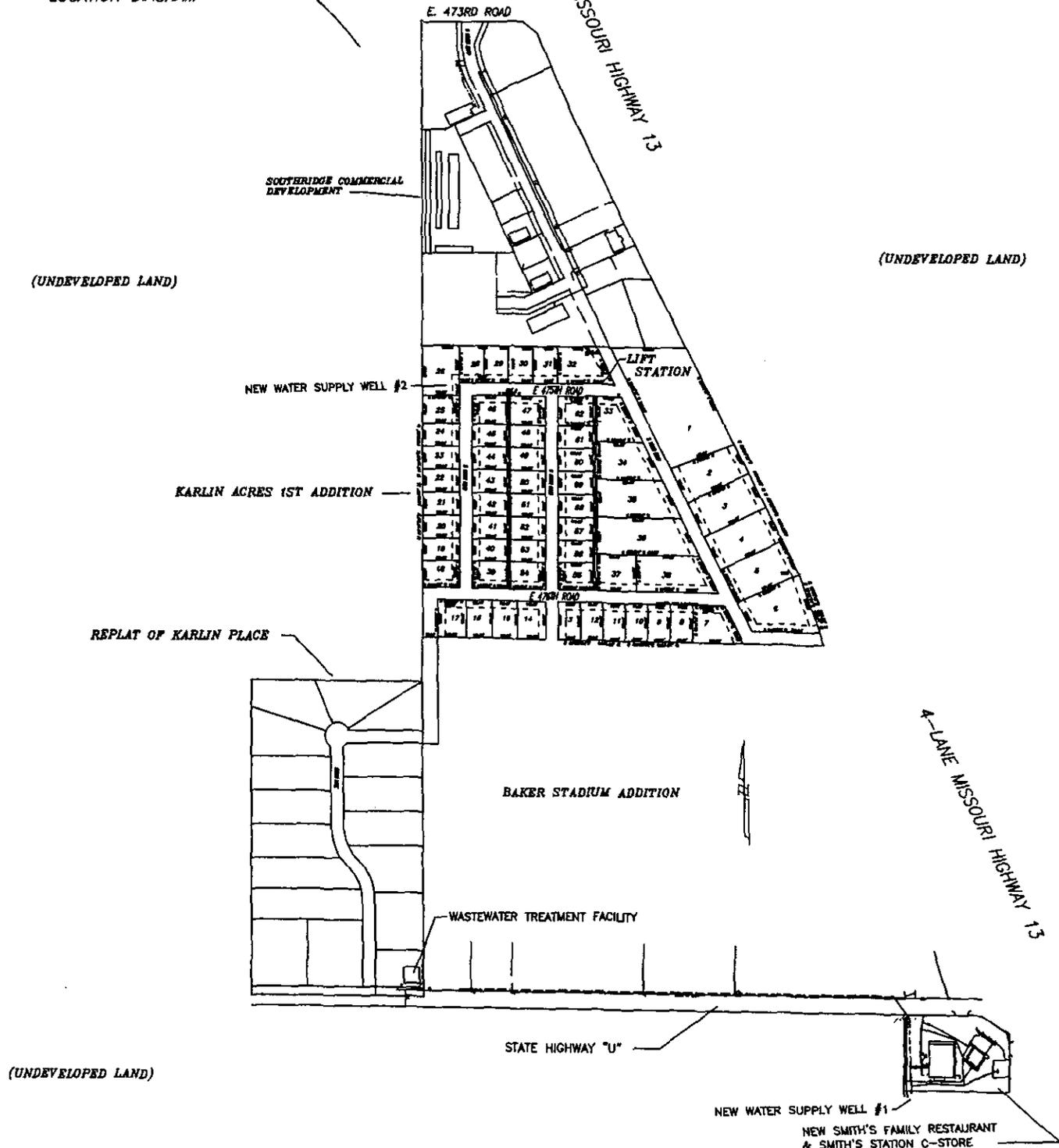
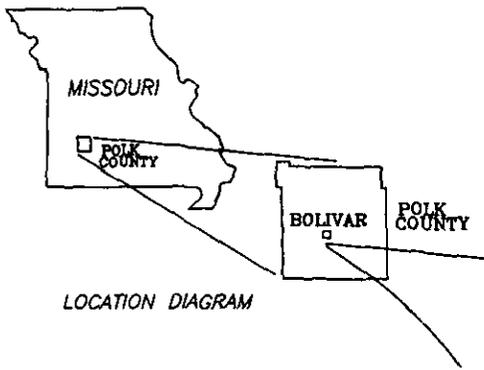
PAGE 1: CUSTOMERS, REVENUES AND EXPENDITURES WORKSHEET												
Proposed Customers, Revenues and Expenses												
Line No	DESCRIPTION	Current Year	Inflation Factor (%)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	PROJECTED CUSTOMERS		5	15	35	75	100	100	100	100	100	100
2	Annual increase in customers (%)											
3	ANNUAL MEDIAN HOUSEHOLD INCOME (AMHI)	\$29,656										
4	REVENUES AND EXPENSES											
5	AVAILABLE OPENING CASH BALANCE											
6	REVENUES RECEIVED											
7	Water Rates (estimated annual)	\$41 w/3% incr. per year	\$2,460	\$7,601	\$18,269	\$40,322	\$55,375	\$57,036	\$58,747	\$60,510	\$62,325	\$64,195
8	Fees and Service Charges	\$25	\$76	\$183	\$403	\$554	\$570	\$587	\$605	\$623	\$642	\$662
9	Hookup Charges	Average Charge/connection = \$250	\$1,250	\$2,500	\$5,000	\$10,000	\$6,250	\$0	\$0	\$0	\$0	\$0
10	Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL REVENUES AVAILABLE (Lines 5 through 10)	\$3,776		\$10,220	\$23,495	\$50,770	\$82,225	\$57,654	\$59,384	\$61,165	\$63,000	\$64,890
12	OPERATING & MAINTENANCE EXPENSES											
13	Operating Expenses											
14	Salaries and Benefits	\$12,200	3%	\$12,566	\$12,943	\$13,331	\$13,731	\$14,143	\$14,567	\$15,004	\$15,455	\$15,918
15	Power and other utility*	\$5,000	3%	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
16	Chemicals and Treatment*	\$100	3%	\$103	\$106	\$109	\$113	\$116	\$119	\$123	\$127	\$130
17	Monitoring/Sample Collection	\$600	3%	\$618	\$637	\$656	\$675	\$696	\$716	\$738	\$760	\$783
18	Materials, Supplies, and Parts		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Transportation	\$1,500	3%	\$1,545	\$1,591	\$1,639	\$1,688	\$1,739	\$1,791	\$1,845	\$1,900	\$1,957
20	Purchase Water*		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Equipment Rental		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Miscellaneous*		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Total Operating Expenses (Lines 14 through 22)	\$19,400		\$19,882	\$20,581	\$21,199	\$21,835	\$22,490	\$23,165	\$23,860	\$24,575	\$25,313
24	General and Administrative											
25	Salaries and Benefits	\$0	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Office Supplies and Postage*	\$200	3%	\$206	\$212	\$219	\$225	\$232	\$239	\$246	\$253	\$261
27	Real Property/Office Equipment Rental	\$0	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Insurance-Vehicles, liability, workers compensation	\$0	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Legal and accounting	\$1,250	3%	\$1,288	\$1,326	\$1,366	\$1,407	\$1,449	\$1,493	\$1,537	\$1,583	\$1,631
30	Contractor Services/Professional services	\$0	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	Fees	\$0	3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	Advertising	\$500	3%	\$515	\$530	\$546	\$563	\$580	\$597	\$615	\$633	\$652
33	Telephone	\$600	3%	\$618	\$637	\$656	\$675	\$696	\$716	\$738	\$760	\$783
34	Total General and Administrative (Lines 25 through 33)	\$2,550		\$2,627	\$2,705	\$2,786	\$2,870	\$2,956	\$3,045	\$3,136	\$3,230	\$3,327
35	Other Expenses											
36	Depreciation Expense	\$16,675		\$17,176	\$17,691	\$18,221	\$18,768	\$19,331	\$19,911	\$20,508	\$21,123	\$21,757
37	2% Depreciation Reserve	\$334		\$344	\$354	\$364	\$375	\$387	\$398	\$410	\$422	\$435
38	Income Taxes	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39	Total Other Expenses (Lines 36 through 38)	\$17,009		\$17,519	\$18,044	\$18,586	\$19,143	\$19,719	\$20,309	\$20,918	\$21,546	\$22,192
40	TOTAL O&M EXPENSES (Lines 23, 34, and 36)	\$38,959		\$40,127	\$41,331	\$42,571	\$43,848	\$45,164	\$46,518	\$47,914	\$49,351	\$50,832
41	Operating Reserve											
	Minimum operating reserve must equal 10% of Line 40 over 10 yrs	\$3,895.85		\$4,012.73	\$4,133.11	\$4,257.10	\$4,384.81	\$4,516.36	\$4,651.85	\$4,791.40	\$4,935.15	\$5,083.20
41a	Annual O&M Reserve Needed	\$389.59		\$401.27	\$413.31	\$425.71	\$438.48	\$451.64	\$465.18	\$479.14	\$493.51	\$508.32
41b	Cumulative Operating Reserve Needed	\$3,895.85		\$4,012.73	\$4,133.11	\$4,257.10	\$4,384.81	\$4,516.36	\$4,651.85	\$4,791.40	\$4,935.15	\$5,083.20
42	TOTAL EXPENSES including Operating Reserve (Lines 40 + 41)	\$39,348.09		\$40,528.53	\$41,744.38	\$42,996.71	\$44,286.82	\$45,615.21	\$46,983.67	\$48,393.18	\$49,844.98	\$51,340.33
43	NET REVENUES FOR CIP & RESERVES (Line 11 - Line 42)	-\$35,572.48		-\$30,308.88	-\$18,249.50	\$7,772.83	\$17,938.31	\$12,038.96	\$12,400.13	\$12,772.14	\$13,155.30	\$13,549.96

\* This expense item is forecasted using both the inflation factor and increase in number of customers.

WATER SYSTEM FINANCIAL WORKSHEET - EXHIBIT 4

PAGE 1: CUSTOMERS, REVENUES AND EXPENDITURES WORKSHEET			Name:									
Proposed Customers, Revenues and Expenses												
Line No	DESCRIPTION	Current Year	Inflation Factor (%)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1	PROJECTED CUSTOMERS	5		15	35	75	100	100	100	100	100	100
2	Annual increase in customers (%)											
3	ANNUAL MEDIAN HOUSEHOLD INCOME (AMHI)	\$29,656	3%	\$30,546	\$31,462	\$32,406	\$33,378	\$34,376	\$35,411	\$36,473	\$37,567	\$38,693
4	REVENUES AND EXPENSES											
5	AVAILABLE OPENING CASH BALANCE											
6	REVENUES RECEIVED											
7	Sewer Rates (estimated annual)	\$44 w/Q% incr. per year		\$2,640	\$8,158	\$19,605	\$45,272	\$68,427	\$81,210	\$83,045	\$84,937	\$86,885
8	Fees and Service Charges			\$26	\$82	\$196	\$433	\$394	\$612	\$630	\$649	\$669
9	Hookup Charges	Average Charge/connection = \$400		\$2,000	\$4,000	\$8,000	\$16,000	\$10,000	\$0	\$0	\$0	\$0
10	Other Revenue			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL REVENUES AVAILABLE (Lines 5 through 10)	\$4,710		\$12,284	\$27,648	\$59,753	\$70,071	\$81,873	\$83,729	\$85,641	\$87,610	\$89,638
12	OPERATING & MAINTENANCE EXPENSES											
13	Operating Expenses											
14	Salaries and Benefits		3%	\$12,200	\$12,566	\$12,943	\$13,331	\$13,731	\$14,143	\$14,567	\$15,004	\$15,455
15	Power and other utility*		3%	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334
16	Chemicals and Treatment		3%	\$100	\$103	\$106	\$109	\$113	\$116	\$119	\$123	\$127
17	Monitoring/Sample Collection		3%	\$600	\$618	\$637	\$656	\$675	\$696	\$716	\$736	\$758
18	Materials, Supplies, and Parts		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Transportation		3%	\$1,500	\$1,545	\$1,591	\$1,638	\$1,688	\$1,739	\$1,791	\$1,845	\$1,901
20	Purchase Water*		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Equipment Rental		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Miscellaneous*		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Total Operating Expenses (Lines 14 through 22)	\$18,400		\$19,982	\$20,581	\$21,199	\$21,835	\$22,480	\$23,135	\$23,800	\$24,475	\$25,163
24	General and Administrative											
25	Salaries and Benefits		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Office Supplies and Postage*		3%	\$200	\$206	\$212	\$219	\$225	\$232	\$239	\$246	\$253
27	Real Property/Office Equipment Rental		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Insurance-Vehicles, liability, workers compensation		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Legal and accounting		3%	\$1,200	\$1,236	\$1,272	\$1,308	\$1,347	\$1,387	\$1,429	\$1,473	\$1,519
30	Contractor Services/Professional services		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	Fees		3%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32	Advertising		3%	\$500	\$515	\$530	\$546	\$563	\$580	\$597	\$615	\$633
33	Telephone		3%	\$600	\$618	\$637	\$656	\$675	\$696	\$716	\$736	\$758
34	Total General and Administrative (Lines 25 through 33)	\$2,550		\$2,627	\$2,705	\$2,786	\$2,870	\$2,956	\$3,045	\$3,136	\$3,230	\$3,327
35	Other Expenses											
36	Depreciation Expense			\$20,490	\$21,105	\$21,738	\$22,386	\$23,062	\$23,754	\$24,466	\$25,200	\$25,956
37	2% Depreciation Reserve			\$410	\$422	\$435	\$448	\$461	\$475	\$489	\$504	\$519
38	Income Taxes			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39	Total Other Expenses (Lines 36 through 38)	\$20,900		\$21,527	\$22,173	\$22,836	\$23,523	\$24,229	\$24,955	\$25,704	\$26,475	\$27,269
40	TOTAL O&M EXPENSES (Lines 23, 34, and 39)	\$42,850		\$44,135	\$45,459	\$46,823	\$48,228	\$49,675	\$51,165	\$52,700	\$54,281	\$55,909
41	Operating Reserve											
	Minimum operating reserve must equal 10% of Line 40 over 10 yrs	\$4,284.98		\$4,413.53	\$4,545.94	\$4,682.31	\$4,822.78	\$4,967.47	\$5,116.49	\$5,269.98	\$5,428.08	\$5,590.93
41a	Annual O&M Reserve Needed	\$428.50		\$441.35	\$454.59	\$468.23	\$482.28	\$496.75	\$511.65	\$527.00	\$542.81	\$559.09
41b	Cumulative Operating Reserve Needed	\$4,284.98		\$4,413.53	\$4,545.94	\$4,682.31	\$4,822.78	\$4,967.47	\$5,116.49	\$5,269.98	\$5,428.08	\$5,590.93
42	TOTAL EXPENSES including Operating Reserve (Lines 40 + 41)	\$43,278.30		\$44,576.55	\$45,913.65	\$47,291.36	\$48,710.11	\$50,171.41	\$51,678.55	\$53,226.95	\$54,823.65	\$56,469.36
43	NET REVENUES FOR CIP & RESERVES (Line 11) - Line 42)	-\$36,567.90		-\$32,292.15	-\$18,065.78	\$12,461.42	\$21,360.65	\$31,701.37	\$32,052.41	\$32,413.68	\$32,786.40	\$33,159.99

\* This expense item is forecasted using both the inflation factor and increase in number of customers.



**SOUTHTOWN UTILITIES COMPANY, INC.**  
**POLK COUNTY, MISSOURI**  
**GENERAL UTILITY SERVICE AREA & MAJOR COMPONENT LOCATIONS**

## **Exhibit E**

### **RESIDENTS/OWNERS**

SMITH FAMILY RESTAURANT  
ATTN: MARK & ANGIE SMITH  
1342 HWY U  
BOLIVAR MO 65613