

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

In the Matter of the Application of	)	
TBJ Sewer Systems, Inc., Request for an	)	<b><u>File No. SR-2011-0182</u></b>
Increase in Annual Sewer Operating Revenues	)	

**NOTICE OF COMPANY/STAFF 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 ("Notice") states as follows:

1. On December 27, 2010, the Missouri Public Service Commission ("the Commission") received a Rate Increase Request Letter ("Request Letter") from TBJ Sewer Systems, Inc. ("TBJ" or "the Company").

2. In its Request Letter, TBJ requested Commission approval of an increase of \$8,940.60 in its annual sewer operating revenues pursuant to Commission Rule 4 CSR 240-3.050.

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

4. Staff and TBJ were able to reach this agreement regarding a resolution of the Company's request, pursuant to negotiations conducted after receipt by the Company and Public Counsel of the above-referenced information and recommendations. Among other items, this Company and Staff Disposition Agreement ("Company/Staff Agreement") provides for an annualized operating revenue increase in the amount of \$9,055, prescribes a schedule of

sewer plant depreciation rates, and requires the Company to implement certain agreed-upon Staff recommendations.

5. The filing of this Notice and the Company/Staff Agreement was delayed until no later than July 15, 2011 so that the Governor could enact legislation that extends the Missouri Clean Water Commission's right to charge fees for construction permits, operating permits and operator's certifications related to water pollution until September 1, 2013, which effected the cost of service calculation.

6. Included in Appendix A, attached and incorporated herein by reference, is a copy of the above-referenced Company/Staff Disposition Agreement, as well as various attachments related to the Company/Staff Disposition Agreement. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of the Company's request.

7. Pursuant to Commission Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, TBJ will file tariff sheets seeking to implement the terms of the Company/Staff Disposition Agreement. The tariff sheets will be filed July 19, 2011, and will bear an effective date of September 2, 2011, which, as required by Commission Rule 4 CSR 240-3.050(14), is not fewer than forty-five days after they are filed.

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

**WHEREFORE**, Staff respectfully submits this Company/Staff Agreement Notice and the attached Appendix A for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,

**/s/ Rachel M. Lewis**

Rachel M. Lewis

Deputy Counsel

Missouri Bar No. 56073

Attorney for the Staff of the  
Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526.6715 (Telephone)

(573) 751-9285 (Fax)

[rachel.lewis@psc.mo.gov](mailto:rachel.lewis@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 14th day of July, 2011.

**/s/ Rachel M. Lewis**

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2011-0182

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.

### **Table of Contents**

Staff Participant Affidavits

Company / Staff Disposition Agreement

Agreement Attachment A: Example Tariff Sheets

Agreement Attachment B: Rate Design Worksheet

Agreement Attachment C: Billing Comparison Worksheet

Agreement Attachment D: EMS Run

Agreement Attachment E: Ratemaking Income Statement

Agreement Attachment F: Schedule of Depreciation Rates

Agreement Attachment G: Auditing Department Recommendation Memorandum

Agreement Attachment H: EMSD Report

Agreement Attachment I: Summary of Events

## Staff Participant Affidavits

David A. Spratt – Water & Sewer Department

Erin Carle – Auditing Department

David Williams – Engineering & Management Services

Zephania Marevangepo – Financial Analysis

Nila Hagemeyer – Engineering & Management Services Department

Benjamin Wisnewski – Engineering & Management Services Department

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

**AFFIDAVIT OF DAVID SPRATT**

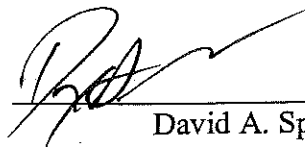
STATE OF MISSOURI     )

) SS

CASE NO. SR-2011-0182

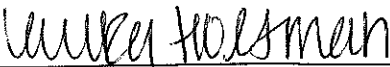
COUNTY OF COLE     )

COMES NOW David Spratt, being of lawful age, and on his oath states the following: (1) that he is a Technical Specialist 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 *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, C, E and I 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.

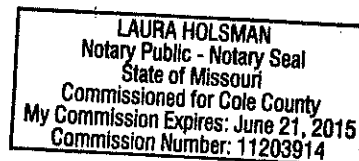


David A. Spratt  
Technical Specialist  
Water and Sewer Department

Subscribed and sworn to before me this 13th day of July, 2011



Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF ERIN M. CARLE**

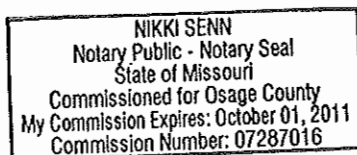
In the Matter of the Application of )  
TBJ Sewer Systems, Inc. Request for in ) File No. SR-2011-0182  
Annual Sewer System Operating Revenues )

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW** Erin M. Carle, being of lawful age, and on her oath states the following: (1) that she is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing 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 *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachments D and G to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachments D and G to the Disposition Agreement; and (6) that the matters set forth in Attachments D and G to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

Erin M. Carle  
Erin M. Carle  
Utility Regulatory Auditor III  
Auditing Department

Subscribed and sworn to before me this 29<sup>th</sup> day of June, 2011.



Nikki Senn  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**


**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DAVID WILLIAMS**

In the Matter of the Application of )  
TBJ Sewer Systems, Inc. Request for in ) Case No. SR-2011-0182  
Annual Sewer System Operating Revenues )

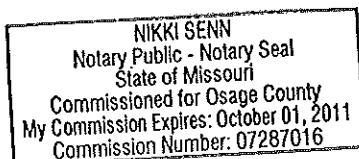
STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW** David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineer Specialist in the Missouri Public Service Commission's Engineering and Management Services Department, (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



David Williams  
Utility Engineer Specialist  
Engineering and Management Services Department

Subscribed and sworn to before me this 13<sup>th</sup> day of July, 2011.



  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

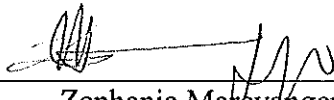
**AFFIDAVIT OF ZEPHANIA MAREVANGEPO**

In the Matter of the Application of )  
TBJ Sewer Systems, Inc. Request for in )  
Annual Sewer System Operating Revenues )

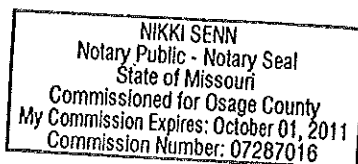
Case No. SR-2011-0182


STATE OF MISSOURI        )  
                                      ) ss.  
COUNTY OF COLE         )

**COMES NOW** Zephania Marevangepo, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Regulatory Auditor in the Missouri Public Service Commission's Financial Analysis Department, (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G, Page 2 regarding Rate of Return and Capital Structure to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G, Page 2 regarding Rate of Return and Capital Structure to the Disposition Agreement; and (6) that the matters set forth in Attachment G, Page 2 regarding Rate of Return and Capital Structure to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Zephania Marevangepo  
Utility Regulatory Auditor III  
Financial Analysis Department

Subscribed and sworn to before me this 13<sup>th</sup> day of July, 2011.



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

**BEFORE THE PUBLIC SERVICE COMMISSION**

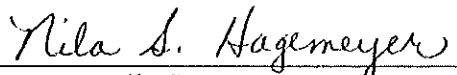
**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF NILA S. HAGEMEYER**

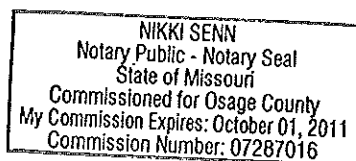
In the Matter of the Application of )  
TBJ Sewer Systems, Inc. Request for in ) Case No. SR-2011-0182  
Annual Sewer System Operating Revenues )

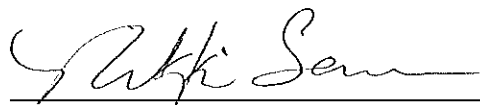
STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**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 *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment H to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment H to the Disposition Agreement; and (6) that the matters set forth in Attachment H to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.

  
\_\_\_\_\_  
Nila S. Hagemeyer  
Utility Management Analyst III  
Engineering and Management Services Department

Subscribed and sworn to before me this 13<sup>th</sup> day of July, 2011.



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

**BEFORE THE PUBLIC SERVICE COMMISSION**

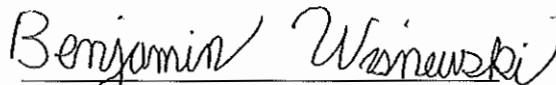
**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF BENJAMIN WISNEWSKI**

In the Matter of the Application of )  
TBJ Sewer Systems, Inc. Request for in ) Case No. SR-2011-0182  
Annual Sewer System Operating Revenues )

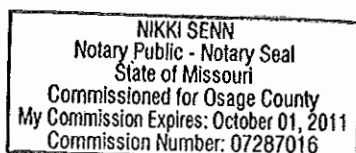
STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )


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



Benjamin Wisnewski  
Utility Management Analyst  
Engineering and Management Services Department

Subscribed and sworn to before me this 13<sup>th</sup> day of July, 2011.



  
Notary Public

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

**TBJ SEWER SYSTEMS, INC.**

**MO PSC FILE NO. SR-2011-0182**

**BACKGROUND**

TBJ Sewer Systems, Inc. ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on December 27, 2011, the Company set forth its request for an increase of \$8,941 in its total annual sewer service operating revenues. 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 59 customers; the majority of which are residential customers located in Franklin County, Missouri.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.)

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with information regarding Staff's investigation and the results of the investigation, including Staff's initial recommendations for the resolution of the Company's Request.

## **RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

Pursuant to negotiations held subsequent to the Company's and Public Counsel's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements:

- (1) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of September 2, 2011;
- (2) The rates included in the example tariff sheets in Attachment A are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary;
- (3) The following tariff sheets have been modified in the Company's tariff and are included in the example tariff sheets in Attachment A:
  - a. P.S.C. MO No. 1 3<sup>rd</sup> Revised Sheet No. 4
  - b. P.S.C. MO No. 1 2<sup>nd</sup> Revised Sheet No. 5
  - c. P.S.C. MO No. 1 1<sup>st</sup> Revised Sheet No. 24
  - d. P.S.C. MO No. 1 1<sup>st</sup> Revised Sheet No. 26
- (4) Except as otherwise noted in the agreements below, both the Exhibit Modeling System ("EMS"), attached hereto as Attachment B and incorporated by reference herein, and the ratemaking income statement attached hereto as Attachment C and incorporated by reference herein, accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$9,055 is just and reasonable and designed to recover the Company's cost of service;
- (5) The audit work papers attached hereto as Attachment B and incorporated by reference herein, which include consideration of a capital structure of 42.00% equity for the Company and a return on that equity of 8.52%, 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 (4) above;
- (6) 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 and incorporated by reference herein, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company;

(7) 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 and incorporated by reference herein;

(8) The schedule of depreciation rates attached hereto as Attachment F and incorporated by reference herein, which includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of sewer plant depreciation rates for the Company;

(9) The Commission's Auditing Department conducted an audit of the Company's books and records using the 12-month period ending December 31, 2010, as the basis for the revenue requirement calculation. All revenues, expenses, and rate base investment were reviewed through this period. The audit findings are identified herein as Attachment G and incorporated by reference herein.

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

(10) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall maintain and retain proper plant and Contribution in Aid of Construction (CIAC) records. The Auditing Department will meet with the Company to explain in detail and to provide assistance on how best to maintain these records prior to the implementation deadline as stated in Attachment G.

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

- a. The Company shall ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each work assignment;
- b. The Company shall implement a written agreement with any outside contractor that is employed by the Company on a regular and consistent basis;
- c. The Company shall modify the Company's existing "welcome letter" to include contact information for the Commission and the Office of the Public Counsel, and distribute it to all new and existing customers; and
- d. The Company shall ensure that a duplicate copy of customer account records is securely maintained;

- (12) The Company shall obtain a minimum of three (3) competitive bids on all future capital improvement projects and repair projects that exceed \$2,500;
- (13) In the future filing of any rate case, the Company shall file all of its sewer systems concurrently;
- (14) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to the Staff Case Coordinator who will file a copy in this case;
- (15) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (16) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (17) The Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement; and
- (18) The above agreements satisfactorily resolve all issues identified by Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

### **ADDITIONAL MATTERS**

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

Staff has completed a Summary of Case Events and has included that summary as Attachment I to this Company/Staff Disposition Agreement.

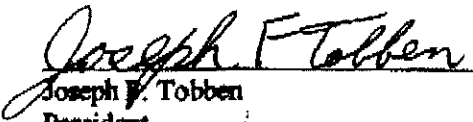
The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advanced notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

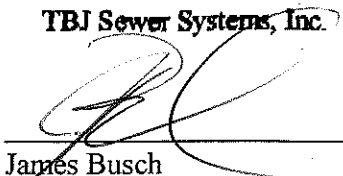


**SIGNATURES**

Agreement Signed and Dated:

  
\_\_\_\_\_  
Joseph F. Tobben  
President  
TBJ Sewer Systems, Inc.

7-13-11  
Date

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

7/13/11  
Date

**List of Attachments**

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

## Agreement Attachment A

### Example Tariff Sheets

	P.S.C. MO No. 1	3rd Revised Sheet No. 4
Canceling	P.S.C. MO No. 1	2 <sup>nd</sup> Revised Sheet No. 4
Name of Utility:	TBJ Sewer System, Inc.	Service Area: Franklin County, MO

---

**Rules Governing Rendering of Sewer Service**

---

**SCHEDULE OF SEWER RATES**

**Monthly Sewer Service Charges** – The following monthly service charges must be paid regardless of the quantity of metered water usage. The commodity charge will apply only to the commercial customer class.

**Application** – These monthly sewer service charges will be in effect for customers connected to TBJ Sewer System, Inc. treatment plants in its authorized service area as follows.

**ST. JOHN’S TREATMENT PLANT**

Residential Rate:			
Monthly Service Charge	\$36.59 per month		+
Commercial Rates:			
Monthly Service Charge	\$36.59 per month		+
Commodity Charge	\$5.66 per 1,000 gallons per month of water use		
St. John the Baptist Church & School:			
Monthly Service Charge	\$346.36 per month		+

**BOURBEUSE RIVER TREATMENT PLANT**

Residential Rate:			
Monthly Service Charge	\$30.05 per month		+

**OAK HOLLOW TREATMENT PLANT**

Residential Rate:			
Monthly Service Charge	\$36.11 per month		+

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

\* Indicates New Rate or Text  
+ Indicates Changed Rate or Text

Issue Date: <u>July 19, 2011</u>	Effective Date: <u>September 2, 2011</u>
Month/Day/Year	Month/Day/Year
Issued By: <u>Joseph Tobben, President</u>	<u>5686 Gildehaus Road Villa Ridge MO 63089</u>
Name of officer Title	Address

	P.S.C. MO No. 1	2nd Revised Sheet No. <u>5</u>
Canceling	P.S.C. MO No. 1	1 <sup>st</sup> Revised Sheet No. <u>5</u>
Name of Utility:	TBJ Sewer System, Inc.	Service Area: Franklin County, MO

<b>Rules Governing Rendering of Sewer Service</b>
---

<b><u>SCHEDULE OF SERVICE CHARGES</u></b>
<p>Late Payment Charge:</p> <p style="margin-left: 40px;">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 the payment is 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.</p>
<p>Returned Check Charge: <span style="float: right;">+</span></p> <p style="margin-left: 40px;">A returned check charge of \$25.00 per check will be paid on all checks returned from the bank for insufficient funds. <span style="float: right;">+</span></p>
<p>Disconnection/Reconnection: <span style="float: right;">+</span></p> <p style="margin-left: 40px;">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. <span style="float: right;">+</span></p>
<p>Permit/Inspection Fee: <span style="float: right;">*</span></p> <p style="margin-left: 40px;">A fee of \$40.00 will be charged for permit and inspection of a new service and connection to the collecting sewer.</p>
<p>Re-Inspection Fee: <span style="float: right;">*</span></p> <p style="margin-left: 40px;">A fee of \$40.00 will be charged for any re-inspection of the new service sewer that is not the fault of the Company.</p>
<p>* Indicates New Rate or Text</p> <p>+ Indicates Changed Rate or Text</p>

Issue Date: July 19, 2011  
Month/Day/Year

Effective Date: September 2, 2011  
Month/Day/Year

Issued By: Joseph Tobben, President      5686 Gildehaus Road      Villa Ridge MO 63089  
Name of officer      Title      Address

P.S.C. MO No. 1	1 <sup>st</sup> Revised Sheet No. <u>24</u>	
Canceling P.S.C. MO No. 1	Original Sheet No. <u>24</u>	
Name of Utility: TBJ Sewer System, Inc.	Service Area:	Franklin County, MO

**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 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 that 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 a larger size shall be borne by the company.

C. The company will extend collecting sewers for the applicant under the following terms and conditions:

(1) Upon receipt of written applications for service as provided in Rule 4, Applications for Service, the company will determine an estimated 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.

(2) The applicant shall enter into a contract with the company for the installation of said extension. The applicant shall tender to the company the CIAC charge as specified on the schedule of rates for each prospective customer to be connected initially. If the estimated cost of the extension as determined in paragraph C(1) above is greater than the CIAC amount, then this CIAC amount will be applied.

\* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: <u>July 19, 2011</u>	Effective Date: <u>September 2, 2011</u>	
Month/Day/Year	Month/Day/Year	

Issued By: <u>Joseph Tobben, President</u>	<u>5686 Gildehaus Road</u>	<u>Villa Ridge MO 63089</u>
Name of officer    Title	Address	

P.S.C. MO No. 1	1 <sup>st</sup> Revised Sheet No. <u>26</u>	
Canceling P.S.C. MO No. 1	Original Sheet No. <u>26</u>	
Name of Utility: TBJ Sewer System, Inc.	Service Area:	Franklin County, MO

**Rules Governing Rendering of Sewer Service**

sewer extension until applicant has met the contractual obligations provided in Paragraph D (1).

E. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:

- (1) For a single-family residential applicant applying for service in a platted subdivision, the company shall divide the actual cost of the extension by the number of lots abutting said extension, and subtract the CIAC charge as specified on the Schedule of Rates 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 extension times 100 feet divided by the total length of the extension in feet, less the CIAC charge as specified in the Schedule of Rates.
- (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.

F. 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.

\* Indicates New Rate or Text  
+ Indicates Changed Rate or Text

Issue Date: <u>July 19, 2011</u>	Effective Date: <u>September 2, 2011</u>	
Month/Day/Year	Month/Day/Year	

Issued By: <u>Joseph Tobben, President</u>	5686 Gildehaus Road	Villa Ridge MO 63089
Name of officer    Title	Address	

## Agreement Attachment B

### EMS Runs

**Exhibit No.:**

**Issue:** Accounting Schedules

**Witness:** MO PSC Auditors

**Sponsoring Party:** MO PSC Staff

**Case No:** SR-2011-0182

**Date Prepared:** 7/13/2011



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**STAFF ACCOUNTING SCHEDULES**

**TBJ SEWER - ST. JOHN'S - PLANT 1**

**CASE NO. SR-2011-0182**

**Jefferson City, Missouri**

**July 2011**



TBJ Sewer - St. John's - Plant 1  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$9,198			
Rev-3	Miscellaneous Revenues		(1) \$220			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$9,418</u>			
1	OPERATIONS EXPENSES		(2)			
2	Management/Operator Salary		\$712	\$0	\$712	0.00%
3	Electricity - Pumping Treatment		\$1,164	\$0	\$1,164	0.00%
4	TOTAL OPERATIONS EXPENSE		<u>\$1,876</u>	\$0	\$1,876	
5	MAINTENANCE EXPENSES					
6	Outside Services Employed		\$549	\$0	\$549	0.00%
7	System Repairs and Maintenance		\$168	\$0	\$168	0.00%
8	Supplies Expense		\$50	\$0	\$50	0.00%
9	TOTAL MAINTENANCE EXPENSE		<u>\$767</u>	\$0	\$767	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$289	\$0	\$289	0.00%
12	Billing & Collections		\$38	\$0	\$38	0.00%
13	Office Supplies		\$34	\$0	\$34	0.00%
14	Postage Expense		\$172	\$0	\$172	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$533</u>	\$0	\$533	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Administration & General Salaries		\$237	\$0	\$237	0.00%
18	Property & Liability Insurance		\$788	\$0	\$788	0.00%
19	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$1,025</u>	\$0	\$1,025	
20	OTHER OPERATING EXPENSES					
21	MO DNR Fees		\$250	\$0	\$250	0.00%
22	PSC Assessment		\$840	\$0	\$840	0.00%
23	Corporate Registration		\$7	\$0	\$7	0.00%
24	Depreciation		\$5,117	\$0	\$5,117	0.00%
25	TOTAL OTHER OPERATING EXPENSES		<u>\$6,214</u>	\$0	\$6,214	
26	TAXES OTHER THAN INCOME					
27	TOTAL TAXES OTHER THAN INCOME		<u>\$0</u>	\$0	\$0	
28	TOTAL OPERATING EXPENSES		<u>\$10,415</u>	\$0	\$10,415	
29	Interest Expense		(3) \$2,267	\$0	\$2,267	0.00%
30	Return on Equity		(3) \$3,548	\$0	\$3,548	0.00%
31	Income Taxes		(3) \$0	\$0	\$0	0.00%
32	TOTAL INTEREST RETURN & TAXES		<u>\$5,815</u>	\$0	\$5,815	
33	TOTAL COST OF SERVICE		<u>\$16,230</u>	\$0	\$16,230	
34	Less: Miscellaneous Revenues		<u>\$220</u>	\$0	\$220	0.00%
35	COST TO RECOVER IN RATES		<u>\$16,010</u>	\$0	\$16,010	
36	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$6,812</u>			
37	PERCENTAGE OF INCREASE		<u>72.33%</u>			
38	REQUESTED INCREASE IN REVENUES		\$6,117			

TBJ Sewer - St. John's - Plant 1  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Rate Design Schedule - Sewer

	A	B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate

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

**TBJ Sewer - St. John's - Plant 1**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12/31/2010**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$159,991 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$54,397</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$105,594
4	Other Rate Base Items:	\$0
	Materials and Supplies	\$570
	Contribution of Aid of Construction	-\$46,000
	CIAC Depreciation	\$8,079
5	Total Rate Base	<u>\$68,243</u>
6	Total Weighted Rate of Return Including Income Tax	<u>8.52%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$5,815</u></u>

TBJ Sewer - St. John's - Plant 1  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	0.00% (2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		0.00%	$B1 + B2$
4 Equity Tax Factor		1.0000	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.20%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		5.20%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.32%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		8.52%	$B6 + B7$

To Rate Base Schedule

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

Y

Equity Income Required \$0  
 & Preliminary Federal Tax

Tax Rate Table

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

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$224,000	42.23%	12.31%	5.199%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$306,392	57.77%	5.75%	3.322%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$530,392</u>	<u>100.00%</u>		<u>8.521%</u>

To PreTax Return Rate Schedule

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$6,216			100.00%	\$6,216
3		TOTAL INTANGIBLE PLANT	\$6,216		\$0		\$6,216
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$391			100.00%	\$391
6	311.000	Structures & Improvements	\$3,186			100.00%	\$3,186
7		TOTAL SOURCE OF SUPPLY PLANT	\$3,577		\$0		\$3,577
8		COLLECTION PLANT					
9	352.100	Collection Sewers - Force	\$1,575			100.00%	\$1,575
10	352.200	Collection Sewers - Gravity	\$40,201			100.00%	\$40,201
11	354.000	Services to Customers	\$14,163			100.00%	\$14,163
12		TOTAL COLLECTION PLANT	\$55,939		\$0		\$55,939
13		PUMPING PLANT					
14	362.000	Receiving Wells and Pump Pits	\$9,616			100.00%	\$9,616
15	363.000	Pumping Equipment (Elec., Diesel, other)	\$4,365			100.00%	\$4,365
16		TOTAL PUMPING PLANT	\$13,981		\$0		\$13,981
17		TREATMENT & DISPOSAL PLANT					
18	373.000	Treatment and Disposal Equipment	\$80,228			100.00%	\$80,228
19		TOTAL TREATMENT & DISPOSAL PLANT	\$80,228		\$0		\$80,228
20		GENERAL PLANT					
21	393.000	Other General Equipment	\$50			100.00%	\$50
22		TOTAL GENERAL PLANT	\$50		\$0		\$50
23		TOTAL PLANT IN SERVICE	\$159,991		\$0		\$159,991

To Rate Base & Depreciation Schedules

**TBJ Sewer - St. John's - Plant 1**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12/31/2010**  
**Schedule of Adjustments for Plant in Service - Sewer**

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Total Plant Adjustments				<u>\$0</u>

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	<u>\$6,216</u>	0.00%	<u>\$0</u>
3		TOTAL INTANGIBLE PLANT	<u>\$6,216</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land & Land Rights	<u>\$391</u>	0.00%	<u>\$0</u>
6	311.000	Structures & Improvements	<u>\$3,186</u>	2.50%	<u>\$80</u>
7		TOTAL SOURCE OF SUPPLY PLANT	<u>\$3,577</u>		<u>\$80</u>
8		COLLECTION PLANT			
9	352.100	Collection Sewers - Force	<u>\$1,575</u>	2.00%	<u>\$32</u>
10	352.200	Collection Sewers - Gravity	<u>\$40,201</u>	2.00%	<u>\$804</u>
11	354.000	Services to Customers	<u>\$14,163</u>	2.00%	<u>\$283</u>
12		TOTAL COLLECTION PLANT	<u>\$55,939</u>		<u>\$1,119</u>
13		PUMPING PLANT			
14	362.000	Receiving Wells and Pump Pits	<u>\$9,616</u>	4.00%	<u>\$385</u>
15	363.000	Pumping Equipment (Elec., Diesel, other)	<u>\$4,365</u>	10.00%	<u>\$437</u>
16		TOTAL PUMPING PLANT	<u>\$13,981</u>		<u>\$822</u>
17		TREATMENT & DISPOSAL PLANT			
18	373.000	Treatment and Disposal Equipment	<u>\$80,228</u>	5.00%	<u>\$4,011</u>
19		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$80,228</u>		<u>\$4,011</u>
20		GENERAL PLANT			
21	393.000	Other General Equipment	<u>\$50</u>	10.00%	<u>\$5</u>
22		TOTAL GENERAL PLANT	<u>\$50</u>		<u>\$5</u>
23		Total Depreciation	<u><u>\$159,991</u></u>		<u><u>\$6,037</u></u>



TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$0			100.00%	\$0
6	311.000	Structures & Improvements	\$964			100.00%	\$964
7		TOTAL SOURCE OF SUPPLY PLANT	\$964		\$0		\$964
8		COLLECTION PLANT					
9	352.100	Collection Sewers - Force	\$260			100.00%	\$260
10	352.200	Collection Sewers - Gravity	\$7,078			100.00%	\$7,078
11	354.000	Services to Customers	\$2,947			100.00%	\$2,947
12		TOTAL COLLECTION PLANT	\$10,285		\$0		\$10,285
13		PUMPING PLANT					
14	362.000	Receiving Wells and Pump Pits	\$2,786			100.00%	\$2,786
15	363.000	Pumping Equipment (Elec., Diesel, other)	\$3,193			100.00%	\$3,193
16		TOTAL PUMPING PLANT	\$5,979		\$0		\$5,979
17		TREATMENT & DISPOSAL PLANT					
18	373.000	Treatment and Disposal Equipment	\$37,169			100.00%	\$37,169
19		TOTAL TREATMENT & DISPOSAL PLANT	\$37,169		\$0		\$37,169
20		GENERAL PLANT					
21	393.000	Other General Equipment	\$0			100.00%	\$0
22		TOTAL GENERAL PLANT	\$0		\$0		\$0
23		TOTAL DEPRECIATION RESERVE	\$54,397		\$0		\$54,397

To Rate Base Schedule

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

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

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$9,188	Rev-2	\$10	100.00%	\$9,198
Rev-3		Miscellaneous Revenues	\$220	Rev-3	\$0	100.00%	\$220
Rev-4		TOTAL ANNUALIZED REVENUES	\$9,408		\$10		\$9,418

TBJ Sewer - St. John's - Plant 1  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Revenue Adjustment Schedule - Sewer

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$10
	1. To Annualize Rate Revenues		\$10	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
	Total Revenue Adjustments			<u>\$10</u>

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Sewer		School Sewer	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	27		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	324		12	
5	Current Customer Charge	\$21.02		\$199.00	
6	Annualized Customer Charge Revenues		\$6,810		\$2,388
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included in Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<b>\$6,810</b>		<b>\$2,388</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units).

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	28	
3	Bills Per Year		
4	Customer Bills Per year	336	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$9,198
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included in Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<b>\$9,198</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units).

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Miscellaneous Revenues Feeder - Sewer

Line Number	<u>A</u> Description	<u>B</u> Amount
2	Total Miscellaneous Revenues	<u>\$220</u>

TBJ Sewer - St. John's - Plant 1  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management/Operator Salary	\$0	S-2	\$712	100.00%	\$712
3		Electricity - Pumping Treatment	\$939	S-3	\$225	100.00%	\$1,164
4		TOTAL OPERATIONS EXPENSE	\$939		\$937		\$1,876
5		MAINTENANCE EXPENSES					
6		Outside Services Employed	\$414	S-6	\$135	100.00%	\$549
7		System Repairs and Maintenance	\$140	S-7	\$28	100.00%	\$168
8		Supplies Expense	\$0	S-8	\$50	100.00%	\$50
9		TOTAL MAINTENANCE EXPENSE	\$554		\$213		\$767
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$289			100.00%	\$289
12		Billing & Collections	\$49	S-12	-\$11	100.00%	\$38
13		Office Supplies	\$0	S-13	\$34	100.00%	\$34
14		Postage Expense	\$88	S-14	\$84	100.00%	\$172
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$426		\$107		\$533
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Administration & General Salaries	\$0	S-17	\$237	100.00%	\$237
18		Property & Liability Insurance	\$0	S-18	\$788	100.00%	\$788
19		TOTAL ADMINISTRATIVE AND GENERAL	\$0		\$1,025		\$1,025
20		OTHER OPERATING EXPENSES					
21		MO DNR Fees	\$250			100.00%	\$250
22		PSC Assessment	\$620	S-22	\$220	100.00%	\$840
23		Corporate Registration	\$7			100.00%	\$7
24		Depreciation	\$8,830	S-24	-\$3,713	100.00%	\$5,117
25		TOTAL OTHER OPERATING EXPENSES	\$9,707		-\$3,493		\$6,214
26		TAXES OTHER THAN INCOME					
27		TOTAL TAXES OTHER THAN INCOME	\$0		\$0		\$0
28		TOTAL OPERATING EXPENSES	\$11,626		-\$1,211		\$10,415



TBJ Sewer - St. John's - Plant 1  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Expense Adjustment Schedule - Sewer

<b>A</b> Expense Adj Number	<b>B</b> Adjustment Description	<b>C</b> Account Number	<b>D</b> Adjustment Amount	<b>E</b> Total Adjustment
<b>S-2</b>	<b>Management/Operator Salary</b>			<b>\$712</b>
	1. To Annualize Management/Operator Salary		\$712	
<b>S-3</b>	<b>Electricity - Pumping Treatment</b>			<b>\$225</b>
	1. Remove Late Fees		-\$1	
	2. To Annualize Electric Expense		\$226	
<b>S-6</b>	<b>Outside Services Employed</b>			<b>\$135</b>
	1. To bring Testing Expense to Annualized Levels		\$135	
<b>S-7</b>	<b>System Repairs and Maintenance</b>			<b>\$28</b>
	1. To Normalize Repairs and Maintenance		\$28	
<b>S-8</b>	<b>Supplies Expense</b>			<b>\$50</b>
	1. To Buid in Supply Expense		\$50	
<b>S-12</b>	<b>Billing &amp; Collections</b>			<b>-\$11</b>
	1. To Annualize Customer Billing Expense		-\$11	
<b>S-13</b>	<b>Office Supplies</b>			<b>\$34</b>
	1. To Annualize Office Supplies		\$34	
<b>S-14</b>	<b>Postage Expense</b>			<b>\$84</b>
	1. To Annualize Postage Expense		\$84	
<b>S-17</b>	<b>Administration &amp; General Salaries</b>			<b>\$237</b>
	1. To Annualize A&G Salary		\$237	

TBJ Sewer - St. John's - Plant 1  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-18	Property & Liability Insurance			\$788
	1. To Include Insurance Coverage		\$788	
S-22	PSC Assessment			\$220
	1. To Annualize PSC Assessment		\$220	
S-24	Depreciation			-\$3,713
	1. To Annualize Depreciation		-\$2,793	
	2. To Remove CIAC Amortization		-\$920	
	Total Expense Adjustments			<u><u>-\$1,211</u></u>

**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** SR-2011-0182  
**Date Prepared:** 7/13/2011



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**STAFF ACCOUNTING SCHEDULES**

**TBJ SEWER - BOURBEUSE - PLANT 2**

**CASE NO. SR-2011-0182**

**Jefferson City, Missouri**

**July 2011**

TBJ Sewer - Bourbeuse - Plant 2  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12-31-2010  
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$6,354			
Rev-3	Miscellaneous Revenues	(1)	\$185			
Rev-4	TOTAL ANNUALIZED REVENUES		\$6,539			
1	OPERATIONS EXPENSES	(2)				
2	Management/Operator Salary		\$483	\$0	\$483	0.00%
3	Electricity - Pumping Treatment		\$906	\$0	\$906	0.00%
4	TOTAL OPERATIONS EXPENSE		\$1,389	\$0	\$1,389	
5	MAINTENANCE EXPENSES					
6	Outside Services Employed		\$549	\$0	\$549	0.00%
7	System Repairs and Maintenance		\$228	\$0	\$228	0.00%
8	Supplies Expense		\$50	\$0	\$50	0.00%
9	TOTAL MAINTENANCE EXPENSE		\$827	\$0	\$827	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$289	\$0	\$289	0.00%
12	Billing & Collections		\$26	\$0	\$26	0.00%
13	Office Supplies		\$33	\$0	\$33	0.00%
14	Postage Expense		\$121	\$0	\$121	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		\$469	\$0	\$469	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Administration and General Salaries		\$161	\$0	\$161	0.00%
18	Property & Liability Insurance		\$535	\$0	\$535	0.00%
19	TOTAL ADMINISTRATIVE AND GENERAL		\$696	\$0	\$696	
20	OTHER OPERATING EXPENSES					
21	MO DNR Fees		\$213	\$0	\$213	0.00%
22	PSC Assessment		\$580	\$0	\$580	0.00%
23	Corporate Registration		\$7	\$0	\$7	0.00%
24	Depreciation		\$1,588	\$0	\$1,588	0.00%
25	TOTAL OTHER OPERATING EXPENSES		\$2,388	\$0	\$2,388	
26	TAXES OTHER THAN INCOME					
27	Real & Personal Property Taxes		\$37	\$0	\$37	0.00%
28	TOTAL TAXES OTHER THAN INCOME		\$37	\$0	\$37	
29	TOTAL OPERATING EXPENSES		\$5,806	\$0	\$5,806	
30	Interest Expense	(3)	\$480	\$0	\$480	0.00%
31	Return on Equity	(3)	\$751	\$0	\$751	0.00%
32	Income Taxes	(3)	\$0	\$0	\$0	0.00%
33	TOTAL INTEREST RETURN & TAXES		\$1,231	\$0	\$1,231	
34	TOTAL COST OF SERVICE		\$7,037	\$0	\$7,037	
35	Less: Miscellaneous Revenues		\$185	\$0	\$185	0.00%
36	COST TO RECOVER IN RATES		\$6,852	\$0	\$6,852	
37	INCREMENTAL INCREASE IN RATE REVENUES		\$498			
38	PERCENTAGE OF INCREASE		7.62%			
39	REQUESTED INCREASE IN REVENUES		\$1,627			

TBJ Sewer - Bourbeuse - Plant 2  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12-31-2010  
 Rate Design Schedule - Sewer

	A	B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate

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

**TBJ Sewer - Bourbeuse - Plant 2**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12-31-2010**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$175,259 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$29,950</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$145,309
4	Other Rate Base Items:	\$0
	Materials and Supplies	\$190
	Contribution of Aid of Construction	-\$140,400
	CIAC Depreciation	\$9,341
5	Total Rate Base	<u>\$14,440</u>
6	Total Weighted Rate of Return Including Income Tax	<u>8.52%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,230</u></u>

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	0.00% (2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		0.00%	$B1 + B2$
4 Equity Tax Factor		1.0000	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.20%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		5.20%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.32%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		8.52%	$B6 + B7$

To Rate Base Schedule

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

Y

Equity Income Required \$0  
& Preliminary Federal Tax

Tax Rate Table

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

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$224,000	42.23%	12.31%	5.199%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$306,392	57.77%	5.75%	3.322%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$530,392</u>	<u>100.00%</u>		<u>8.521%</u>

To PreTax Return Rate Schedule



TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,603			100.00%	\$1,603
3		TOTAL INTANGIBLE PLANT	\$1,603		\$0		\$1,603
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$501			100.00%	\$501
6	311.000	Structures & Improvements	\$19,310			100.00%	\$19,310
7		TOTAL SOURCE OF SUPPLY PLANT	\$19,811		\$0		\$19,811
8		COLLECTION PLANT					
9	352.100	Collection Sewers - Force	\$11,125			100.00%	\$11,125
10	352.200	Collection Sewers - Gravity	\$93,951			100.00%	\$93,951
11	354.000	Services to Customers	\$22,560			100.00%	\$22,560
12		TOTAL COLLECTION PLANT	\$127,636		\$0		\$127,636
13		PUMPING PLANT					
14	363.000	Pumping Equipment (Elec., Diesel, other)	\$2,970	P-14	-\$2,020	100.00%	\$950
15		TOTAL PUMPING PLANT	\$2,970		-\$2,020		\$950
16		TREATMENT & DISPOSAL PLANT					
17	373.000	Treatment and Disposal Equipment	\$78,671	P-17	-\$53,496	100.00%	\$25,175
18	375.000	Outfall Sewer Lines	\$106	P-18	-\$72	100.00%	\$34
19		TOTAL TREATMENT & DISPOSAL PLANT	\$78,777		-\$53,568		\$25,209
20		GENERAL PLANT					
21	393.000	Other General Equipment	\$50			100.00%	\$50
22		TOTAL GENERAL PLANT	\$50		\$0		\$50
23		TOTAL PLANT IN SERVICE	\$230,847		-\$55,588		\$175,259

To Rate Base & Depreciation Schedules

**TBJ Sewer - Bourbeuse - Plant 2**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12-31-2010**  
**Schedule of Adjustments for Plant in Service - Sewer**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Plant Adjustment Number</b>	<b>Plant In Service Adjustment Description</b>	<b>Account Number</b>	<b>Adjustment Amount</b>	<b>Total Adjustment</b>
P-14	Pumping Equipment (Elec., Diesel, other)	363.000		-\$2,020
	1. Plant Capacity Adjustment		-\$2,020	
P-17	Treatment and Disposal Equipment	373.000		-\$53,496
	1. Plant Capacity Adjustment		-\$53,496	
P-18	Outfall Sewer Lines	375.000		-\$72
	1. Plant Capacity Adjustment		-\$72	
	<b>Total Plant Adjustments</b>			<b>-\$55,588</b>

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$1,603	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$1,603		\$0
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land & Land Rights	\$501	0.00%	\$0
6	311.000	Structures & Improvements	\$19,310	2.50%	\$483
7		TOTAL SOURCE OF SUPPLY PLANT	\$19,811		\$483
8		COLLECTION PLANT			
9	352.100	Collection Sewers - Force	\$11,125	2.00%	\$223
10	352.200	Collection Sewers - Gravity	\$93,951	2.00%	\$1,879
11	354.000	Services to Customers	\$22,560	2.00%	\$451
12		TOTAL COLLECTION PLANT	\$127,636		\$2,553
13		PUMPING PLANT			
14	363.000	Pumping Equipment (Elec., Diesel, other)	\$950	10.00%	\$95
15		TOTAL PUMPING PLANT	\$950		\$95
16		TREATMENT & DISPOSAL PLANT			
17	373.000	Treatment and Disposal Equipment	\$25,175	5.00%	\$1,259
18	375.000	Outfall Sewer Lines	\$34	2.00%	\$1
19		TOTAL TREATMENT & DISPOSAL PLANT	\$25,209		\$1,260
20		GENERAL PLANT			
21	393.000	Other General Equipment	\$50	10.00%	\$5
22		TOTAL GENERAL PLANT	\$50		\$5
23		Total Depreciation	\$175,259		\$4,396

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$0			100.00%	\$0
6	311.000	Structures & Improvements	\$3,651			100.00%	\$3,651
7		TOTAL SOURCE OF SUPPLY PLANT	\$3,651		\$0		\$3,651
8		COLLECTION PLANT					
9	352.100	Collection Sewers - Force	\$1,160			100.00%	\$1,160
10	352.200	Collection Sewers - Gravity	\$12,550			100.00%	\$12,550
11	354.000	Services to Customers	\$3,227			100.00%	\$3,227
12		TOTAL COLLECTION PLANT	\$16,937		\$0		\$16,937
13		PUMPING PLANT					
14	363.000	Pumping Equipment (Elec., Diesel, other)	\$914	R-14	-\$622	100.00%	\$292
15		TOTAL PUMPING PLANT	\$914		-\$622		\$292
16		TREATMENT & DISPOSAL PLANT					
17	373.000	Treatment and Disposal Equipment	\$28,329	R-17	-\$19,264	100.00%	\$9,065
18	375.000	Outfall Sewer Lines	\$15	R-18	-\$10	100.00%	\$5
19		TOTAL TREATMENT & DISPOSAL PLANT	\$28,344		-\$19,274		\$9,070
20		GENERAL PLANT					
21	393.000	Other General Equipment	\$0			100.00%	\$0
22		TOTAL GENERAL PLANT	\$0		\$0		\$0
23		TOTAL DEPRECIATION RESERVE	\$49,846		-\$19,896		\$29,950

To Rate Base Schedule

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-14	Pumping Equipment (Elec., Diesel, other)	363.000		-\$622
	1. Reserve Capacity Adjustment		-\$622	
R-17	Treatment and Disposal Equipment	373.000		-\$19,264
	1. Reserve Capacity Adjustment		-\$19,264	
R-18	Outfall Sewer Lines	375.000		-\$10
	1. Reserve Capacity Adjustment		-\$10	
	<b>Total Reserve Adjustments</b>			<b><u>-\$19,896</u></b>

TBJ Sewer - Bourbeuse - Plant 2  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12-31-2010  
 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$6,376	Rev-2	-\$22	100.00%	\$6,354
Rev-3		Miscellaneous Revenues	\$185	Rev-3	\$0	100.00%	\$185
Rev-4		TOTAL ANNUALIZED REVENUES	\$6,561		-\$22		\$6,539

TBJ Sewer - Bourbeuse - Plant 2  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12-31-2010  
 Revenue Adjustment Schedule - Sewer

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			-\$22
	1. To Annualize Rate Revenues		-\$22	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
Total Revenue Adjustments				-\$22

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Sewer		Total	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	19		19	
3	Bills Per Year	12			
4	Customer Bills Per year	228		228	
5	Current Customer Charge	<u>\$27.87</u>			
6	Annualized Customer Charge Revenues		\$6,354		\$6,354
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included in Customer Charge	<u>0</u>		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0			
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>			
13	Block 1, Commodity Billing Units	0.00			
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<u><b>\$6,354</b></u>		<u><b>\$6,354</b></u>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.



**TBJ Sewer - Bourbeuse - Plant 2**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12-31-2010**  
**Miscellaneous Revenues Feeder - Sewer**

<b>Line Number</b>	<b>A Description</b>	<b>B Amount</b>
2	Total Miscellaneous Revenues	<u>\$185</u>

TBJ Sewer - Bourbeuse - Plant 2  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12-31-2010  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management/Operator Salary	\$0	S-2	\$483	100.00%	\$483
3		Electricity - Pumping Treatment	\$762	S-3	\$144	100.00%	\$906
4		TOTAL OPERATIONS EXPENSE	\$762		\$627		\$1,389
5		MAINTENANCE EXPENSES					
6		Outside Services Employed	\$580	S-6	-\$31	100.00%	\$549
7		System Repairs and Maintenance	\$352	S-7	-\$124	100.00%	\$228
8		Supplies Expense	\$0	S-8	\$50	100.00%	\$50
9		TOTAL MAINTENANCE EXPENSE	\$932		-\$105		\$827
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$289			100.00%	\$289
12		Billing & Collections	\$49	S-12	-\$23	100.00%	\$26
13		Office Supplies	\$0	S-13	\$33	100.00%	\$33
14		Postage Expense	\$88	S-14	\$33	100.00%	\$121
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$426		\$43		\$469
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Administration and General Salaries	\$0	S-17	\$161	100.00%	\$161
18		Property & Liability Insurance	\$0	S-18	\$535	100.00%	\$535
19		TOTAL ADMINISTRATIVE AND GENERAL	\$0		\$696		\$696
20		OTHER OPERATING EXPENSES					
21		MO DNR Fees	\$213			100.00%	\$213
22		PSC Assessment	\$620	S-22	-\$40	100.00%	\$580
23		Corporate Registration	\$7			100.00%	\$7
24		Depreciation	\$19,381	S-24	-\$17,793	100.00%	\$1,588
25		TOTAL OTHER OPERATING EXPENSES	\$20,221		-\$17,833		\$2,388
26		TAXES OTHER THAN INCOME					
27		Real & Personal Property Taxes	\$37			100.00%	\$37
28		TOTAL TAXES OTHER THAN INCOME	\$37		\$0		\$37
29		TOTAL OPERATING EXPENSES	\$22,378		-\$16,572		\$5,806

TBJ Sewer - Bourbeuse - Plant 2  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12-31-2010  
 Expense Adjustment Schedule - Sewer

<b>A</b> Expense Adj Number	<b>B</b> Adjustment Description	<b>C</b> Account Number	<b>D</b> Adjustment Amount	<b>E</b> Total Adjustment
<b>S-2</b>	<b>Management/Operator Salary</b>			<b>\$483</b>
	1. To Annualize Management/Operator Salary		<b>\$483</b>	
<b>S-3</b>	<b>Electricity - Pumping Treatment</b>			<b>\$144</b>
	1. Remove Late Fees		<b>-\$2</b>	
	2. To Annualize Electric Expense		<b>\$146</b>	
<b>S-6</b>	<b>Outside Services Employed</b>			<b>-\$31</b>
	1. To Annualize System Testing		<b>-\$31</b>	
<b>S-7</b>	<b>System Repairs and Maintenance</b>			<b>-\$124</b>
	1. To Normalize Repairs and Maintenance		<b>-\$124</b>	
<b>S-8</b>	<b>Supplies Expense</b>			<b>\$50</b>
	1. To Build in Supply Expense		<b>\$50</b>	
<b>S-12</b>	<b>Billing &amp; Collections</b>			<b>-\$23</b>
	1. To Annualize Customer Billing Expense		<b>-\$23</b>	
<b>S-13</b>	<b>Office Supplies</b>			<b>\$33</b>
	1. To Annualize Office Supplies		<b>\$33</b>	
<b>S-14</b>	<b>Postage Expense</b>			<b>\$33</b>
	1. To Annualize Postage Expense		<b>\$33</b>	
<b>S-17</b>	<b>Adminlstration and General Salaries</b>			<b>\$161</b>
	1. To Annualize A&G Salaries		<b>\$161</b>	

TBJ Sewer - Bourbeuse - Plant 2  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12-31-2010  
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-18	Property & Liability Insurance			\$535
	1. To Include Insurance Coverage		\$535	
S-22	PSC Assessment			-\$40
	1. To Annualize PSC Assessment		-\$40	
S-24	Depreciation			-\$17,793
	1. To Annualize Depreciation		-\$14,985	
	2. To Remove CIAC Amortization		-\$2,808	
	Total Expense Adjustments			<u><u>-\$16,572</u></u>

**Exhibit No.:**  
**Issue:** Accounting Schedules  
**Witness:** MO PSC Auditors  
**Sponsoring Party:** MO PSC Staff  
**Case No:** SR-2011-0182  
**Date Prepared:** 7/13/2011



**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**STAFF ACCOUNTING SCHEDULES**

**TBJ SEWER - OAK HOLLOW - PLANT 3**

**CASE NO. SR-2011-0182**

**Jefferson City, Missouri**

**July 2011**

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$3,455			
Rev-3	Miscellaneous Revenues	(1)	\$45			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$3,500</u>			
1	OPERATIONS EXPENSES	(2)				
2	Management/ Operator Salary		\$305	\$0	\$305	0.00%
3	Electricity - Pumping Treatment		\$991	\$0	\$991	0.00%
4	TOTAL OPERATIONS EXPENSE		<u>\$1,296</u>	<u>\$0</u>	<u>\$1,296</u>	
5	MAINTENANCE EXPENSES					
6	Outside Services Employed		\$9	\$0	\$9	0.00%
7	System Repairs and Maintenance		\$453	\$0	\$453	0.00%
8	Supplies Expense		\$50	\$0	\$50	0.00%
9	TOTAL MAINTENANCE EXPENSE		<u>\$512</u>	<u>\$0</u>	<u>\$512</u>	
10	CUSTOMER ACCOUNT EXPENSE					
11	Accounting Fees		\$289	\$0	\$289	0.00%
12	Billing & Collections		\$16	\$0	\$16	0.00%
13	Office Supplies		\$32	\$0	\$32	0.00%
14	Postage Expense		\$79	\$0	\$79	0.00%
15	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$416</u>	<u>\$0</u>	<u>\$416</u>	
16	ADMINISTRATIVE & GENERAL EXPENSES					
17	Administrative and General Salaries		\$102	\$0	\$102	0.00%
18	Property & Liability Insurance		\$338	\$0	\$338	0.00%
19	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$440</u>	<u>\$0</u>	<u>\$440</u>	
20	OTHER OPERATING EXPENSES					
21	MO DNR Fees		\$200	\$0	\$200	0.00%
22	PSC Assessment		\$315	\$0	\$315	0.00%
23	Corporate Registration		\$7	\$0	\$7	0.00%
24	Depreciation		\$729	\$0	\$729	0.00%
25	TOTAL OTHER OPERATING EXPENSES		<u>\$1,251</u>	<u>\$0</u>	<u>\$1,251</u>	
26	TAXES OTHER THAN INCOME					
27	Real & Personal Property Taxes		\$289	\$0	\$289	0.00%
28	TOTAL TAXES OTHER THAN INCOME		<u>\$289</u>	<u>\$0</u>	<u>\$289</u>	
29	TOTAL OPERATING EXPENSES		<u>\$4,204</u>	<u>\$0</u>	<u>\$4,204</u>	
30	Interest Expense	(3)	\$406	\$0	\$406	0.00%
31	Return on Equity	(3)	\$635	\$0	\$635	0.00%
32	Income Taxes	(3)	\$0	\$0	\$0	0.00%
33	TOTAL INTEREST RETURN & TAXES		<u>\$1,041</u>	<u>\$0</u>	<u>\$1,041</u>	
34	TOTAL COST OF SERVICE		<u>\$5,245</u>	<u>\$0</u>	<u>\$5,245</u>	
35	Less: Miscellaneous Revenues		<u>\$45</u>	<u>\$0</u>	<u>\$45</u>	0.00%
36	COST TO RECOVER IN RATES		<u>\$5,200</u>	<u>\$0</u>	<u>\$5,200</u>	
37	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$1,745</u>			
38	PERCENTAGE OF INCREASE		<u>49.86%</u>			
39	REQUESTED INCREASE IN REVENUES		\$1,586			

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
----------------	------------------	--------------------------------------	--------------------------	-------------------------	----------------	-------------------------

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

**TBJ Sewer - Oak Hollow - Plant 3**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12/31/2010**  
**Rate Base Required Return on Investment Schedule - Sewer**

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$16,102 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$4,365</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$11,737
4	Other Rate Base Items:	\$0
	Materials and Supplies	<u>\$477</u>
5	Total Rate Base	<u>\$12,214</u>
6	Total Weighted Rate of Return Including Income Tax	<u>8.52%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,041</u></u>



TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	0.00% (2)	0.00%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	0.00% (1) & (2)	0.00%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		0.00%	$B1 + B2$
4 Equity Tax Factor		1.0000	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.20%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		5.20%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.32%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		8.52%	$B6 + B7$

To Rate Base Schedule

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

Y

Equity Income Required \$0  
& Preliminary Federal Tax

Tax Rate Table

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

TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$224,000	42.23%	12.31%	5.199%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$306,392	57.77%	5.75%	3.322%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$530,392</u>	<u>100.00%</u>		<u>8.521%</u>

To PreTax Return Rate Schedule

TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,603			100.00%	\$1,603
3		TOTAL INTANGIBLE PLANT	\$1,603		\$0		\$1,603
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$77			100.00%	\$77
6		TOTAL SOURCE OF SUPPLY PLANT	\$77		\$0		\$77
7		COLLECTION PLANT					
8		TOTAL COLLECTION PLANT	\$0		\$0		\$0
9		PUMPING PLANT					
10	363.000	Pumping Equipment (Elec., Diesel, other)	\$528	P-10	-\$422	100.00%	\$106
11		TOTAL PUMPING PLANT	\$528		-\$422		\$106
12		TREATMENT & DISPOSAL PLANT					
13	373.000	Treatment and Disposal Equipment	\$71,330	P-13	-\$57,064	100.00%	\$14,266
14		TOTAL TREATMENT & DISPOSAL PLANT	\$71,330		-\$57,064		\$14,266
15		GENERAL PLANT					
16	393.000	Other General Equipment	\$50			100.00%	\$50
17		TOTAL GENERAL PLANT	\$50		\$0		\$50
18		TOTAL PLANT IN SERVICE	\$73,588		-\$57,486		\$16,102

To Rate Base & Depreciation Schedules

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Schedule of Adjustments for Plant in Service - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-10	Pumping Equipment (Elec., Diesel, other)	363.000		-\$422
	1. Plant Capacity Adjustment		-\$422	
P-13	Treatment and Disposal Equipment	373.000		-\$57,064
	1. Remove 9/21 from Plant		-\$57,064	
Total Plant Adjustments				<u><u>-\$57,486</u></u>

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$1,603	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$1,603		\$0
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land & Land Rights	\$77	0.00%	\$0
6		TOTAL SOURCE OF SUPPLY PLANT	\$77		\$0
7		COLLECTION PLANT			
8		TOTAL COLLECTION PLANT	\$0		\$0
9		PUMPING PLANT			
10	363.000	Pumping Equipment (Elec., Diesel, other)	\$106	10.00%	\$11
11		TOTAL PUMPING PLANT	\$106		\$11
12		TREATMENT & DISPOSAL PLANT			
13	373.000	Treatment and Disposal Equipment	\$14,266	5.00%	\$713
14		TOTAL TREATMENT & DISPOSAL PLANT	\$14,266		\$713
15		GENERAL PLANT			
16	393.000	Other General Equipment	\$50	10.00%	\$5
17		TOTAL GENERAL PLANT	\$50		\$5
18		Total Depreciation	\$16,102		\$729

TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$0			100.00%	\$0
6		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
7		COLLECTION PLANT					
8		TOTAL COLLECTION PLANT	\$0		\$0		\$0
9		PUMPING PLANT					
10	363.000	Pumping Equipment (Elec., Diesel, other)	\$55	R-10	-\$44	100.00%	\$11
11		TOTAL PUMPING PLANT	\$55		-\$44		\$11
12		TREATMENT & DISPOSAL PLANT					
13	373.000	Treatment and Disposal Equipment	\$21,769	R-13	-\$17,415	100.00%	\$4,354
14		TOTAL TREATMENT & DISPOSAL PLANT	\$21,769		-\$17,415		\$4,354
15		GENERAL PLANT					
16	393.000	Other General Equipment	\$0			100.00%	\$0
17		TOTAL GENERAL PLANT	\$0		\$0		\$0
18		TOTAL DEPRECIATION RESERVE	\$21,824		-\$17,459		\$4,365

To Rate Base Schedule

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-10	Pumping Equipment (Elec., Diesel, other)	363.000		-\$44
	1. Reserve Capacity Adjustment		-\$44	
R-13	Treatment and Disposal Equipment	373.000		-\$17,415
	1. Reserve Capacity Adjustment		-\$17,415	
	<b>Total Reserve Adjustments</b>			<b><u><u>-\$17,459</u></u></b>

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$3,427	Rev-2	\$28	100.00%	\$3,455
Rev-3		Miscellaneous Revenues	\$45	Rev-3	\$0	100.00%	\$45
Rev-4		TOTAL ANNUALIZED REVENUES	\$3,472		\$28		\$3,500



TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Revenue Adjustment Schedule - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			\$28
	1. To Annualize Rate Revenues		\$28	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
	2. Description		\$0	
	Total Revenue Adjustments			<u>\$28</u>

TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Sewer		Total	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	12		12	
3	Bills Per Year	12			
4	Customer Bills Per year	144		144	
5	Current Customer Charge	\$23.99			
6	Annualized Customer Charge Revenues		\$3,455		\$3,455
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0			
12	Block 1, Number of Commodity Gallons per Unit	0			
13	Block 1, Commodity Billing Units	0.00			
14	Block 1, Existing Commodity Charge	\$0.00			
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<b>Total Annualized Sewer Rate Revenues</b>		<b>\$3,455</b>		<b>\$3,455</b>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units).

**TBJ Sewer - Oak Hollow - Plant 3**  
**Informal Rate/Certification Case**  
**Tracking Number SR-2011-0182**  
**Test Year Ending 12/31/2010**  
**Miscellaneous Revenues Feeder - Sewer**

Line Number	A Description	B Amount
2	Total Miscellaneous Revenues	<u>\$45</u>

TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management/ Operator Salary	\$0	S-2	\$305	100.00%	\$305
3		Electricity - Pumping Treatment	\$1,134	S-3	-\$143	100.00%	\$991
4		TOTAL OPERATIONS EXPENSE	\$1,134		\$162		\$1,296
5		MAINTENANCE EXPENSES					
6		Outside Services Employed	\$9			100.00%	\$9
7		System Repairs and Maintenance	\$88	S-7	\$365	100.00%	\$453
8		Supplies Expense	\$0	S-8	\$50	100.00%	\$50
9		TOTAL MAINTENANCE EXPENSE	\$97		\$415		\$512
10		CUSTOMER ACCOUNT EXPENSE					
11		Accounting Fees	\$289			100.00%	\$289
12		Billing & Collections	\$49	S-12	-\$33	100.00%	\$16
13		Office Supplies	\$0	S-13	\$32	100.00%	\$32
14		Postage Expense	\$88	S-14	-\$9	100.00%	\$79
15		TOTAL CUSTOMER ACCOUNT EXPENSE	\$426		-\$10		\$416
16		ADMINISTRATIVE & GENERAL EXPENSES					
17		Administrative and General Salaries	\$0	S-17	\$102	100.00%	\$102
18		Property & Liability Insurance	\$0	S-18	\$338	100.00%	\$338
19		TOTAL ADMINISTRATIVE AND GENERAL	\$0		\$440		\$440
20		OTHER OPERATING EXPENSES					
21		MO DNR Fees	\$200			100.00%	\$200
22		PSC Assessment	\$620	S-22	-\$305	100.00%	\$315
23		Corporate Registration	\$7			100.00%	\$7
24		Depreciation	\$5,131	S-24	-\$4,402	100.00%	\$729
25		TOTAL OTHER OPERATING EXPENSES	\$5,958		-\$4,707		\$1,251
26		TAXES OTHER THAN INCOME					
27		Real & Personal Property Taxes	\$289			100.00%	\$289
28		TOTAL TAXES OTHER THAN INCOME	\$289		\$0		\$289
29		TOTAL OPERATING EXPENSES	\$7,904		-\$3,700		\$4,204

TBJ Sewer - Oak Hollow - Plant 3  
Informal Rate/Certification Case  
Tracking Number SR-2011-0182  
Test Year Ending 12/31/2010  
Expense Adjustment Schedule - Sewer

<b>A</b> Expense Adj Number	<b>B</b> Adjustment Description	<b>C</b> Account Number	<b>D</b> Adjustment Amount	<b>E</b> Total Adjustment
<b>S-2</b>	<b>Management/ Operator Salary</b>			<b>\$305</b>
	1. To Annualize Management/Operator Salary		<b>\$305</b>	
<b>S-3</b>	<b>Electricity - Pumping Treatment</b>			<b>-\$143</b>
	1. Remove Late Fees		<b>-\$3</b>	
	2. To Annualize Electric Expense		<b>-\$140</b>	
<b>S-7</b>	<b>System Repairs and Maintenance</b>			<b>\$365</b>
	1. To Normalize Repairs and Maintenance		<b>\$365</b>	
<b>S-8</b>	<b>Supplies Expense</b>			<b>\$50</b>
	1. Build in Supply Expense		<b>\$50</b>	
<b>S-12</b>	<b>Billing &amp; Collections</b>			<b>-\$33</b>
	1.To Annualize Customer Billing Expenses		<b>-\$33</b>	
<b>S-13</b>	<b>Office Supplies</b>			<b>\$32</b>
	1. To Annualize Office Supplies		<b>\$32</b>	
<b>S-14</b>	<b>Postage Expense</b>			<b>-\$9</b>
	1. To Annualize Postage Expense		<b>-\$9</b>	
<b>S-17</b>	<b>Administrative and General Salaries</b>			<b>\$102</b>
	1. To Annualize A&G Salaries		<b>\$102</b>	
<b>S-18</b>	<b>Property &amp; Liability Insurance</b>			<b>\$338</b>
	1. To Include Insurance Coverage		<b>\$338</b>	

TBJ Sewer - Oak Hollow - Plant 3  
 Informal Rate/Certification Case  
 Tracking Number SR-2011-0182  
 Test Year Ending 12/31/2010  
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-22	PSC Assessment			-\$305
	1. To Annualize PSC Assessment		-\$305	
S-24	Depreciation			-\$4,402
	1. To Annualize Depreciation		-\$4,402	
	Total Expense Adjustments			<u><u>-\$3,700</u></u>

Agreement Attachment C

Ratemaking Income Statement

**TBJ SEWER SYSTEMS, INC.****St. John's Plant 1****Rate Making Income Statement-Sewer****Operating Revenues at Current Rates**

1	Tariffed Rate Revenues *	\$	9,198
2	Other Operating Revenues *	\$	220
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>9,418</b>
4	* See "Revenues - Current Rates" for Details		

**Cost of Service**

Item	Amount
1 Management/Operator Salary	\$ 712
2 Operator-Backup	\$ -
3 Electricity-Pumping	\$ 1,164
4 Outside Services Employed	\$ 549
5 Supplies Expense	\$ 50
6 System Repairs and Maintenance	\$ 168
7 Permit Fees	\$ -
8 Administration & General - Salaries	\$ 237
9 Billing & Collections	\$ 38
10 Transportation Expense	\$ -
11 Property & Liability Insurance	\$ 788
12 Rent Expense	\$ -
13 Rate Case Expense	\$ -
14 Office Supplies	\$ 34
15 Postage Expense	\$ 172
16 Accounting Fees	\$ 289
17 Corporate Registration	\$ 7
18 Regulatory Commission Expense	\$ 840
19 MO DNR Fees	\$ 250
20 <b>Sub-Total Operating Expenses</b>	<b>\$ 5,298</b>
21 Property Taxes	\$ -
22 MO Franchise Taxes	\$ -
23 Employer FICA Taxes	\$ -
24 Federal Unemployment Taxes	\$ -
25 State Unemployment Taxes	\$ -
26 State & Federal Income Taxes	\$ -
27 <b>Sub-Total Taxes</b>	<b>\$ -</b>
28 Depreciation Expense	\$ 5,117
29 Interest Expense	\$ 2,267
30 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 7,384</b>
31 <b>Return on Rate Base</b>	<b>\$ 3,548</b>
32 <b>Total Cost of Service</b>	<b>\$ 16,230</b>
33 <b>Overall Revenue Increase Needed</b>	<b>\$ 6,812</b>



**TBJ SEWER SYSTEMS, INC.****Bourbeuse River Plant 2****Rate Making Income Statement-Sewer****Operating Revenues at Current Rates**

1	Tariffed Rate Revenues *	\$	6,354
2	Other Operating Revenues *	\$	185
3	<b>Total Operating Revenues</b>	\$	<b>6,539</b>
4	* See "Revenues - Current Rates" for Details		

**Cost of Service**

Item	Amount
1 Management/Operator Salary	\$ 483
2 Operator-Backup	\$ -
3 Electricity-Pumping	\$ 906
4 Outside Services Employed	\$ 549
5 Supplies Expense	\$ 50
6 System Repairs and Maintenance	\$ 228
7 Permit Fees	\$ -
8 Administration & General - Salaries	\$ 161
9 Billing & Collections	\$ 26
10 Transportation Expense	\$ -
11 Property & Liability Insurance	\$ 535
12 Rent Expense	\$ -
13 Rate Case Expense	\$ -
14 Office Supplies	\$ 33
15 Postage Expense	\$ 121
16 Accounting Fees	\$ 289
17 Corporate Registration	\$ 7
18 Regulatory Commission Expense	\$ 580
19 MO DNR Fees	\$ 213
20 <b>Sub-Total Operating Expenses</b>	<b>\$ 4,181</b>
21 Property Taxes	\$ 37
22 MO Franchise Taxes	\$ -
23 Employer FICA Taxes	\$ -
24 Federal Unemployment Taxes	\$ -
25 State Unemployment Taxes	\$ -
26 State & Federal Income Taxes	\$ -
27 <b>Sub-Total Taxes</b>	<b>\$ 37</b>
28 Depreciation Expense	\$ 1,588
29 Interest Expense	\$ 480
30 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 2,068</b>
31 <b>Return on Rate Base</b>	<b>\$ 751</b>
32 <b>Total Cost of Service</b>	<b>\$ 7,037</b>
33 <b>Overall Revenue Increase Needed</b>	<b>\$ 498</b>

**TBJ SEWER SYSTEMS, INC.****Oak Hollow Plant 3****Rate Making Income Statement-Sewer****Operating Revenues at Current Rates**

1	Tariffed Rate Revenues *	\$	3,455
2	Other Operating Revenues *	\$	45
3	<b>Total Operating Revenues</b>	<b>\$</b>	<b>3,500</b>
4	* See "Revenues - Current Rates" for Details		

**Cost of Service**

Item	Amount
1 Management/Operator Salary	\$ 305
2 Operator-Backup	
3 Electricity-Pumping	\$ 991
4 Outside Services Employed	\$ 9
5 Supplies Expense	\$ 50
6 System Repairs and Maintenance	\$ 453
7 Permit Fees	\$ -
8 Administration & General - Salaries	\$ 102
9 Billing & Collections	\$ 16
10 Transportation Expense	\$ -
11 Property & Liability Insurance	\$ 338
12 Rent Expense	\$ -
13 Rate Case Expense	\$ -
14 Office Supplies	\$ 32
15 Postage Expense	\$ 79
16 Accounting Fees	\$ 289
17 Corporate Registration	\$ 7
18 Regulatory Commission Expense	\$ 315
19 MO DNR Fees	\$ 200
20 <b>Sub-Total Operating Expenses</b>	<b>\$ 3,186</b>
21 Property Taxes	\$ 289
22 MO Franchise Taxes	\$ -
23 Employer FICA Taxes	\$ -
24 Federal Unemployment Taxes	\$ -
25 State Unemployment Taxes	\$ -
26 State & Federal Income Taxes	\$ -
27 <b>Sub-Total Taxes</b>	<b>\$ 289</b>
28 Depreciation Expense	\$ 729
29 Interest Expense	\$ 406
30 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 1,135</b>
31 <b>Return on Rate Base</b>	<b>\$ 635</b>
32 <b>Total Cost of Service</b>	<b>\$ 5,245</b>
33 <b>Overall Revenue Increase Needed</b>	<b>\$ 1,745</b>

## Agreement Attachment D

### Rate Design Worksheet

# **TBJ SEWER SYSTEMS, INC.**

## **St. John's Plant 1**

### **Development of Tariffed Rates-Sewer**

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

<b>Revenues Generated by Current Tariffed Rates</b>	<b>\$ 9,198</b>
<b>Agreed-Upon Overall Revenue Increase</b>	<b>\$ 6,812</b>
<b>Percentage Increase Needed</b>	<b>74.050%</b>

#### **Retail Customer Rates**

<b>Customer Type</b>	<b>Current Service Charge</b>	<b>Proposed Service Charge</b>	<b>Current Usage Rate</b>	<b>Proposed Usage Rate</b>
Residential	\$ 21.02	\$ 36.59	\$ -	\$ -
Commercial	\$ 21.02	\$ 36.59	\$ 3.250	\$ 5.657
Church/School	\$ 199.00	\$ 346.36	\$ -	\$ -

## **TBJ SEWER SYSTEMS, INC.**

### **Bourbeuse River Plant 2**

#### **Development of Tariffed Rates-Sewer**

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

<b>Revenues Generated by Current Tariffed Rates</b>	<b>\$</b>	<b>6,354</b>
<b>Agreed-Upon Overall Revenue Increase</b>	<b>\$</b>	<b>498</b>
<b>Percentage Increase Needed</b>		<b>7.837%</b>

#### **Retail Customer Rates**

<b>Customer Type</b>	<b>Current Service Charge</b>	<b>Proposed Service Charge</b>
Residential	\$ 27.87	\$ 30.05

## **TBJ SEWER SYSTEMS, INC.**

### **Oak Hollow Plant 3**

#### **Development of Tariffed Rates-Sewer**

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

<b>Revenues Generated by Current Tariffed Rates</b>	<b>\$ 3,455</b>
<b>Agreed-Upon Overall Revenue Increase</b>	<b>\$ 1,745</b>
<b>Percentage Increase Needed</b>	<b>50.513%</b>

#### **Retail Customer Rates**

<b>Customer Type</b>	<b>Current Service Charge</b>	<b>Proposed Service Charge</b>
Residential	\$ 23.99	\$ 36.11

Agreement Attachment E

Billing Comparison Worksheet

# **TBJ SEWER SYSTEMS, INC.**

## **St. John's Plant 1**

### **Residential Customer Bill Comparison-Sewer**

#### **Rates for 5/8" Meter**

<b>Current Base Customer Charge</b>	<b>Proposed Base Customer Charge</b>
<b>\$21.02</b>	<b>\$36.59</b>

current service charge is monthly charge

### **MONTHLY BILL COMPARISON**

#### **Current Rates**

Customer Charge	\$ 21.02
Usage Charge	\$ -
Total Bill	\$ 21.02

#### **Proposed Rates**

Customer Charge	\$ 36.59
Usage Charge	\$ -
Total Bill	\$ 36.59

#### **INCREASES**

#### **Customer Charge**

<b>\$ Increase</b>	<b>\$15.57</b>
<b>% Increase</b>	<b>74.05%</b>

#### **Total Bill**

<b>\$ Increase</b>	<b>\$15.57</b>
<b>% Increase</b>	<b>74.05%</b>



# **TBJ SEWER SYSTEMS, INC.**

## **Bourbeuse River Plant 2**

### **Residential Customer Bill Comparison-Sewer**

#### **Rates for 5/8" Meter**

<b>Current Base</b>	<b>Proposed Base</b>
<b>Customer Charge</b>	<b>Customer Charge</b>
<b>\$27.87</b>	<b>\$30.05</b>

current service charge is monthly charge

### **MONTHLY BILL COMPARISON**

#### **Current Rates**

Customer Charge	\$ 27.87
Usage Charge	\$ -
Total Bill	\$ 27.87

#### **Proposed Rates**

Customer Charge	\$ 30.05
Usage Charge	\$ -
Total Bill	\$ 30.05

#### **INCREASES**

#### **Customer Charge**

<b>\$ Increase</b>	<b>\$2.18</b>
<b>% Increase</b>	<b>7.84%</b>

#### **Total Bill**

<b>\$ Increase</b>	<b>\$2.18</b>
<b>% Increase</b>	<b>7.84%</b>

# **TBJ SEWER SYSTEMS, INC.**

## **Oak Hollow Plant 3**

### **Residential Customer Bill Comparison-Sewer**

#### **Rates for 5/8" Meter**

<b>Current Base</b>	<b>Proposed Base</b>
<b>Customer Charge</b>	<b>Customer Charge</b>
<b>\$23.99</b>	<b>\$36.11</b>

current service charge is monthly charge

#### **MONTHLY BILL COMPARISON**

##### **Current Rates**

Customer Charge	\$ 23.99
Usage Charge	\$ -
Total Bill	\$ 23.99

##### **Proposed Rates**

Customer Charge	\$ 36.11
Usage Charge	\$ -
Total Bill	\$ 36.11

##### **INCREASES**

##### **Customer Charge**

<b>\$ Increase</b>	<b>\$12.12</b>
<b>% Increase</b>	<b>50.51%</b>

##### **Total Bill**

<b>\$ Increase</b>	<b>\$12.12</b>
<b>% Increase</b>	<b>50.51%</b>

Agreement Attachment F

Schedule of Depreciation Rates

**TBJ Sewer Systems, Inc.**  
**Schedule of Depreciation Rates**  
**Attachment F - SR-2011-0182**

<b>ACCOUNT NUMBER</b>	<b>ACCOUNT DESCRIPTION</b>	<b>DEPRECIATION RATE</b>	<b>AVERAGE SERVICE LIFE (YEARS)</b>	<b>NET SALVAGE</b>
311	Structures & Improvements	2.5%	40	0%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	0%
362	Receiving Wells	4.0%	25	0%
363	Electric Pumping Equipment	10.0%	10	0%
373	Treatment and Disposal Facilities	4.5%	22	0%
375	Outfall Sewer Lines	2.0%	50	0%
393	Other General Equipment	10.0%	10	0%

## Agreement Attachment G

### Auditing Department Recommendation Memorandum

**AUDITING DEPARTMENT RECOMMENDATION**  
**M E M O R A N D U M**

**TO:** David Spratt  
Water and Sewer Department, Case Coordinator

**FROM:** Erin Carle  
Auditing Department, Staff

**SUBJECT:** TBJ Sewer Systems, Inc.  
Informal Rate Increase Request  
Case No. SR-2011-0182

**DATE:** July 1, 2011

---

On December 23, 2010 TBJ Sewer Systems, Inc. (TBJ or Company) filed a request with the Missouri Public Service Commission (Commission) asking for an \$8,941 overall increase in rates for its three sewer systems: St. John's, Bourbeuse River, and Oak Hollow. On a system specific basis the Company is seeking a \$5,730 increase for its St. John's system, a \$1,626 increase for the Bourbeuse River system and a \$1,585 increase for the Oak Hollow system. The following chart summarizes the Company's current monthly rates by system as well as the monthly rates that it is proposing as part of its rate filing.

<b>System Name</b>	<b>Customers</b>	<b>Type</b>	<b>Current Monthly Rates</b>	<b>Company Proposed Monthly Rates</b>	<b>Total Annual Increase</b>	<b>Company Proposed % Increase</b>
St. John's	27	Residential	\$21.02	\$ 35.00	\$ 4,530	66.50%
St. John's	1	School	\$199.00	\$ 299.00	\$ 1,200	50.25%
Bourbeuse River	19	Residential	\$27.87	\$ 35.00	\$ 1,626	25.60%
Oak Hollow	<u>12</u>	Residential	\$23.99	\$ 35.00	<u>\$ 1,585</u>	<u>45.90%</u>
<b>Total Company</b>	<b>59</b>	<b>Residential &amp; School</b>			<b>\$ 8,941</b>	<b>47.04%</b>

The Company's St. John's system last received a rate increase for its St. John's system on September 4, 2003 that was approved by this Commission as part of Case No. SR-2003-0244. The Company's Bourbeuse River and Oak Hollow systems have not received a rate increase since the time that initial rates were established for each of these systems as part of their original certificate case (Case No. SA-2003-0189).

The Auditing Staff has conducted an investigation of the Company's books and records, based upon the twelve-month test year period ending December 31, 2010 and has determined that an increase of \$9,055

in annual sewer revenues is necessary. The chart shown below provides a breakdown of the Auditing Staff's proposed rate increase by system:

<b>Company</b>	<b>Staff Proposed Increase in Rates</b>	<b>Staff Proposed Percentage of Increase</b>
St. John's	\$ 6,812	74.85%
Bourbeuse River	\$ 498	8.38%
Oak Hollow	\$ <u>1,745</u>	<u>51.06%</u>
<b>Total Sewer</b>	<b>\$ 9,055</b>	<b>47.64%</b>

### **RATE OF RETURN AND CAPITAL STRUCTURE**

TBJ's capital structure consisted of both common stock (42%) and long-term debt (58%). Staff member Zephania Marevangapo of the Commission's Financial Analysis Department calculated a return on common stock of 12.31% and a return on long-term debt of 5.75% with an overall rate of return (ROR) of 8.52%. The overall ROR was applied to TBJ's rate base at each of its various systems to develop the recommended revenue requirements noted above.

### **RATE BASE**

#### **Plant, Reserve and Contributions In Aid Of Construction (CIAC)**

The Auditing Staff has reflected all capital improvements completed on TBJ's sewer systems since the time that current rates were last established. In addition, the Staff reflected plant and reserve adjustments that reduced the overall cost of service calculation in order to address the excess capacity that existed on the Company's Bourbeuse River and Oak Hollow systems. The chart shown below summarizes the Auditing Staff's calculations that support the amount of rate base that should appropriately be included in the cost of service calculation:

<b>Company</b>	<b>Rate Base</b>
St. John's	\$ 68,243
Bourbeuse River	\$ 14,440
Oak Hollow	\$ <u>12,214</u>
<b>Total Sewer</b>	<b>\$ 94,897</b>

## **DEPRECIATION**

The Auditing Staff incorporated the depreciation rates supplied by David Williams of the Commission's Engineering and Management Services Department (EMSD) into its cost of service calculation. Using these depreciation rates, the Auditing Staff included an annualized level of depreciation expense for each of TBJ's sewer systems based on the level of plant in service at December 31, 2010.

## **INCOME STATEMENT ADJUSTMENTS**

### **Revenues**

The Auditing Staff annualized revenues for each system based on the number of customers as of December 31, 2010 and the current rates. Staff also included in its cost of service calculation the late fees collected during the test year for the three systems. The Staff's review of revenues produced annualized levels as shown below:

<b>System</b>	<b>Revenues</b>	<b>Other Revenues</b>	<b>Total</b>
St. John's	\$ 9,198	\$ 220	\$ 9,418
Bourbeuse River	\$ 6,354	\$ 185	\$ 6,539
Oak Hollow	<u>\$ 3,455</u>	<u>\$ 45</u>	<u>\$ 3,500</u>
<b>Total Sewer</b>	<b>\$ 19,007</b>	<b>\$ 450</b>	<b>\$ 19,457</b>

### **Allocation of Expenses**

The Auditing Staff allocated the majority of overhead expenses that benefitted each of the sewer systems based upon the annualized customer counts at each system. However, a few expenses such as the PSC assessment, testing expense, supplies expense and corporate registration were allocated in a more system specific manner.

### **Payroll and Payroll Taxes**

The Company has two workers who also own the company, Mr. and Mrs. Joe and Marilyn Tobben. Mr. Tobben is the operator and is responsible for making decisions regarding major repairs, the completion of capital improvements, general system maintenance, mowing among various other activities. Mrs. Tobben is responsible for answering the phone, maintaining utility records, paying bills, customer billing and collection duties among other activities. As part of its payroll analysis, the Staff reviewed all available payroll records for both of them for the period covering January 1, 2008 through December 31, 2010. Although Mr. and Mrs. Tobben have never actually paid themselves a salary, the Auditing Staff included a \$1,500 annualized salary for Joe Tobben and a \$500 annualized salary for Marilyn Tobben based on the duties each performs for the Company.



### **Testing Expense**

Environmental Services and Associates, Inc. performs all of the sewer testing that is required for each of TBJ's systems. The Auditing Staff has included all testing costs in the cost of service calculation.

### **Property and Liability Insurance**

During April 2011 TBJ obtained property and liability insurance coverage for its wastewater treatment systems. The Staff has included the annual costs of this recently acquired insurance coverage in the cost of service calculation.

### **Electricity Expense**

The Auditing Staff normalized electricity expense by using a three year average of electric usage for each system. The Auditing Staff then used these three year averages of usage to calculate the annualized electric expense for each system based on the most recent rates authorized by this Commission for Ameren - Missouri that became effective during June 2010.

### **Repairs and Maintenance**

The Auditing Staff normalized repair and maintenance expense for each system by using a two year average in order to include a more representative level of ongoing expenses. In addition the Auditing Staff capitalized some items that the Company had incorrectly recorded as repairs and maintenance expense. These items that actually related to plant additions were included in the plant in service balances as of December 31, 2010.

### **Postage Expense**

The Auditing Staff calculated postage expense by including twelve monthly billings at a letter rate for annualized customer levels at each of TBJ's systems. Also included in the annualized postage is the cost of mailing one annual customer letter per system as well as the cost of other required mailings.

### **PSC Assessment**

The Auditing Staff included the most current PSC assessment in the cost of service calculation.

### **Missouri Department of Natural Resources (MoDNR) Fees**

The Auditing Staff has included the most recent level of expense for each system for MoDNR fees.

### **JMTB Development Inc. & Joe Tobben Construction – Affiliated Company**

The owners of the Company also own JMTB Development Inc., a development company that is in the process of building the subdivision that comprises the Oak Hollow system. Mr. Tobben also owns Joe Tobben Construction Company (Tobben Construction) that performs repairs and completes capital improvement projects for each of TBJ's sewer systems. Tobben Construction provides TBJ with detailed invoices for all repair and capital improvement projects that it performed for each of the sewer systems. During the course of this audit, the Audit Staff noticed that TBJ utilized the services for Tobben Construction for the vast majority of its repair and improvement projects. Based upon its review the Staff believes that the Tobben Construction charges are reasonable, however the Staff has concerns about TBJ's automatic reliance on an affiliate to perform work for the utility. As part of its recommendations

discussed below the Auditing Staff will require TBJ to obtain competitive bids for similar projects on a going forward basis.

### **RECOMMENDATIONS**

1. The Audit Staff recommends the revenue requirements calculated and described earlier in this memorandum.
2. The Audit Staff recommends that the Company maintain and retain proper plant and CIAC records. Within 90 days of the effective date of the Commission's Order approving rates in this case, the Auditing Staff will meet with the Company to explain in detail and to provide assistance on how best to maintain these types of records.
3. The Audit Staff recommends that each worker keep detailed time records for each system, per the recommendations outlined by EMSD.
4. The Audit Staff recommends that the Commission require TBJ to obtain a minimum of three competitive bids on all future capital improvement and repair projects that exceed \$2,500.
5. In the future filing of any rate case, TBJ should be required to file all of its sewer systems concurrently.

## Agreement Attachment H

### EMSD Report

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

## **Engineering and Management Services Department**

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

#### **Case with File No. SR-2011-0182**

#### **TBJ Sewer Systems, Inc.**

#### **Benjamin Wisnewski and Nila Hagemeyer**

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service and business processes, procedures, and practices at TBJ Sewer Systems, Inc. (TBJ or Company) in Villa Ridge, Missouri, in January 2011. The review was performed in conjunction with the Company's filed rate increase request submitted on December 27, 2010, and assigned Case with File No. SR-2011-0182. The Company is requesting an increase of \$8,940.60 in its annual sewer system operating revenues.

The EMSD staff examined the Company's tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service and business operations. The EMSD staff submitted informal data requests and conducted interviews on February 23, 2011, with Company personnel in preparation of this report. The EMSD staff's review of the Company resulted in the following four (4) recommendations for Company management.

#### **THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:**

1. Ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each work assignment. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.
2. Implement a written agreement with any outside contractor that is employed by the Company on a regular and consistent basis within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.
3. Modify the Company's existing "welcome letter" to include contact information for the Commission and the Office of the Public Counsel, and distribute it to all new and existing customers. Modifications to the "welcome letter" should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.

4. Ensure that a duplicate copy of customer account records is securely maintained. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.

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

The objectives of this review were to 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 services provided to its customers. The findings of this review will provide the Commission with information regarding the Company's business and customer service operations.

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

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaint and Inquiry Handling and Recording
- Customer Communications
- Time Sheets
- Outside Contractors
- Record Storage

### **Findings, Conclusions, and Recommendations from Case with File No. SR-2003-0244**

The EMSD staff conducted a previous customer service and business operations review of TBJ Sewer Systems, Inc. in conjunction with the Company's small company rate increase request in Case with File No. SR-2003-0244 on October 4, 2002. There were two (2) recommendations made by the EMSD staff in that case that were reviewed in conjunction with the Company's current small company rate increase request in Case with File No. SR-2011-0182 and the EMSD Staff made the following findings that deem those recommendations completed.

1. Develop and use a written service agreement for new customers requesting sewer service at premises that have been previously served. This service agreement should document pertinent information including the rights and responsibilities of the Company and new property owner.

In the course of this audit, the EMSD staff verified that Company management has taken action regarding this recommendation. The Company currently has three applications for service, which are as follows:

1. The Company uses a "Residential Contract" for new customers with new construction.
2. The Company uses an "Application for Service" for new customers with existing construction that is not located in the Oak Hollow Subdivision.
3. The Company uses a second "Application for Service" for new customers with existing construction that is located in the Oak Hollow Subdivision.

Separate Applications for Service are utilized, as customers living in Oak Hollow Subdivision do not pay a tap-on fee. The Residential Contract and both Applications for Service describe the service that TBJ will provide, as well as expectations for the homeowner, including payment information, a list of substances to keep out of the collecting sewers, and collector sewer extension information. Upon reviewing these documents and discussing them with Company management, the EMSD staff is of the opinion that this recommendation is complete.

2. Develop and initiate a system for documenting the nature of customer contacts, particularly those relating to customer complaints or problems.

In the course of this audit, the EMSD staff has verified that Company management has taken action regarding this recommendation. The Company now maintains a notebook of customer complaints, problems, or billing issues and keeps all documentation in a complaint folder. The EMSD staff is of the opinion that this recommendation is complete.

## **Overview and Company History**

TBJ Sewer Systems, Inc. provides sewer service to approximately 58 residential customers and 1 commercial customer in and around Villa Ridge, Missouri, which is located in Franklin County. The Company's owners also own and operate several other businesses in the area which include a construction company, a development company, and rental properties. All of these entities are operated from the owners' residence in Villa Ridge, Missouri.

The Company's owners created TBJ in 1996, and began operations in 1998 with one treatment plant. The system grew over the next several years and the Company added the Bourbeuse River and Oak Hollow treatment plants.

The Company has two employees who receive no salary from the sewer company. The President performs outside plant activities such as maintenance, system monitoring, and inspections. The Vice President performs all business office functions and handles customer billing, payment remittance, credit and collections, customer complaints and inquiries, and customer communication. The Company employs outside contractors to help with some Company tasks, such as taking samples, providing replacement parts, and assisting with architectural plans. Two of the Company owners' sons and one daughter assist the President and Vice President on an as-needed basis, but do not receive payment for their services. The President and his son are both licensed sewer installers and built the current TBJ sewer system.

The Company is operated at the owners' residence which is located in Villa Ridge, Missouri. While it does not maintain regular business hours, the Company stated that customers call the residence or stop by in person with inquiries, complaints, or to make payments. Customers can also contact the Company by calling the business phone number and leaving a message. If the customers have an emergency, they can contact the President by calling the emergency number which is stated on the Company's answering machine message.

Customers initiate service by completing a customer application at the Company's business office. The Company does not charge customers a deposit for sewer services.

## **Customer Billing**

Customer billing statements are manually generated and mailed on the 25<sup>th</sup> to 28<sup>th</sup> day of each month. Customers are billed one month in advance at a flat rate. The customer billing statements currently consist of a three sheet billing slip, which contains white, pink, and yellow

copies. The Company keeps one copy for its records, and mails two copies to the customer, who returns one of the copies with payment. The billing slips are manually completed by the Vice President and then put into envelopes for mailing. The Company estimated it spends three to four hours per month on the customer billing process. The due date is included on the billing slip. The Company stated that it is evaluating changing its billing slip to a perforated post card, and organizing its billing with computer software. It estimates these changes may happen six to eight months after resolution of the current rate case.

### **Payment Remittance**

Customer payments are due on the 20<sup>th</sup> of the following month. Customers are given at least 21 days to pay their bill before it is considered delinquent. Customers are informed of payment options when they initiate service from TBJ. Customers can make payment by check or cash, and the Company indicated through data request responses that the vast majority of payments are made via check. Customers can either mail their payment to the Company or drop it into a locked box, which is located on the porch of the owners' residence. The Company does not accept credit card payments or online payments. The Company has accepted payments in the field on rare occasions.

Payments are manually recorded on individual customer account index cards that are filed in one of three boxes, according to which treatment plant services the customer's residence. When recording customer payments, the Vice President notes the service period, the invoice number, amount due, date due, amount paid, check date, date received, and customer check number. Bank deposits are made weekly, and deposit receipts are maintained along with customer account information.

### **Credit and Collections**

The Company received one insufficient funds check in 2009, and a \$15 fee was assessed in accordance with the Company's tariffs. The Company has stated it will consider developing a log to track insufficient funds checks if the number of them increases.

Payments not received by the 20<sup>th</sup> of each month are assessed a late fee of \$5.00 on the 21<sup>st</sup> of the month. The Vice President waives the late fee for the first instance of a late payment; however, upon the second and all instances thereafter, the late fee is consistently charged. On all



subsequent delinquent bills, the Vice President makes a "Past Due" notation, along with charging the late fee. When customer past due accounts reach approximately three months or \$100.00, a notation "Please pay in full to avoid disconnect!" is written on the bill.

The Company has not disconnected service to a customer. The President stated that they have not utilized the services of a collection agency, as they would rather eventually collect the full amount from customers rather than the collection agency taking a percentage of the amount collected. TBJ has not written off any customer accounts since at least 2008.

TBJ showed the following account balances in arrears as of January 21, 2011:

<b>30-60-90 Day Arrearages</b>		
<b>Days</b>	<b># of Accounts</b>	<b>Amounts</b>
1 to 30 days	5	\$150.75
31 to 60 days	3	\$138.61
61 to 90 days	1	\$ 80.70
Over 90 days	0	0
Total	9	\$370.06

*Source: Data Provided by the Company*

The above chart shows nine customer accounts are delinquent, but no customer accounts are over 90 days past due.

The Company stated that it has not found any problems with unauthorized service connections to its collecting sewer. The President owns a construction company and builds homes in the service area. He inspects the treatment plants and lift stations at least weekly and more often during cold weather. Thus, he regularly monitors the service territory.

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

The Company stated that it does not maintain regular business hours, but customers are able to contact TBJ at the telephone number printed on customer bills. If neither the President nor Vice President are able to immediately take the call, TBJ's answering machine provides an emergency cell phone number for customers to contact the President, and these calls are answered on a 24/7 basis.

The President or Vice President responds to customer inquiries and complaints. The Vice President logs inquiries, concerns, or complaints into a notebook and maintains a folder of complaints and inquiries.

A review of the "Consumer Quality" database in the Commission's electronic filing and information system (EFIS) revealed that there have been no informal complaints since January 1, 2007. In conjunction with the current rate case, TBJ customers have made three (3) public comments within EFIS regarding the proposed rate increase. The Company is reviewing the public comments.

### **Customer Communications**

The Company owners held a public meeting in their home for residents in the Echo Valley area when they activated the Bourbeuse River treatment plant and planned to connect several customers to the system at once. The President stated that customers were notified by mail two weeks in advance of the meeting.

The Vice President stated that communication to customers is typically by mail. The recent rate increase messages were communicated to customers through a printed letter. Other than the customer calls made to the Company's office, no indication of the customers' satisfaction level with their service has been determined.

As mentioned earlier, at the time of applying for service, customers sign either a Residential Contract or an Application for Service. These documents provide some general information as to the responsibilities of the Company and the Customer. In addition, the Company mails a "welcome letter" informing the customer of the monthly sewer service charge, as well as additional fees such as the late payment charge, insufficient funds check charge, and reconnect charge. However, none of these documents contain contact information for the Commission and the Office of the Public Counsel (OPC). The EMSD staff provided the Company with a sample brochure that includes the pertinent contact language. The Company indicated that it would be willing to develop a basic customer brochure that can be given to new customers when they apply for service and mailed to all existing customers.

The Company President carries a business card at all times bearing the name of his construction company. In addition, the truck that the President stated is occasionally used for sewer business contains this same logo. The President stated that customers are familiar with and can readily identify the truck, as he has built most of their homes. As a safety precaution, the Company notifies customers by telephone prior to beginning any maintenance or repairs.

### **Time Sheets**

All employees of the Company do not complete standard time sheets in a consistent manner on a regular basis. The Company was able to provide the EMSD staff with some time sheet records for the President.

### **Outside Contractors**

The Company employs several outside contractors for TBJ sewer tasks. Most of the contractors are used only occasionally. However, the Company utilizes at least one outside contractor on a regular basis. The Company does not have a written contract or agreement with any outside contractor that it employs.

### **Record Storage**

The Company has maintained handwritten customer records in file boxes at the owner's residence since it began offering service in 1998. There are no back-up copies of these files. The Company indicated there is no room in their construction company safe for TBJ documents.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

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

- Time Sheets
- Outside Contractors
- Customer Communications
- Record Storage

### **Time Sheets**

All Company employees currently do not complete and maintain time sheets. While the Company did provide the EMSD staff with some time sheets of the President, the Company indicated that it did not have time records for all employees, and it is not current Company practice to have all employees complete and maintain a standard time sheet.

A lack of time sheets limits the Company's ability to track what tasks employees are working on and how much time is spent on each task. In addition, the Company's employees work for several different businesses. It is important for the Company's management as well as in the regulatory process with the Commission to have a written record of the amount of time employees spend working for the sewer company. This lack of documentation impedes the ability of the Company to justify potential salaries of its employees in the regulatory process with the Commission.

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

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Ensure that all Company employees complete and maintain time sheets to record work assignments and the time spent working on each work assignment. This recommendation should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.*

**Outside Contractors**

The Company does not have written contracts or agreements concerning the services performed by its outside contractors. The current verbal agreements with contractors contain the potential of uncertainty and a lack of clarity for both the Company and the contractor regarding a description of the services to be provided, the compensation for these services, and liability issues.

A written agreement with any outside contractor that is employed by the Company on a regular and consistent basis can help the Company avoid potentially costly disputes. In addition, written agreements can prevent an outside contractor from demanding changes to the current verbal arrangement at a later date and to the Company's financial detriment because a defined framework has already been agreed to between the parties. A written agreement allows the Company more certainty as to what is expected between itself and the contractor as well as protection against financial disputes, changing terms, or other unforeseen circumstances.

The Company should implement a written agreement with any outside contractor that is employed on a consistent and regular basis within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case No. SR-2011-0182.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Implement a written agreement with any outside contractor that is employed by the Company on a regular and consistent basis within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.*

**Customer Communications**

Customers may not be aware that the Company is regulated by the Commission and that they may contact the Commission and/or OPC regarding unresolved complaints with the Company. The current Residential Contract, Applications for Service, and welcome letter given or mailed to customers when they apply for service contain no contact information for the Commission or the OPC.

The Company could modify its existing "welcome letter" to include the Commission and OPC contact information, including phone number, address, and e-mail. The welcome letter would then contain pertinent contact information and serve as a resource to customers.

The modified "welcome letter" should be given to all new customers when they apply for service and distributed to all existing customers.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Modify the Company's existing "welcome letter" to include contact information for the Commission and the Office of the Public Counsel, and distribute it to all new and existing customers. Modifications to the "welcome letter" should be completed within ninety (90) days of the Commission's Order Approving the Disposition Agreement in Case with File No. SR-2011-0182.*

**Record Storage**

The Company does not maintain a duplicate copy of its customer account records. In the event of a disaster, it would be extremely difficult to recreate customer account records and nearly impossible to have an accurate record of the amount that customers owe the Company.

There are a number of alternative methods to store records so that data would be available to the Company in the event of a disaster. The Company could make duplicate copies of customer account cards and store them in a second location away from the in-home office.

The Company is in the process of evaluating computerized billing, and if a decision is made to implement it, a backup disk of customer account records could be maintained in the President's construction company safe. The Company could obtain a fireproof file cabinet or safe in an adequate size to accommodate TBJ's customer account records. Maintaining a duplicate copy of customer account records would give the Company a reasonably accurate set of records should the need arise.

***THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:***

*Ensure that a duplicate copy of customer account records is securely maintained.  
This recommendation should be completed within ninety (90) days of the  
Commission's Order Approving the Disposition Agreement in Case with File No.  
SR-2011-0182.*

**Implementation Review**

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

## Agreement Attachment I

### Summary of Case Events

<b>TBJ SEWER SYSTEMS, INC.</b>		<b>Summary of Case Events</b>
Date Filed		12/27/2010
Day 150		5/26/2011
Extension?		YES - July 15, 2011
If yes, why?		Waiting for Governor to sign bill to
		allow DNR to charge license fees again
Total Amount Requested		\$8,941
Amount Agreed Upon - St. John's Plant		\$6,812
Amount Agreed Upon - Bourbeuse River Plant		\$498
Amount Agreed Upon - Oak Hollow Plant		\$1,745
Total Company/Staff Agreed Upon		\$9,055
Number of Customers - St. John's		27
Number of Customers - Bourbeuse		19
Number of Customers - Oak Hollow		12
Rate of Return		8.52%
Return on Equity		0
Assessments Current		Yes
Annual Reports Filed		Yes
Statement of Revenue Filed		Yes
Other Open Cases before Commission		No
Status with Secretary of State		Good
DNR Violations		No
Significant Service / Quality issues		No