

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

In the Matter of the Small Company Rate	)	<u>Case No. SR-2008-0303</u>
Increase Request of Roy-L Utilities, Inc.	)	

**NOTICE OF 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 Agreement Regarding Disposition of Small Company Rate Increase Request ("Agreement Notice") states the following to the Missouri Public Service Commission ("Commission").

1. On March 20, 2008, Roy-L Utilities, Inc. ("Company") submitted to the Commission revised tariff sheets to implement increases in its sewer service rates and charges, and other tariff changes, and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the subject revised tariff sheets are based upon a *Company/Staff Agreement Regarding Disposition of Small Sewer Company Rate Increase Request* ("Company/Staff Agreement") entered into by the Company and the Staff. As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company rate increase request that the Company submitted to the Commission on October 23, 2007 (Tracking File No. QS-2008-0001).

3. Included in Appendix A attached hereto is a copy of the above-referenced Company/Staff Agreement. Various documents related to the Company/Staff Agreement are also included in Appendix A as attachments to the agreement. Additionally, affidavits from the Staff members that participated in the investigation of the Company's Request are included in Appendix A.

4. Consistent with established internal operating procedures pertaining to small company rate increase requests, the Staff intends to file its recommendation in this case no later than the end of business on April 25, 2008.

**WHEREFORE**, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger  
Deputy General Counsel  
Missouri Bar No. 23857

Attorney for the Staff of the  
Missouri Public Service Commission

P.O. Box 360  
Jefferson City, MO 65102  
573-751-4140 (telephone)  
573-751-9285 (facsimile)  
[keith.krueger@psc.mo.gov](mailto:keith.krueger@psc.mo.gov) (e-mail)

#### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 27th day of March 2008.

/s/ **Keith R. Krueger**

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2008-0303

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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Agreement Attachment G:	EMSD Report

## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

Guy Gilbert – Engineering & Management Services Department

Nila Hagemeyer – Engineering & Management Services Department

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

**AFFIDAVIT OF JAMES M. RUSSO**


STATE OF MISSOURI     )

) SS

CASE NO. SR-2008-0303

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 was responsible for the preparation of the following *Unanimous Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, D and E to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto 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 20<sup>th</sup> day of March, 2008.

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



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942066

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DANA E. EAVES**

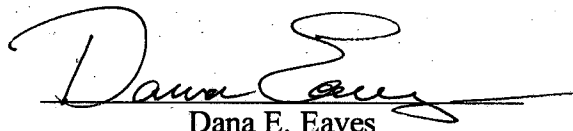
STATE OF MISSOURI

ss.

COUNTY OF COLE

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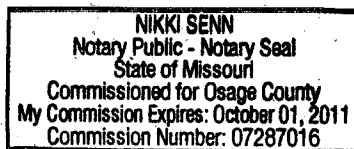
**COMES NOW** Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Dana E. Eaves

Utility Regulatory Auditor III  
Auditing Department

Subscribed and sworn to before me this 27<sup>th</sup> day of March 2008.

  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT GUY C. GILBERT**

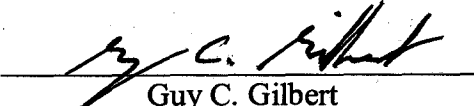
STATE OF MISSOURI

ss.

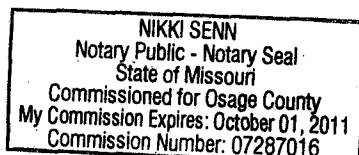
COUNTY OF COLE


)  
) Case No. SR-2008-0303  
)  
)

**COMES NOW** Guy C. Gilbert, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Engineer II 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 following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate 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.

  
\_\_\_\_\_  
Guy C. Gilbert  
Utility Regulatory Engineer II  
Engineering and Management Services Department

Subscribed and sworn to before me this 25<sup>th</sup> day of March 2008.



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

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF NILA S. HAGEMEYER**

STATE OF MISSOURI

ss.

COUNTY OF COLE

)  
) Case No. SR-2008-0303  
)  
)

**COMES NOW** Nila S. Hagemeyer, being of lawful age, and on her oath states the following: (1) that she is an Utility Management Analyst III in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

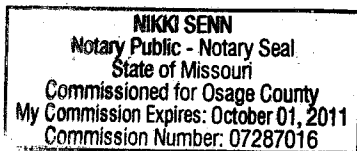
*Nila S. Hagemeyer*

Nila S. Hagemeyer

Utility Management Analyst III

Engineering and Management Services Department

Subscribed and sworn to before me this 25<sup>th</sup> day of March 2008.



*Nikki Senn*

Notary Public



# Company/Staff Disposition Agreement

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

**ROY-L UTILITIES, INC.**

**MO PSC TRACKING FILE NO. QS-2008-0001**

**BACKGROUND**

Roy-L Utilities, Inc. (Company) initiated a small company revenue increase request (Request) for sewer service that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.330, Sewer Utility Small Company Rate Increase Procedure (Small Company Procedure). In its letter, received on October 23, 2007, the Company set forth its request for an increase of \$12,000 in its total annual sewer service operating revenues. In its request, the Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and 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 58 residential customers.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, the 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. (Hereafter, these activities are collectively referred to as the Staff's "investigation" of the Company's Request.)

Upon completion of its investigation, the Staff provided the Company and the Office of the Public Counsel (OPC) information regarding the results of its investigation, as well as its initial recommendations for 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, the Staff and Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as

Attachment A, with those proposed tariff revisions bearing an effective date of May 5, 2008.

(2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B 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 \$3,648 needed to recover the Company's cost of service.

(3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 88.12% equity for the Company and a pre-tax return on equity of 8.88%, 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) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company and are just and reasonable.

(5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.

(6) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.

(7) That the Company will install a new fence with gate and signage around the lagoon by October 31, 2008.

(8) That the Company will refund the overcharges that occurred from July 2001 through June 2006 with accrued interest as set out below:

(a) For overcharges collected prior to April 1, 2003, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the first billing period after the effective date of the tariff revisions resulting from this Agreement.

(b) For overcharges collected during the period of April 1, 2003 through December 31, 2004, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the thirteenth billing period after the effective date of the tariff revisions resulting from this Agreement.

(c) For overcharges collected after December 31, 2004,, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the twenty-fifth billing period after the effective date of the tariff revisions resulting from this Agreement.

(9) That within ninety (90) days of the effective date of the tariff revisions resulting from this Agreement, the Company will provide the Staff and the OPC documentation that supports the amounts of overcharges and accrued interest that will be returned to its customers in accordance with item (xx) above. At a minimum, this documentation will include the following: customer name, amount of overcharge to be refunded, interest owed and total amount owed.

(10) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than July 18, 2008.

(11) That no later than March 26, 2008, the Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill, and will invite the customers to submit comments on the proposed tariff changes to the Staff and OPC within twenty (20) days after the date of the notice. When the Company mails the notice to its customers, it will also send a copy to the Staff and the Staff will file a copy in the subject case file.

(12) That the Company acknowledges that the OPC has the right to request that the Commission hold a local public hearing regarding the provisions of this Disposition Agreement (Agreement) and the provisions of the proposed tariff revisions that the Company will be filing as a result of this Agreement.

(13) That the Company acknowledges that it may be necessary for the proposed tariff revisions resulting from this Agreement to be suspended if the OPC requests a local public hearing and the Commission grants that request. Further, the Company agrees that it will not object to a suspension of the subject tariff revisions to allow sufficient time for a local public hearing to be held, so long as the suspension does not exceed 45 days.

(14) That the Company acknowledges that the Staff will, and the OPC may, conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Agreement.

(15) That the Company acknowledges that the Staff or OPC may file a formal complaint against it, if the Company does not comply with the provisions of this Agreement.

(16) That the above agreements satisfactorily resolve all issues identified by the Staff and Company regarding the Company's Request, except as otherwise specifically stated.

### **ADDITIONAL MATTERS**

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

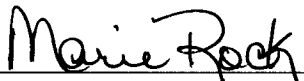
The Company acknowledges that the Staff will be filing this Agreement, including attachments, in the case that will be opened when the Company files the proposed tariff revisions called for in the Agreement. The Company also acknowledges that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for approval of the subject proposed tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations that the Department of Natural Resources has issued to the Company; and (h) the status of the Company's corporate standing with the Secretary of State.

Additionally, the Company agrees that the Staff shall have the right to provide whatever oral explanation the Commission may request regarding the rate case that will be opened when the Company files the proposed tariff revisions called for in this Agreement, at any agenda meeting at which that case is noticed to be considered by the Commission. To the extent reasonably practicable, the Staff will provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to also be represented at the meeting.

**EFFECTIVE DATE AND SIGNATURES**

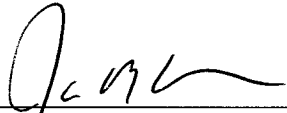
This Disposition Agreement shall be considered effective as of the date that the Company files the proposed tariff revisions required herein with the Commission.

Agreement Signed and Dated:

  
\_\_\_\_\_

Marie Rock  
Secretary  
Roy-L Utilities, Inc.

3-14-08  
Date

  
\_\_\_\_\_

James M. Russo  
Rate and Tariff Examination Supervisor  
Water & Sewer Department  
Missouri Public Service Commission Staff

3/18/08  
Date

**List of Attachments**

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report

## Agreement Attachment A

### Example Tariff Sheets

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer ServiceINDEX

## Sheet No.

1	Index
2	Map of Service Area
3	Legal Description of Service Area
4	Schedule of Rates
5	Schedule of Service Charges

## Rule No.

6	1. Definitions
9	2. General Rules and Regulations
10	3. Limited Authority of Company Employees
11	4. Applications for Sewer Service
13	5. Inside Piping and Customer Service Sewer
16	6. Improper or Excessive Use
18	7. Discontinuance of Service by Company
20	8. Interruptions in Service
21	9. Bills for Service
23	10. Special Contract for Excess Capacity
24	11. Extension of Collecting Sewers

\*Indicates new rate or text

+Indicates change

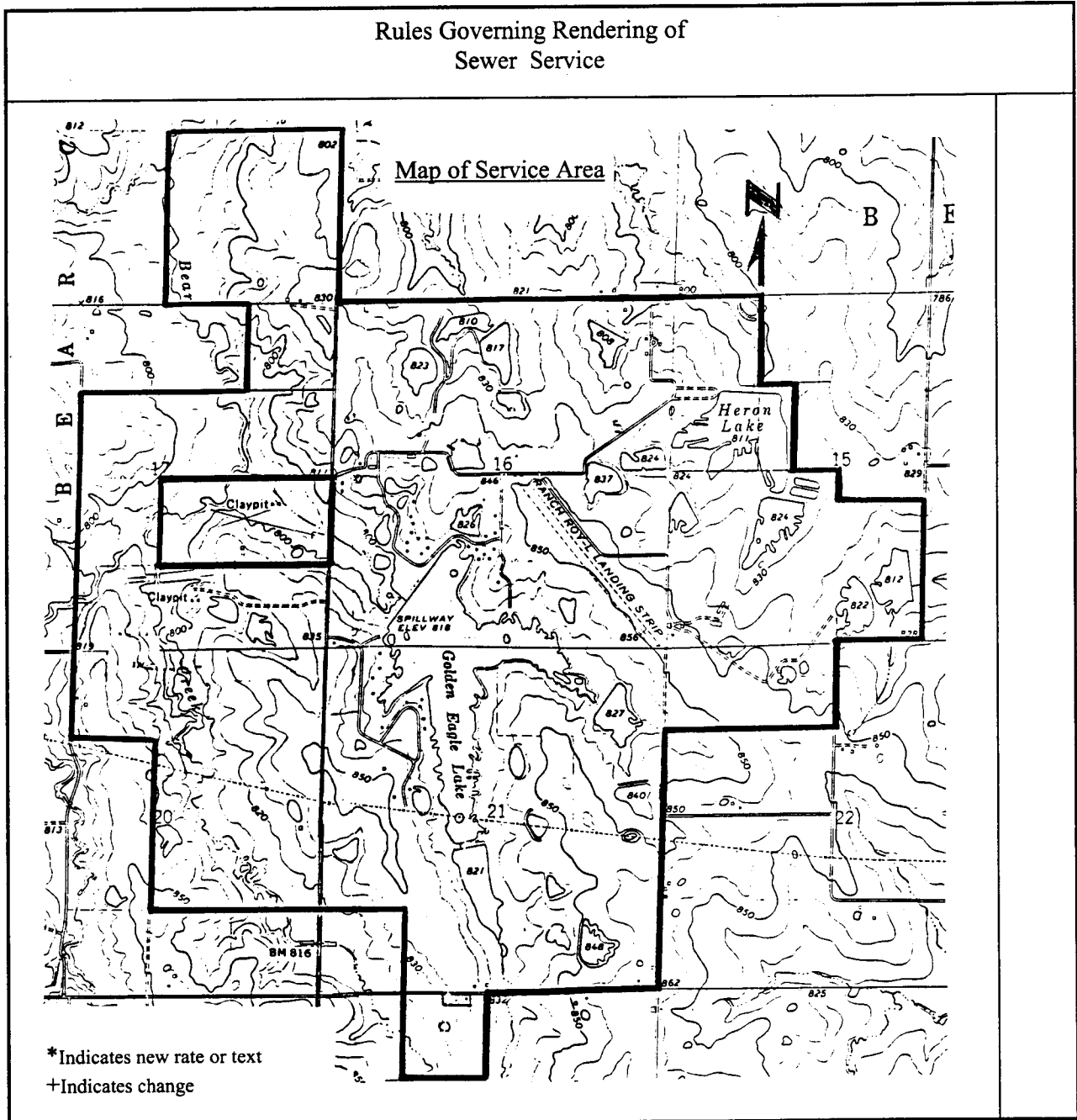
DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address



Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

Rules Governing Rendering of  
Sewer ServiceDATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

<b>Rules Governing Rendering of Sewer Service</b>
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<u><b>Legal Description of Service Area</b></u>
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The northeast fourth of the northwest quarter of Section 28 except approximately 3 acres described as follows: Beginning at a point on the south line of the public road 298 feet west of the northeast corner of said northeast fourth of the northwest quarter, thence south 155 feet, thence west parallel with said road 444 feet, thence north 155 feet, thence east along south line of said road 444 feet to the point of beginning; the southeast quarter of Section 8, the northeast one-fourth of the northeast quarter of Section 17; the south one-half of the northeast quarter of Section 17; the southeast quarter of the northwest quarter of Section 17; the east one-half of the southwest quarter of Section 17; the south one-half of the southeast quarter of Section 17; the northeast quarter of Section 20; the north east quarter of the northwest quarter of Section 20; the north one-half of the southeast quarter of Section 20; all of Section 16; the north one-half of Section 21; the southeast quarter of Section 21; the east one-half of the southwest quarter of Section 21; the northwest one-fourth of the southwest quarter of Section 21; the north one-half of the north-west quarter of Section 22; the southwest quarter of Section 15; the west one-half of the southeast quarter of Section 15; except 15.34 acres, part of the northwest fourth of the southeast quarter of Section 15 described as follows: Beginning at the center of said Section 15, thence east along the east-west center line 1357.34 feet to the center of the County road, thence 16' 30" west along the center of said road 492.82 feet, thence west 1354.42 feet, thence north 3' 50" west 492.82 feet to the point of beginning; the west half of the northwest quarter of Section 15; 14.934 acres part of the southeast fourth of the northwest quarter of Section 15, described as follows: Commencing at the center of said Section 15, run thence west along the east-west center line of said Section 815 feet to the point of beginning, thence continuing west along said east-west center line 492.82 feet, thence north 32' 30" west 1320 feet, thence east 492.82 feet, thence south 32' 30" west 1320 feet to the point of beginning. All in Township 48 of Range 4 West of the Fifth Principal Meridian in Montgomery County, Missouri.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer ServiceSchedule of Rates

## Rate Schedule S-1 -- General Service

## Availability:

These rates are available to any water customer on Company's mains for supplying water service requested.

## Monthly Flat Rate:

Full-time Customer	\$11.54
--------------------	---------

Part-time Customer	\$10.50
--------------------	---------

## Taxes:

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

Late Charges:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer ServiceSchedule of Service ChargesReturned Check Charge

A charge of \$25.00 per check will be due on all checks returned unpaid from the bank.

Disconnection/Reconnection

The charge for reconnection after service disconnection by the Company for violation of Rule 7 herein shall be the total actual cost of disconnection and reconnection of service.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day Year

DATE EFFECTIVE May 5, 2008  
Month Day Year

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
Sewer ServiceRule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity which has applied for service or a sewer extension; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT.
- B. "B.O.D" denotes biochemical oxygen demand. It is the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory conditions expressed in milligrams per liter.
- C. C. A "COLLECTING SEWER" is a pipeline, including force lines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lamp holes, and necessary appurtenances, including service wyes, which is owned and maintained by the company, located on public property or on private easements, and used to transport sewage waste from the customer's service connection to the point of disposal.
- D. The "COMPANY" is Roy-L Utilities Inc., acting through its officers, managers, or other duly authorized employees or agents.
- E. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the company for sewer service or is receiving service from company, or whose facilities are connected for utilizing such service.
- F. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates.
- G. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

<b>Rules Governing Rendering of Sewer Service</b>
<p>H. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the company not at the request of the customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or disconnection of water service by the water utility at the request of the company.</p> <p>I. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. (See Rule 6 pertaining to Improper Waste and Excessive Use.)</p> <p>J. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.</p> <p>K. A "FULL-TIME CUSTOMER" shall be defined as a Residential Customer occupying the unit served for a period of at least one hundred and eighty (180) days of the calendar year.</p> <p>L. A "PART-TIME CUSTOMER" shall be defined as a Residential Customer occupying the unit served for a period of less than one hundred and eighty (180) days of the calendar year.</p> <p>M. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. PH is indicated on a scale reading from 1-14, with 7 being neutral, below 7 acid, and above 7 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.</p> <p>N. A "SERVICE CONNECTION" is the connection of a service sewer to the company collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.</p> <p style="margin-top: 20px;">*Indicates new rate or text +Indicates change</p>

DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
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Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

<b>Rules Governing Rendering of Sewer Service</b>
<p>O. A "SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the customer, used to conduct sewage from the customer's premises to the collecting sewer, excluding service wyes or saddles.</p> <p>P. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes re-subdivision thereof.</p> <p>Q. "SUSPENDED SOLIDS" are the insoluble materials suspended or dispersed in waste water, expressed in milligrams per liter on a dry weight basis, as determined by standard procedures.</p> <p>R. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the company's observation of non-occupancy of the unit served.</p> <p>S. The word "UNIT", or LIVING UNIT shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate UNITS for each single family or firm occupying same as a residence or place of business.</p> <p style="margin-top: 20px;">*Indicates new rate or text +Indicates change</p>

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## Rule 2 GENERAL RULES AND REGULATIONS

- A. Every customer, upon signing an application for service or accepting service rendered by the company, shall be considered to have expressed consent to be bound by these rates and rules.
- B. The company's rules governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service are set forth in rate schedules and constitute a part of this tariff.
- C. The company reserves the right, subject to the authority from the Public Service Commission of Missouri, to prescribe additional rates or to alter existing rates or rules as it may deem necessary or proper.
- D. At the effective date of these rules, all new facilities, construction contracts and written agreements shall conform to these rules in accordance with the statutes of the State of Missouri and authority of the Public Service Commission of Missouri. Pre-existing facilities which do not conform with these rules may remain, if said facilities do not cause any service problems and reconstruction is impractical.
- E. The company shall have the right to enter upon the customer's premises for the purpose of inspecting for compliance with these rules. Company personnel shall identify themselves and such inspections shall be conducted during reasonable hours.

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Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve Montgomery County, Missouri

Rules Governing Rendering of  
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- A. Employees or agents of the company are expressly forbidden to demand or accept any compensation for any service rendered to its customers except as covered in the company's rules.
- B. No employee or agent of the company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules.

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### Rules Governing Rendering of Sewer Service

#### Rule 4 APPLICATIONS FOR SEWER SERVICE

- A. A written application for service, signed by the customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, Service Charges, or Rule 11 - Extension of Collecting Sewers, and other information required by these rules, must be received from each customer before service is provided to any unit. Said application must be filed in writing 24 hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The company shall have the right to refuse service for failure to comply with the rules herein, or if the customer owes a past due bill not in dispute for sewer service at any location within the company's service area. In any case where a sewer extension, or unusual construction or equipment expense is necessary to furnish the service, the company may require a contract for service specifying a reasonable period of time for the company to provide the service. If the customer is a tenant, the company shall notify the owner of the property that the owner may be responsible for payment of the sewer service bill.
- B. A prospective commercial or industrial customer shall, upon request of the company, present in writing to the company a list of devices which will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The company will then advise the customer of the form and the character of the waste water collection facilities available. If a sewer extension as provided for in Rule 11 - Extension of Collecting Sewers will be necessary, or if the customer will be required to own, operate, and maintain a pretreatment facility, the customer will also be so advised.
- C. When sewer charges are based on water usage, the company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the company, so that there will be a basis for sewer charges. The company and customer may agree to an estimated water use amount, on an interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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<p>D. The company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 - Extension of Collecting Sewers, unless, in the company's judgement such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the customer's premises in a reasonable manner.</p> <p>E. A new service connection shall be authorized when all conditions of Paragraphs A, B, C, and D, above, are met.</p> <p>F. When a service sewer is to be connected to the collecting sewer, the plumber employed by the customer shall obtain the connecting accessories from the company. The plumber shall advise the company 24 hours in advance of when he expects to make the connection so a representative of the company can inspect the installation. The company must inspect any connection made by the customer prior to trench backfilling.</p> <p>G. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by commercial or industrial customers except upon written notice to and with the written consent of the company.</p> <p>H. Any change in the location of an existing service connection and/or service sewer requested by the customer shall be made at the customer's expense.</p> <p style="margin-top: 20px;">*Indicates new rate or text +Indicates change</p>	

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Rule 5 INSIDE PIPING AND CUSTOMER SERVICE SEWER

- A. The customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The customer shall notify the company prior to cleaning or repairing the service sewer.
- B. Construction of the service sewer, and connection to the collecting sewer shall be subject to the inspection and approval of the company. No backfill shall be placed until the work has been inspected by the company. In the event the customer or the customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the company's rules, in effect at the time of connection must be met. The company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
- E. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.
- F. When two or more buildings are a part of a complex which cannot be subdivided.
- G. The service sewer shall be one of the following: ductile iron pipe, vitrified clay sewer pipe (VCP), or polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the company. Only those jointing materials

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and methods which are approved by the company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications, and on undisturbed earth or fill compacted to at least 95% proctor density. Fill may be non-organic soil or aggregate.

- H. The size and slope of the service sewer shall be subject to the approval of the company, but in no event shall the diameter be less than four (4) inches. The slope of such four (4) inch pipe shall not be less than one-eighth (1/8) inch per foot.
- I. Whenever possible the service sewer shall be brought to the building at an elevation below the basement floor. No building sewer shall be laid parallel to or within three (3) feet of any bearing wall. The depth shall be sufficient to afford protection from frost. The service sewer shall be laid at a uniform grade and in straight alignment insofar as possible. Changes in direction shall be made only with properly curved pipes and fittings.
- J. Existing service sewers may be used in connection with new buildings only when they are found on examination and test to meet all requirements of the company.
- K. In any building in which a building drain is too low to permit the required slope of the service sewer, sanitary sewage carried by such drain shall be lifted by approved artificial means and discharged to the service sewer. No water operated sewage ejector shall be used.
- L. All excavations required for the installation of a service sewer and connection to the collecting sewer shall be open trench work unless otherwise approved by the company. Pipe laying and backfill shall be performed in accordance with the latest published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.
- M. The connection of the service sewer to the collecting sewer shall be made at the wye branch, if such branch is available at a suitable location. If the collecting sewer is

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vitriified clay pipe of 12" diameter or less and there is no properly located wye branch at a suitable location, a wye branch shall be installed at a location specified by the company. If the collecting sewer is greater than 12" in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the company, and a saddle installed to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight. A wye branch or a saddle may be obtained from the company at cost.

- N. Company personnel may not work on piping or facilities not owned by the company unless authorized by the customer.

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#### Rule 6 IMPROPER OR EXCESSIVE USE

- A. The following requirements for the use of sewer service provided by the company shall be observed. Violation of the requirements will result in the discontinuance of service to the customer or an additional charge where discharge limits are exceeded.
- B. The company may require a customer discharging non-domestic sewage to install a pretreatment facility, grease trap or other device on the premises, to prevent exceeding discharge limits or other adverse impacts upon the company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the customer, and subject to approval and inspection by the company.
- C. No customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- D. The customer shall be required to take any action necessary to meet the following described waste water limits before the wastewater is discharged into the collection sewer:
  - (1) Maximum temperature of 150 degrees Fahrenheit.
  - (2) Maximum strength of 400 parts per million Biological Oxygen Demand (B.O.D.).
  - (3) A maximum of 100 parts per million, by weight, any fat, oil or grease.
  - (4) A maximum of 25 parts per million, by weight, any soluble oils.
  - (5) No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.

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<div data-bbox="324 558 1390 1041" data-label="List-Group"> <ul style="list-style-type: none"> <li>(6) No garbage that has not been properly shredded.</li> <li>(7) No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.</li> <li>(8) No waste water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the company.</li> <li>(9) No waste water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.</li> </ul> </div> <div data-bbox="230 1646 513 1719" data-label="Text"> <p>*Indicates new rate or text +Indicates change</p> </div>

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- A. The company reserves the right of discontinuance of service for any of the following reasons:
- (1) For failure to comply with these rules.
  - (2) For nonpayment of the sewer utility bill (see Rule 9).
  - (3) For resale of sewer service.
  - (4) For an unauthorized service connection to the company's collecting sewer.
- B. For purposes of this rule, discontinuance of sewer service for non-payment of a sewer bill may be accomplished either by physical disconnection, or by discontinuance of water service by the customer's water utility at the request of the company. In such cases, customers will be notified by the terms of these rules, and not by those of any water utility.
- C. Discontinuance of service to a customer for violation of these Rules shall not prevent the company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the customer.
- D. In the event of discontinuance of service by the company for any violation of these rules, then any monies due the company shall become immediately due and payable.
- E. The company reserves the right of discontinuance of service to a customer, or to refuse service to any applicant or for any unit to protect itself against fraud or abuse.
- F. At least thirty (30) days prior to discontinuance of service, the company will mail a written notice to the customer, and to the property owner if different than the customer, by certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission. Said notice shall state the nature of the violation,

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<p>the amount of money owed if for a past due bill including the amount of any service charges owed, and that service may be discontinued at any time after the expiration of the notice period, provided satisfactory arrangements for continuance of the service have not been made by the customer. The thirty (30) day notice may be waived if there is any waste discharge which might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the customer and the Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service. If service is provided to a multi-tenant building or complex, the company will make an effort to notify tenants by door hangars or other type of notice of the possibility of discontinuance of service.</p> <p>G. Reconnection of any customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.</p> <p>H. Where the owner of rental property is the customer and has been notified of the intent of disconnection, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.</p> <p>I. Termination of service at the customer's request may be accomplished at the expense of the customer, as provided in Rule 9 B.</p> <p style="margin-top: 20px;">*Indicates new rate or text +Indicates change</p>

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## Rule 8 INTERRUPTIONS IN SERVICE

- A. The company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all customers affected by such limitation will be notified in advance whenever it is possible to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the company.
- D. A customer may request temporary termination of service for any length of time for his own convenience; however, the customer shall still be charged for service at three fourths the monthly flat fee for customers without meters and the customer charge for customers with meters during the time the service is turned off. In addition, turn off and turn on charges are specified in the schedule of service charges.

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### Rules Governing Rendering of Sewer Service

**Rule 9 BILLS FOR SERVICE**

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the customer in writing for service to be terminated, or until service is discontinued by the company. If termination of service must be accomplished by physical disconnection, the customer shall notify the company of the date and time of the disconnect in writing at least five days prior to the disconnection. If termination is accomplished by discontinuance or termination of water service, such notice shall be on or before the date of the water shutoff. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by discontinuance or termination of water service. The method used for termination of service shall be determined by the company.
- C. Bills for sewer service will be mailed or delivered to the customer's last address as shown by the records of the company, but failure to receive the bill will not relieve the customer from the obligation to pay the same.
- D. Payments shall be made at the office of the company or at a convenient location designated by the company, or by mailing to the company's office.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the customer at such separate locations.
- F. The company shall have the right to render bills monthly in advance. Bills shall be due twenty-one (21) days after rendition, and such due date shall be indicated on the

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bill. The company shall have the right to charge customers on a monthly basis in arrears when the sewer charges are based on water usage.

- G. Neither the company nor the customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- H. All bills for sewer service become delinquent after the due date stated on the bill. Service may be discontinued after thirty (30) days written notice by certified mail return receipt requested from the company as provided by Rule 7, Discontinuance of Service by Company.
- I. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum.
- J. The owner of the property served will be held responsible for ultimate payment of a bill. Copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property.

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- A. In the event that the customer to be served proposes to discharge into the company's system an abnormally high volume or strength of waste as to require an enlargement of the company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, service shall be provided to such customer under the terms and conditions of a mutually satisfactory contract, in a form approved by the Public Service Commission, pursuant to which the cost of such improvements will be financed in such a manner as to be fair and reasonable to both parties and so as not to constitute a burden upon the company or the existing customers of the company.

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### Rules Governing Rendering of Sewer Service

#### Rule 11 EXTENSION OF COLLECTING SEWERS

- A. Collecting sewers will be extended within the company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the company. The applicant may choose to have the company perform all work under the terms and conditions of Paragraph C, following, or have a private contractor perform the work under the terms and conditions of Paragraph D, following. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the company. If the company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the company.
- C. The company will extend collecting sewers for the applicant under the following terms and conditions:
- D. Upon receipt of written application for service as provided in Rule 4, Applications for Service, the company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, and the direct costs associated with supervision, engineering, permits, and bookkeeping. Applicable income tax cost calculated at the maximum rate will be added to this estimate.
- (1) The applicant shall enter into a contract with the company for the installation of said extension and shall tender to the company a contribution-in-aid-of-construction equal to the amount determined in Paragraph C (1) above, plus

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<p>any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.</p> <p>(2) If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.</p> <p>E. When the applicant elects to construct an extension, the company will connect said extension to its existing collecting sewers under the following terms and conditions:</p> <p>(1) Applicant shall enter into a contract with the company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the company's rules. Plans for the extension shall be submitted to the company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the company. Applicant shall contribute said facilities to the company with a detailed accounting of the actual cost of construction, and contribute to the company the estimated reasonable cost of the company's inspection.</p> <p>(2) The company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.</p> <p>(3) Connection of the extension to existing company collecting sewers shall be made by, or under direct supervision of, the company or its representative.</p> <p>(4) The company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D (1).</p> <p>(F) The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:</p> <p>*Indicates new rate or text +Indicates change</p>












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- (1) For a single-family residential applicant applying for service in a platted subdivision, the company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.
  - (2) For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
  - (3) For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E (1) above or E (2) above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.
- (G) Refunds of contributions shall be made to the original applicant as follows:
- (1) Should the actual cost of an extension constructed by the company under Paragraph C, or actual costs for inspection by the company under Paragraph D, above, be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.
  - (2) During the first ten years after the extension is completed, the company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E above.
  - (3) The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.

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Service Area:      Golden Eagle Reserve              Montgomery County, Missouri

Rules Governing Rendering of Sewer Service	
<p>(4) If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.</p> <p>(H) Any extension made under this rule shall be and remain the property of the company in consideration of its perpetual upkeep and maintenance.</p> <p>(I) The company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.</p>	
<p>*Indicates new rate or text</p> <p>+Indicates change</p>	

DATE OF ISSUE	<u>March 20, 2008</u>	DATE EFFECTIVE	<u>May 5, 2008</u>
	Month Day Year		Month Day Year
ISSUED BY	<u>Marie Rock Secretary 366 Highway F High Hill MO 63350</u>		
	Name of Officer	Title	Address

## Agreement Attachment B

### Ratemaking Income Statement

# Roy-L Utilities, Inc.

## Rate Making Income Statement-Sewer

### Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	3,898	\$	1,277	\$	2,621
2	Other Operating Revenues *	\$	-	\$	-	\$	-
3	<b>Total Operating Revenues</b>	\$	<b>3,898</b>	\$	<b>1,277</b>	\$	<b>2,621</b>
4	* See "Revenues - Current Rates" for Details						

### Cost of Service

Item		Amount	Full-time	Part-time
1	Management & Operations	\$ 2,805	\$ 918.88	\$ 1,886.12
2	Sewer Treatment -Testing/Laboratory Fees	\$ 720	\$ 356.90	\$ 363.10
3	Maintenance Expense-Parts/Equipment	\$ -	\$ -	\$ -
4	Maintenance Expense-Mowing	\$ 614	\$ 201.14	\$ 412.86
5	Permit Fees	\$ -	\$ -	\$ -
6	Outside Services-Accounting	\$ 74	\$ 24.24	\$ 49.76
7	Administration & General - Salaries	\$ -	\$ -	\$ -
8	Billing & Collections	\$ 1,076	\$ 352.48	\$ 723.52
9	Office Supplies	\$ 131	\$ 42.91	\$ 88.09
10	Postage	\$ 180	\$ 58.97	\$ 121.03
11	Vehicle Expense	\$ 584	\$ 191.31	\$ 392.69
12	Property & Liability Insurance	\$ 253	\$ 82.88	\$ 170.12
13	Rent	\$ 588	\$ 192.62	\$ 395.38
14	Regulatory Commission Expense	\$ 273	\$ 89.43	\$ 183.57
15	Corporate Registration	\$ 10	\$ 3.28	\$ 6.72
16	Banking Fees	\$ 5	\$ 1.64	\$ 3.36
17	Miscellaneous General Expenses	\$ 7	\$ 2.29	\$ 4.71
18	<b>Sub-Total Operating Expenses</b>	<b>\$ 7,320</b>	<b>\$ 2,519</b>	<b>\$ 4,801</b>
19	Property Taxes	\$ 68	\$ 33.71	\$ 34.29
20	MO Franchise Taxes	\$ -		
21	Employer FICA Taxes	\$ -		
22	Federal Unemployment Taxes	\$ -		
23	State Unemployment Taxes	\$ -		
24	State & Federal Income Taxes	\$ 20	\$ 9.91	\$ 10.09
25	<b>Sub-Total Taxes</b>	<b>\$ 88</b>	<b>\$ 44</b>	<b>\$ 44</b>
26	Depreciation Expense	\$ 50	\$ 24.78	\$ 25.22
27	Amortization of Utility Plant (computer system)	\$ -		
28	<b>Sub-Total Depreciation/Amortization</b>	<b>\$ 50</b>	<b>\$ 25</b>	<b>\$ 25</b>
29	<b>Return on Rate Base</b>	<b>\$ 88</b>	<b>\$ 43.62</b>	<b>\$ 44.38</b>
30	<b>Total Cost of Service</b>	<b>\$ 7,546</b>	<b>\$ 2,631</b>	<b>\$ 4,915</b>
29	<b>Overall Revenue Increase Needed</b>	<b>\$ 3,648</b>	<b>\$ 1,354</b>	<b>\$ 2,294</b>

# Agreement Attachment C

## Audit Workpapers

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Revenue Requirement

Line		8.88%
		Return
	(A)	(B)
1	Net Orig Cost Rate Base (Sch 2)	\$ 994
2	Rate of Return	8.88%
*****		
3	Net Operating Income Requirement	\$ 88
4	Net Income Available (Sch 8)	\$ (3,540)
*****		
5	Additional NOIBT Needed	\$ 3,628
6	Income Tax Requirement (Sch 0)	
7	Required Current Income Tax	\$ 20
8	Test Year Current Income Tax	\$ 0
*****		
9	Additional Current Tax Required	\$ 20
10	Required Deferred ITC	\$ 0
11	Test Year Deferred ITC	\$ 0
*****		
12	Additional Deferred ITC Required	\$ 0
*****		
13	Total Additional Tax Required	\$ 20
*****		
14	Gross Revenue Requirement	\$ 3,648
*****		

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Rate Base

Line Description		Amount
(A)	(B)	
1 Total Plant in Service (Sch 3)	\$	1,059
Subtract from Total Plant		
2 Depreciation Reserve (Sch 6)	\$	65
		-----
3 Net Plant in Service	\$	994
Add to Net Plant in Service		
4 Cash Working Capital (Sch )	\$	0
5 Materials and Supplies-Exempt		0
6 Prepaid Insurance		0
Subtract from Net Plant		
7 Federal Tax Offset 0.0000 %	\$	0
8 State Tax Offset 0.0000 %		0
9 City Tax Offset 0.0000 %		0
10 Interest Expense Offset 0.0000 %		0
11 Customer Advances for Construction		0
12 Contribution in Aid of Construction		0
13 CIAC Depreciation		0
14 Customer Deposits		0
		-----
15 Total Rate Base	\$	994
		=====

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 P-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 P-2	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0 P-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Collection Plant							
5	350.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-4	\$ 0
6	351.000	Structures & Improvements	0	0	100.0000	0 P-5	0
7	352.000	Collection Sewers	0	0	100.0000	0 P-6	0
8	352.100	Collection Sewers - Force	0	0	100.0000	0 P-7	0
9	352.200	Collection Sewers - Gravity	0	0	100.0000	0 P-8	0
10	352.300	Special Collecting Structures	0	0	100.0000	0 P-9	0
11	353.000	Services to Customers	0	0	100.0000	0 P-10	0
12	354.000	Flow Measuring Devices	0	0	100.0000	0 P-11	0
13	355.000	Flow Measuring Installations	0	0	100.0000	0 P-12	0
14	356.000	Other Collection Plant Facilities	0	0	100.0000	0 P-13	0
15		Total	\$ 0	\$ 0		\$ 0	\$ 0
Pumping Plant							
16	360.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-14	\$ 0
17	361.000	Structures & Improvements	0	0	100.0000	0 P-15	0
18	362.000	Receiving Wells	0	0	100.0000	0 P-16	0
19	363.000	Electric Pumping Equipment	0	0	100.0000	0 P-17	0
20	364.000	Diesel Pumping Equipment	0	0	100.0000	0 P-18	0
21	365.000	Other Pumping Equipment	0	0	100.0000	0 P-19	0
22		Total	\$ 0	\$ 0		\$ 0	\$ 0



RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Treatment and Disposal Plant							
23	370.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-20	\$ 0
24	370.100	Oxidation Lagoon Land	910	0	100.0000	0 P-21	910
25	370.200	Other Land and Land Rights	0	0	100.0000	0 P-22	0
26	371.000	Structures and Improvements	0	0	100.0000	0 P-23	0
27	372.000	Treatment and Disposal Equipment	0	0	100.0000	0 P-24	0
28	373.000	Plant Sewers	0	0	100.0000	0 P-25	0
29	374.000	Outfall Sewer Lines	0	0	100.0000	0 P-26	0
30	375.000	Other Treatment and Disposal Plant	0	0	100.0000	0 P-27	0
31		Total	\$ 910	\$ 0		\$ 0	\$ 910
General Plant							
32	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-28	\$ 0
33	390.000	Structures & Improvements	0	0	100.0000	0 P-29	0
34	391.000	Office Furniture & Equipment	0	0	100.0000	0 P-30	0
35	391.100	Office Equipment - Computers	201	0	49.0000	0 P-31	98
36	393.000	Stores Equipment	0	0	100.0000	0 P-32	0
37	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0 P-33	0
38	395.000	Laboratory Equipment	0	0	100.0000	0 P-34	0
39	396.000	Power Operated Equipment-Lawn	105	0	49.0000	0 P-35	51
40	397.000	Communication Equipment	0	0	100.0000	0 P-36	0
41	398.000	Other Tangible Property	0	0	100.0000	0 P-37	0
42		Total	\$ 306	\$ 0		\$ 0	\$ 149
43		Total Plant In Service	\$ 1,216	\$ 0		\$ 0	\$ 1,059

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RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

## Adjustments to Total Plant

Adj		Total Co	Mo Juris
No	Description	Adjustment	Adjustment

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
			-----		-----
4		Total	\$ 0		\$ 0
Collection Plant					
5	350.000	Land & Land Rights	\$ 0	0.0000	\$ 0
6	351.000	Structures & Improvements	0	2.5000	0
7	352.000	Collection Sewers	0	2.0000	0
8	352.100	Collection Sewers - Force	0	0.0000	0
9	352.200	Collection Sewers - Gravity	0	2.0000	0
10	352.300	Special Collecting Structures	0	0.0000	0
11	353.000	Services to Customers	0	2.0000	0
12	354.000	Flow Measuring Devices	0	2.0000	0
13	355.000	Flow Measuring Installations	0	0.0000	0
14	356.000	Other Collection Plant Facilities	0	10.0000	0
			-----		-----
15		Total	\$ 0		\$ 0
Pumping Plant					
16	360.000	Land & Land Rights	\$ 0	0.0000	\$ 0
17	361.000	Structures & Improvements	0	0.0000	0
18	362.000	Receiving Wells	0	5.0000	0
19	363.000	Electric Pumping Equipment	0	10.0000	0
20	364.000	Diesel Pumping Equipment	0	10.0000	0
21	365.000	Other Pumping Equipment	0	10.0000	0
			-----		-----
22		Total	\$ 0		\$ 0

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Treatment and Disposal Plant					
23	370.000	Land & Land Rights	\$ 0	0.0000	\$ 0
24	370.100	Oxidation Lagoon Land	910	2.5000	23
25	370.200	Other Land and Land Rights	0	0.0000	0
26	371.000	Structures and Improvements	0	2.9000	0
27	372.000	Treatment and Disposal Equipment	0	2.0000	0
28	373.000	Plant Sewers	0	2.9000	0
29	374.000	Outfall Sewer Lines	0	2.5000	0
30	375.000	Other Treatment and Disposal Plant	0	2.0000	0
31		Total	\$ 910		\$ 23
General Plant					
32	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
33	390.000	Structures & Improvements	0	2.5000	0
34	391.000	Office Furniture & Equipment	0	13.0000	0
35	391.100	Office Equipment - Computers	98	20.0000	20
36	393.000	Stores Equipment	0	0.0000	0
37	394.000	Tools, Shop & Garage Equipment	0	5.0000	0
38	395.000	Laboratory Equipment	0	0.0000	0
39	396.000	Power Operated Equipment-Lawn	51	14.3000	7
40	397.000	Communication Equipment	0	5.0000	0
41	398.000	Other Tangible Property	0	10.0000	0
42		Total	\$ 149		\$ 27
43		Total Depreciation Expense	\$ 1,059		\$ 50

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 R-2	0
3	303.000	Other Plant & Miscellaneous Equip	0	0	100.0000	0 R-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Collection Plant							
5	350.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-4	\$ 0
6	351.000	Structures & Improvements	0	0	100.0000	0 R-5	0
7	352.000	Collection Sewers	0	0	100.0000	0 R-6	0
8	352.100	Collection Sewers - Force	0	0	100.0000	0 R-7	0
9	352.200	Collection Sewers - Gravity	0	0	100.0000	0 R-8	0
10	352.300	Special Collecting Structures	0	0	100.0000	0 R-9	0
11	353.000	Services to Customers	0	0	100.0000	0 R-10	0
12	354.000	Flow Measuring Devices	0	0	100.0000	0 R-11	0
13	355.000	Flow Measuring Installations	0	0	100.0000	0 R-12	0
14	356.000	Other Collection Plant Facilities	0	0	100.0000	0 R-13	0
15		Total	\$ 0	\$ 0		\$ 0	\$ 0
Pumping Plant							
16	360.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-14	\$ 0
17	361.000	Structures and Improvements	0	0	100.0000	0 R-15	0
18	362.000	Receiving Wells	0	0	100.0000	0 R-16	0
19	363.000	Electric Pumping Equipment	0	0	100.0000	0 R-17	0
20	364.000	Diesel Pumping Equipment	0	0	100.0000	0 R-18	0
21	365.000	Other Pumping Equipment	0	0	100.0000	0 R-19	0
22		Total	\$ 0	\$ 0		\$ 0	\$ 0

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Treatment and Disposal Plant							
23	370.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-20	\$ 0
24	370.100	Land-Oxidation Lagoon	0	0	100.0000	0 R-21	0
25	370.200	Other Land and Land Rights	0	0	100.0000	0 R-22	0
26	371.000	Structures and Improvements	0	0	100.0000	0 R-23	0
27	372.000	Oxidation Lagoon	57	0	100.0000	0 R-24	57
28	373.000	Plant Sewers	0	0	100.0000	0 R-25	0
29	374.000	Outfall Sewer Lines	0	0	100.0000	0 R-26	0
30	375.000	Other Treatment and Disposal Plant	0	0	100.0000	0 R-27	0
31		Total	\$ 57	\$ 0		\$ 0	\$ 57
General Plant							
32	389.000	Land and Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-28	\$ 0
33	390.000	Structures and Improvements	0	0	100.0000	0 R-29	0
34	391.000	Office Furniture & Equipment	0	0	100.0000	0 R-30	0
35	391.100	Office Equipment-Computers	10	0	49.0000	0 R-31	5
36	393.000	Stores Equipment	0	0	100.0000	0 R-32	0
37	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0 R-33	0
38	395.000	Laboratory Equipment	0	0	100.0000	0 R-34	0
39	396.000	Power Operated Equipment-Lawn	7	0	49.0000	0 R-35	3
40	397.000	Communication Equipment	0	0	100.0000	0 R-36	0
41	398.000	Other Intangible Plant	0	0	100.0000	0 R-37	0
42	399.000	Other Tangible Plant	0	0	100.0000	0 R-34	0
43		Total	\$ 17	\$ 0		\$ 0	\$ 8
44		Total Depreciation Reserve	\$ 74	\$ 0		\$ 0	\$ 65

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RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

## Adjustments to Depreciation Reserve

Adj		Total Co	Mo Juris
No	Description	Adjustment	Adjustment

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues							
1	521.000	Flat Rate Revenue-General Customers \$	3,898	\$ 0	100.0000	\$ 0 S-1	\$ 3,898
2	522.000	Measured Revenues-General Customer	0	0	100.0000	0 S-2	0
3	523.000	Revenues from Public Authorities	0	0	100.0000	0 S-3	0
4	524.000	Revenues from Other Systems	0	0	100.0000	0 S-4	0
5	535.000	Interdepartmentl Revenues	0	0	100.0000	0 S-5	0
6	526.000	Miscellaneous Sewerage Revenues	0	0	100.0000	0 S-6	0
7		Total	\$ 3,898	\$ 0		\$ 0	\$ 3,898



RoyL Utilities Inc

Case: QS-08-001

Twelve Months Ending 10/31/2007

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operation & Maintenance Expense							
8		Management & Operations Expense	\$ 0	\$ 5,724	49.0000	\$ 0 S-8	\$ 2,805
9		Operators Salary/Contractor Service	0	0	100.0000	0 S-9	0
10		Electricity-Pumping Equipment	0	0	100.0000	0 S-10	0
11		Chemicals	0	0	100.0000	0 S-11	0
12		Testing Fees - Waste Water	370	350	100.0000	0 S-12	720
13		Sludge Removal	0	0	100.0000	0 S-13	0
14		MAINTENANCE EXPENSES:	0	0	0.0000	0	0
15		Outside Services Employed	0	0	100.0000	0 S-15	0
16		System Repairs and Maintenance	6,809	(6,809)	100.0000	0 S-16	0
17		Supplies Expense	0	0	100.0000	0 S-17	0
18		Mowing Expense	255	359	100.0000	0 S-18	614
19		CUSTOMER ACCOUNT EXPENSE:	0	0	0.0000	0	0
20		Accounting Fees	0	0	100.0000	0 S-19	0
21		Billing & Collections	0	2,195	49.0000	0 S-20	1,076
22		Office Supplies	267	0	49.0000	0 S-21	131
23		Postage Expense	164	204	49.0000	0 S-22	180
24		Uncollectable Accounts	0	0	100.0000	0 S-23	0
25		ADMINISTRATIVE & GENERAL EXPENSES:	0	0	0.0000	0	0
26		Administrative & General Salaries	0	0	49.0000	0 S-25	0
27		Outside Services - Accounting	150	0	49.0000	0 S-26	74
28		Telephones and Communication Expens	0	0	100.0000	0 S-27	0
29		Office Expenses	0	0	100.0000	0 S-28	0
30		Vehical Expense	812	380	49.0000	0 S-29	584
31		General Insurance	0	0	100.0000	0 S-30	0
32		Medical Insurance	0	0	100.0000	0 S-31	0
33		Property & Liability Insurance	166	351	49.0000	0 S-32	253
34		Rent	0	1,200	49.0000	0 S-33	588
35		Other Mics. Expenses	53	(39)	49.0000	0 S-34	7
36		OTHER OPERATING EXPENSES:	0	0	0.0000	0	0
37		MO DNR Fees	0	0	100.0000	0 S-35	0
38		PSC Assessment	1,427	(1,154)	100.0000	0 S-36	273
39		Corporate Registration	20	0	49.0000	0 S-37	10
40		Bank Fees	10	0	49.0000	0 S-38	5
41		TAXES OTHER THAN INCOME	0	0	0.0000	0	0
42		Real & Personal Propety Taxes	0	68	100.0000	0 S-39	68
43		Payroll Taxes	0	0	100.0000	0 S-40	0
44		Total	\$ 10,503	\$ 2,829		\$ 0	\$ 7,388

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Depreciation Expense							
45		Depreciation Expense	\$ 0	\$ 0	100.0000	\$ 50 S-53	\$ 50
46		Total	\$ 0	\$ 0		\$ 50	\$ 50
*****							
47		Other Operating Expenses	\$ 0	\$ 0		\$ 0	\$ 0
*****							
48		Total Operating Expenses	\$ 10,503	\$ 2,829		\$ 50	\$ 7,438
*****							
49		Net Income Before Taxes	\$ (6,605)	\$ (2,829)		\$ (50)	\$ (3,540)
*****							
Current Income Taxes							
50		Current Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
51		Total	\$ 0	\$ 0		\$ 0	\$ 0
Deferred Income Taxes							
52		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
53		Total	\$ 0	\$ 0		\$ 0	\$ 0
*****							
54		Total Income Taxes	\$ 0	\$ 0		\$ 0	\$ 0
*****							
55		Net Operating Income	\$ (6,605)	\$ (2,829)		\$ (50)	\$ (3,540)
*****							

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RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Management & Operations Expense S-8	\$ 5,724	
*****		
1. To reflect annualized level of compensation for services provided by Marie Rock. (Eaves)	\$ 6,000	
2. Adjust amount for rate case hours and mowing hours in the test year. (Eaves)	\$ (276)	
*****		
Testing Fees - Waste Water S-12	\$ 350	
*****		
1. To reflect increase in testing fees per DNR increase in fees. (Eaves)	\$ 350	
*****		
System Repairs and Maintenance S-16	\$ (6,809)	
*****		
1. Remove amount from test year because expenses are water only expense and/or recategorized different account. (Eaves)	\$ (6,809)	
*****		
Mowing Expense S-18	\$ 359	
*****		
1. To reflect 3 year average for mowing expense for the lagoon property. (Eaves)	\$ 359	

EAVES

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RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Billing & Collections	S-20	\$ 2,195
*****		
1. To reflect annualized level of compensation for services provided by Jean Longstreet. (Eaves)	\$ 3,000	
2. Adjustment amount for rate case hours and mowing in the test year. (Eaves)	\$ (805)	
*****		
Postage Expense	S-22	\$ 204
*****		
1. To annualize postage expense to reflect proposed monthly billing. (Eaves)	\$ 204	
*****		
Vehical Expense	S-29	\$ 380
*****		
1. To reflect annualized level of mileage reimbursement at current rate. (Eaves)	\$ 380	
*****		
Property & Liability Insurance	S-32	\$ 351
*****		
1. To reflect the ongoing level of insurance expense. (Eaves)	\$ 351	
*****		
Rent	S-33	\$ 1,200
*****		
1. To reflect annual level of rent expense. (Eaves)	\$ 1,200	

EAVES

10:56 03/07/2008

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
-----------------------	------------------------	------------------------

***** Other Mics. Expenses	S-34	\$ (39)
*****		

1. To remove maintenance expense from misc general expense. See: S-13.3 (W) (Eaves)		\$ (39)
---	--	---------

***** PSC Assessment	S-36	\$ (1,154)
*****		

1. To adjust PSC Assessment for an ongoing level. (Eaves)		\$ (1,154)
--	--	------------

***** Real & Personal Propety Taxes	S-39	\$ 68
*****		

1. To reflect property tax associated with lagoon property. Expense has been paid out of non-utility account. (Eaves)		\$ 68
---	--	-------

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Income Tax

Line		Test Year	8.88% Return
(A)		(B)	
*****			
1	Net Income Before Taxes (Sch 8)	\$ (3,540)	\$ 108
*****			
Add to Net Income Before Taxes			
2	Book Depreciation Expense	\$ 50	\$ 50
		-----	-----
3	Total	\$ 50	\$ 50
Subtr from Net Income Before Taxes			
4	Interest Expense 0.9500 %	\$ 9	\$ 9
5	Book Depreciation	50	50
		-----	-----
6	Total	\$ 59	\$ 59
*****			
7	Net Taxable Income	\$ (3,549)	\$ 99
*****			
Provision for Federal Income Tax			
8	Net Taxable Income	\$ (3,549)	\$ 99
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 6
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(3,549)	93
		-----	-----
12	Total Federal Tax	\$ 0	\$ 14
Provision for Missouri Income Tax			
13	Net Taxable Income	\$ (3,549)	\$ 99
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 7
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(3,549)	92
		-----	-----
17	Total Missouri Tax	\$ 0	\$ 6

RoyL Utilities Inc  
Case: QS-08-001  
Twelve Months Ending 10/31/2007

Income Tax

Line	(A)	Test Year	(B)	8.88% Return
Provision for City Income Tax				
18	Net Taxable Income	\$ (3,549)	\$	99
19	Deduct Federal Income Tax	\$ 0	\$	14
20	Deduct Missouri Income Tax	0		6
21	City Taxable Income	(3,549)		79
-----				
22	Total City Tax	\$ 0	\$	0
Summary of Provision for Income Tax				
23	Federal Income Tax	\$ 0	\$	14
24	Missouri Income Tax	0		6
25	City Income Tax	0		0
-----				
26	Total	\$ 0	\$	20
Deferred Income Taxes				
27	Deferred Investment Tax Credit	\$ 0	\$	0
28	Deferred Repair Allowance	0		0
29	Deferred Tax Depreciation	0		0
30	Amort of Deferred Tax Depreciation	0		0
31	Amort of Repair Allowance	0		0
32	Amort of Deferred ITC	0		0
33	Deferred Unbilled	0		0
-----				
34	Total	\$ 0	\$	0
*****				
35	Total Income Tax	\$ 0	\$	20
*****				

# Agreement Attachment D

## Rate Design Worksheet



## Roy-L Utilities, Inc.

### Development of Tariffed Rates-Sewer

Revenues Generated by Current Tariffed Rates	\$ 3,898
Agreed-Upon Overall Revenue Increase	\$ 3,648
Overall Percentage Increase Needed	93.606%
Percentage Increase for Full-time Customer	106.061%
Percentage Increase for Part-time Customer	87.538%

#### Customer Rates

Customer Type	Current		Proposed	
	Quarterly Service Charge		Monthly Service Charge	
Full-time	\$	16.80	\$	11.54
Part-time	\$	16.80	\$	10.50

Customers are currently billed quarterly. Proposed rate design changes quarterly billing to monthly billings and creates a part-time customer rate.

Agreement Attachment E

Billing Comparison Worksheet

# Roy-L Utilities, Inc.

## Residential Customer Bill Comparison-Sewer

### Rates for Full-time Customer

Current Quarterly  
Customer Charge  
\$16.80

Proposed Monthly  
Customer Charge  
\$11.54

### MONTHLY BILL COMPARISON FULL- TIME CUSTOMER

#### Effective Current Monthly Rate

Customer Charge	\$ 5.60
Usage Charge	\$ -
Total Bill	\$ 5.60

#### Proposed Monthly Rates

Customer Charge	\$ 11.54
Usage Charge	\$ -
Total Bill	\$ 11.54

#### Proposed Increase

Customer Charge	
\$ Increase	\$ 5.94
% Increase	106.06%

## Agreement Attachment F

### Schedule of Depreciation Rates

**Roy-L Utilities, Inc.**  
**DEPRECIATION RATES**  
**(SEWER)**  
**QS-2008-0001**

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
352.2	Collection Sewers (Gravity)	2.0%
354	Services to Customers	2.0%
372	Oxidation Lagoons	4.0%
373	Treatment & Disposal Facilities	4.5%
375	Outfall Sewers	2.0%

# Agreement Attachment G

## EMSD Report

# **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

## **Engineering & Management Services Department**

### **Small Company Rate Increase Request**

**Tracking File Nos. QS-2008-0001 and QW-2008-0002**

**Roy-L Utilities, Inc.**

The Engineering & Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices at Roy-L Utilities, Inc. (Roy-L or Company) on November 16, 2007. The review was performed in conjunction with a small company rate increase request submitted by Roy-L on October 22, 2007, and given Tracking Nos. QS-2008-0001 and QW-2008-0002. In the course of its review, the EMSD staff examined Company tariffs, Annual Reports for the past four years, Commission complaint and inquiry records, and other documentation provided by the Company in relation to its customer service operations.

The purpose of the EMSD 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 service at the lowest possible cost, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met, and to make recommendations, where appropriate, by which the Company may improve the quality of service provided to its customers. The findings of this review will provide the Commission with information regarding the Company's customer service operations.

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

- Administrative Matters
- Customer Billing
- Credit and Collections
- Complaint and Inquiry Handling and Recording

- Customer Communications
- Document Storage
- Security

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

### **Overview**

On November 1, 1967, Roy-L applied to the Missouri Public Service Commission for a certificate of convenience and necessity to own and operate a water and sewer system and furnish water and sewer service to users in the Golden Eagle Reserve Subdivision located near High Hill in Montgomery County. The Commission granted the Company this authority on August 27, 1968, in Case Nos. 16,379 and 16,380, respectively.

Roy-L currently provides water and sewer service to approximately 60 customers in the Golden Eagle Reserve Subdivision. All customers are residential; the Company serves no commercial or industrial customers. Of the customers noted above, 21 are full-time residents, while the rest visit for weekends or vacations. The Company has experienced minimal growth in the number of water customers since 2003, and the number of sewer customers has remained constant.

The potential for customer growth exists, as land that would hold a maximum of 17 homes was sold a few years ago. However, the Company stated that the new land owner only intends to build 5 homes on the property. No construction is planned in the near future.

The Company's system has a 97,000 gallon-per-day capacity. After examining the Company's water and sewer system, the Department of Natural Resources (DNR) informed the manager/secretary on November 29, 2007, that Roy-L's system could adequately accommodate 640 persons, a number much higher than they are presently serving.

The Company implemented DNR's requirement to chlorinate the water about a year ago. In the short-term, the Company plans to refurbish or replace the pressure tank, hire a certified water operator, install a master meter and a draw-down gauge, and build a fence around the lagoon. Long-term plans include replacing water lines, installing water



lines around the perimeter of a field, chlorinating and de-chlorinating the lagoon effluent, and eventually installing meters.

All activities associated with Company day-to-day operations are performed by the owner and the manager/secretary. Both the owner and manager/secretary are responsible for day-to-day operations of the Company and responding to customer inquiries and complaints. The manager/secretary is responsible for most business office functions, which include preparation of customer bills, maintenance of customer records, and preparation of customer correspondence. The owner is responsible for collection of customer payments and bank deposits. Subcontractors are hired to make repairs as necessary and to mow the area around the lagoon. The Company also hires an accountant to prepare the annual tax returns.

According to the manager/secretary, the owner collects water samples on a monthly basis and sends them to DNR for testing. A routine water sample was taken October 23, 2007. A radiological analysis was performed November 7, 2007.

### **Administrative Matters**

Chapter 13 of the Commission Rules (4 CSR 240-13) pertain to electric, gas, and water utilities, while Chapters 60 and 61 relate to sewer utilities. These rules were not readily available at the Company's office, so EMSD staff left the most recent copy of the rules with the manager/secretary.

Customers do not currently complete applications for service before receiving water and/or sewer service. Since the owner has a first right of refusal when property in the Golden Eagle Reserve Subdivision is sold, the owner is alerted when property is for sale and can watch for new homeowners. New customers presently contact the Company to have service transferred to their names. No brochure is currently available to customers explaining the rights and responsibilities of the utility and its customers.

### **Customer Billing**

Customers are charged flat rates of \$18.30 for water and \$16.80 for sewer service per quarter in advance of providing service. These rates have been in effect since February 1982; however, for a period of time customers were previously improperly

charged a higher rate. The refunding of these over-payments will be addressed in the Disposition Agreement with the Company, Staff, and the Office of the Public Counsel, if a party to the Agreement. A random check of customer accounts showed that customers are currently being billed for quarterly usage fees in accordance with Company's tariffs. Once new tariffs are approved, customers will be billed monthly instead of quarterly.

The manager/secretary uses QuickBooks software to print bills and maintain customer accounts and also keeps a handwritten ledger of customer names and payments. Customer bills are mailed between the 1st and 3rd day of each quarter. A recent billing was performed on October 1 for service to be received during 4<sup>th</sup> Quarter 2007. Each bill contains the Company name, address, owner's telephone number, description of charges, rate, and amount due. The lower section of the bill contains a remittance stub to be returned with the customer's payment noting the customer's name, address, invoice number, and total amount due. The manager/secretary stated that payments are due upon receipt; however, neither the due date nor a delinquent date appears on the bill.

### **Credit and Collections**

The manager/secretary stated that approximately 99% of customers make their check or cash payments by mail. Only one customer makes use of a lockbox located near the owner's residence for payments.

When payments arrive at the Company office, the owner writes the customer's check number on the remittance invoice stub, then creates a bank deposit ticket, noting the date, Company's bank account number, and each customer's name and payment amount. Deposits are made as customer payments are received. Deposits of customer payments were made on July 6, 21, and 25, and August 1, 10, and 27. The owner then staples the invoice remittance stubs to a copy of the deposit ticket. The manager/secretary then refers to the remittance stubs when posting customers' payments to their account records in QuickBooks. This software program enables the manager/secretary to instantly access a customer's account to find the current balance due, as well as payment history.

Customer accounts are considered delinquent when payment has not been received by the time the next quarter's bill is mailed. The manager/secretary estimated

that approximately five customers are delinquent with their payments each quarter. As of November 16, 2007, eight customers have delinquent account balances for a total arrearage of \$408.22. Since this is a small company, the manager/secretary personally knows the majority of the customers and their situations, e.g., late payments due to health problems. When customers are delinquent by one or more quarters, the manager/secretary hand-writes a delinquent notice on the next invoice. No separate late payment notices are currently mailed to customers with delinquent accounts. On rare occasions, when customers have not made a payment for two or more quarters and no communication has occurred with the customer as to the reason for nonpayment, the manager/secretary telephones or visits the customer in an attempt to collect payment.

The manager/secretary stated that Roy-L has received no insufficient funds checks for at least the last two years. Current tariffs do not contain provisions for returned check and late payment penalty fees. Staff from the Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes.

Roy-L does not require security deposits and has not disconnected water or sewer service for failure to pay. According to the manager/secretary, no bad-debt write-offs have occurred in the last 2 ½ years. Roy-L does not currently use the services of a collection agency.

#### **Complaint and Inquiry Handling and Recording**

To enable access to the Company, Roy-L's office address and telephone number appear on each bill. Customers are generally able to contact the owner or leave a message 24 hours per day, seven days a week. To date, the Company has received no emergency calls. If an emergency occurs, the manager/secretary stated that most customers have the owner's cell phone number or can contact the local handyman, who lives in the subdivision, or the plumber that makes repairs to the system. The manager/secretary recently acquired a cell phone specifically for conducting Company business, and that cell phone number will be added to the Company's next set of customer bills.

The owner and manager/secretary respond to customer complaints and inquiries. They have recently started maintaining a complaint/inquiry log and a folder for customer comments and letters. The owner stated that minimal calls are received, but the rate increase request has generated a few comments. From January 1, 2003, through November 30, 2007, the Commission's Electronic Filing and Information System indicated that Roy-L has had no complaints.

### **Customer Communications**

The owner indicated that a letter detailing the proposed rate increase was mailed to customers on October 31, 2007. Customers are notified via a special note on their regular bill of the availability of the Consumer Confidence Report (CCR), a yearly report regarding the Company's water quality. The CCR is also posted on the well house door and copies are available to customers upon request. The manager/secretary attended a November 17, 2007, Board meeting of the Golden Eagle Reserve Homeowner's Association to explain the reasons for the rate increase request.

Other than the customer calls to the owner or manager/secretary, no indication of the customers' satisfaction level with their service has been determined.

### **Document Storage**

Some Company records are kept at the owner's home, while computerized account records are kept at the manager/secretary's home. No fireproof safe for record storage is currently available.

### **Security**

Roy-L has placed a lock on the well house door. No other security measures have been implemented.

## **Findings, Conclusions and Recommendations**

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

- Applications for Service
- Customer Brochure
- Customer Bills
- Late Payment Notice
- Document Storage

### **Applications for Service**

The Company does not currently require a signed application when customers request service. Most new customers currently telephone Roy-L to initiate service. Company's tariff, Rule 4, (Sheet No. 10) states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

In addition to being required by the tariff, a signed and dated application by the customer requesting service would give Roy-L more leverage to collect monies owed should the need arise. Present customers will not be required to sign applications after the fact.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Have all new customers sign and date an application for service, as required by the Company's tariff.*

### **Customer Brochure**

The Company has not prepared a brochure detailing the rights and responsibilities of the Company and its customers. The development of such a brochure and its

prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states in part:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. . . This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

Specific information to be covered in the brochure is listed in the above-referenced Rule and includes procedures such as billing, customer verification of billing accuracy, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Commission and the Office of Public Counsel.

Since most of the Company's customers request service by telephone, this brochure could be mailed along with the service application form. In addition, providing a copy of the brochure to current customers would educate them as to the rights and responsibilities of the Company, as well as its customers.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the utility and its customers.*

### **Customer Bills**

No due date and/or delinquent date is currently being noted on the customer bills. The Company stated that currently, payments are due upon receipt and considered delinquent when customers have not paid by the date the next quarter's invoice is rendered. Commission Rule 4 CSR 240-13.020(9) notes: "Every bill for residential utility service shall clearly state – (B) The date when the bill will be considered due and the date when it will be delinquent, if different." In addition, Commission Rule 4 CSR 240-13.020(7) notes:

A monthly billed customer shall have at least twenty-one (21) days and a quarterly billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges, unless a customer has

selected a preferred payment date in accordance with a utility's preferred payment date plan. . .

An exact due date and/or delinquent date listed on the bills would remind customers of their obligation to pay by the due date, as well as provide management an exact delinquent date when encountering customers who have failed to pay.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Note the due date and delinquent date on customer bills. Once monthly billing is implemented, ensure that customers have at least 21 days to pay before their accounts become delinquent.*

### **Late Payment Notice**

The Company does not mail a separate late payment notice to customers with delinquent accounts. As noted previously, the manager/secretary hand-writes a notice on subsequent customer bills with delinquent accounts. Mailing a separate late payment notice should remind customers with delinquent accounts to immediately render payment.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Create and mail late payment notices to customers with delinquent accounts.*

### **Document Storage**

The Company does not currently store its customer account records, customer payments, or pertinent Company information in a fireproof safe. Some Company records are currently stored at the owner's residence and other Company records are stored at the manager/secretary's residence.

The lack of fireproof storage has several detrimental effects. In the event of a disaster, the documents and information maintained in the office could be lost or destroyed. It would be difficult for the Company to re-create its records and nearly impossible to have an accurate record of delinquent amounts owed to the Company.

Securing the Company's materially relevant documents, such as customer applications for service, customer account data, customer payments, and other pertinent Company information in a fireproof safe would minimize the risk of loss and the cost and

labor-intensive process required to re-create customer data, should a disaster occur. Until a fireproof safe is obtained, the Company should run a backup computer disk of customer account records and keep it in a separate location from the computer to minimize risk of loss of data. Having a backup set of customer account records would provide a reasonably recent set of customer account data should it become necessary.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Maintain an electronic backup of customer account data in an alternative location.*

*Store the Company's applications for service, customer account data, customer payments, and any other materially relevant Company documents in a fireproof safe.*

### **Follow-Up**

The EMSD staff will be conducting a follow-up of these recommendations in approximately three months from the effective date of the approved tariff sheets resulting from this case.