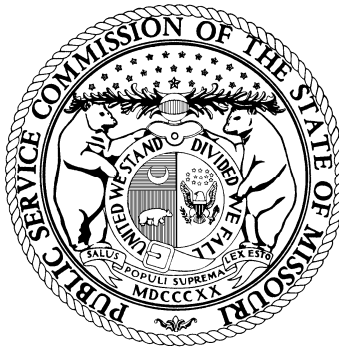


**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF RATE DESIGN**

**REPORT**



**LAKE REGION WATER & SEWER COMPANY**

**CASE NO. WR-2013-0461**

*Jefferson City, Missouri*  
*November 22, 2013*

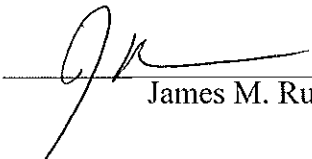
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of Lake Region Water &     )  
Sewer Company's Application to     )  
Implement a General Rate Increase in     )     Case No. WR-2013-0461  
Water & Sewer Service

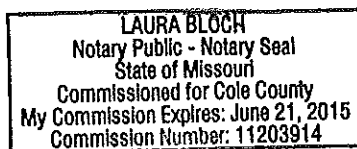
**AFFIDAVIT OF JAMES M. RUSSO**

**STATE OF MISSOURI     )**  
  )**ss**  
**COUNTY OF COLE     )**

James M. Russo, employee of the Staff of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in the preparation of the accompanying Staff Report on pages 1 - 6, and the facts therein are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
James M. Russo

Subscribed and sworn to before me this 21<sup>st</sup> day of November, 2013.



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

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**STAFF RATE DESIGN REPORT**

**CASE NO. WR-2013-0461**

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## **I. Executive Summary**

### **A. Staff's Rate Design Objectives**

The staff's rate design objectives are:

1. To develop rates reflecting the cost-of-service (COS). Customers pay their actual cost of receiving service, and the Company has an opportunity to recover its actual cost of providing service (including an opportunity to receive a return on its investment) by assigning the results of the COS to each water and sewer operation;
2. To continue the existing rate design for the Company's water and sewer operations; and
3. To collect the Commission-ordered overall change in revenues.

### **B. Staff's Plan to Accomplish These Objectives**

To accomplish these objectives, Staff recommends the following actions by the Commission:

1. Adoption of Staff's proposed rates, which reflect the results of Staff's COS Report that allocates costs to each water and sewer operation;
2. Adoption of the rates for each water and sewer operation recommended by Staff; and
3. Implementation of any Commission ordered overall revenue change according to each rate component of each rate schedule recommended by Staff.

## **II. Rate Design Water Operations**

### **A. Overview**

Staff did not perform a Class Cost of Service Study (CCOS) for the Company's water operations. The Company's water customers consist of 624 residential customers and 30 commercial customers. The commercial customers are primarily restaurants, hotels and condominium units. Due to the size of this Company, Staff did not feel it was necessary to do a CCOS that is normally done in a large utility rate case.

Staff's rate design for the Company's water operations is based on the Water and Sewer Unit's small company rate design method. The current rates consist of a fixed monthly customer charge and a usage (commodity) charge.

### **B. Design of Water Rates**

Staff is proposing an equal percentage increase or decrease for the customer and commodity charge. Schedules 1, 2, 3, 4 and 5 are the rate design worksheets for the Company's water operations and contain the following pages: Rate-Making Income Statement, Revenue Annualization at Current Rates Worksheet, Development of Tariff Rates Worksheet, Revenue Annualization at Proposed Rates Worksheet and Billing Comparison Worksheet.

The Rate-Making Income Statement is a summary of the Company's operating revenues at current rates and the Company's COS determined by Staff's auditing unit. The last line on the worksheet is the overall revenue increase that Staff is recommending for the water district. See Schedule 1.

The Revenue Annualization at Current Rates Worksheet summarizes Staff's annualized number of the Company's water customers. The Company's other revenues are

1 summarized and the bottom of the page summarizes the total water operating revenues. See  
2 Schedule 2.

3 The Development of Tariff Rates Worksheet computes the amount of the increase  
4 from the Company's current approved rates to Staff's proposed rates. As stated earlier, Staff  
5 is proposing an equal percentage increase or decrease to the customer and commodity charge.  
6 See Schedule 3.

7 The Revenue Annualizations at Proposed Rates Worksheet is similar in layout to the  
8 Revenue Annualization at Current Rates Worksheet. The main difference between the two  
9 sheets is the Revenue Annualizations at Proposed Rates Worksheet has a Revenue Check-  
10 Proposed Rates vs. Current Rates section at the bottom of the page. See Schedule 4.

11 The Billing Comparison Worksheet compares a typical residential customer's current  
12 water rates to Staff's proposed residential customer water rates. This worksheet also  
13 summarizes the proposed increase by dollar and percentage amounts. See Schedule 5.

### 14 **C. Results of Water Rate Design**

15 The proposed changes to the existing rates have reduced the customer charge and  
16 commodity rates by 47.88%.

## 17 **III. Rate Design Sewer Operations**

### 18 **A. Overview**

19 Staff did not perform a CCOS for the Company's sewer operations. The Company's  
20 Shawnee Bend sewer customers consist of 620 residential customers and 12 commercial  
21 customers. The Company's Horseshoe Bend sewer customers consist of 225 residential  
22 customers and 18 and multi-unit customers commercial customers. The Company's  
23 commercial customers in Shawnee Bend and Horseshoe Bend are primarily restaurants, hotels

1 and condominium units. The usage for the majority of the commercial customers is similar to  
2 residential customers.

3 Staff's rate design for the Company's sewer operations is based on the Water & Sewer  
4 Unit's small company rate design methodology. The residential customers of the Shawnee  
5 Bend Service Area and Horseshoe Bend Service Area are based on a flat rate. The  
6 commercial customers of the Shawnee Bend Service Area and Horseshoe Bend Service Area  
7 are based on a customer charge and a commodity charge for any usage above 6,000 gallons.

#### 8 **B. Design of Sewer Rates**

9 Staff is proposing an equal percentage increase or decrease for the customer and  
10 commodity charge in the Company's sewer operations.

11 Schedules 6HB, 6SB, 7HB, 7SB, 8HB, 8SB, 9HB, 9SB, 10HB and 10 SB are the rate  
12 design worksheets for the Company's Horseshoe Bend (i.e. 6HB, 7HB, etc.) and Shawnee  
13 Bend (i.e. 6SB, 7SB, etc.) sewer operations and contain the following pages: Rate-Making  
14 Income Statement, Revenues Annualization at Current Rates Worksheet, Development of  
15 Current Rates Worksheet, Revenue Annualization at Proposed Rates Worksheet and Billing  
16 Comparison Worksheet.

17 The Rate-Making Income Statement worksheet is a summary of the Company's  
18 operating revenues at current rates and the Company's cost-of-service determined by the  
19 Commission's auditing unit. The last line on the worksheet is the overall revenue increase or  
20 decrease that Staff is recommending for each sewer district. See Schedules 6HB and 6SB.

21 The Revenues Annualization at Current Rates Worksheet summarizes Staff's  
22 annualized number of the Company's customers for each sewer operation. The Company's

1 other revenues are summarized, and the bottom of the page summarizes the total operating  
2 revenues for each sewer operation. See schedules 7HB and 7SB.

3 The Development of Current Rates Worksheet computes the amount of the increase  
4 from the Company's current approved rates to Staff's proposed rates. As stated earlier, Staff  
5 is proposing an equal percentage increase to the customer and commodity charge. See  
6 schedules 8HB and 8SB.

7 The Revenue Annualization at Proposed Rates Worksheet is similar in layout to the  
8 Revenues-Current Rates worksheet. The main difference between these two sheets is the  
9 Revenue Annualizations at Proposed Rates Worksheet has a Revenue Check-Proposed Rates  
10 vs. Current Rates section at the bottom of the page. See schedules 9HB and 9SB.

11 The Billing Comparison Worksheet compares a typical residential customer's current  
12 sewer rates to Staff's proposed residential customer sewer rates. This worksheet also  
13 summarizes the proposed increase by dollar and percentage amounts. See schedules 10HB  
14 and 10 SB.

### 15 **C. Results of Rate Design**

16 The proposed changes to the existing rates have reduced the customer charge and  
17 commodity rates for Shawnee Bend customers 66.53%. The proposed changes to the existing  
18 rates have increased the customer charge and commodity rates for Shawnee Bend customers  
19 8.97%. The sewer commodity rate does not apply to single family residences.

## 20 **IV. Miscellaneous Tariff Changes**

21 The Company is proposing two miscellaneous tariff changes. The proposed changes  
22 are changing the late payment charge calculation and increasing the reconnect/disconnect fee  
23 after normal business hours.



1       The Company's current late payment fee is \$6.50 per notice per month. Staff  
2 proposes the late payment fee be changed to \$6.50 per notice or 3%, whichever amount is  
3 greater. This late fee is similar to the late fees currently charged by other small water and  
4 sewer companies.

5       The Company's current reconnect/disconnect charge for other than normal working  
6 hours is \$70.00. The Company provided work papers to Staff supporting the proposed  
7 increase of the reconnect/disconnect charge for other than normal working hours to \$85.00.  
8 Staff has reviewed these work papers and agrees the increase is appropriate.

9       Schedule 11 through 12 are sample tariff sheets with Staff's proposed tariff language  
10 changes.

11   *Staff Expert: James M. Russo*

# LAKE REGION WATER & SEWER COMPANY

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	216,556
2	Other Operating Revenues *	\$	143,299
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>359,855</b>
4	* See "Revenues - Current Rates" for Details		

### Cost of Service

Item	Amount
1 Well Pump Power	\$ 15,844
2 Chemicals-Chlorine	\$ 750
3 Testing	\$ 849
4 PWSD #4 Labor	\$ 50,834
5 Supplies and Materials	\$ 498
6 Tools and Shop Supplies	\$ 802
7 Equipment Rental-Water	\$ 2,806
8 Maintenance of Well #1 Grand Point	\$ 396
9 Maintenance of Well #2 Villages	\$ 278
10 Maintenance of Mains	\$ 1,425
11 Maintenance of Services	\$ 2,772
12 Maintenance of Other Plant	\$ 351
13 Outside Services	\$ 698
14 Billing Expense	\$ 1,942
15 Bad Debt Expense	\$ 419
16 Contracted Accounting Fees	\$ 3,286
17 Contracted Legal Fees	\$ 685
18 General Liability-Water	\$ 3,495
19 Office Supplies	\$ 2,025
20 Management Fees	\$ 7,095
21 Telephone	\$ 448
22 Travel and Entertainment-Other	\$ 66
23 Travel and Entertainment-Lodging	\$ -
24 Transportation-Airline/Car	\$ -
25 Transportation Expense	\$ 10,416
26 Customer Refunds	\$ 41
27 Building Rental	\$ 3,135
28 Other Misc. Expense	\$ 417
29 Rate Case Expense	\$ 710
30 Licenses and Permits	\$ 513
31 PSC Assessment	\$ 1,260
32 Discounts Taken	\$ (11)
33 Loss on Disposition of Assets	\$ (995)
34 <b>Sub-Total Operating Expenses</b>	<b>\$ 113,250</b>
35 Property Taxes	\$ 1,495
36 MO Franchise Taxes	\$ -
37 Employer FICA Taxes	\$ -
38 Federal Unemployment Taxes	\$ -
39 State Unemployment Taxes	\$ -
40 State & Federal Income Taxes	\$ 9,377
41 <b>Sub-Total Taxes</b>	<b>\$ 10,872</b>
42 Depreciation Expense	\$ 102,506
43 Interest Expense	\$ 40,660
44 CIAC Amortization Expense	\$ (48,773)
45 <b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ 94,393</b>
46 <b>Return on Rate Base</b>	<b>\$ 37,657</b>
47 <b>Total Cost of Service</b>	<b>\$ 256,172</b>
48 <b>Overall Revenue Increase Needed</b>	<b>\$ (103,683)</b>

# LAKE REGION WATER & SEWER COMPANY

## Revenue Annualizations at Current Rates-Water

### Annualized Customer Counts and Customer Charge Revenues

#### Retail Metered Customers

Meter Size	Residential	Business	Total Meters	Rate *	Annual Revenue
5/8"	585	9	594	\$ 12.99	\$ 92,593
3/4"	0	0	0	\$ 16.72	\$ -
1"	13	7	20	\$ 24.18	\$ 5,803
1.5"	18	3	21	\$ 42.82	\$ 10,791
2"	8	7	15	\$ 65.19	\$ 11,734
4"	0	3	3	\$ 191.95	\$ 6,910
6"+	0	1	1	\$ 378.37	\$ 4,540
<b>Total</b>	<b>624</b>	<b>30</b>	<b>654</b>		<b>\$ 132,371</b>

\*monthly service charge

### Annualized Commodity Sales - Volumes and Revenues

sales shown in M gallons

Meter Size	Residential	Business	Total Sales	Rate	Annual Revenue
5/8"	28,871.2	538.3	29,409.4	\$ 2.49	\$ 73,230
3/4"	-	-	-	\$ 2.49	\$ -
1"	651.5	777.9	1,429.4	\$ 2.49	\$ 3,559
1.5"	797.5	706.5	1,504.0	\$ 2.49	\$ 3,745
2"	2.8	1,167.0	1,169.8	\$ 2.49	\$ 2,913
4"	-	290.2	290.2	\$ 2.49	\$ 723
6"+	-	6.3	6.3	\$ 2.49	\$ 16
<b>Total</b>	<b>30,323.0</b>	<b>3,486.2</b>	<b>33,809.3</b>		<b>\$ 84,185</b>

**Net Annualized Commodity Revenues** **\$ 84,185**

#### Other Operating Revenues

Late Charge Fees	\$ 4,641
Non-Utility Revenue	\$ 1,034
Other Water Revenue	\$ 788
Availability Fee Revenue	\$ 136,836
<b>Total Other Revenues</b>	<b>\$ 143,299</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 132,371
Commodity Revenues - Retail Customers	\$ 84,185
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 216,556</b>
<b>Other Operating Revenues</b>	<b>\$ 143,299</b>
<b>Total Operating Revenues</b>	<b>\$ 359,855</b>

# **LAKE REGION WATER & SEWER COMPANY**

## **Development of Tariffed Rates-Water**

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

<b>Revenues Generated by Current Tariffed Rates</b>	<b>\$ 216,556</b>
<b>Agreed-Upon Overall Revenue Increase</b>	<b>\$ (103,683)</b>
<b>Percentage Increase Needed</b>	<b>-47.878%</b>

### **Metered Customer Rates**

<b>Meter Size</b>	<b>Current Service Charge</b>	<b>Proposed Service Charge</b>	<b>Current Usage Rate</b>	<b>Proposed Usage Rate</b>
5/8"	\$ 12.99	\$ 6.77	\$ 2.49	\$ 1.30
3/4"	\$ 16.72	\$ 8.71	\$ 2.49	\$ 1.30
1"	\$ 24.18	\$ 12.60	\$ 2.49	\$ 1.30
1.5"	\$ 42.82	\$ 22.32	\$ 2.49	\$ 1.30
2"	\$ 65.19	\$ 33.98	\$ 2.49	\$ 1.30
4"	\$ 191.95	\$ 100.05	\$ 2.49	\$ 1.30
6"+	\$ 378.37	\$ 197.21	\$ 2.49	\$ 1.30

# LAKE REGION WATER & SEWER COMPANY

## Revenue Annualizations at Proposed Rates-Water

### Annualized Customer Counts and Customer Charge Revenues

#### Retail Metered Customers

Meter Size	Residential	Business	Total Meters	Rate *	Annual Revenue
5/8"	585	9	594	\$ 6.77	\$ 48,261
3/4"	13	7	20	\$ 12.60	\$ 3,025
1"	13	7	20	\$ 12.60	\$ 3,025
1.5"	18	3	21	\$ 22.32	\$ 5,624
2"	8	7	15	\$ 33.98	\$ 6,116
4"	0	3	3	\$ 100.05	\$ 3,602
6"+	0	1	1	\$ 197.21	\$ 2,367
<b>Total</b>	<b>637</b>	<b>37</b>	<b>674</b>		<b>\$ 72,019</b>

monthly service charge

### Annualized Commodity Sales - Volumes and Revenues

sales shown in Mgallons

Meter Size	Residential	Business	Total Sales	Rate	Annual Revenue
5/8"	28,871.2	538.3	29,409.4	\$ 1.30	\$ 38,168
3/4"	-	-	-	\$ 1.30	\$ -
1"	651.5	777.9	1,429.4	\$ 1.30	\$ 1,855
1.5"	797.5	706.5	1,504.0	\$ 1.30	\$ 1,952
2"	2.8	1,167.0	1,169.8	\$ 1.30	\$ 1,518
4"	-	290.2	290.2	\$ 1.30	\$ 377
6"+	-	6.3	6.3	\$ 1.30	\$ 8
<b>Total</b>	<b>30,323.0</b>	<b>3,486.2</b>	<b>33,809.3</b>		<b>\$ 43,879</b>

volumes adjusted as needed per net revenue annualization at current rates

### Other Operating Revenues

Late Charge Fees	\$ 4,641
Non-Utility Revenue	\$ 1,034
Other Water Revenue	\$ 788
Availability Fee Revenue	\$ 136,836
<b>Total Other Revenues</b>	<b>\$ 143,299</b>

### Total Operating Revenues

Service Charges - Retail Customers	\$ 72,019
Commodity Revenues - Retail Customers	\$ 43,879
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 115,898</b>
<b>Other Operating Revenues</b>	<b>\$ 143,299</b>
<b>Total Revenues at Proposed Rates</b>	<b>\$ 259,197</b>

#### Revenue Check - Proposed Rates vs. Current Rates

Total Revenues at Proposed Rates	\$ 259,197
Total Revenues at Current Rates	\$ 359,855
Increase In Revenues at Proposed Rates	\$ (100,659)
Agreed-Upon Increase in Operating Revenues	\$ (103,683)

# LAKE REGION WATER & SEWER COMPANY

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
<b>\$12.99</b>	<b>\$6.77</b>	<b>\$2.49</b>	<b>\$1.30</b>

current service charge is monthly charge

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

Customer Charge	\$ 12.99
Usage Charge	\$ 14.94
Total Bill	\$ 27.93

#### Proposed Rates

Customer Charge	\$ 6.77
Usage Charge	\$ 7.79
Total Bill	\$ 14.56

#### INCREASES

##### Customer Charge

<b>\$ Increase</b>	<b>(\$6.22)</b>
<b>% Increase</b>	<b>-47.88%</b>

##### Usage Charge

<b>\$ Increase</b>	<b>(\$7.15)</b>
<b>% Increase</b>	<b>-47.88%</b>

##### Total Bill

<b>\$ Increase</b>	<b>(\$13.37)</b>
<b>% Increase</b>	<b>-47.88%</b>

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Rate Making Income Statement-Sewer

#### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	445,135
2	Other Operating Revenues *	\$	1,560
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>446,695</b>
4	* See "Revenues - Current Rates" for Details		

#### Cost of Service

Item	Amount
1 Purchased Wastewater Maintenance	\$ -
2 Sludge Removal	\$ 23,190
3 Power for Treatment Plants-Other	\$ -
4 Power for Treatment Plants-HB	\$ 9,009
5 Power for Lift Stations	\$ 20,439
6 Chemicals	\$ 19,124
7 Effluent Testing Expenses	\$ 9,962
8 Sewer Operating Expenses	\$ 6,771
9 PWSD #4 Labor	\$ 82,732
10 Sewer Supplies	\$ 5,949
11 Tools and Shop Supplies	\$ 899
12 Contractual Services-Other	\$ 3,279
13 Equipment Rental-Other	\$ 4,511
14 Equipment Maintenance	\$ 3,507
15 Outside Services Employed	\$ -
16 Billing Expense	\$ 721
17 Bad Debt Expense	\$ 838
18 Accounting Fees	\$ 6,582
19 Contracted Legal Fees	\$ 1,544
20 General Liability-Sewer	\$ 1,801
21 Office Supplies	\$ 752
22 Management Fees	\$ 11,406
23 Telephone	\$ 897
24 Travel & Entertainment-Other	\$ 133
25 Travel & Entertainment-Lodging	\$ -
26 Transportation-Airline/Car	\$ -
27 Transportation Expense	\$ 20,864
28 Customer Refunds	\$ 15
29 Building Rental	\$ 5,040
30 Other Misc. Expense	\$ 835
31 Rate Case Expense	\$ 710
32 PSC Assessment	\$ 47,053
33 Licenses and Permits	\$ 8,750
34 Discounts Taken	\$ (23)
35 Loss on Disposition of Assets	\$ (513)
36 <b>Sub-Total Operating Expenses</b>	<b>\$ 296,777</b>
37 Property Taxes	\$ 770
38 MO Franchise Taxes	\$ -
39 Employer FICA Taxes	\$ -
40 Federal Unemployment Taxes	\$ -
41 State Unemployment Taxes	\$ -
42 State & Federal Income Taxes	\$ 11,308
43 <b>Sub-Total Taxes</b>	<b>\$ 12,078</b>
44 Depreciation Expense	\$ 88,397
45 Interest Expense	\$ 47,791
46 CIAC Amortization Expense	\$ (2,697)
47 <b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ 133,491</b>
48 <b>Return on Rate Base</b>	<b>\$ 44,261</b>
49 <b>Total Cost of Service</b>	<b>\$ 486,607</b>
50 <b>Overall Revenue Increase Needed</b>	<b>\$ 39,912</b>

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Revenue Annualizations at Current Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Metered Customers

Customer Type	Residential	Business	Total Meters	Rate *	Annual Revenue
Single Family	225	0	225	\$ 29.39	\$ 79,353
Multi-Unit	0	0	0	\$ 29.39	\$ -
Commercial	0	18	18	\$ 29.39	\$ 6,348
<b>Total</b>	<b>225</b>	<b>18</b>	<b>243</b>		<b>\$ 85,701</b>

\*monthly service charge

#### Annualized Commodity Sales - Volumes and Revenues

sales shown in M gallons

Customer Type	Residential	Business	Total Sales	Rate	Annual Revenue
Single Family	-	-	-	\$ -	\$ -
Multi-Unit	-	-	-	\$ 5.26	\$ -
Commercial	-	68,333.5	68,333.5	\$ 5.26	\$ 359,434
<b>Total</b>	<b>-</b>	<b>68,333.5</b>	<b>68,333.5</b>		<b>\$ 359,434</b>

#### Other Operating Revenues

Late Charge Fees	\$ 1,560
<b>Total Other Revenues</b>	<b>\$ 1,560</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 85,701
Commodity Revenues - Retail Customers	\$ 359,434
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 445,135</b>
<b>Other Operating Revenues</b>	<b>\$ 1,560</b>
<b>Total Operating Revenues</b>	<b>\$ 446,695</b>



# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### 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	\$ 445,135
Agreed-Up On Overall Revenue Increase	\$ 39,912
Percentage Increase Needed	8.966%

#### Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Single Family	\$ 29.39	\$ 32.03	\$ -	\$ -
Multi-Unit	\$ 29.39	\$ 32.03	\$ 5.26	\$ 5.73
Commercial	\$ 29.39	\$ 32.03	\$ 5.26	\$ 5.73

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Revenue Annualizations at Proposed Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Metered Customers

Cutomer Type	Residential	Business	Total Meters	Rate *	Annual Revenue
Single Family	225	0	225	\$ 32.03	\$ 86,468
Multi-Unit	0	0	0	\$ 32.03	\$ -
Commercial	0	18	18	\$ 32.03	\$ 6,917
<b>Total</b>	<b>225</b>	<b>18</b>	<b>243</b>		<b>\$ 93,386</b>

monthly service charge

#### Annualized Commodity Sales - Volumes and Revenues

sales shown in M gallons

Cutomer Type	Residential	Business	Total Sales	Rate	Annual Revenue
Single Family	-	-	-	\$ -	\$ -
Multi-Unit	-	-	-	\$ 5.73	\$ -
Commercial	-	68,333.5	68,333.5	\$ 5.73	\$ 391,663
<b>Total</b>	<b>-</b>	<b>68,333.5</b>	<b>68,333.5</b>		<b>\$ 391,663</b>

volumes adjusted as needed per net revenue annualization at current rates

#### Other Operating Revenues

Late Charge Fees	\$ 1,560
<b>Total Other Revenues</b>	<b>\$ 1,560</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 93,386
Commodity Revenues - Retail Customers	\$ 391,663
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 485,048</b>
<b>Other Operating Revenues</b>	<b>\$ 1,560</b>
<b>Total Revenues at Proposed Rates</b>	<b>\$ 486,608</b>

##### Revenue Check - Proposed Rates vs. Current Rates

Total Revenues at Proposed Rates	\$ 486,608
Total Revenues at Current Rates	\$ 446,695
Increase In Revenues at Proposed Rates	\$ 39,914
Agreed-Upon Increase in Operating Revenues	\$ 39,912

# LAKE REGION WATER & SEWER COMPANY

## Horseshoe Bend

### Residential Customer Bill Comparison-Sewer

#### Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
<b>\$29.39</b>	<b>\$32.03</b>	<b>\$0.00</b>	<b>\$0.00</b>

current service charge is monthly charge

#### MONTHLY BILL COMPARISON

##### Current Rates

Customer Charge	\$ 29.39
Usage Charge	\$ -
Total Bill	\$ 29.39

##### Proposed Rates

Customer Charge	\$ 32.03
Usage Charge	\$ -
Total Bill	\$ 32.03

##### INCREASES

##### Customer Charge

\$ Increase	<b>\$2.64</b>
% Increase	<b>8.97%</b>

##### Usage Charge

\$ Increase	<b>\$0.00</b>
% Increase	<b>N/A</b>

##### Total Bill

\$ Increase	<b>\$2.64</b>
% Increase	<b>8.97%</b>

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Rate Making Income Statement-Sewer

#### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	294,062
2	Other Operating Revenues *	\$	205,254
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>499,316</b>
4	* See "Revenues - Current Rates" for Details		

#### Cost of Service

Item	Amount
1 Sludge Removal	\$ 3,530
2 Power for Treatment Plants-SB	\$ 12,963
3 Power for Treatment Plants-Other	\$ -
4 Power for Lift Stations	\$ 19,106
5 Chemicals	\$ 8,529
6 Effluent Testing Expenses	\$ 3,339
7 Sewer Operating Expenses	\$ 3,257
8 PWSD #4 Labor	\$ 81,867
9 Sewer Supplies	\$ 3,102
10 Tools and Shop Supplies	\$ 516
11 Contractual Services-Other	\$ 6,471
12 Equipment Rental-Other	\$ 4,498
13 Equipment Maintenance	\$ 2,245
14 Outside Services Employed	\$ 709
15 Billing Expense	\$ 1,874
16 Bad Debt Expense	\$ 552
17 Accounting Fees	\$ 4,332
18 Contracted Legal Fees	\$ 597
19 General Liability-Sewer	\$ 3,554
20 Office Supplies	\$ 1,954
21 Management Fees	\$ 11,373
22 Telephone	\$ 590
23 Travel & Entertainment-Other	\$ 88
24 Travel & Entertainment-Lodging	\$ -
25 Transportation-Airline/Car	\$ -
26 Transportation Expense	\$ 13,734
27 Customer Refunds	\$ 40
28 Building Rental	\$ 5,025
29 Other Misc. Expense	\$ 549
30 Rate Case Expense	\$ 710
31 PSC Assessment	\$ 30,975
32 Licenses and Permits	\$ 750
33 Discounts Taken	\$ (15)
34 Loss on Disposition of Assets	\$ (1,012)
35 <b>Sub-Total Operating Expenses</b>	<b>\$ 225,802</b>
36 Property Taxes	\$ 1,520
37 MO Franchise Taxes	\$ -
38 Employer FICA Taxes	\$ -
39 Federal Unemployment Taxes	\$ -
40 State Unemployment Taxes	\$ -
41 State & Federal Income Taxes	\$ 2,394
42 <b>Sub-Total Taxes</b>	<b>\$ 3,914</b>
43 Depreciation Expense	\$ 129,815
44 Interest Expense	\$ 10,382
45 CIAC Amortization Expense	\$ (75,853)
46 <b>Sub-Total Depreciation/Interest/Amortization</b>	<b>\$ 64,344</b>
47 <b>Return on Rate Base</b>	<b>\$ 9,615</b>
48 <b>Total Cost of Service</b>	<b>\$ 303,675</b>
49 <b>Overall Revenue Increase Needed</b>	<b>\$ (195,641)</b>

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Revenue Annualizations at Current Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Metered Customers

Customer Type	Residential	Business	Total Meters	Rate *	Annual Revenue
Single Family	620	0	620	\$ 36.19	\$ 269,254
Multi-Unit	0	0	0	\$ 36.19	\$ -
Commercial	0	12	12	\$ 36.19	\$ 5,211
<b>Total</b>	<b>620</b>	<b>12</b>	<b>632</b>		<b>\$ 274,465</b>

\*monthly service charge

#### Annualized Commodity Sales - Volumes and Revenues

sales shown in M gallons

Customer Type	Residential	Business	Total Sales	Rate	Annual Revenue
Single Family	-	-	-	\$ -	\$ -
Multi-Unit	-	-	-	\$ 6.03	\$ -
Commercial	-	3,249.9	3,249.9	\$ 6.03	\$ 19,597
<b>Total</b>	<b>-</b>	<b>3,249.9</b>	<b>3,249.9</b>		<b>\$ 19,597</b>

#### Other Operating Revenues

Availability Fee Revenue	\$ 205,254
<b>Total Other Revenues</b>	<b>\$ 205,254</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 274,465
Commodity Revenues - Retail Customers	\$ 19,597
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 294,062</b>
<b>Other Operating Revenues</b>	<b>\$ 205,254</b>
<b>Total Operating Revenues</b>	<b>\$ 499,316</b>

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Development of Tariffed Rates-Sewer

Agreement is to decrease 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	\$ 294,062
Agreed-Up On Overall Revenue Increase	\$ (195,641)
Percentage Increase Needed	-66.531%

#### Metered Customer Rates

Customer Type	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
Single Family	\$ 36.19	\$ 12.11	\$ -	\$ -
Multi-Unit	\$ 36.19	\$ 12.11	\$ 6.030	\$ 2.02
Commercial	\$ 36.19	\$ 12.11	\$ 6.030	\$ 2.02

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Revenue Annualizations at Proposed Rates-Sewer

#### Annualized Customer Counts and Customer Charge Revenues

##### Retail Metered Customers

Customer Type	Residential	Business	Total Meters	Rate *	Annual Revenue
Single Family	620	0	620	\$ 12.11	\$ 90,118
Multi-Unit	0	0	0	\$ 12.11	\$ -
Commercial	0	12	12	\$ 12.11	\$ 1,744
<b>Total</b>	<b>620</b>	<b>12</b>	<b>632</b>		<b>\$ 91,862</b>

monthly service charge

#### Annualized Commodity Sales - Volumes and Revenues

sales shown in M gallons

Customer Type	Residential	Business	Total Sales	Rate	Annual Revenue
Single Family	-	-	-	\$ -	\$ -
Multi-Unit	-	-	-	\$ 2.02	\$ -
Commercial	-	3,249.9	3,249.9	\$ 2.02	\$ 6,559
<b>Total</b>	<b>-</b>	<b>3,249.9</b>	<b>3,249.9</b>		<b>\$ 6,559</b>

volumes adjusted as needed per net revenue annualization at current rates

#### Other Operating Revenues

Availability Fee Revenue	\$ 205,254
<b>Total Other Revenues</b>	<b>\$ 205,254</b>

#### Total Operating Revenues

Service Charges - Retail Customers	\$ 91,862
Commodity Revenues - Retail Customers	\$ 6,559
<b>Sub-Total Tariffed Rate Revenues</b>	<b>\$ 98,421</b>
<b>Other Operating Revenues</b>	<b>\$ 205,254</b>
<b>Total Revenues at Proposed Rates</b>	<b>\$ 303,675</b>

##### Revenue Check - Proposed Rates vs. Current Rates

Total Revenues at Proposed Rates	\$ 303,675
Total Revenues at Current Rates	\$ 499,316
Increase In Revenues at Proposed Rates	\$ (195,641)
Agreed-Upon Increase in Operating Revenues	\$ (195,641)

# LAKE REGION WATER & SEWER COMPANY

## Shawnee Bend

### Residential Customer Bill Comparison-Sewer

#### Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
<b>\$36.19</b>	<b>\$12.11</b>	<b>\$0.00</b>	<b>\$0.00</b>

current service charge is monthly charge

#### MONTHLY BILL COMPARISON

##### Current Rates

Customer Charge	\$ 36.19
Usage Charge	\$ -
Total Bill	\$ 36.19

##### Proposed Rates

Customer Charge	\$ 12.11
Usage Charge	\$ -
Total Bill	\$ 12.11

##### INCREASES

##### Customer Charge

\$ Increase	(\$24.08)
% Increase	-66.53%

##### Usage Charge

\$ Increase	\$0.00
% Increase	N/A

##### Total Bill

\$ Increase	(\$24.08)
% Increase	-66.53%



P.S.C. MO No. 1

Second Revised Sheet No. 7-A

Replacing

First Revised Sheet No. 7-A

Lake Region Water & Sewer Company

For: Missouri Service Areas

Rules Governing  
Rendering of Water Service

**SCHEDULE OF SERVICE CHARGES**

DISCONNECT FOR NON-PAYMENT, SPECIAL REQUEST SERVICE TERMINATION OR  
RECONNECTION CHARGE: +

Per Rule 7 and/or upon request of the customer, the company will either terminate or reconnect a water service. The cost for either service during normal working hours of 8:30 AM to 4:00 PM Monday through Friday excluding holidays, shall be \$31.00 payable in advance. The cost during other than normal working hours shall be \$85.00. Routine request for termination or reconnection which allows the Company five (5) business days lead time will be done at no charge.

LATE PAYMENT CHARGE: \$6.50 or 3%, whichever is greater, per notice per month +  
May be assessed in accordance with Rule 10.  
Applies only when disconnect is mailed.  
Only one charge applies to a customer that is billed for  
water and sewer service on the same bill.

RETURN CHECK CHARGE: \$25.00  
May be assessed in accordance with rule 10.  
Only one charge per returned check.

METER TESTING CHARGE: \$55.00  
May be assessed in accordance with Rule 12.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: November 22, 2013  
Month/Day/Year

Effective Date: January 15, 2014  
Month/Day/Year

Issued By: Vernon Stump, President

Lake Region Water & Sewer Company  
P.O. Box 9, Lake Ozark, MO 65049

Lake Region Water & Sewer Company

For: Missouri Service Areas

Rules & Regulations Governing  
the Rendering of Sewer Service**SCHEDULE OF OTHER CHARGES****TAXES:****Sales, Gross Receipts, Occupation or Franchise Taxes:**

There shall be added to the customer's bill as a separate item an amount equal to the proportionate part of any sales, license, occupation, franchise or other similar fee or tax now or hereafter imposed upon the Company by any municipality or any other governmental authority, whether imposed by statute, ordinance, franchise or otherwise, in which the fee or tax is based upon a percentage of gross receipts, net receipts, revenue or income from the provision of service by the Company. When such tax or fee is a stated amount, a pro rata portion of such tax or fee shall be included as a separate item on the customer's bill and shall be calculated by applying thereto the same percentage factor as the total annual amount of that tax bears to the gross receipts of the Company from the provision of service during the preceding calendar year to customers located within the boundaries of the taxing service entity. These tax or fee amounts shall be added to the customer's bill only within the boundaries of the entity imposing the tax or fee. This provision does not apply to the "assessment" rendered by the Missouri Public Service Commission to the Company.

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

**LATE PAYMENT CHARGE:** \$6.50 or 3%, whichever is greater, per notice per month +  
Applies only when the disconnect notice is mailed.  
Only one charge applies to a customer that is billed for water and sewer service on the same bill.

**RETURN CHECK CHARGE:** \$25.00  
Only one charge per returned check.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

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