

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2008-0267

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:	Ratemaking Income Statement
Agreement Attachment C:	Audit Workpapers
Agreement Attachment D:	Rate Design Worksheet
Agreement Attachment E:	Billing Comparison Worksheet
Agreement Attachment F:	Schedule of Depreciation Rates
Agreement Attachment G:	EMSD Report

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Lisa Hanneken – Auditing Department

Guy Gilbert – Engineering & Management Services Department

Randall Cole – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

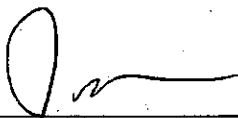
STATE OF MISSOURI

ss.

COUNTY OF COLE

)
) Case No. SR-2008-0267
)
)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment A,B,D, & E to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachment thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information, and belief.



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

Subscribed and sworn to before me this 10th day of July 2008.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF RANDALL COLE, III

STATE OF MISSOURI

ss.

COUNTY OF COLE

)
)
)
)

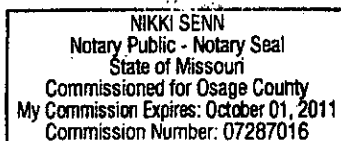
Case No. SR-2008-0267

COMES NOW Randall Cole, III, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst II in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *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 to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Randall Cole, III
Utility Management Analyst II
Engineering and Management Services Department

Subscribed and sworn to before me this 8th day of July 2008.


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GUY C. GILBERT, MS, PE, RG

STATE OF MISSOURI

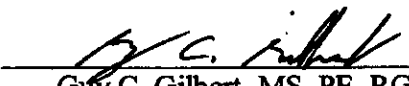
ss.

COUNTY OF COLE

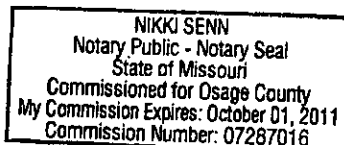
)
)
)
)

Case No. SR-2008-0267

COMES NOW Guy C. Gilbert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Regulatory Engineer II in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *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.


Guy C. Gilbert, MS, PE, RG
Utility Regulatory Engineer II
Engineering and Management Services Department

Subscribed and sworn to before me this 8th day of July 2008.




Nikki Senn
Notary Public

AFFIDAVIT OF LISA K. HANNEKEN

COUNTY OF COLE

Notary Public

Company/Staff Disposition Agreement

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

AQUA MISSOURI, INC (C/U)

MO PSC CASE NO. SR-2008-0267

BACKGROUND

Aqua Missouri, Inc. (C/U) (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) tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.330, Sewer Utility Small Company Rate Increase Procedure (Small Company Procedure). In its request letter, which was received at the Commission's offices on December 7, 2007, the Company set forth its request for an increase of \$744,182 in its total annual sewer service operating revenues for the affected service areas. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's (Staff) review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 2,000 customers in the affected service areas, the vast majority of which are residential customers.

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

Upon completion of its investigation of the Company's Request, the Staff provided the Company and the Office of the Public Counsel (OPC) various information regarding the results of the investigation, as well as its initial recommendations for resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of August 18.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$428,110 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 46.77% equity for the Company and a return on equity of 10.1%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets 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.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (8) That the Company will develop and maintain records at the Jefferson City office of all new construction connections and develop written procedures to enter this information into the Company's customer billing system daily. These records will at a minimum include the customer name, address, date of connection, dollar

amount of tap-on fees, CIAC charges, connection fees and inspection fees. The Company will provide written documentation of this process to Staff by November 30, 2008.

(9) That the Company will develop a process to ensure that new customer information is promptly entered into the billing system for all new construction customers connecting to the sewer system and all customers that purchase an existing home already connected to the sewer system. Part of this process will include running a monthly exception report which will document move-ins, move-outs and final bill customers. This report will be used by the local office to verify the status change of the listed customers.. The Company will provide written documentation of this process to Staff by November 30, 2008.

(10) That the Company will perform a physical audit of the Company's customer counts for the sewer systems in the Jefferson City area in cooperation and in the presence of the Commission's Staff to confirm the exact number of customer's who are connected to the Company's sewer systems. This audit will be completed by November 30, 2008.

(11) The Jefferson City area sewer rates will be interim rates subject to refund, depending on the results of the physical audit of sewer customers listed in item (10) above. The Company agrees to recalculate the rates based upon the agreed to operating revenue increase in item (2) above if the results of the physical audit indicate the actual number of customer's is 40 or more greater than (1,807 or more) the number of customer's used by Staff in the revenue annualization calculation.

(12) That the Company will maintain and update customers counts on a going forward basis and provide these updated counts to the Managers of the Auditing and Water & Sewer Departments of Staff by April and November 15th of each year.

(13) That the Company will immediately notify Staff of any substantial conversions in its billing system that could impact customer bills and of any other substantial billing problems that occur in the future. This notification will be made to the managers of the Commission's Consumer Services and Water and Sewer Departments.

(14) That the Company will add the following language to its existing sewer tariffs under Rule 9, titled Bills for Service: In the event of an undercharge, an adjustment shall be made for the entire period that the undercharge can be shown to have existed not to exceed twelve (12) monthly billing periods. The customer may request to pay for this undercharge over a period of time not to exceed the number of months back-billed. This new language will be filed with the tariff sheets filed by the company reflecting the Company/Staff agreed upon change in rates..

(15) That the Company will modify its employee time sheets to distinguish time spent on capital improvement projects versus operation and maintenance expense.

The Company will continue to track employee's time by district. The Company will provide copies of the new time sheets to Staff by November 30, 2008.

(16) That the Company will make adjustments to its books and records regarding the plant-in-service, depreciation reserve, and CIAC balances necessary to reflect the amounts used by the Staff in the calculation of the Company's overall cost of service calculation at December 31, 2007. The Company agrees these balances will be used as the starting point for entries subsequent to that date.

(17) That the Company will develop Continuing Property Records and maintain these records regarding utility plant-in-service, depreciation reserves, CIAC, operating revenues and operating expenses in a manner sufficient to allow the Staff to conduct district specific cost-of-service analyses for future rate increase requests. The Company will provide copies of these records by November 30, 2008.

(18) That the Company will record plant retirements at the time the replacement plant items are put into service and confirm that the retirement corresponds to the actual item being placed in service.

(19) That the Company will maintain all of its financial records in accordance with the Commissions Uniform System of Accounts.

(20) That the Company will maintain detailed time records for the skid loader that at a minimum includes hours spent using the loader, the project worked on, the district location and all supporting documentation.

(21) That the Company will develop formal written procedures for all capital construction work orders that at a minimum include all individual's responsibilities in the process, establish procedures for authorization of purchases, identify procedures for proper tracking of all purchases, including district separation, and ensure that all projects are closed in a timely manner.

(22) That the Company maintain by district a log of elder valves and water meters that includes when each item was purchased, when it is removed from inventory, where it was installed and identify the type of use (new, replacement of defective part or part of a meter replacement program).

(23) That the Company will provide Staff proposed tariff language for the collecting sewer extension rule by July 21, 2008. The Company agrees to file proposed tariff changes on this rule by September 30, 2008.

(24) That the Company will develop written procedures to process accounts payable that will eliminate duplicate payments and late fees. Copies of these procedures will be provided to Staff by November 30, 2008.

(25) That the Company will develop and provide to Staff for Staff's review written procedures for the processing of the credit card purchases made by employees. Copies of these written procedures will be provided to Staff by November 30, 2008.

(26) That the Company will develop written procedures to ensure the proper assignment of costs to each of its districts. Copies of these procedures will be provided to Staff by November 30, 2008.

(27) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than November 30, 2008.

(28) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within 15 days of entry of the Commission approved Order. The notice will 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 will also send a copy to the Staff and the Staff will file a copy in the subject case file.

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

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

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

ADDITIONAL MATTERS

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

The Company and the Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached because of problems with the Company providing customer and billing information due to a computer conversion in May 2007

The Company acknowledges that the Staff will be filing this Disposition Agreement and the attachments hereto, in the case that will be opened when the Company files the proposed tariff revisions called for in the agreement. The Company also acknowledges that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for

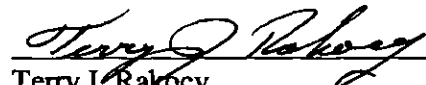
approval of the subject proposed tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations that the Department of Natural Resources has issued to the Company; and (h) the status of the Company's corporate standing with the Secretary of State.

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

EFFECTIVE DATE AND SIGNATURES


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

Agreement Signed and Dated:



Terry J. Rakocy
President
Aqua Missouri

JULY 3, 2008
Date



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

7/3/2008
Date

List of Attachments

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

Agreement Attachment A

Example Tariff Sheets

FORM NO. 13 P.S.C. MO. No. 2

3rd (Revised) SHEET No. SR1

Canceling P.S.C. MO. No. 2

2nd (Revised) SHEET No. SR1

AQUA MISSOURI, INC. – JEFFERSON CITY AREA
Name of Issuing Corporation

For Missouri Certificated Service Area

Sewer Division

Rules and Regulations
Governing Rendering of Service

SCHEDULE OF RATES

A. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri, Inc. – **Jefferson City Area**, located within the Company's Cole and Callaway Counties, Missouri service areas.

Residential	Flat Rate	\$ 48.13 per unit +
Mobile Homes Within a Mobile Home Park	Flat Rate	\$ 40.90 per unit +
Multi-Family	Flat Rate	\$ 40.90 per unit +
Commercial and Industrial	Metered Rate	\$ 48.13 for the first 7,000 gallons or part thereof of water usage and \$6.886 for each additional 1,000 gallons +

All applicable Federal, State and local taxes shall be added in addition to the above charges.

A surcharge in accordance with Rule 10 for an excess strength waste discharge may be applied.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 3 2008

DATE EFFECTIVE August 18, 2008

ISSUED BY	<u>Terry Rakocy</u>	<u>President</u>	<u>5400 Business Highway 50, Jefferson City, MO</u>
	Name of Officer	Title	Address

FORM NO. 13 P.S.C. MO. No. 2

2nd (Revised) SHEET No. SR2

Canceling P.S.C. MO. No. 2

1st (Revised) SHEET No. SR2AQUA MISSOURI, INC. – MAPLEWOOD SERVICE AREA
Name of Issuing CorporationFor Missouri Certificated Service AreaSewer DivisionRules and RegulationsGoverning Rendering of ServiceSCHEDULE OF RATES

A. Application – The following monthly sewer service charges will be in effect for Customers of Aqua Missouri, Inc. – **Maplewood Area**, located within the Company's Quail Run, Brooking Park and Westlake Village developments and immediate adjoining areas, Pettis County, Missouri service areas.

The following monthly minimum service charge must be paid. This charge is applicable whether there is any usage or not.

<u>Meter Size</u>	<u>Minimum Customer Charge</u>	
5/8"	\$ 3.55	*
1"	6.04	*
1-1/2"	18.82	*
2"	37.99	*

Commodity Charge: \$3.03 / 1,000 gallons of basd water usage *

All applicable Federal, State and local taxes shall be added in addition to the above charges.

A surcharge in accordance with Rule 10 for an excess strength waste discharge may be applied.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 3, 2008

DATE EFFECTIVE August 18, 2008

ISSUED BY	<u>Terry Rakocy</u>	<u>President</u>	<u>5400 Business Highway 50, Jefferson City, MO</u>
	Name of Officer	Title	Address

Canceling P.S.C. MO. No.

{Original} SHEET No. SRR 31AQUA MISSOURI, INC.
Name of Issuing CorporationFor Missouri Certificated Service AreaSewer DivisionRules and Regulations
Governing Rendering of ServiceRule 9 BILLS FOR SERVICE (continued)

- (k) The landlord or leaser shall be considered the Customer receiving sewer service for all rented or leased multi-family dwellings. The sewer service billing for each unit within the multi-family dwelling will be sent to the landlord or leaser who is then responsible for payment.
- (l) If a Customer is a tenant residing in a single family dwelling, the Company will require the owner of the property to be ultimately responsible for payment of bills for service, provided the Company has made reasonable and timely efforts to collect bills due from the Customer. All notices of delinquent bills or disconnection shall also be sent to the owner of the property.
- (m) In the event of an undercharge, an adjustment shall be made for the entire period that the undercharge can be shown to have existed not to exceed twelve (12) monthly billing periods. The customer may request to pay for this undercharge over a period of time not to exceed the number of months backbilled. *

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 3, 2008

DATE EFFECTIVE August 18, 2008

ISSUED BY	<u>Terry Rakocy</u>	<u>President</u>	<u>5400 Business Highway 50, Jefferson City, MO</u>
	Name of Officer	Title	Address

Agreement Attachment B

Ratemaking Income Statement

Aqua Missouri CU-Jefferson City

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	597,781
2	Other Operating Revenues *	\$	12,755
3	Total Operating Revenues	\$	610,536
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Sewer Treatment Expense-Sludge Removal	\$ 56,630
2 Sewer Treatment Expense-Electricity	\$ 67,533
3 Sewer Treatment Expense-Chemicals	\$ 2,561
4 Sewer Treatment -Testing/Laboratory Fees	\$ -
5 Maintenance Expense-Supplies	\$ 11,462
6 Maintenance Expense-Outside Labor	\$ 27,177
7 Permit Fees	\$ -
8 Administration & General - Salaries	\$ 219,076
9 Employee Pensions & Benefits	\$ 57,010
10 Accounting	\$ 2,687
11 Management Fees	\$ 47,865
12 Computer Services	\$ 854
13 Leases	\$ 7,492
14 Transportation	\$ 66,468
15 Insurance	\$ 8,625
16 Uncollectible Accounts	\$ 5,978
17 Legal Expense	\$ 3,536
18 Rate Case Expense	\$ 9,313
19 Regulatory Commission Expense	\$ 32,835
20 Other General Expenses	\$ 99,273
21 Sub-Total Operating Expenses	\$ 726,375
22 Property Taxes	\$ 6,784
23 MO Franchise Taxes	\$ -
24 Employer FICA Taxes	\$ 16,981
25 Federal Unemployment Taxes	\$ -
26 State Unemployment Taxes	\$ -
27 State & Federal Income Taxes	\$ 51,409
28 Sub-Total Taxes	\$ 75,174
29 Depreciation Expense	\$ 143,424
30 CIAC Depreciation Expense	\$ (32,264)
31 Interest Expense	\$ 54,364
32 Sub-Total Depreciation/Amortization	\$ 165,524
33 Return on Rate Base	\$ 82,508
34 Total Cost of Service	\$ 1,049,581
35 Overall Revenue Increase Needed	\$ 439,045

AQUA MISSOURI C/U-MAPLEWOOD

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	121,531
2	Other Operating Revenues *	\$	3,144
3	Total Operating Revenues	\$	124,675

4 * See "Revenues - Current Rates" for Details

Cost of Service

Item	Amount
1 Sewer Treatment Expense-Electricity	\$ 2,871
2 Sewer Treatment -Testing/Laboratory Fees	\$ -
3 Maintenance Expense-Supplies	\$ 519
4 Maintenance Expense-Outside Labor	\$ 5,493
5 Permit Fees	\$ -
6 Administration & General - Salaries	\$ 12,370
7 Employee Pensions & Benefits	\$ 2,627
8 Accounting	\$ 650
9 Computer Services	\$ 206
10 Management Fees	\$ 11,570
11 Leases	\$ 1,227
12 Transportation	\$ 2,695
13 Insurance	\$ 1,066
14 Uncollectible Accounts	\$ 552
15 Regulatory Commission Expense	\$ 7,288
16 Rate Case Expense	\$ 2,067
17 Other General Expenses	\$ 11,821
18 Sub-Total Operating Expenses	\$ 63,022
19 Property Taxes	\$ 15
20 MO Franchise Taxes	\$ -
21 Employer FICA Taxes	\$ 1,000
22 Federal Unemployment Taxes	\$ -
23 State Unemployment Taxes	\$ -
24 State & Federal Income Taxes	\$ 7,197
25 Sub-Total Taxes	\$ 8,212
26 Depreciation Expense	\$ 21,385
27 CIAC Depreciation Expense	\$ (7,673)
28 Interest Expense	\$ 7,611
29 Sub-Total Depreciation/Amortization	\$ 21,323
30 Return on Rate Base	\$ 11,550
31 Total Cost of Service	\$ 104,107

32 Assistance to Ozark Meadows System \$ 9,633

33 **Overall Revenue Increase Needed** **\$ (10,935)**

Agreement Attachment C

Audit Workpapers

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Expense Schedule - Sewer

Accounting Schedule: 1
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 8:11 AM

Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Salaries and Wages	\$229,239	S-2	-\$10,163	100.00%	\$219,076
3		Employee Pensions and Benefits	\$67,571	S-3	-\$10,561	100.00%	\$57,010
4		Sludge Removal	\$54,134	S-4	\$2,496	100.00%	\$56,630
5		Electricity - Pumping Treatment	\$59,922	S-5	\$7,611	100.00%	\$67,533
6		Chemicals	\$2,561			100.00%	\$2,561
7		TOTAL OPERATIONS EXPENSE	\$413,427		-\$10,617		\$402,810
8		MAINTENANCE EXPENSES					
9		Outside Services Employed	\$26,359	S-8	\$818	100.00%	\$27,177
10		Supplies Expense	\$15,424	S-10	-\$3,962	100.00%	\$11,462
11		TOTAL MAINTENANCE EXPENSE	\$41,783		-\$3,144		\$38,639
12		CUSTOMER ACCOUNT EXPENSE					
13		Uncollectible Accounts	\$31,844	S-13	-\$25,866	100.00%	\$5,978
14		TOTAL CUSTOMER ACCOUNT EXPENSE	\$31,844		-\$25,866		\$5,978
15		ADMINISTRATIVE & GENERAL EXPENSES					
16		Engineering	\$2,880	S-16	-\$2,880	100.00%	\$0
17		Accounting	\$2,687			100.00%	\$2,687
18		Legal	\$43,274	S-18	-\$39,738	100.00%	\$3,536
19		Computer Services	\$854			100.00%	\$854
20		Management Fees	\$45,691	S-20	\$2,174	100.00%	\$47,865
21		Leases	\$6,612	S-21	\$880	100.00%	\$7,492
22		Transportation	\$52,904	S-22	\$13,564	100.00%	\$66,468
23		Insurance	\$11,708	S-23	-\$3,083	100.00%	\$8,625
24		Other Expenses	\$117,370	S-24	-\$18,097	100.00%	\$99,273
25		TOTAL ADMINISTRATIVE AND GENERAL	\$283,980		-\$47,180		\$236,800
26		OTHER OPERATING EXPENSES					
27		CIAC Depreciation Expense	-\$67,688	S-27	\$35,424	100.00%	-\$32,264
28		Rate Case Expense	\$16,200	S-28	-\$6,887	100.00%	\$9,313
29		PSC Regulatory Fees	\$33,969	S-29	-\$1,134	100.00%	\$32,835
30		Depreciation	\$158,417	S-30	-\$14,993	100.00%	\$143,424
31		TOTAL OTHER OPERATING EXPENSES	\$140,898		\$12,410		\$153,308
32		TAXES OTHER THAN INCOME					
33		Property taxes	\$3,011	S-33	\$3,773	100.00%	\$6,784
34		Payroll taxes	\$20,799	S-34	-\$3,818	100.00%	\$16,981
35		TOTAL TAXES OTHER THAN INCOME	\$23,810		-\$45		\$23,765
36		TOTAL OPERATING EXPENSES	\$938,742		-\$74,442		\$864,300

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Sewer

Accounting Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 8:11 AM

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
8-2	Salaries and Wages			-\$10,163
	Staff annualization of payroll (Hanneken)		\$5,827	
	Staff normalization of overtime (Hanneken)		-\$8,202	
	To remove stock options and bonuses (Hanneken)		-\$7,788	
8-3	Employee Pensions and Benefits			-\$10,561
	Staff annualization of benefits (Hanneken)		-\$10,561	
8-4	Sludge Removal			\$2,496
	Staff annualization of sludge expense (Cassidy)		\$2,496	
8-5	Electricity - Pumping Treatment			\$7,611
	Staff annualization of electricity		\$7,701	
	Staff annulazation of water utilities (Cassidy)		-\$90	
8-9	Outside Services Employed			\$818
	Removal of electricity expense (Cassidy)		-\$306	
	Staff annualization of contract services (Hanneken)		\$1,124	
8-10	Supplies Expense			-\$3,962
	Staff annualization of supplies (Hanneken)		-\$3,962	
8-13	Uncollectible Accounts			-\$25,866
	Staff Annualization of bad debts (Cassidy)		-\$25,866	
8-16	Engineering			-\$2,880

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Sewer

Accounting Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 8:11 AM

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To remove amount placed in capital (Hanneken)		-\$2,880	
S-18	Legal			-\$39,738
	To adjust legal expense (Hanneken)		-\$39,738	
S-20	Management Fees			\$2,174
	To disallow certain Sundry Items (Hanneken)		-\$2,783	
	To remove IL customer service replaced by Meritage (Hanneken)		-\$5,184	
	To annualize Meritage expense (Hanneken)		\$10,141	
S-21	Leases			\$680
	Staff annualization of leases other than vehicles (Hanneken)		-\$910	
	Rental of skid loader (Hanneken)		\$1,790	
S-22	Transportation			\$13,564
	Staff annualization of vehicle maintenance supplies (Hanneken)		\$567	
	Staff annualization of GE Fleet lease and maint (Hanneken)		\$12,997	
S-23	Insurance			-\$3,083
	To annualize insurance expense (Hanneken)		-\$3,083	
S-24	Other Expenses			\$18,097
	Staff annualization of telephone (Hanneken)		-\$191	
	Staff annualization of DNR permit fees (Cassidy)		\$850	
	Removal of late fees (Hanneken)		-\$158	

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Sewer

Accounting Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 8:11 AM

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	Staff annualization of postage (Hanneken)		\$922	
	Staff annualization of office supplies and misc. other (Hanneken)		-\$4,376	
	Removal of items annualized elsewhere (Hanneken)		-\$11,500	
	Removal of accruals (Hanneken)		-\$1,944	
	Removal of non-ongoing expenses (Hanneken)		-\$1,700	
S-27	CIAC Depreciation Expense			\$35,424
	Staff annualized CIAC expense (Hanneken)		\$35,424	
S-28	Rate Case Expense			-\$6,887
	To normalize rate case expense (Hanneken)		-\$7,830	
	To normalize current rate case expense (Hanneken)		\$943	
S-29	PSC Regulatory Fees			-\$1,134
	Removal of PSC assessment accruals (Hanneken)		\$8,614	
	Staff annualization of PSC assessment (Hanneken)		-\$9,748	
S-30	Depreciation			-\$14,993
	To Annualize Depreciation		-\$14,993	
S-33	Property taxes			\$3,773
	Staff annualization of property taxes (Cassidy)		\$3,773	
S-34	Payroll taxes			-\$3,818
	Staff annualization of payroll taxes (Hanneken)		-\$3,818	

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Expense Adjustment Schedule - Sewer

Accounting Schedule: 2
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 8:11 AM

A	B	C	D	E
Expense Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Total Expense Adjustments				<u>\$74,442</u>

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Sewer

Accounting Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 8:11 AM

Line Number	Description	Residential		Commercial Flat Rate	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	1,766		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	21,192		12	
5	Current Customer Charge	<u>\$27.75</u>		<u>\$27.75</u>	
6	Annualized Customer Charge Revenues		\$588,078		\$333
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	-		-	
9	Less: Base Gallons Included in Customer Charge	-		-	
10	Commodity Gallons	-		-	
11	Block 1, Commodity Gallons per Block	-		-	
12	Block 1, Number of Commodity Gallons per Unit	-		-	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	<u>Total Annualized Sewer Rate Revenues</u>		<u>\$588,078</u>		<u>\$333</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.

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Sewer

Accounting Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 8:11 AM

Line Number	Description	Commerical Commodity		Total	
		E Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	8		1,775	
3	Bills Per Year	12			
4	Customer Bills Per year	96		21,300	
5	Current Customer Charge	<u>\$27.75</u>			
6	Annualized Customer Charge Revenues		\$2,664		\$591,075
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,271,178		2,271,178	
9	Less: Base Gallons Included in Customer Charge	<u>582,000</u>		582,000	
10	Commodity Gallons	1,689,178		1,689,178	
11	Block 1, Commodity Gallons per Block	1,689,178			
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>			
13	Block 1, Commodity Billing Units	1,689.18			
14	Block 1, Existing Commodity Charge	<u>\$3.97</u>			
15	Block 1, Annualized Commodity Charge Rev.		\$6,706		\$6,706
16	<u>Total Annualized Sewer Rate Revenues</u>		<u>\$9,370</u>		<u>\$597,781</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.

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Miscellaneous Revenues Feeder - Sewer

Accounting Schedule: 3-1
Sponsor: John Cassidy
Date: 7/10/2008
Time: 8:12 AM

Line	A	B
Number	Description	Amount
1	Miscellaneous Revenue	<u>\$12,755</u>
2	Total Miscellaneous Revenues	<u><u>\$12,755</u></u>

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Rate Design Schedule - Sewer

Accounting Schedule: 4
 Sponsor: Jim Russo
 Date: 7/10/2008
 Time: 8:08 AM

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$587,781			
Rev-3	Miscellaneous Revenues	(4)	\$12,755			
Rev-4	TOTAL ANNUALIZED REVENUES		\$610,536			
1	OPERATIONS EXPENSES	(2)				
2	Salaries and Wages		\$219,076	\$0	\$219,076	0.00%
3	Employee Pensions and Benefits		\$57,010	\$0	\$57,010	0.00%
4	Sludge Removal		\$56,630	\$0	\$56,630	0.00%
5	Electricity - Pumping Treatment		\$67,533	\$0	\$67,533	0.00%
6	Chemicals		\$2,561	\$0	\$2,561	0.00%
7	TOTAL OPERATIONS EXPENSE		\$402,810	\$0	\$402,810	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed		\$27,177	\$0	\$27,177	0.00%
10	Supplies Expense		\$11,462	\$0	\$11,462	0.00%
11	TOTAL MAINTENANCE EXPENSE		\$38,639	\$0	\$38,639	
12	CUSTOMER ACCOUNT EXPENSE					
13	Uncollectible Accounts		\$5,978	\$0	\$5,978	0.00%
14	TOTAL CUSTOMER ACCOUNT EXPENSE		\$5,978	\$0	\$5,978	
15	ADMINISTRATIVE & GENERAL EXPENSES					
16	Engineering		\$0	\$0	\$0	0.00%
17	Accounting		\$2,687	\$0	\$2,687	0.00%
18	Legal		\$3,536	\$0	\$3,536	0.00%
19	Computer Services		\$854	\$0	\$854	0.00%
20	Management Fees		\$47,865	\$0	\$47,865	0.00%
21	Leases		\$7,492	\$0	\$7,492	0.00%
22	Transportation		\$66,468	\$0	\$66,468	0.00%
23	Insurance		\$8,625	\$0	\$8,625	0.00%
24	Other Expenses		\$99,273	\$0	\$99,273	0.00%
25	TOTAL ADMINISTRATIVE AND GENERAL		\$238,800	\$0	\$238,800	
26	OTHER OPERATING EXPENSES					
27	CIAC Depreciation Expense		-\$32,264	\$0	-\$32,264	0.00%
28	Rate Case Expense		\$9,313	\$0	\$9,313	0.00%
29	PSC Regulatory Fees		\$32,835	\$0	\$32,835	0.00%
30	Depreciation		\$143,424	\$0	\$143,424	0.00%
31	TOTAL OTHER OPERATING EXPENSES		\$153,308	\$0	\$153,308	
32	TAXES OTHER THAN INCOME					
33	Property taxes		\$6,784	\$0	\$6,784	0.00%
34	Payroll taxes		\$16,981	\$0	\$16,981	0.00%
35	TOTAL TAXES OTHER THAN INCOME		\$23,765	\$0	\$23,765	
36	TOTAL OPERATING EXPENSES		\$881,300	\$0	\$881,300	
44	Interest Expense	(3)	\$54,364	\$0	\$54,364	0.00%
45	Return on Equity	(3)	\$82,508	\$0	\$82,508	0.00%
46	Income Taxes	(3)	\$51,409	\$0	\$51,409	0.00%
47	TOTAL INTEREST RETURN & TAXES		\$188,281	\$0	\$188,281	
48	TOTAL COST OF SERVICE		\$1,049,581	\$0	\$1,049,581	
49	Less: Miscellaneous Revenues		\$12,755	\$0	\$12,755	0.00%
50	COST TO RECOVER IN RATES		\$1,036,826	\$0	\$1,036,826	

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Rate Design Schedule - Sewer

Accounting Schedule: 4
 Sponsor: Jim Russo
 Date: 7/10/2008
 Time: 8:08 AM

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
51	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$439,045</u>			
52	PERCENTAGE OF INCREASE		<u>71.91%</u>			
53	REQUESTED INCREASE IN REVENUES			\$700,892		

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

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Rate of Return Including Income Tax - Sewer

Accounting Schedule: 5
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 8:09 AM

	A	B	Formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.21%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	35.00% (1) & (2)	33.18%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		38.39%	$B1 + B2$
4 Equity Tax Factor		1.6231	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		4.72%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		7.66%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.11%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		10.77%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$107,800
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount in Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$50,000	\$7,500
\$50,001	\$75,000	25.00%	\$25,000	\$6,250
\$75,001	\$100,000	34.00%	\$25,000	\$8,500
\$100,001	\$335,000	39.00%	\$7,800	\$3,042
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$107,800	\$25,292
Average Tax Rate:				35.00%

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Rate Base Required Return on Investment Schedule - Sewer

Accounting Schedule: 6
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 8:09 AM

Line Number	Rate Base Description	B Dollar Amount
1	Plant In Service	\$3,539,381 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$292,148</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$3,247,233
4	Other Rate Base Items:	\$0
	Contribution in Aid of Construction	-\$1,662,269
	CIAC Depreciation	\$206,578
	Inventory (Elder valves)	\$2,661
	Deferred taxes	-\$46,154
5	Total Rate Base	<u>\$1,748,049</u>
6	Total Weighted Rate of Return Including Income Tax	<u>10.77%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u>\$188,281</u>

Aqua MO, Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Capital Structure Schedule - Sewer

Accounting Schedule: 7
 Sponsor: Ron Bible
 Date: 7/10/2008
 Time: 8:09 AM

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	\$964,939,000	46.77%	10.10%	4.72%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.00%
3	Preferred Stock	\$0	0.00%	0.00%	0.00%
4	Long Term Debt	\$1,062,304,000	51.49%	5.84%	3.01%
5	Short Term Debt	\$35,703,079	1.73%	5.67%	0.10%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.00%
7	TOTAL CAPITALIZATION	<u>\$2,062,946,079</u>	<u>100.00%</u>		<u>7.83%</u>

To PreTax Return Rate Schedule

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Plant In Service - Sewer

Accounting Schedule: 8
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 8:09 AM

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	\$1,781			100.00%	\$1,781
3	302.000	Franchises	\$3,328			100.00%	\$3,328
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$5,109		\$0		\$5,109
6		SOURCE OF SUPPLY PLANT					
7		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
8		COLLECTION PLANT					
9	350.000	Land & Land Right Collection	\$7,077			100.00%	\$7,077
10	351.200	Structures and Improvements - Collection	\$188,272			100.00%	\$188,272
11	352.100	Collection Sewers - Force	\$121,502	P-11	\$1,200	100.00%	\$122,702
12	352.200	Collection Sewers - Gravity	\$504,415			100.00%	\$504,415
13	353.000	Services to Customers	\$2,148			100.00%	\$2,148
14	354.000	Flow Measuring Devices	\$260,685			100.00%	\$260,685
15	355.000	Flow Measuring Installations	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$1,084,099		\$1,200		\$1,085,299
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$16,211			100.00%	\$16,211
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$368,420			100.00%	\$368,420
20	363.000	Services to Customers	\$0			100.00%	\$0
21		TOTAL PUMPING PLANT	\$384,631		\$0		\$384,631
22		TREATMENT & DISPOSAL PLANT					
23	370.000	Land and Land Rights	\$25,597			100.00%	\$25,597
24	371.000	Structures and Improvements	\$555,297			100.00%	\$555,297
25	372.000	Oxidation Lagoon	\$161,137			100.00%	\$161,137
26	373.000	Treatment and Disposal Equipment	\$929,087			100.00%	\$929,087
27	374.000	Plant Sewers	\$55,826			100.00%	\$55,826
28	375.000	Other Treatment & Disposal Plant Equip.	\$3,400			100.00%	\$3,400
29		TOTAL TREATMENT & DISPOSAL PLANT	\$1,730,344		\$0		\$1,730,344
30		GENERAL PLANT					
31	389.000	Land and Land Rights	\$2,772			100.00%	\$2,772
32	390.000	Structures and Improvements	\$24,197			100.00%	\$24,197
33	391.000	Office Furniture & Equipment	\$224			100.00%	\$224
34		Office Computer Equipment	\$0			100.00%	\$0
35	392.000	Transportation Equipment	\$79,787	P-35	\$36,353	100.00%	\$116,140
36	393.000	Stores Equipment	\$17,514			100.00%	\$17,514
37	394.000	Tools, Shop and Garage Equipment	\$38,088			100.00%	\$38,088
38	395.000	Laboratory Equipment	\$26,444			100.00%	\$26,444
39	396.000	Power Operated Equipment	\$0			100.00%	\$0
40	397.000	Misc. Other Plant	\$0			100.00%	\$0
41		TOTAL GENERAL PLANT	\$189,026		\$36,353		\$225,379
42		ADMINISTRATIVE COST CENTER					
43	390.000	Structures and Improvements	\$1,386			100.00%	\$1,386
44	391.000	Office Equipment	\$107,233			100.00%	\$107,233
45		TOTAL ADMINISTRATIVE COST CENTER	\$108,619		\$0		\$108,619
46		TOTAL PLANT IN SERVICE	\$3,501,828		\$37,553		\$3,539,381

To Rate Base & Depreciation Schedules

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Schedule of Adjustments for Plant in Service - Sewer

Accounting Schedule: 9
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 8:09 AM

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-11	Collection Sewers - Force	352.100		\$1,200
	To include payments made for Kolb contract		\$1,200	
P-35	Transportation Equipment	392.000		\$36,353
	To adjust for current vehicle inventory		\$36,353	
Total Plant Adjustments				<u>\$37,553</u>

Aqua MO. Inc. (Jefferson City)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Accumulated Depreciation Reserve - Sewer

Accounting Schedule: 10
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 8:10 AM

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
8		COLLECTION PLANT					
9	350.000	Land & Land Right Collection	\$0			100.00%	\$0
10	351.200	Structures and Improvements - Collection	\$15,858			100.00%	\$15,858
11	352.100	Collection Sewers - Force	\$5,319			100.00%	\$5,319
12	352.200	Collection Sewers - Gravity	\$85,434			100.00%	\$85,434
13	353.000	Services to Customers	\$143			100.00%	\$143
14	354.000	Flow Measuring Devices	\$43,848			100.00%	\$43,848
15	355.000	Flow Measuring Installations	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$150,602		\$0		\$150,602
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$11,550			100.00%	\$11,550
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$96,051			100.00%	\$96,051
20	363.000	Services to Customers	\$0			100.00%	\$0
21		TOTAL PUMPING PLANT	\$107,601		\$0		\$107,601
22		TREATMENT & DISPOSAL PLANT					
23	370.000	Land and Land Rights	\$0			100.00%	\$0
24	371.000	Structures and Improvements	\$76,762			100.00%	\$76,762
25	372.000	Oxidation Lagoon	\$496			100.00%	\$496
26	373.000	Treatment and Disposal Equipment	-\$103,831			100.00%	-\$103,831
27	374.000	Plant Sewers	\$14,298			100.00%	\$14,298
28	375.000	Other Treatment & Disposal Plant Equip.	\$372			100.00%	\$372
29		TOTAL TREATMENT & DISPOSAL PLANT	-\$11,903		\$0		-\$11,903
30		GENERAL PLANT					
31	389.000	Land and Land Rights	\$0			100.00%	\$0
32	390.000	Structures and Improvements	\$7,046			100.00%	\$7,046
33	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
34		Office Computer Equipment	\$0			100.00%	\$0
35	392.000	Transportation Equipment	\$13,905	R-35	\$14,364	100.00%	\$28,269
36	393.000	Stores Equipment	\$9,463			100.00%	\$9,463
37	394.000	Tools, Shop and Garage Equipment	\$477			100.00%	\$477
38	395.000	Laboratory Equipment	\$647			100.00%	\$647
39	396.000	Power Operated Equipment	\$0			100.00%	\$0
40	397.000	Misc. Other Plant	\$0			100.00%	\$0
41		TOTAL GENERAL PLANT	\$31,538		\$14,364		\$45,902
42		ADMINISTRATIVE COST CENTER					
43	390.000	Structures and Improvements	\$121			100.00%	\$121
44	391.000	Office Equipment	-\$175			100.00%	-\$175
45		TOTAL ADMINISTRATIVE COST CENTER	-\$54		\$0		-\$54
46		TOTAL DEPRECIATION RESERVE	\$277,784		\$14,364		\$292,148

To Rate Base Schedule

Aqua MO. Inc. (Jefferson City)

Informal Rate Case

Tracking Number SR-2008-0267

Test Year Ending September 30, 2007

Accounting Schedule: 11

Sponsor: Lisa Hanneken

Date: 7/10/2008

Time: 8:10 AM

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-35	Transportation Equipment	392.000		\$14,364
	To adjust for current vehicle inventory		\$14,364	
Total Reserve Adjustments				\$14,364

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Depreciation Expense - Sewer

Accounting Schedule: 12
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 8:10 AM

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	\$1,781	0.000%	\$0
3	302.000	Franchises	\$3,328	0.000%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.000%	\$0
5		TOTAL INTANGIBLE PLANT	\$5,109		\$0
6		SOURCE OF SUPPLY PLANT			
7		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
8		COLLECTION PLANT			
9	350.000	Land & Land Right Collection	\$7,077	0.000%	\$0
10	351.200	Structures and Improvements - Collection	\$188,272	2.500%	\$4,707
11	352.100	Collection Sewers - Force	\$122,702	2.000%	\$2,454
12	352.200	Collection Sewers - Gravity	\$504,415	2.000%	\$10,088
13	353.000	Services to Customers	\$2,148	2.500%	\$54
14	354.000	Flow Measuring Devices	\$260,685	3.300%	\$8,603
15	355.000	Flow Measuring Installations	\$0	0.000%	\$0
16		TOTAL COLLECTION PLANT	\$1,085,299		\$25,906
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$16,211	4.000%	\$648
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$368,420	10.000%	\$36,842
20	363.000	Services to Customers	\$0	0.000%	\$0
21		TOTAL PUMPING PLANT	\$384,631		\$37,490
22		TREATMENT & DISPOSAL PLANT			
23	370.000	Land and Land Rights	\$25,597	0.000%	\$0
24	371.000	Structures and Improvements	\$555,297	2.500%	\$13,882
25	372.000	Oxidation Lagoon	\$161,137	4.000%	\$6,445
26	373.000	Treatment and Disposal Equipment	\$929,087	2.500%	\$23,227
27	374.000	Plant Sewers	\$55,826	2.500%	\$1,396
28	375.000	Other Treatment & Disposal Plant Equip.	\$3,400	2.000%	\$68
29		TOTAL TREATMENT & DISPOSAL PLANT	\$1,730,344		\$45,018
30		GENERAL PLANT			
31	389.000	Land and Land Rights	\$2,772	0.000%	\$0
32	390.000	Structures and Improvements	\$24,197	2.500%	\$605
33	391.000	Office Furniture & Equipment	\$224	5.000%	\$11
34		Office Computer Equipment	\$0	0.000%	\$0
35	392.000	Transportation Equipment	\$116,140	13.000%	\$15,098
36	393.000	Stores Equipment	\$17,514	4.000%	\$701
37	394.000	Tools, Shop and Garage Equipment	\$38,088	5.000%	\$1,904
38	395.000	Laboratory Equipment	\$26,444	5.000%	\$1,322
39	396.000	Power Operated Equipment	\$0	0.000%	\$0

Aqua MO. Inc. (Jefferson City)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Depreciation Expense - Sewer

Accounting Schedule: 12
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 8:10 AM

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
40	397.000	Misc. Other Plant	\$0	0.000%	\$0
41		TOTAL GENERAL PLANT	\$225,379		\$19,641
42		ADMINISTRATIVE COST CENTER			
43	390.000	Structures and Improvements	\$1,386	2.500%	\$35
44	391.000	Office Equipment	\$107,233	14.300%	\$15,334
45		TOTAL ADMINISTRATIVE COST CENTER	\$108,619		\$15,369
46		Total Depreciation	\$3,539,381		\$143,424

MAPLEWOOD SEWER

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Expense Schedule - Sewer

Schedule: 1
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 9:10 AM

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		Salaries and Wages	\$15,342	S-2	-\$2,972	100.00%	\$12,370
3		Employee Pensions and Benefits	\$4,404	S-3	-\$1,777	100.00%	\$2,627
4		Electricity - Pumping Treatment	\$4,180	S-4	-\$1,309	100.00%	\$2,871
5		TOTAL OPERATIONS EXPENSE	\$23,926		-\$6,058		\$17,868
6		MAINTENANCE EXPENSES					
7		Outside Services Employed	\$3,960	S-7	\$1,533	100.00%	\$5,493
8		Supplies Expense	\$3,201	S-8	-\$2,682	100.00%	\$519
9		TOTAL MAINTENANCE EXPENSE	\$7,161		-\$1,149		\$6,012
10		CUSTOMER ACCOUNT EXPENSE					
11		Uncollectible Accounts	\$552			100.00%	\$552
12		TOTAL CUSTOMER ACCOUNT EXPENSE	\$552		\$0		\$552
13		ADMINISTRATIVE & GENERAL EXPENSES					
14		Accounting	\$650			100.00%	\$650
15		Computer Services	\$206			100.00%	\$206
16		Management Fees	\$11,045	S-16	\$525	100.00%	\$11,570
17		Leases	\$1,443	S-17	-\$216	100.00%	\$1,227
18		Transportation	\$11,773	S-18	-\$9,078	100.00%	\$2,695
19		Insurance	\$2,825	S-19	-\$1,759	100.00%	\$1,066
20		Other Expenses	\$14,769	S-20	-\$2,948	100.00%	\$11,821
21		TOTAL ADMINISTRATIVE AND GENERAL	\$42,711		-\$13,476		\$29,235
22		OTHER OPERATING EXPENSES					
23		CIAC Depreciation Expense	\$0	S-23	-\$7,673	100.00%	-\$7,673
24		Rate Case Expense	\$3,960	S-24	-\$1,893	100.00%	\$2,067
25		PSC Regulatory Fees	\$8,386	S-25	-\$1,078	100.00%	\$7,288
26		Depreciation	\$0	S-26	\$21,385	100.00%	\$21,385
27		TOTAL OTHER OPERATING EXPENSES	\$12,326		\$10,741		\$23,067
28		TAXES OTHER THAN INCOME					
29		Property Taxes	\$174	S-29	-\$159	100.00%	\$15
30		Payroll Taxes	\$1,427	S-30	-\$427	100.00%	\$1,000
31		TOTAL TAXES OTHER THAN INCOME	\$1,601		-\$586		\$1,015
32		TOTAL OPERATING EXPENSES	\$88,277		-\$10,528		\$77,749

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Sewer

Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 9:10 AM

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
8-2	Salaries and Wages			-\$2,972
	Staff annualization of payroll (Hanneken)		-\$694	
	Staff normalization of overtime (Hanneken)		-\$395	
	To remove stock options and bonuses (Hanneken)		-\$1,883	
8-3	Employee Pensions and Benefits			-\$1,777
	Staff annualization of benefits (Hanneken)		-\$1,777	
8-4	Electricity - Pumping Treatment			-\$1,309
	Staff annualization of electricity (Cassidy)		-\$1,306	
	Staff annualization of water utilities (Cassidy)		-\$3	
8-7	Outside Services Employed			\$1,533
	Staff annualization of contract services (Hanneken)		\$1,533	
8-8	Supplies Expense			-\$2,682
	Staff annualization of supplies (Hanneken)		-\$2,682	
8-16	Management Fees			\$525
	To disallow certain Sundry items (Hanneken)		-\$672	
	To remove IL customer service replaced by Meritage (Hanneken)		-\$1,251	
	To annualize Mertiage expense (Hanneken)		\$2,448	
8-17	Leases			-\$216
	Staff annualization of leases other than vehicle (Hanneken)		-\$216	

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Sewer

Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 9:10 AM

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
8-18	Transportation			-\$9,078
	Staff annualization of GE Fleet lease and maint (Hanneken)		-\$9,078	
8-19	Insurance			-\$1,759
	To annualize insurance expense (Hanneken)		-\$1,759	
8-20	Other Expenses			-\$2,948
	Staff annualization of telephone (Hanneken)		\$456	
	Removal of late fees (Hanneken)		-\$28	
	Staff annualization of postage (Hanneken)		\$189	
	Staff annualization of office supplies and misc. other (Hanneken)		\$90	
	Removal of accruals (Hanneken)		-\$469	
	Removal of non-ongoing costs (Hanneken)		-\$410	
	Removal of items annualized elsewhere (Hanneken)		-\$2,776	
8-23	CIAC Depreciation Expense			-\$7,673
	Staff annualization of CIAC amortization (Hanneken)		-\$7,673	
8-24	Rate Case Expense			-\$1,893
	To normalize rate case expense (Hanneken)		-\$2,102	
	To normalize current rate case expense (Hanneken)		\$209	
8-25	PSC Regulatory Fees			-\$1,078
	Removal of PSC accruals (Hanneken)		\$2,154	

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Expense Adjustment Schedule - Sewer

Schedule: 2
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 9:10 AM

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	Staff annualization of PSC Assessment (Hanneken)		-\$3,232	
S-26	Depreciation			\$21,385
	To Annualize Depreciation		\$21,385	
S-29	Property Taxes			-\$159
	Staff annualization of property taxes (Cassidy)		-\$159	
S-30	Payroll Taxes			-\$427
	Staff annualization of payroll taxes (Hanneken)		-\$427	
	Total Expense Adjustments			<u><u>-\$10,528</u></u>

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Sewer

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 9:10 AM

Line Number	Description	Total	
		J Amount	K Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	394	
3	Bills Per Year		
4	Customer Bills Per year	4,728	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$18,822
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	30,603,612	
9	Less: Base Gallons Included In Customer Charge	-	
10	Commodity Gallons	30,603,612	
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.		\$101,910
16	<u>Total Annualized Sewer Rate Revenues</u>		<u>\$121,532</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.

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Sewer

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 9:09 AM

Line Number	Description	Commercial 2 nd Commodity		Commercial 3 rd Commodity	
		E Amount	G Amount	H Amount	I Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	2		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	24		12	
5	Current Customer Charge	\$4.15		\$4.15	
6	Annualized Customer Charge Revenues		\$100		\$50
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,692,000		10,200,000	
9	Less: Base Gallons Included In Customer Charge	-		-	
10	Commodity Gallons	2,692,000		10,200,000	
11	Block 1, Commodity Gallons per Block	2,692,000		10,200,000	
12	Block 1, Number of Commodity Gallons per Unit	1,000		1,000	
13	Block 1, Commodity Billing Units	2,692.00		10,200.00	
14	Block 1, Existing Commodity Charge	\$3.33		\$3.33	
15	Block 1, Annualized Commodity Charge Rev.		\$8,964		\$33,966
16	Total Annualized Sewer Rate Revenues		\$9,064		\$34,016

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.

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Sewer

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 9:09 AM

Line Number	A Description	Residential Commodity		Commercial Commodity	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	380		1	
3	Bills Per Year	12		12	
4	Customer Bills Per year	4,680		12	
5	Current Customer Charge	\$4.15		\$4.15	
6	Annualized Customer Charge Revenues		\$19,422		\$50
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	17,667,612		44,000	
9	Less: Base Gallons Included In Customer Charge	-		-	
10	Commodity Gallons	17,667,612		44,000	
11	Block 1, Commodity Gallons per Block	17,667,612		44,000	
12	Block 1, Number of Commodity Gallons per Unit	1,000		1,000	
13	Block 1, Commodity Billing Units	17,667.61		44.00	
14	Block 1, Existing Commodity Charge	\$3.33		\$3.33	
15	Block 1, Annualized Commodity Charge Rev.		\$58,833		\$147
16	<u>Total Annualized Sewer Rate Revenues</u>		<u>\$78,255</u>		<u>\$197</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.

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Miscellaneous Revenues Feeder - Sewer

Schedule: 3-1
Sponsor: John Cassidy
Date: 7/10/2008
Time: 9:10 AM

Line	A	B
Number	Description	Amount
1	Miscellaneous Revenue	<u>\$3,144</u>
2	Total Miscellaneous Revenues	<u><u>\$3,144</u></u>

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Rate Design Schedule - Sewer

Schedule: 4
 Sponsor: Jim Russo
 Date: 7/10/2008
 Time: 9:07 AM

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$121,532			
Rev-3	Miscellaneous Revenues	(4)	\$3,144			
Rev-4	TOTAL ANNUALIZED REVENUES		\$124,676			
1	OPERATIONS EXPENSES	(2)				
2	Salaries and Wages		\$12,370	\$0	\$12,370	0.00%
3	Employee Pensions and Benefits		\$2,627	\$0	\$2,627	0.00%
4	Electricity - Pumping Treatment		\$2,871	\$0	\$2,871	0.00%
5	TOTAL OPERATIONS EXPENSE		\$17,868	\$0	\$17,868	
6	MAINTENANCE EXPENSES					
7	Outside Services Employed		\$5,493	\$0	\$5,493	0.00%
8	Supplies Expense		\$519	\$0	\$519	0.00%
9	TOTAL MAINTENANCE EXPENSE		\$6,012	\$0	\$6,012	
10	CUSTOMER ACCOUNT EXPENSE					
11	Uncollectible Accounts		\$552	\$0	\$552	0.00%
12	TOTAL CUSTOMER ACCOUNT EXPENSE		\$552	\$0	\$552	
13	ADMINISTRATIVE & GENERAL EXPENSES					
14	Accounting		\$650	\$0	\$650	0.00%
15	Computer Services		\$206	\$0	\$206	0.00%
16	Management Fees		\$11,570	\$0	\$11,570	0.00%
17	Leases		\$1,227	\$0	\$1,227	0.00%
18	Transportation		\$2,695	\$0	\$2,695	0.00%
19	Insurance		\$1,066	\$0	\$1,066	0.00%
20	Other Expenses		\$11,821	\$0	\$11,821	0.00%
21	TOTAL ADMINISTRATIVE AND GENERAL		\$29,235	\$0	\$29,235	
22	OTHER OPERATING EXPENSES					
23	CIAC Depreciation Expense		-\$7,673	\$0	-\$7,673	0.00%
24	Rate Case Expense		\$2,067	\$0	\$2,067	0.00%
25	PSC Regulatory Fees		\$7,288	\$0	\$7,288	0.00%
26	Depreciation		\$21,385	\$0	\$21,385	0.00%
27	TOTAL OTHER OPERATING EXPENSES		\$23,067	\$0	\$23,067	
28	TAXES OTHER THAN INCOME					
29	Property Taxes		\$15	\$0	\$15	0.00%
30	Payroll Taxes		\$1,000	\$0	\$1,000	0.00%
31	TOTAL TAXES OTHER THAN INCOME		\$1,015	\$0	\$1,015	
32	TOTAL OPERATING EXPENSES		\$77,749	\$0	\$77,749	
44	Interest Expense	(3)	\$7,611	\$0	\$7,611	0.00%
45	Return on Equity	(3)	\$11,550	\$0	\$11,550	0.00%
46	Income Taxes	(3)	\$7,197	\$0	\$7,197	0.00%
47	TOTAL INTEREST RETURN & TAXES		\$26,358	\$0	\$26,358	
48	TOTAL COST OF SERVICE		\$104,107	\$0	\$104,107	
49	Less: Miscellaneous Revenues		\$3,144	\$0	\$3,144	0.00%
50	COST TO RECOVER IN RATES		\$100,963	\$0	\$100,963	
51	INCREMENTAL INCREASE IN RATE REVENUES		-\$20,589			
52	PERCENTAGE OF INCREASE		-16.50%			

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Rate Design Schedule - Sewer

Schedule: 4
 Sponsor: Jim Russo
 Date: 7/10/2008
 Time: 9:07 AM

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

53 REQUESTED INCREASE IN REVENUES

\$43,290

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

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Rate of Return Including Income Tax - Sewer

Schedule: 5
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 9:07 AM

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.21%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	35.00% (1) & (2)	33.18%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		38.39%	$B1 + B2$
4 Equity Tax Factor		1.6231	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		4.72%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		7.66%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.11%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		10.77%	$B6 + B7$

To Rate Base Schedule

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

N

Equity Income Required \$13,588
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount in Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$13,588	\$2,038
\$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
			\$13,588	\$2,038
Average Tax Rate:				35.00%

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Rate Base Required Return on Investment Schedule - Sewer

Schedule: 6
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 9:07 AM

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$508,227 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$74,895</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$433,332
4	Other Rate Base Items:	\$0
	Contribution in Aid of Construction	-221,965
	CIAC Depreciation	\$40,194
	Deferred taxes	-\$6,850
5	Total Rate Base	<u>\$244,711</u>
6	Total Weighted Rate of Return Including Income Tax	<u>10.77%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$26,358</u></u>

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Capital Structure Schedule - Sewer

Schedule: 7
 Sponsor: Ron Bible
 Date: 7/10/2008
 Time: 9:07 AM

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$964,939,000	46.77%	10.10%	4.72%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.00%
3	Preferred Stock	\$0	0.00%	0.00%	0.00%
4	Long Term Debt	\$1,062,304,000	51.49%	5.84%	3.01%
5	Short Term Debt	\$35,703,079	1.73%	5.67%	0.10%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.00%
7	TOTAL CAPITALIZATION	\$2,062,946,079	100.00%		7.83%

To PreTax Return Rate Schedule

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Plant In Service - Sewer

Schedule: 8
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 9:08 AM

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	\$419			100.00%	\$419
3	302.000	Franchises	\$784			100.00%	\$784
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$1,203		\$0		\$1,203
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	350.000	Land & Land Rights Collection	\$1,666			100.00%	\$1,666
12	351.200	Structures and Improvements - Collection	\$27,097			100.00%	\$27,097
13	352.100	Collection Sewers - Force	\$5,426			100.00%	\$5,426
14	352.200	Collection Sewers - Gravity	\$102,515			100.00%	\$102,515
15	353.000	Services to Customers	\$492			100.00%	\$492
16	354.000	Flow Measuring Devices	\$59,036			100.00%	\$59,036
17		TOTAL COLLECTION PLANT	\$196,232		\$0		\$196,232
18		PUMPING PLANT					
19	362.000	Receiving Wells and Pump Pits	\$3,817			100.00%	\$3,817
20	363.000	Pumping Equipment (Elec., Diesel, other)	\$78,592			100.00%	\$78,592
21	363.000	Services to Customers	\$0			100.00%	\$0
22		TOTAL PUMPING PLANT	\$82,409		\$0		\$82,409
23		TREATMENT & DISPOSAL PLANT					
24	370.000	Land and Land Rights	\$1,789			100.00%	\$1,789
25	371.000	Structures and Improvements	\$109,428			100.00%	\$109,428
26	372.000	Oxidation Lagoon	\$879			100.00%	\$879
27	373.000	Treatment and Disposal Equipment	\$65,191			100.00%	\$65,191
28	374.000	Plant Sewers	\$13,142			100.00%	\$13,142
29	376.000	Other Treatment & Disposal Plant Equip.	\$801			100.00%	\$801
30		TOTAL TREATMENT & DISPOSAL PLANT	\$191,230		\$0		\$191,230
31		GENERAL PLANT					
32	389.000	Land and Land Rights	\$653			100.00%	\$653
33	390.000	Structures and Improvements	\$5,631			100.00%	\$5,631
34	391.000	Office Furniture & Equipment	\$94			100.00%	\$94
35		Office Computer Equipment	\$0			100.00%	\$0
36	392.000	Transportation Equipment	\$16,186	P-36	-\$16,186	100.00%	\$0
37	393.000	Stores Equipment	\$6,004			100.00%	\$6,004
38	394.000	Tools, Shop and Garage Equipment	\$657			100.00%	\$657
39	395.000	Laboratory Equipment	\$0			100.00%	\$0
40	396.000	Power Operated Equipment	\$0			100.00%	\$0
41	397.000	Misc. Other Plant	\$0			100.00%	\$0
42		TOTAL GENERAL PLANT	\$29,225		-\$16,186		\$13,039
43		ADMINISTRATIVE COST CENTER					
44	390.000	Structures and Improvements	\$308			100.00%	\$308
45	391.000	Office Equipment	\$23,806			100.00%	\$23,806
46		TOTAL ADMINISTRATIVE COST CENTER	\$24,114		\$0		\$24,114
47		TOTAL PLANT IN SERVICE	\$524,413		-\$16,186		\$508,227

To Rate Base & Depreciation Schedules

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Schedule of Adjustments for Plant in Service - Sewer

Schedule: 9
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 9:08 AM

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-36	Transportation Equipment	392.000		\$16,186
	To adjust for current vehicle inventory		-\$16,186	
Total Plant Adjustments				<u>\$16,186</u>

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Accumulated Depreciation Reserve - Sewer

Schedule: 10
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 9:08 AM

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$0			100.00%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
10		COLLECTION PLANT					
11	350.000	Land & Land Rights Collection	\$0			100.00%	\$0
12	351.200	Structures and Improvements - Collection	\$3,164			100.00%	\$3,164
13	352.100	Collection Sewers - Force	\$545			100.00%	\$545
14	352.200	Collection Sewers - Gravity	\$1,179			100.00%	\$1,179
15	353.000	Services to Customers	\$34			100.00%	\$34
16	354.000	Flow Measuring Devices	\$10,159			100.00%	\$10,159
17		TOTAL COLLECTION PLANT	\$15,081		\$0		\$15,081
18		PUMPING PLANT					
19	362.000	Receiving Walls and Pump Pits	\$2,720			100.00%	\$2,720
20	363.000	Pumping Equipment (Elec., Diesel, other)	\$29,541			100.00%	\$29,541
21	363.000	Services to Customers	\$0			100.00%	\$0
22		TOTAL PUMPING PLANT	\$32,261		\$0		\$32,261
23		TREATMENT & DISPOSAL PLANT					
24	370.000	Land and Land Rights	\$0			100.00%	\$0
25	371.000	Structures and Improvements	\$17,878			100.00%	\$17,878
26	372.000	Oxidation Lagoon	\$1			100.00%	\$1
27	373.000	Treatment and Disposal Equipment	\$290			100.00%	\$290
28	374.000	Plant Sewers	\$3,366			100.00%	\$3,366
29	376.000	Other Treatment & Disposal Plant Equip.	\$88			100.00%	\$88
30		TOTAL TREATMENT & DISPOSAL PLANT	\$21,623		\$0		\$21,623
31		GENERAL PLANT					
32	389.000	Land and Land Rights	\$0			100.00%	\$0
33	390.000	Structures and Improvements	\$1,723			100.00%	\$1,723
34	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
35		Office Computer Equipment	\$0			100.00%	\$0
36	392.000	Transportation Equipment	\$15,610	R-36	-\$15,610	100.00%	\$0
37	393.000	Stores Equipment	\$4,186			100.00%	\$4,186
38	394.000	Tools, Shop and Garage Equipment	\$33			100.00%	\$33
39	395.000	Laboratory Equipment	\$0			100.00%	\$0
40	396.000	Power Operated Equipment	\$0			100.00%	\$0
41	397.000	Misc. Other Plant	\$0			100.00%	\$0
42		TOTAL GENERAL PLANT	\$21,552		-\$15,610		\$5,942
43		ADMINISTRATIVE COST CENTER					
44	390.000	Structures and Improvements	\$27			100.00%	\$27
45	391.000	Office Equipment	-\$39			100.00%	-\$39
46		TOTAL ADMINISTRATIVE COST CENTER	-\$12		\$0		-\$12
47		TOTAL DEPRECIATION RESERVE	\$90,595		-\$15,610		\$74,985

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Accumulated Depreciation Reserve - Sewer

Schedule: 10
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 9:08 AM

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
							To Rate Base Schedule

Aqua MO. Inc. (Maplewood)
Informal Rate Case
Tracking Number SR-2008-0267
Test Year Ending September 30, 2007
Adjustments for Accum. Deprec. Resv. - Sewer

Schedule: 11
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 9:09 AM

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-36	Transportation Equipment	392.000		\$15,610
	To adjust for current vehicle inventory		-\$15,610	
Total Reserve Adjustments				<u>\$15,610</u>

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Depreciation Expense - Sewer

Schedule: 12
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 9:08 AM

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	\$419	0.000%	\$0
3	302.000	Franchises	\$784	0.000%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.000%	\$0
5		TOTAL INTANGIBLE PLANT	\$1,203		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.000%	\$0
8	311.000	Structures & Improvements	\$0	0.000%	\$0
9		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0
10		COLLECTION PLANT			
11	350.000	Land & Land Rights Collection	\$1,666	0.000%	\$0
12	351.200	Structures and Improvements - Collection	\$27,097	2.500%	\$677
13	352.100	Collection Sewers - Force	\$5,426	2.000%	\$109
14	352.200	Collection Sewers - Gravity	\$102,515	2.000%	\$2,050
15	353.000	Services to Customers	\$492	2.500%	\$12
16	354.000	Flow Measuring Devices	\$59,036	3.300%	\$1,948
17		TOTAL COLLECTION PLANT	\$196,232		\$4,796
18		PUMPING PLANT			
19	362.000	Receiving Wells and Pump Pits	\$3,817	4.000%	\$153
20	363.000	Pumping Equipment (Elec., Diesel, other)	\$78,592	10.000%	\$7,859
21	363.000	Services to Customers	\$0	0.000%	\$0
22		TOTAL PUMPING PLANT	\$82,409		\$8,012
23		TREATMENT & DISPOSAL PLANT			
24	370.000	Land and Land Rights	\$1,789	0.000%	\$0
25	371.000	Structures and Improvements	\$109,428	2.500%	\$2,736
26	372.000	Oxidation Lagoon	\$879	4.000%	\$35
27	373.000	Treatment and Disposal Equipment	\$65,191	2.500%	\$1,630
28	374.000	Plant Sewers	\$13,142	2.500%	\$329
29	376.000	Other Treatment & Disposal Plant Equip.	\$801	2.000%	\$16
30		TOTAL TREATMENT & DISPOSAL PLANT	\$191,230		\$4,746
31		GENERAL PLANT			
32	389.000	Land and Land Rights	\$653	0.000%	\$0
33	390.000	Structures and Improvements	\$5,631	2.500%	\$141
34	391.000	Office Furniture & Equipment	\$94	5.000%	\$5
35		Office Computer Equipment	\$0	0.000%	\$0
36	392.000	Transportation Equipment	\$0	13.000%	\$0
37	393.000	Stores Equipment	\$6,004	4.000%	\$240
38	394.000	Tools, Shop and Garage Equipment	\$657	5.000%	\$33
39	395.000	Laboratory Equipment	\$0	0.000%	\$0
40	396.000	Power Operated Equipment	\$0	0.000%	\$0
41	397.000	Misc. Other Plant	\$0	0.000%	\$0

Aqua MO. Inc. (Maplewood)
 Informal Rate Case
 Tracking Number SR-2008-0267
 Test Year Ending September 30, 2007
 Depreciation Expense - Sewer

Schedule: 12
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 9:08 AM

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
42		TOTAL GENERAL PLANT	\$13,039		\$419
43		ADMINISTRATIVE COST CENTER			
44	390.000	Structures and Improvements	\$308	2.500%	\$8
45	391.000	Office Equipment	\$23,806	14.300%	\$3,404
46		TOTAL ADMINISTRATIVE COST CENTER	\$24,114		\$3,412
47		Total Depreciation	\$508,227		\$21,385

Agreement Attachment D

Rate Design Worksheet

Aqua Missouri CU-Jefferson City

Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 597,781
Agreed-Upon Overall Revenue Increase	\$ 439,045
Percentage Increase Needed	73.446%

Metered Customer Rates				
Customer Type	Current Customer Charge	Proposed Customer Charge	Current Commodity Rate	Proposed Commodity Rate
Residential	\$ 27.75	\$ 48.13	\$ -	\$ -
Commercial	\$ 27.75	\$ 48.13	\$ 3.970	\$ 6.886

AQUA MISSOURI C/U-MAPLEWOOD

Development of Tariffed Rates-Sewer

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

Revenues Generated by Current Tariffed Rates	\$ 121,531
Agreed-Upon Overall Revenue Increase	\$ (10,935)
Percentage Increase Needed	-8.998%

Metered Customer Rates				
Meter Size	Current Customer Charge	Proposed Customer Charge	Current Usage Rate	Proposed Usage Rate
3/4"	\$ 4.15	\$ 3.55	\$ 3.330	\$ 3.030
1"	\$ 4.15	\$ 6.04	\$ 3.330	\$ 3.030
2"	\$ 4.15	\$ 18.82	\$ 3.330	\$ 3.030
3"	\$ 4.15	\$ 37.99	\$ 3.330	\$ 3.030

Proposed Customer charge is based on total dollars (\$16095) allocated to customer charge.

Agreement Attachment E

Billing Comparison Worksheet

Aqua Missouri CU-Jefferson City

Residential Customer Bill Comparison-Sewer

Rates for Residential Customer

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
<u>\$27.75</u>	<u>\$48.13</u>

current service charge is monthly charge

MONTHLY RESIDENTIAL BILL COMPARISON

Current Rates

Customer Charge	\$ 27.75
Total Bill	\$ 27.75

Proposed Rates

Customer Charge	\$ 48.13
Total Bill	\$ 48.13

INCREASES

<u>Total Bill</u>	
\$ Increase	\$20.38
% Increase	73.45%

AQUA MISSOURI C/U-MAPLEWOOD

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter			
Current Base Customer Charge	Proposed Base Customer Charge	Current Usage Rate	Proposed Usage Rate
\$4.15	\$3.55	\$3.330	\$3.030

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 4.15
Usage Charge	\$ 16.65
Total Bill	\$ 20.80

Proposed Rates

Customer Charge	\$ 3.55
Usage Charge	\$ 15.15
Total Bill	\$ 18.70

INCREASES

Customer Charge

\$ Increase	(\$0.60)
% Increase	-14.46%

Usage Charge

\$ Increase	(\$1.50)
% Increase	N/A

Total Bill

\$ Increase	(\$2.10)
% Increase	-10.09%

Agreement Attachment F

Schedule of Depreciation Rates

Aqua Missouri, Inc.
DEPRECIATION RATES
(SEWER)
QS-2008-0005 & QS-2008-0006

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
351	Structures & Improvements	2.5%	40	
352.1	Collection Sewers (Force)	2.0%	50	
352.2	Collection Sewers (Gravity)	2.0%	50	
353	Services to Customers	2.5%	40	
354	Flow Measurement Devices	3.3%	30	
362	Receiving Wells	4.0%	25	
363	Electric Pumping Equipment	10.0%	10	
371	Structures & Improvements	2.5%	40	
372	Oxidation Lagoons	4.0%	25	
373	Treatment & Disposal Facilities	2.5%	40	
374	Plant Sewers	2.5%	40	
375	Other Treatment & Disposal Plt. Equip.	2.0%	50	
390	Structures & Improvements	2.5%	40	
391	Office Furniture & Equipment	5.0%	20	
391.1	Office Computers & Equipment	14.3%	7	
392	Transportation Equipment	13.0%	7	9%
394	Tools, Shop, Garage Equipment	5.0%	20	
395	Laboratory Equipment	5.0%	20	
393	Stores Equipment	4.0%	25	

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Tracking File No: WR-2008-0266, SR-2008-0267, SR-2008-0268, WR-2008-0269

Aqua Missouri Inc.

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Aqua Missouri, Inc. (Aqua Missouri or Company) on January 7, 2008. The review was performed in conjunction with a small company rate increase request submitted by Aqua Missouri on October 22, 2007, and given Tracking Numbers QW-2008-0004, QS-2008-0005, QS-2008-0006 and QW-2008-0007. The EMSD staff examined Company tariffs, annual reports for the past four years, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service operations.

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

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service Aqua Missouri provides to its customers.

The scope of this review focused on Company policy, procedure and practices related to:

- Administrative
- Customer Billing
- Credit and Collections
- Call Center
- Complaint and Inquiry Handling and Recording

- Record Storage and Security
- Customer Communications

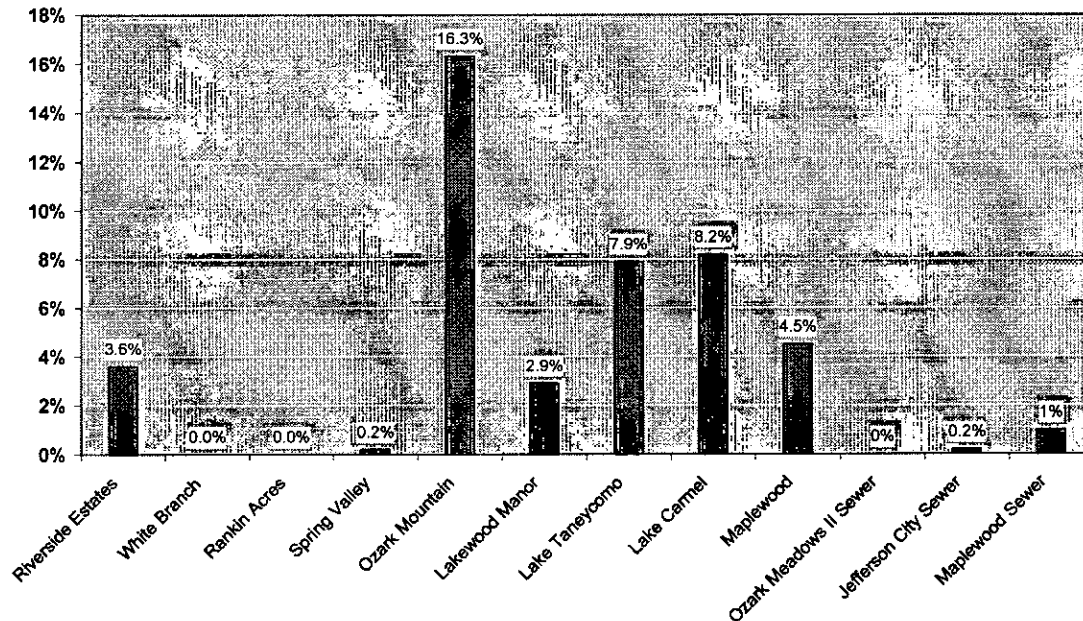
Company Overview

The Company began as Capital Utilities in 1989 and became Riverside. It was acquired by Aqua Source in October of 1998 and purchased by Aqua America on August 1, 2003 and became Aqua Missouri. Aqua America provides water and wastewater services to approximately 2.8 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York and South Carolina. Aqua America has acquired several water and sewer companies in the recent past, including Aqua Source, which is now known as Aqua Missouri.

Aqua Missouri stated they currently provide service to approximately 1,700 water and 2,300 sewer customers distributed over service areas in the areas of Jefferson City, Holts Summit, Sedalia, Shell Knob (Table Rock), Branson, Ozark and Eugene. The Company has typically experienced 3-4% customer growth in their Jefferson City area, but is forecasting growth to be minimal. Several of the Company's service areas are landlocked and have little or no room for growth to occur such as the Maplewood and Lake Taneycomo sites.

The following graph displays the customer growth that Aqua Missouri has been experiencing within their service territories. The largest percent increase in new customers has been in the Ozark Mountain service area, followed by Lake Carmel and Lake Taneycomo.

**Percent Increase in New Customers
May 2007-Dec 2007 by Service Area**



Source: Information provided by Company

Aqua Missouri is planning approximately \$800,000 in capital expenditures for 2008. The planned expenditures are for treatment plant equipment, lift station, chlorination de-chlorinator, lab equipment, water meters, storage tank, well house rehab, tools and hydrant for chlorine room.

Administrative

Commission Rule 4 CSR 240-13 pertains to electric, gas, and water utilities, while Chapters 60 and 61 relate to sewer utilities. The Company does have a copy of the Commission's Chapter 13 Rule pertaining to water utilities and Chapters 60 and 61 pertaining to sewer utilities, which have been provided to the corporate office and to certain Aqua Missouri employees.

The Area/Regional Manager is responsible for the day-to-day operations of the Company. Corporate refers to this person as the Regional Manager. The Company currently has five Operators and one Facility Supervisor in Jefferson City. There is also one Operator in Sedalia and one Supervisor for the southwest area. The operators and

supervisors perform general maintenance and repair on the systems. The Company performs monthly well testing through the DNR state lab and is funded through the primacy fee collected from customers.

Aqua Missouri employees receive 30 hours of training every three years as required by DNR. The Company tracks their employee work time with time sheets, by facility or tariff entity and division such as collections or treatment. Employees also include a description of the work they perform.

Customer Billing

Billing was historically handled at the local level at Aqua Missouri under previous ownership. It is now handled through central billing in Bryn Mawr, PA. Acquiring many water and sewer companies has increased complexity in billing nationally for Aqua America. Their solution to this has been to convert to a centralized billing system for all service areas and to utilize Banner software for all service areas, including Aqua Missouri.

Banner software was acquired by Aqua America in 1996 and first implemented in the southeast Pennsylvania area in 1999. Aqua Missouri switched to Reflections billing software from Avatar leading up to the conversion to Banner software. The conversion to Banner software for Aqua Missouri took place in May of 2007 and included approximately 160,000 Aqua America customers in Ohio, Illinois, Indiana and Missouri.

The conversion contributed to billing challenges for Aqua Missouri. Extended billing periods and customers receiving unbilled service were the two major challenges that significantly impacted Aqua Missouri customers. The Company did not send bills to Missouri customers in the month of June following the May conversion to Banner. The Company stated they wanted to ensure correct bills were sent to customers. The Company did send information via mail notifying customers of the situation. They claimed that 99% of their customers received bills in July for June, but there were some receiving even longer extended billing timeframes. The Company gave customers an amount of time to pay their bill that is equal to the billing period on their bill.

Aqua Missouri has had challenges in processing applications for service on new construction and is still experiencing delays. Several new construction customers have

been receiving unbilled service due to work orders not being completed. The source of this problem is at both the central billing office in Bryn Mawr, PA and the local Jefferson City office. Bryn Mawr employees were spending a majority of the time working on challenges surrounding the conversions of Missouri and other states to the Banner system. The conversion work volume caused the Bryn Mawr office to fall behind on new service work orders. There was also decreased attention given to completing work order entries for new construction customers at the local Jefferson City office. The staff person primarily responsible for this task left the Company and no attention had been given to training other staff or new staff to ensure this function was completed. Aqua Missouri stated they were aware of 17 customers in the Ozark Meadows area receiving unbilled service. Based on information provided by customers at the local public hearings, customers receiving unbilled service are still an area of concern for Aqua Missouri.

The Company explained that they now have an employee trained to enter these customers into the system. The Company stated they would backbill customers receiving unbilled service as discovered to bring charges up to date. Aqua Missouri was able to identify 17 customers, and six of these situations still have not been resolved. Of the 12 customers the Company displayed as being resolved, back billing varied from one month to 12 months. The Company was unable to state a dollar amount or number of customers that were back billed.

Incorrect coding of the primacy fee was another challenge that faced the Company after the May 2007 conversion for Missouri. This problem resulted in overcharging for Missouri customers. The Company credited customer accounts to correct this situation and also notified customers. The incorrect primacy fee charges were in the months of June, July and August. The correct primacy fee amount is \$3.24 and now appears on the bill.

The Company stated they were aware of a problem with customers receiving unbilled service where they had hooked in without notifying the Company. They stated it has historically been a problem with sewer rather than water service. They have had instances where new construction has connected to the sewer system without notice to Aqua Missouri. The Company has developed one solution to this problem by providing a list of customers to their Operators biannually and requiring the Operators to site check

locations for customers that connected to a Company system without arranging service with the Company. Although the Company has explained that this is a solution to identifying residences receiving unbilled service, information gathered at local public hearings indicates the issue has not been fully resolved.

Cole County currently sends Aqua Missouri a copy of permits for new construction. The Company uses these records to send a letter to the builder with information and fee requirements. The letter also encourages service to be set up or the Company can dig up their service and disconnect. Customers can be back billed for up to one year of usage.

The Company has new customers complete an application for service and pay an application fee on new construction. Written customer applications have not been required since the conversion to billing software in May 2007. Customers are allowed to apply via phone, Internet or mail. The Company typically does not require an application or fee from new customers at residences that have changed ownership. The Company also provides a brochure to new customers that summarizes rights and responsibilities of the Company and customers. Aqua Missouri has a new "Welcome Package" program they hope to implement by February or March 2008.

The Company uses Banner 3.1 billing software by Ventyx. Aqua Missouri began using this software in May of 2007. This software is operated in conjunction with Service Link for uploading meter read data. The meter read data is first entered monthly into handheld units and then uploaded through Service Link software to the Banner billing system. Work orders are also downloaded to the handheld systems daily. Meters are read the 9th, 10th, 11th and 12th of the month in the southwest region and the 21st, 22nd, and 23rd in the Jefferson City Service territory. Customers receive estimated bills on occasion.

Central billing runs a monthly billing report and then allows any corrections made for billing amounts. The bills are then processed and mailed to customers the following day. Most billing functions are done in-house; however, the Company utilizes an outside vendor (Workflow) to print, sort and send bills to the post office. Customers are billed monthly; however, the Company is aware of customers not being billed for extended time periods. The Company stated in April of 2008, accounts that were not metered

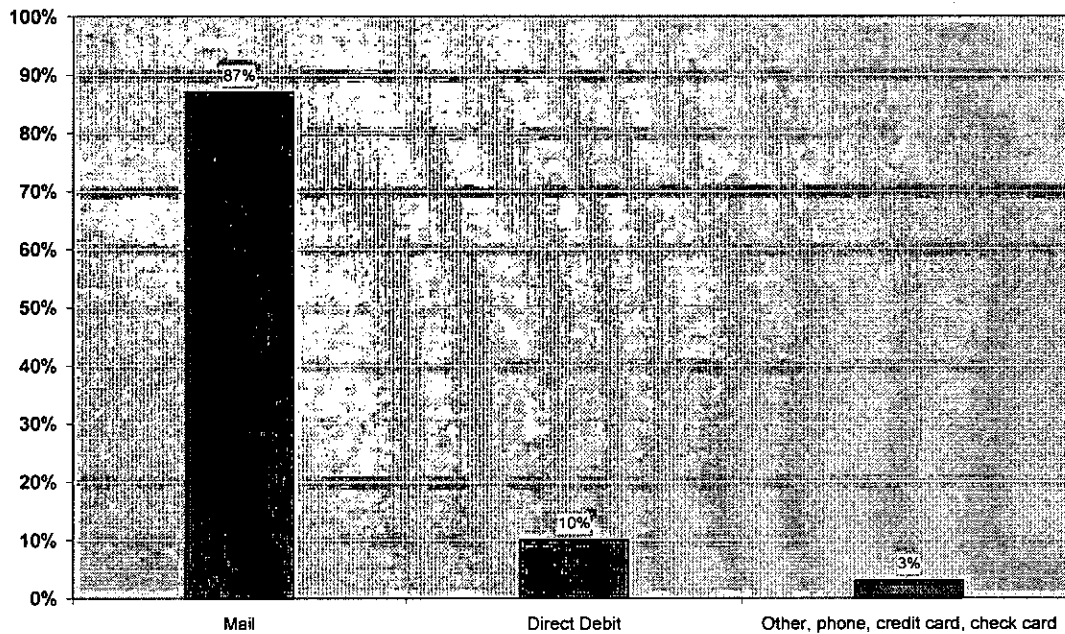
experienced an extended billing period of 37 days and a shortened billing period of 24 days in January. The Company explained that this was due to the Company working to separate non-metered accounts out of the same billing cycle as metered accounts. 1,905 customers were affected by this issue and the Company stated that the problem is now resolved.

Credit and Collections

Customers have the option to pay by mail-in (Newark, NJ), credit card (Visa, MasterCard, Discover), or check via phone. The check pay via the phone costs the customer \$2.95. The Company also has zip check, which is payment by an automatic debit from their checking account. Payment options are located on customer bills and the Aqua Missouri Web site. The Company does not collect deposits and payments are never collected in the field.

A majority of customers make payments through the mail, followed by direct debit and payment by phone with credit card or check. The following graph displays the breakdown of customers' use of payment options.

Percentage of Customer Payment Method



Source: Information provided by Company

Consistent with the Commission's rules, customers are given 21 days to pay their bills and are considered delinquent after 21 days. Five out of the twelve Aqua Missouri service territories have late fees of varying amounts and the other service territories do not have a late fee. The following table displays late fee information for each Aqua Missouri service territory.

Service Territory	Late Charge
Water	
CU-Maplewood	none
CU-Lake Carmel	none
RU-Riverside Estates	none
RU-White Branch	none
RU-Rankin Acres	none
RU-Spring Valley	none
RU-Ozark Mountain	\$2.10/month
RU-Lakewood Manor	\$5.00 or 10%
RU-LTA	none
Sewer	
CU-Maplewood	\$5.00
CU-Jefferson City	\$5.00
Ozark Meadows	5% or \$2.00

Info taken from Company Tariff

Seven days after the delinquent date, a delinquent notice is issued on a late balance of \$200 or more. A shut-off notice is mailed on day 15 after the delinquent date followed next by a customer call (by an outside vendor) for a payment reminder. On day 24 after the due date, shut-off service orders are issued for all accounts with \$200 or more due. The Company utilizes an outside vendor to autodial notice of disconnect three days prior to the shut off date. A door hanger is also placed on the customer's door 24 hours before actual shut off. Service is then disconnected until payment is made. Downloading work orders daily helps the Company verify delinquent accounts and avoid disconnection to customers when payment for a past due amount has been received.

Disconnection notices are prepared and mailed from the Bryn Mawr, PA, central billing office. All of the Operators perform customer disconnects as needed. The Company has disconnected sewer customers in the past; however, disconnection of water customers for nonpayment is more common. Elder valves are used to shut off service to delinquent sewer customers. Disconnections are not completed on Fridays, weekends or the day before a holiday.

The Company stated reconnections are completed within 24 hours of payment and usually during the same day of receiving payment. They schedule exact times, instead of time periods, for reconnection of service. A resident must be present to perform a reconnect. Payment of all past due amounts must be verified before reconnects are performed. Customers are charged a reconnect fee, which is determined by the local service area tariff.

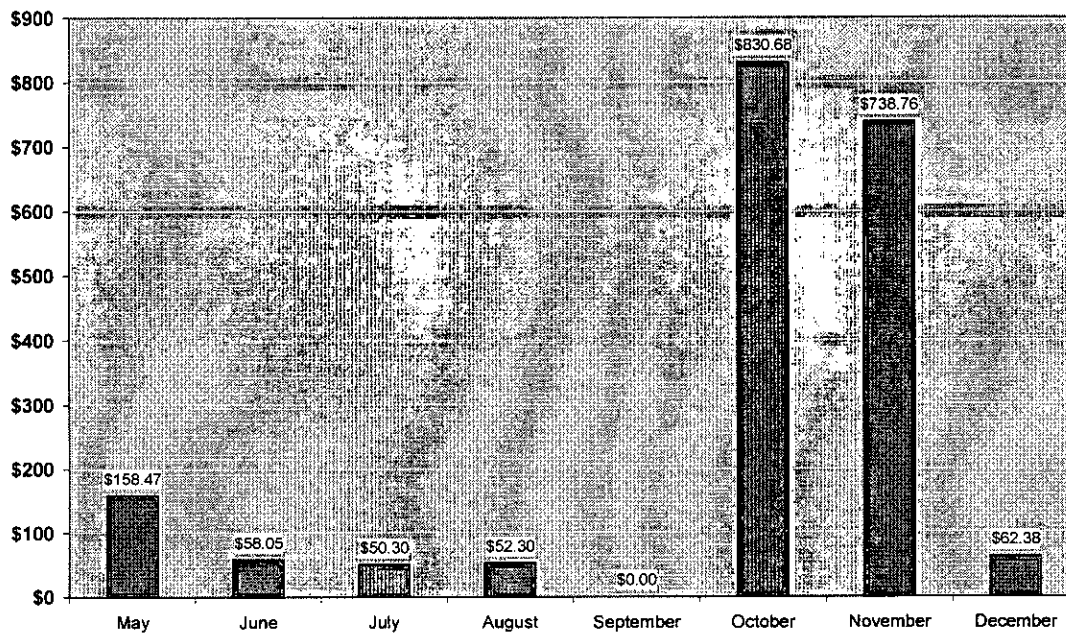
Aqua Missouri could not provide data on the number of delinquent disconnections performed in the months before the May 2007 conversion; however, they stated that the average was 20 per month leading up to the conversion. The Company did not perform delinquent disconnections on accounts converted to Banner between June and August 2007. The following table displays how many delinquent disconnections the Company performed between September 2007 and December 2007.

Aqua Missouri Disconnections: 2007 (Water Only)	
June	0
July	0
August	0
September	7
October	6
November	2
December	8

Source: Information provided by Company

Returned checks are handled by the central billing office. The returned check is posted to the customer's account, charges are reversed and the billing amount is added back onto the account. The Company then adds a returned check fee of \$10.00 to the customer's account and mails the check back with correspondence. The Company had a total of \$1,950.94 in bad check amounts from May 2007 to December 2007. The following graph shows the total amount in bad checks from May 2007 to December 2007.

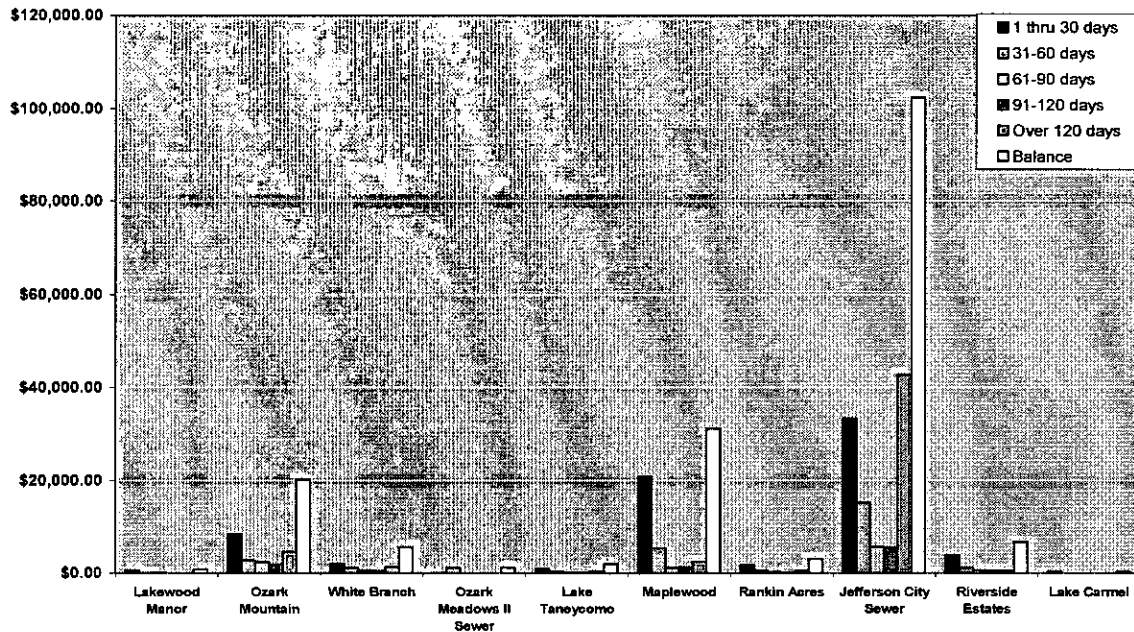
Dollar Amount of Returned Checks May 2007-Dec 2007



Source: Information provided by Company

The Company has a substantial amount of money uncollected from customers. The following graph displays information indicating how much in customer usage fees are uncollected for customers 1-30, 31-60, 61-90, 91-120 and over 120 days past the date of being billed.

Customer Amounts Due Past Billing Dates by Service Area

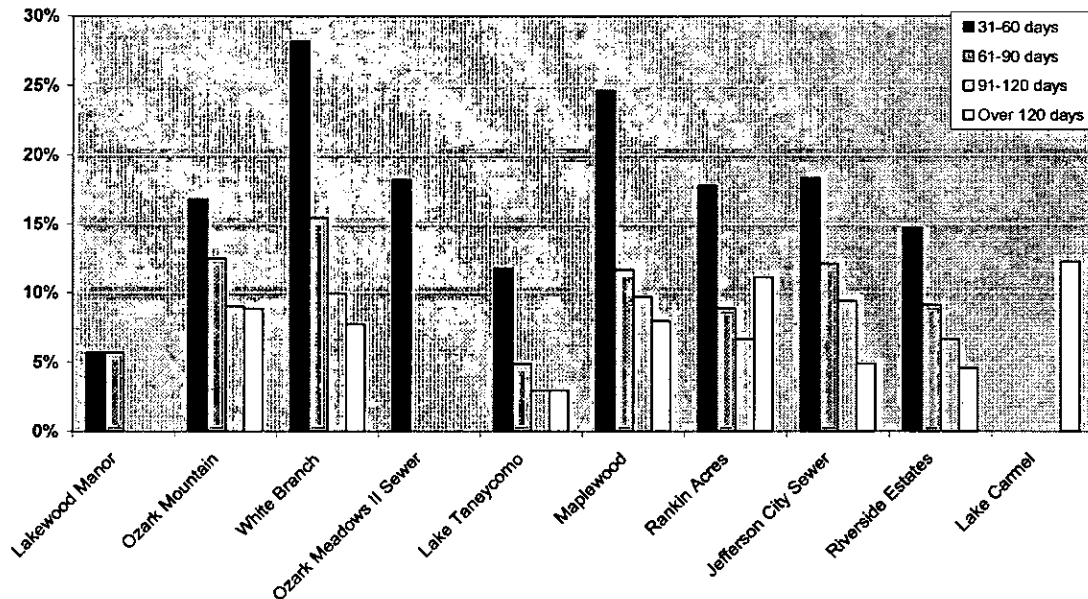


Source: Information provided by Company

The data shows the Jefferson City Sewer service area has a significant amount of uncollected service usage fees that are over 120 days past the date of billing. The Company explained that Jefferson City Sewer has many accounts that do not have a shut off valve at the property. A shut off for non-payment requires a 30 day notification by certified letter. The shut off valve can be done after the 30 days, if necessary. This process was recently re-started after a moratorium period following the conversion to the Banner Customer Information System.

The next graph displays the percent of customers with amounts due from 31-60, 61-90, 91-120 and over 120 days past the date of being billed.

Percentage of Customers with Payments due Beyond 30 Days by Service Area



Source: Information provided by Company

The previous graph shows that each service area contains customers with payments due beyond 30 days. Several service areas contain a significant amount of customers with payments due beyond 120 days.

Call Center

Calls were previously handled in the Jefferson City office prior to Aqua America acquiring the Company. In 2004 Missouri calls were routed to Kankakee, IL. Now calls are primarily routed to the Kankakee office, but can be handled by two other locations in Bryn Mawr, PA and Cary, NC, depending on call volumes of various regions. The Company explained they chose these three locations due to regional distribution, labor pool and prior system knowledge. The Company stated that utilizing three locations allows for greater continuity of service by facilitating the ability to route calls when there are unforeseen circumstances at one particular call center location. The Company stated that June 12, 2007, was the first time that Missouri calls were permitted to be handled in

Bryn Mawr or Cary. This was a high call volume time period shortly after the conversion.

The Company believes the centralization of certain processes has allowed smaller entities to benefit from service options they formerly were unable to provide; such as, the ability to measure performance, payment by phone and access to account balance information.

Centralizing these functions has allowed certain functions to be available to smaller entities such as Aqua Missouri; however, there was a significant decrease in customer service levels during implementation of a centralized billing system when nearly all customers experienced extended billing periods. An Aqua Missouri service representative stated that they did experience an increase in call volume after the conversion during the months of August and September with questions regarding extended billing periods.

The Company maintains four call center performance targets:

- 1) Abandoned Call Rate (Company target is less than 5%)
- 2) Average Speed of Answer, or percent of calls customer service representative can answer in less than 90 seconds (Company target is greater than 80%)
- 3) Average Speed of Answer, (Company target is less than 60 seconds)
- 4) Average Handled Time, Includes CSR talking, listening, hold-time and CSR time between calls while entering information from last call (Company target is 4 minutes or less)

Performance reports are distributed to the Jefferson City office monthly to display call center performance and reasons for customers calling. All calls are coded by a reason that a customer is calling. There are close to 100 codes for customer call types. Service Representatives generally handle 6-10 various types of calls per day. A Customer Service Representative stated the top three coded phone calls include: customer moving in or out, late payments not updated on a customer's bill and the amount of the customer's last meter read. The following exhibit displays call center statistics for Aqua America customers in PA, NC, VA, TX, FL, NJ, IL, MO and IN. Aqua Missouri customers are included within these statistics.

Aqua Missouri Call Center Metrics						
Year	Month	Abandoned Call Rate	Answer Speed Service Level	Average Speed to Answer	Average Handle Time	Average Number Calls Per Day
	Goal	<5%	>80%	<60 seconds	<4 minutes	
2006	January	3.60%	86%	40	3:24	1393
	February	3.8%	83%	41	3:41	1292
	March	1.6%	93%	20	3:41	1243
	April	2.2%	89%	27	3:53	1177
	May	1.7%	91%	24	3:39	na
	June	2.0%	89%	25	3:34	na
	July	7.0%	70%	73	4:03	2100
	August	3.3%	84%	39	3:57	2363
	September	4.4%	81%	46	4:06	2671
	October	3.1%	85%	36	3:45	2475
	November	6.0%	77%	58	3:39	2973
	December	8.5%	72%	63	3:37	3192
2007	January	16.0%	51%	129	3:44	3812
	February	7.8%	66%	81	4:11	3487
	March	5.4%	72%	64	4:06	3749
	April	8.3%	62%	91	4:14	4041
	May	14.5%	40%	171	4:35	4331
	June	16.0%	38%	179	4:38	4909
	July	15.7%	41%	182	4:38	5200
	August	15.8%	38%	190	4:49	5394
	September	7.6%	63%	110	4:38	4825
	October	3.9%	78%	58	4:30	4688
	November	5.2%	71%	77	4:23	4548
	December	2.4%	86%	37	4:14	3913
2008	January	3.4%	81%	50	4:01	4355

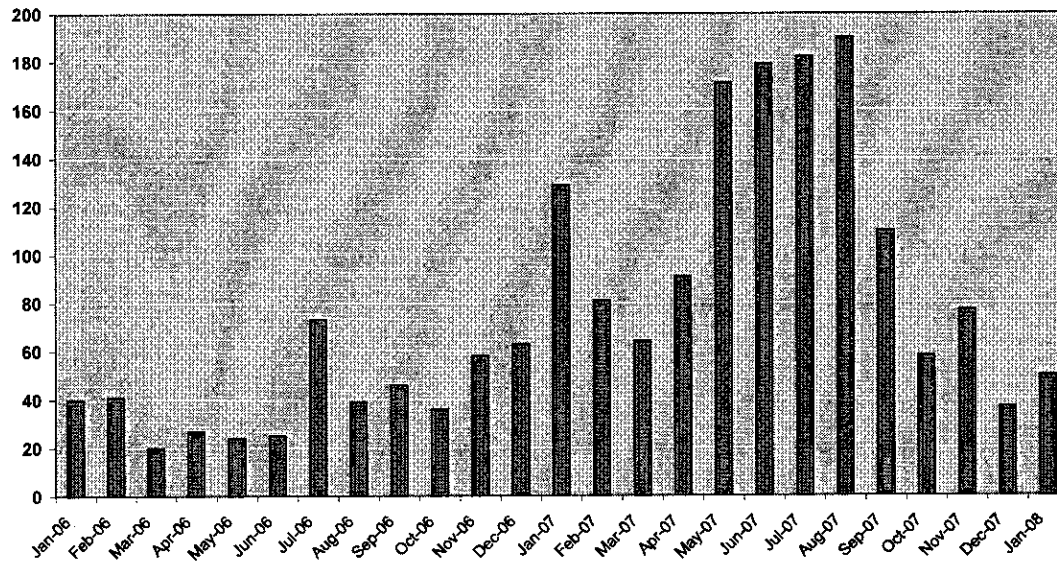
Source: Information provided by Company

The information in the previous exhibit shows the Company had a significantly larger amount of calls in the months immediately following the May 2007 conversion than in other months. The Company saw a decrease in performance in their average speed of answer and abandoned call rate metrics.

The Company explained they did have challenges concerning what they described as “busy outs” right after the conversion to Banner software. Call volumes were high and some customers were unable to get through to a representative. The Company has stated that they added more phone lines to correct the problems that they experienced with “busy outs.”

The following two graphs illustrate ASA and ACR performance for January 2006 through January 2008.

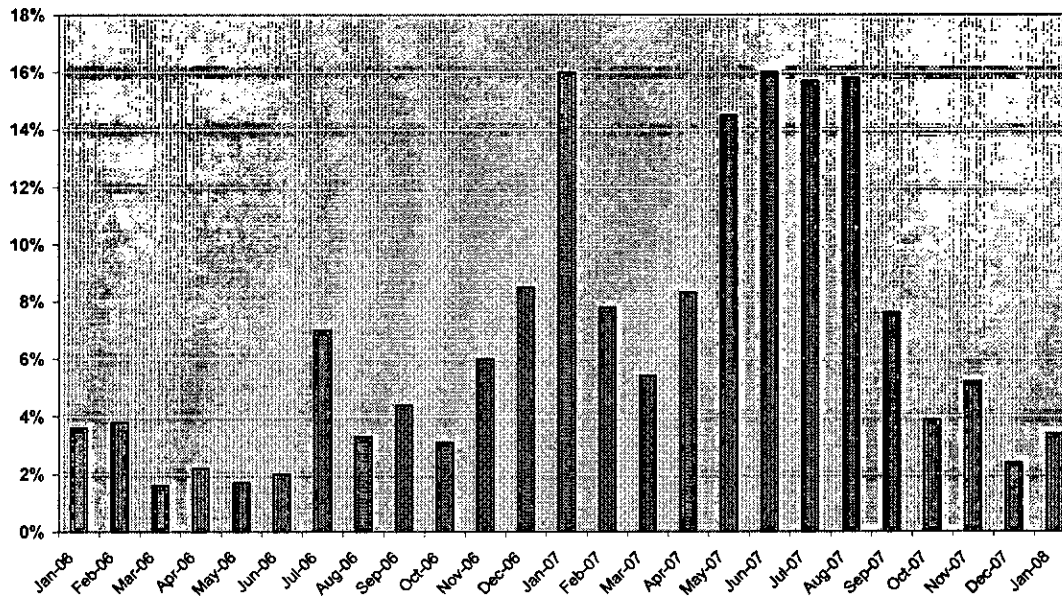
Aqua Missouri Average Speed to Answer Jan. 2006-Jan.2008
(Includes Calls from PA, NC, VA, TX, FL, NJ, IL, MO and IN)



Source: Information provided by Company

The proceeding graph shows a significant increase in average speed of answer for Aqua Missouri in the months following the May conversion. The following graph also shows this similar impact on Aqua Missouri ACR.

Aqua Missouri Abandoned Call Rate Jan. 2006-Jan. 2008
(Includes Calls from PA, NC, VA, TX, FL, NJ, IL, MO and IN)



Source: Information provided by Company

Complaint and Inquiry Handling and Recording

Customer complaints and inquiries are handled by representatives located in Bryn Mawr, PA, Cary, NC, and Kankakee, IL. Missouri customer complaints and inquiries are primarily handled in Kankakee, IL, depending on call volumes. The call centers can be reached via an 800 number, which is printed on the customer's bill and is available 24/7 in case of emergency. Company staff has pagers and cell phones for the call center to contact in emergency situations. Company management stated they are unaware of any problems with customers being able to get through to a service representative; however, information from local public hearings suggests that some customers have found difficulty in getting through to a representative. The Bryn Mawr office compiles the complaint data from customer calls and sends a monthly report to the Jefferson City office. The Company was able to provide a number of these reports; however, a report displaying complaints and inquiries by specific Aqua Missouri territories was not available.

The Company does perform customer satisfaction surveys every quarter. Data provided to staff by the Company suggests that the survey data could be improved as a valid tool in determining customer satisfaction in Missouri territories. The survey response data provided to staff indicated that the Company interviewed 53 Aqua Missouri customers and the survey included customers from Illinois, Indiana and Missouri. The number of Missouri customers interviewed and overall level of Missouri customer satisfaction is unclear.

Record Storage and Security

Company records are stored on an on-site server, which is backed up nightly on an external hard drive. Data is archived to magnetic tape weekly on Mondays and stored in a fireproof container.

Customer Communication

The Company communicates to customers through letters and bill inserts. There is also information available on their Web site. The CCR water quality is also provided to customers. The Company has not held any public meetings.

Findings, Conclusions and Recommendations

The following discussion contains findings, conclusions and recommendations pertaining to Aqua Missouri customer service operations. This section focuses on the following areas that warrant Company management attention:

- Customer Billing
- Credit and Collections
- Call Center

Customer Billing

Aqua Missouri has issued a substantial number of bills since May 2007 that have exceeded a 31-day billing period. The Company stated that bills were not sent to customers in June 2007. They were aware of problems with extended billing periods due to the May 2007 conversion. Customers testifying at local public hearings expressed concerns with extended billing periods. Company management was unable to quantify

the number of customers experiencing extended billing periods and the duration of the extended billing periods that have occurred since May 2007. The Company also stated that this problem has been remedied by the conversion being fully complete and up to date. However, data has not been supplied to the EMSD staff to verify that all bills have a billing period that complies with Commission rules. In addition, recent testimony by customers at local public hearings indicates extended billing periods have still been a problem within the past 6 months.

Customer billing periods that extend beyond 35 days is in violation of Commission Rule 4 CSR 240-13.015, which states: "*Billing period means a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer nor more than one hundred (100) days for a quarterly billed customer, except for initial, corrected or final bills;*".

THE EMSD STAFF RECOMMENDS THAT COMPANY MANGEMENT

Develop internal control procedures and a tracking mechanism that ensures monthly billing periods do not exceed 35 days and are in accordance with Commission Rules.

The Company acknowledged they have had problems with new customers receiving unbilled service, especially on newly constructed homes. The Company stated they still have approximately 20 customers receiving unbilled service. EMSD later received a report displaying 12 customers receiving unbilled service. Based on customer testimony at local public hearings, it appears there are additional instances of customers receiving unbilled service.

Aqua Missouri stated they had lost a local employee that was in charge of processing applications on newly constructed homes, and this vacancy has resulted in customers receiving unbilled service. This problem causes existing customers to incur higher costs. Training multiple staff at critical functions will help to ensure all customers are paying for service and the cost of providing service is distributed fairly. While additional training to ensure that all customers receiving service are billed may be a

beneficial tool to addressing this issue, the Company needs to take additional actions to make certain this problem is resolved.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT

Ensure that multiple staff in the Jefferson City office is adequately trained to fully process new construction applications for service. Take additional actions to ensure customers are not receiving unbilled service.

Credit and Collections

The Jefferson City sewer service area shows they have \$42,780.79 in uncollected balances due over 120 days from the billing date. This amount is much higher than other Aqua Missouri service territories. This decreases the cash flow of the Company and may represent unfair treatment of customers depending on service territory. Decreasing the amount of uncollected balances will increase the cash flow of the organization and ensure timely payment by customers and fair treatment of customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT

Develop cost-effective management procedures that decrease the amount of uncollected past due balances, particularly in the Jefferson City service territory.

Complaint and Inquiry Handling and Recording

The Company currently does not have the capability to view complaint and inquiries specific to each Aqua Missouri service territory. The EMSD staff recommended in the previous rate case that the Company implement a complaint and inquiry log. Aqua Missouri has begun documenting all calls coming into the call center, however the Company does not have the capability to present a complaint and inquiry log specific to Aqua Missouri service territories. The Company should continually evaluate the cost-effectiveness of implementing a complaint and inquiry log specific to Missouri service territories. Developing a report that identifies customer complaints and inquiries by service territory may assist in ensuring quality customer service for each service territory.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Conduct a periodic evaluation, as system capabilities increase, that analyzes the cost-effectiveness of developing a complaint and inquiry log specific to each Aqua Missouri service territory.

Call Center

The Company experienced an increase in ACR and ASA levels after the May 2007 conversion. This demonstrates a decrease in customer service levels for customers. Several customers also expressed concern of call center performance at local public hearings. The Commission has a regulatory responsibility to ensure that Missouri ratepayers receive safe and adequate service. It was also ordered by the Commission in the previous rate case, WR-2007-0021, that staff continue to monitor call center performance. Reporting call center data will provide a means for staff to more closely monitor the quality of service provided to Aqua Missouri customers. Staff also receives call center reports from several other utility service providers in Missouri to monitor their service. Data requested by staff is presently maintained by the Company and should pose no additional burden to the Company to provide. Such reporting would enable the EMSD to determine the level of call center performance the Company is providing its Missouri customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Provide monthly data on a quarterly basis for call center performance. Reports should include ASA, ACR, call center Staffing levels and Number of Calls Offered data. Data should be provided to staff no later than the 45th day after the proceeding quarter.