

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

In the Matter of a Requested Rate Increase)
For Annual Sewer Operating Revenues by) **File No. SR-2014-0166**
Hickory Hills Water and Sewer)

In the Matter of a Requested Rate Increase)
For Annual Water Operating Revenues by) **File No. WR-2014-0167**
Hickory Hills Water and Sewer)

**COMPANY/STAFF AGREEMENT REGARDING DISPOSITION OF
HICKORY HILLS WATER AND SEWER REVENUE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission, by and through undersigned counsel, and hereby files *Company/Staff Agreement Regarding Disposition of Hickory Hills Water and Sewer Revenue Increase Request*, stating as follows:

1. On December 2, 2013, Hickory Hills Water & Sewer Company (“Hickory Hills” or “Company”) filed with the Missouri Public Service Commission a letter requesting Commission approval of an increase of \$6,248 in its annual sewer system operating revenues and an increase of \$4,525 in its annual water system operating revenues, pursuant to Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure, which were assigned Commission Case Nos. SR-2014-0166 and WR-2014-0167, respectively.

2. On April 30, 2014, Staff filed, and was granted by the Commission, a *Motion for Extension of Time to File Disposition Agreement*, extending the timeline for these cases by sixty days, which set the deadline for a Company/Staff agreement at June 30, 2014.

3. On June 27, 2014, Staff was granted a second *Motion for Extension of Time to File Disposition Agreement*, which extended the deadline to file the agreement to July 7, 2014.

4. Pursuant to the provisions of the Small Utility Rate Case Procedure, 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. Upon completion of its investigation of Hickory Hills' request, Staff provided the Company and the Office of the Public Counsel with the results of Staff's investigation and Staff's recommendations for the resolution of the revenue increase request.

5. Staff and Hickory Hills have reached an agreement (Disposition Agreement) regarding the resolution of the Company's request, a copy of which is attached hereto as Appendix A. Included in Appendix A are various attachments related to the Disposition Agreement and Staff's investigation of the revenue increase request.

6. The Disposition Agreement reflects an agreed-upon annualized operating revenue increase for sewer in the amount of \$41,640 (172.47% increase) and an agreed-upon annualized operating revenue increase for water in the amount of \$14,472 (65.75% increase).

7. To date, Hickory Hills is not current on its annual reports. Staff is not aware of any other matter before the Commission that affects, or is affected by, this filing.

WHEREFORE, Staff prays that the Commission will accept the *Company/Staff Agreement Regarding Disposition of Hickory Hills Water and Sewer Revenue Increase Request* and grant such other and further relief as is just in the circumstances.

Respectfully submitted,

/s/ Akayla J. Jones

Akayla J. Jones
Legal Counsel
Missouri Bar No. 64941

Kevin Thompson
Chief Staff Counsel
Missouri Bar No. 36288

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed with first-class postage, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 7th day of July, 2014.

/s/ Akayla J. Jones

APPENDIX A

CASE No. SR-2014-0166

STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

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Company/Staff Disposition Agreement

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

HICKORY HILLS WATER & SEWER COMPANY

MO PSC FILE NO. SR-2014-0166

BACKGROUND

Hickory Hills Water & Sewer Company ("Company") initiated the small company revenue increase request ("Request") for sewer service, which is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number, by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, received by the Commission on December 2, 2013, the Company set forth its request for an increase of \$6,248 in its total annual sewer service operating revenues. The Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 49 residential customers, located in Moniteau County, Missouri.

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

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements:

- (1) The agreed upon revenue requirement increase of \$41,640 (172.47% increase) added to the level of previous revenues of \$24,143, results in overall revenues of \$65,783. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period June 30, 2013, updated to December 31, 2013, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$180. The development of this amount is shown on the rate base worksheet that is found in Attachment C, incorporated by reference herein. This amount is included in the audit work papers for the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes 50.00% equity for the Company and a return on that equity of 11.93%;
- (5) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (6) The rates as shown on Attachment E, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers which provides the Company the opportunity to collect the revenue requirement agreed to in (1) above. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission, proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of June 30, 2014;
- (8) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 4, which is included in the example tariff described above;
- (9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Unit ("EMSU") Report, attached hereto as Attachment G and incorporated by reference

herein, and provide proof of implementing the recommendation to the Manager of the Commission's EMSU Unit:

- (a) The Company will develop and utilize time sheets to record work assignments and the time associated with each work assignment for individuals performing work for the Company; and
- (b) The Company will evaluate and implement actions in compliance with Commission Rule 4 CSR 240-13.050 and the Commission-approved water and sewer tariffs that will reduce the number of delinquent customer accounts. Actions should include the notifications to customers that their accounts are delinquent and subject to discontinuance of service. The Company's actions should ensure that discontinuances of service are conducted in a manner that is consistent with the time frame communicated to customers;

(11) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:

- (a) The Company will provide a list of any and all repairs the Company would like to perform in the year 2014 and the costs associated with those repairs; and
- (b) The Company will replace the fence around the lagoon, put the proper signs up on each side of the fence, and mark the outfall;

(12) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the EMSU Report attached hereto as Attachment G and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's EMSU Unit:

- (a) The Company will develop a customer billing statement that itemizes all authorized charges, such as the customer charge, usage charge and the previous balance due;

(13) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Report attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:

- (a) The Company will develop continuous property records (CPRs) for both water and sewer plant in service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
 - (b) The Company will develop a general ledger by account for both water and sewer;
 - (c) The Company will keep the Company's CPRs and general ledger up to date and complete;
 - (d) The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners Uniform System of Accounts;
 - (e) The Company will calculate depreciation expense on a monthly basis and include the amounts in the Company's general ledger;
 - (f) The Company will develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
 - (g) The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintain the number of hours worked with a description of the functions performed by the employees; and
 - (h) The Company will maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Company by the receiver;
- (14) The Company will complete, as scheduled, the items in The Schedule of Installation of Temporary Waste Water Treatment Plant attached hereto as Attachment J and incorporated by reference herein,
- (15) The Company will mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (16) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (17) Staff or Public Counsel may file a formal complaint against the Company if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;

(18) The Company, Staff and Public Counsel agree that they have read the foregoing Company/Staff Disposition Agreement, that facts stated herein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and

(19) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

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

The Company and 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 the sewage treatment lagoon is irremediably out of compliance with the Clean Water Act as implemented and administered by the Missouri Department of Natural Resources and that agency, acting through the Attorney General of the State of Missouri, has obtained an injunction requiring Hickory Hills' compliance forthwith. A copy of the extension agreement can be found in the above-referenced EFIS Case Item No. 24 for the Request.

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

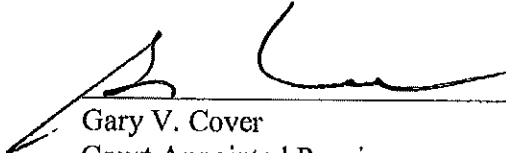
The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this

Company/Staff Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.


SIGNATURES

Agreement Signed and Dated:



Gary V. Cover
Court Appointed Receiver
Hickory Hills Water & Sewer Company

7-7-14
Date



James Russo
Rate and Tariff Examination Supervisor
Water & Sewer Unit
Missouri Public Service Commission Staff

7-7-14
Date

List of Attachments

- Attachment A – Ratemaking Income Statement
- Attachment B – EMS Run
- Attachment C – Rate Base Worksheet
- Attachment D – Schedule of Depreciation Rates
- Attachment E – Example Tariff Sheets
- Attachment F – Billing Comparison Worksheet
- Attachment G – EMSU Report
- Attachment H – Water & Sewer Unit Memorandum
- Attachment I – Auditing Unit Recommendation Memorandum
- Attachment J – Schedule of Installation of Temporary Waste Water Treatment Plant
- Attachment K – Summary of Events

Agreement Attachment A
Ratemaking Income Statement

HICKORY HILLS WATER & SEWER COMPANY

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	23,970
2	Other Operating Revenues *	\$	173
3	Total Operating Revenues	\$	24,143
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount		
1	Receiver Fees	\$	11,158
2	Operators Salary-Contract Services	\$	4,464
3	Electricity-Pumping	\$	3,000
4	Pollution Control System	\$	35,415
5	Maintenance	\$	-
6	Sludge Removal	\$	-
7	Customer Billing	\$	391
8	Outside Services-Accounting	\$	301
9	Office Supplies	\$	67
10	Postage	\$	144
11	MO DNR Fees	\$	650
12	Regulatory Commission Expense	\$	225
13	Miscellaneous General Expenses	\$	30
14	Sub-Total Operating Expenses	\$	55,845
15	Property Taxes	\$	-
16	MO Franchise Taxes	\$	-
17	Employer FICA Taxes	\$	-
18	Federal Unemployment Taxes	\$	-
19	State Unemployment Taxes	\$	-
20	State & Federal Income Taxes	\$	3
21	Sub-Total Taxes	\$	3
22	Depreciation Expense	\$	548
22	CIAC Depreciation Offset	\$	(529)
23	Interest Expense	\$	7
24	Amortization Expense-Receiver Fees	\$	6,553
25	Amortization Expense-Kyle Wirts	\$	1,450
26	Amortization Expense-1st National Bank Loan	\$	1,895
27	Sub-Total Depreciation/Interest/Amortization	\$	9,924
28	Return on Rate Base	\$	11
29	Total Cost of Service	\$	65,783
30	Overall Revenue Increase Needed	\$	41,640

Agreement Attachment B

EMS Run

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: SR-2014-0166
Date Prepared: 6/30/2014



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Initial Run

STAFF ACCOUNTING SCHEDULES

HICKORY HILLS SEWER-WITH WWTP

CASE NO. SR-2014-0166

Jefferson City, Missouri

June 2014

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Design Schedule - Sewer

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$23,970			
Rev-3	Miscellaneous Revenues		(1) \$173			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$24,143</u>			
1	OPERATIONS EXPENSES		(2)			
2	Polution Control System		35415	\$35,415	\$0	100.00%
3	Receiver Fees		\$11,158	\$11,158	\$0	100.00%
4	Operators Salary / Contractor Services		\$4,464	\$4,464	\$0	100.00%
5	Electricity - Pumping Treatment		\$3,000	\$3,000	\$0	100.00%
6	Chemicals (Chlorinator tablets)		\$0	\$0	\$0	100.00%
7	Sludge Removal		\$0	\$0	\$0	100.00%
8	TOTAL OPERATIONS EXPENSE		<u>\$54,037</u>	<u>\$54,037</u>	<u>\$0</u>	
9	MAINTENANCE EXPENSES					
10	Maintenance		\$0	\$0	\$0	100.00%
11	Mowing Expense		\$0	\$0	\$0	100.00%
12	TOTAL MAINTENANCE EXPENSE		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
13	CUSTOMER ACCOUNT EXPENSE					
14	Customer Billing		\$391	\$0	\$391	0.00%
15	Outside Services (Accounting Fees)		\$301	\$301	\$0	100.00%
16	Office Supplies		\$67	\$67	\$0	100.00%
17	Postage Expense		\$144	\$144	\$0	100.00%
18	Misc. Supplies		\$30	\$0	\$30	0.00%
19	Uncollectible Accounts		\$0	\$0	\$0	100.00%
20	TOTAL CUSTOMER ACCOUNT EXPENSE		<u>\$933</u>	<u>\$512</u>	<u>\$421</u>	
21	ADMINISTRATIVE & GENERAL EXPENSES					
22	Property & Liability Insurance		\$0	\$0	\$0	100.00%
23	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
24	OTHER OPERATING EXPENSES					
25	Amortization Expense - Receiver Fees		\$6,553	\$0	\$6,553	0.00%
26	Amortization Expense - Kyle Wirts		\$1,450	\$0	\$1,450	0.00%
27	Amortization Expense - 1st National Bank Loan		\$1,895	\$0	\$1,895	0.00%
28	MO DNR Fees		\$650	\$650	\$0	100.00%
29	PSC Assessment		\$225	\$225	\$0	100.00%
30	Rate Case Expense		\$0	\$0	\$0	0.00%
31	CIAC Depreciation Offset		-\$529	\$0	-\$529	0.00%
32	Depreciation		\$548	\$548	\$0	100.00%
33	TOTAL OTHER OPERATING EXPENSES		<u>\$10,792</u>	<u>\$1,423</u>	<u>\$9,369</u>	
34	TAXES OTHER THAN INCOME					
35	Real & Personal Property Taxes		\$0	\$0	\$0	100.00%
36	Payroll Taxes		\$0	\$0	\$0	100.00%
37	TOTAL TAXES OTHER THAN INCOME		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
38	TOTAL OPERATING EXPENSES		<u>\$65,762</u>	<u>\$55,972</u>	<u>\$9,790</u>	
39	Interest Expense		(3) \$7	\$7	\$0	100.00%
40	Return on Equity		(3) \$11	\$11	\$0	100.00%
41	Income Taxes		(3) \$3	\$3	\$0	100.00%
42	TOTAL INTEREST RETURN & TAXES		<u>\$21</u>	<u>\$21</u>	<u>\$0</u>	
43	TOTAL COST OF SERVICE		<u>\$65,783</u>	<u>\$55,993</u>	<u>\$9,790</u>	

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Design Schedule - Sewer

A	B	C	D	E	F	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
44	Less: Miscellaneous Revenues		\$173	\$173	\$0	100.00%
45	COST TO RECOVER IN RATES		\$65,610	\$55,820	\$9,790	
46	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$41,640</u>			
47	PERCENTAGE OF INCREASE		<u>172.47%</u>			
48	REQUESTED INCREASE IN REVENUES		\$6,291			

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

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$22,800 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$3,288</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$19,512
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$22,000
	CIAC Depreciation Offset	\$2,668
5	Total Rate Base	<u>\$180</u>
6	Total Weighted Rate of Return Including Income Tax	<u>11.45%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$21</u></u>

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate of Return Including Income Tax - Sewer

		A		B	formulas
1	State Income Tax Rate Statutory / Effective	6.25%	(2)	5.80%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	15.38%	(1) & (2)	14.49%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate			20.29%	$B1 + B2$
4	Equity Tax Factor			1.2545	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred			5.97%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax			7.48%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term			3.97%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax			11.45%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$13
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range					
Start	End	Tax Rate	Amount in Range	Tax on Range	
\$0	\$50,000	15.00%	\$13	\$2	
\$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	\$2	
			Consolidated Tax Rate:		
			Average Tax Rate:		0.1538

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Capital Structure Schedule - Sewer

Line Number	A Description	B Dollar Amount	C Percentage of Total Capital Structure	D Embedded Cost of Capital	E Weighted Cost of Capital
1	Common Stock	\$90	50.00%	11.93%	5.965%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$90	50.00%	7.93%	3.965%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$180</u>	<u>100.00%</u>		<u>9.930%</u>

To PreTax Return Rate Schedule

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights	\$0			100.00%	\$0
7	311.000	Structures & Improvements	\$0			100.00%	\$0
8		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
9		COLLECTION PLANT					
10	352.100	Collection Sewers - Force	\$0			100.00%	\$0
11	352.200	Collection Sewers - Gravity	\$19,000			100.00%	\$19,000
12	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
13	354.000	Services to Customers	\$0			100.00%	\$0
14	355.000	Flow Measuring Devices	\$0			100.00%	\$0
15		TOTAL COLLECTION PLANT	\$19,000		\$0		\$19,000
16		PUMPING PLANT					
17	362.000	Receiving Wells and Pump Plts	\$0			100.00%	\$0
18	363.000	Pumping Equipment (Elec.,Diesel, other)	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0		\$0
20		TREATMENT & DISPOSAL PLANT					
21	372.000	Oxidation Lagoon	\$2,200			100.00%	\$2,200
22	373.000	Treatment and Disposal Equipment	\$0	P-22	\$0	100.00%	\$0
23	374.000	Plant Sewers	\$0			100.00%	\$0
24	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
25	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
26		TOTAL TREATMENT & DISPOSAL PLANT	\$2,200		\$0		\$2,200
27		GENERAL PLANT					
28	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
29	391.100	Office Computer Equipment	\$0			100.00%	\$0
30	393.000	Other General Equipment	\$1,600	P-30	\$0	100.00%	\$1,600
31	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
32	395.000	Labatory Equipment	\$0			100.00%	\$0
33	396.000	Power Operated Equipment	\$0			100.00%	\$0
34		TOTAL GENERAL PLANT	\$1,600		\$0		\$1,600
35		TOTAL PLANT IN SERVICE	\$22,800		\$0		\$22,800

To Rate Base & Depreciation Schedules

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Schedule of Adjustments for Plant in Service - Sewer

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-22	Treatment and Disposal Equipment	373.000		\$0
	To construct and install a new Wastewater Treatment Plant (Merciel)		\$0	
P-30	Other General Equipment	393.000		\$0
	Description		\$0	
Total Plant Adjustments				\$0

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights	\$0	0.00%	\$0
7	311.000	Structures & Improvements	\$0	4.00%	\$0
8		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>
9		COLLECTION PLANT			
10	352.100	Collection Sewers - Force	\$0	0.00%	\$0
11	352.200	Collection Sewers - Gravity	\$19,000	2.00%	\$380
12	353.000	Other Collection Plant Facilities	\$0	0.00%	\$0
13	354.000	Services to Customers	\$0	2.00%	\$0
14	355.000	Flow Measuring Devices	\$0	0.00%	\$0
15		TOTAL COLLECTION PLANT	<u>\$19,000</u>		<u>\$380</u>
16		PUMPING PLANT			
17	362.000	Receiving Wells and Pump Pits	\$0	0.00%	\$0
18	363.000	Pumping Equipment (Elec., Diesel, other)	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
20		TREATMENT & DISPOSAL PLANT			
21	372.000	Oxidation Lagoon	\$2,200	4.00%	\$88
22	373.000	Treatment and Disposal Equipment	\$0	5.00%	\$0
23	374.000	Plant Sewers	\$0	0.00%	\$0
24	375.000	Outfall Sewer Lines	\$0	0.00%	\$0
25	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
26		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$2,200</u>		<u>\$88</u>
27		GENERAL PLANT			
28	391.000	Office Furniture & Equipment	\$0	5.00%	\$0
29	391.100	Office Computer Equipment	\$0	14.30%	\$0
30	393.000	Other General Equipment	\$1,600	5.00%	\$80
31	394.000	Tools, Shop, Garage Equipment	\$0	0.00%	\$0
32	395.000	Laboratory Equipment	\$0	0.00%	\$0
33	396.000	Power Operated Equipment	\$0	0.00%	\$0
34		TOTAL GENERAL PLANT	<u>\$1,600</u>		<u>\$80</u>
35		Total Depreciation	<u><u>\$22,800</u></u>		<u><u>\$548</u></u>

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights	\$0			100.00%	\$0
7	311.000	Structures & Improvements	\$0			100.00%	\$0
8		TOTAL SOURCE OF SUPPLY PLANT	\$0		\$0		\$0
9		COLLECTION PLANT					
10	352.100	Collection Sewers - Force	\$0			100.00%	\$0
11	352.200	Collection Sewers - Gravity	\$1,963			100.00%	\$1,963
12	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
13	354.000	Services to Customers	\$0			100.00%	\$0
14	355.000	Flow Measuring Devices	\$0			100.00%	\$0
15		TOTAL COLLECTION PLANT	\$1,963		\$0		\$1,963
16		PUMPING PLANT					
17	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
18	363.000	Pumping Equipment (Elec., Diesel, other)	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$0		\$0		\$0
20		TREATMENT & DISPOSAL PLANT					
21	372.000	Oxidation Lagoon	\$455	R-21	\$0	100.00%	\$455
22	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
23	374.000	Plant Sewers	\$0			100.00%	\$0
24	375.000	Outfall Sewer Lines	\$0			100.00%	\$0
25	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
26		TOTAL TREATMENT & DISPOSAL PLANT	\$455		\$0		\$455
27		GENERAL PLANT					
28	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
29	391.100	Office Computer Equipment	\$0			100.00%	\$0
30	393.000	Other General Equipment	\$870			100.00%	\$870
31	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
32	395.000	Laboratory Equipment	\$0			100.00%	\$0
33	396.000	Power Operated Equipment	\$0			100.00%	\$0
34		TOTAL GENERAL PLANT	\$870		\$0		\$870
35		TOTAL DEPRECIATION RESERVE	\$3,288		\$0		\$3,288

To Rate Base Schedule

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 12/31/2013
Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-21	Oxidation Lagoon	372.000		\$0
	To include cost of removal/salvage correction for closing the lagoon. (Miles)		\$0	
Total Reserve Adjustments				\$0

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$23,970	100.00%	\$23,970
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$173	100.00%	\$173
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$24,143		\$24,143

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Revenue Adjustment Schedule - Sewer

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			\$23,970
	1. To Annualize Rate Revenues		\$23,970	
Rev-3	Miscellaneous Revenues			\$173
	1. To Annualize Miscellaneous Revenues		\$173	
	2. Description		\$0	
Total Revenue Adjustments				\$24,143

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Revenue Summary Schedule - Sewer

Line Number	A Description	Residential Customers		Commercial Customers	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	47		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	564		0	
5	Current Customer Charge	<u>\$42.50</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$23,970		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
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	Total Annualized Sewer Rate Revenues		<u>\$23,970</u>		<u>\$0</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.

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 12/31/2013
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		E Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	47	
3	Bills Per Year		
4	Customer Bills Per year	564	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$23,970
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	Total Annualized Sewer Rate Revenues		\$23,970

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).

Hickory Hills Sewer-With WWTP
Informal Rate Case
Case Number SR-2014-0166
Test Year Ending 6-30-2013, Update 12/31/2013
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
1	Late Charge Fees	\$173
2	Description of Miscellaneous Revenue Item2	\$0
3	Total Miscellaneous Revenues	<u>\$173</u>

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Schedule - Sewer

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Polution Control System	\$0	S-2	\$35,415	100.00%	\$35,415
3		Receiver Fees	\$4,575	S-3	\$6,583	100.00%	\$11,158
4		Operators Salary / Contractor Services	\$3,525	S-4	\$939	100.00%	\$4,464
5		Electricity - Pumping Treatment	\$0	S-5	\$3,000	100.00%	\$3,000
6		Chemicals (Chlorinator tablets)	\$0	S-6	\$0	100.00%	\$0
7		Sludge Removal	\$0	S-7	\$0	100.00%	\$0
8		TOTAL OPERATIONS EXPENSE	<u>\$8,100</u>		<u>\$45,937</u>		<u>\$54,037</u>
9		MAINTENANCE EXPENSES					
10		Maintenance	\$0	S-10	\$0	100.00%	\$0
11		Mowing Expense	\$0			100.00%	\$0
12		TOTAL MAINTENANCE EXPENSE	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
13		CUSTOMER ACCOUNT EXPENSE					
14		Customer Billing	\$1,500	S-14	-\$1,109	100.00%	\$391
15		Outside Services (Accounting Fees)	\$288	S-15	\$13	100.00%	\$301
16		Office Supplies	\$80	S-16	-\$13	100.00%	\$67
17		Postage Expense	\$212	S-17	-\$68	100.00%	\$144
18		Misc. Supplies	\$60	S-18	-\$30	100.00%	\$30
19		Uncollectible Accounts	\$0			100.00%	\$0
20		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$2,140</u>		<u>-\$1,207</u>		<u>\$933</u>
21		ADMINISTRATIVE & GENERAL EXPENSES					
22		Property & Liability Insurance	\$0			100.00%	\$0
23		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
24		OTHER OPERATING EXPENSES					
25		Amortization Expense - Receiver Fees	\$0	S-25	\$6,553	100.00%	\$6,553
26		Amortization Expense - Kyle Wirts	\$0	S-26	\$1,450	100.00%	\$1,450
27		Amortization Expense - 1st National Bank Loan	\$0	S-27	\$1,895	100.00%	\$1,895
28		MO DNR Fees	\$0	S-28	\$650	100.00%	\$650
29		PSC Assessment	\$1,768	S-29	-\$1,543	100.00%	\$225
30		Rate Case Expense	\$0	S-30	\$0	100.00%	\$0
31		CIAC Depreciation Offset	\$0	S-31	-\$529	100.00%	-\$529
32		Depreciation	\$0	S-32	\$548	100.00%	\$548
33		TOTAL OTHER OPERATING EXPENSES	<u>\$1,768</u>		<u>\$9,024</u>		<u>\$10,792</u>
34		TAXES OTHER THAN INCOME					
35		Real & Personal Property Taxes	\$0	S-35	\$0	100.00%	\$0
36		Payroll Taxes	\$0	S-36	\$0	100.00%	\$0
37		TOTAL TAXES OTHER THAN INCOME	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
38		TOTAL OPERATING EXPENSES	<u>\$12,008</u>		<u>\$53,754</u>		<u>\$66,762</u>

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-2	Polution Control System			\$35,415
	To include dBBR portable unit rental expense. (Harrison)		\$35,415	
S-3	Receiver Fees			\$6,583
	To adjust test year Receivership Fees to an annualized level. (Harrison)		\$6,583	
S-4	Operators Salary / Contractor Services			\$939
	To adjust test year operator salary to a normalized level. (Harrison)		\$939	
S-5	Electricity - Pumping Treatment			\$3,000
	Estimate for Electric costs for new WWTP (Merciel)		\$3,000	
S-6	Chemicals (Chlorinator tablets)			\$0
	Estimate for disinfection for new WWTP (Merciel)		\$0	
S-7	Sludge Removal			\$0
	Estimate for Sludge Hauling for new WWTP (Merciel)		\$0	
S-10	Maintenance			\$0
	To adjust test year maintenance & repair expense to a normalized level. (Green)		\$0	
S-14	Customer Billing			-\$1,109
	To adjust test year customer billing expense to a normalized level. (Harrison)		-\$1,109	

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
S-15	Outside Services (Accounting Fees)			\$13
	To adjust test year outside service expense to a normalized level. (Green)		\$13	
S-16	Office Supplies			-\$13
	To adjust test year office supplies to a normalized level. (Green)		-\$13	
S-17	Postage Expense			-\$68
	To adjust test year postage expense to a annualized level. (Green)		-\$68	
S-18	Misc. Supplies			-\$30
	To adjust test year misc. supply expense to a annualized level. (Green)		-\$30	
S-25	Amortization Expense - Receiver Fees			\$6,553
	To amortize Receiver back-payment fees over a 5-year period. (Harrison)		\$6,553	
	Description		\$0	
S-26	Amortization Expense - Kyle Wirts			\$1,450
	To amortize Kyle Wirts back-payment charges over a 5-year period. (Harrison)		\$1,450	
S-27	Amortization Expense - 1st National Bank Loan			\$1,895
	To amortize 1st National Bank Loan over a 5-year period. (Harrison)		\$1,895	
S-28	MO DNR Fees			\$650

Hickory Hills Sewer-With WWTP
 Informal Rate Case
 Case Number SR-2014-0166
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Adjustment Schedule - Sewer

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
	To include DNR fees. (Harrison)		\$650	
S-29	PSC Assessment			-\$1,543
	To adjust test year PSC Assessment to a annualize amount. (Green)		-\$1,543	
S-30	Rate Case Expense			\$0
	To normalize rate case expense (Harrison)		\$0	
S-31	CIAC Depreciation Offset			-\$529
	To offset depreciation expense for CIAC (Harrison)		-\$529	
S-32	Depreciation			\$548
	1. To Annualize Depreciation		\$548	
S-35	Real & Personal Property Taxes			\$0
	To adjust test year property taxes to current level. (Harrison)		\$0	
S-36	Payroll Taxes			\$0
	To adjust test year payroll taxes for Ms. Longstreet to an annualized level. (Green)		\$0	
Total Expense Adjustments				<u>\$53,754</u>

Agreement Attachment C

Rate Base Worksheet

Hickory Hills Sewer
UR-2014-0166
Rate Base

Plant In Service	\$22,800
Depreciation Reserve	<u>\$3,288</u>
Net Plant In Service	\$19,512
Materials & Supplies	\$0
Contributions in Aid of Construction	(\$22,000)
CIAC Depreciation	<u>\$2,668</u>
Total Rate Base	\$180

Agreement Attachment D

Schedule of Depreciation Rates

Hickory Hills Water & Sewer Company
DEPRECIATION RATES
(SEWER)
SR-2014-0166

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
311	Structures & Improvements	4.0%	27.5	-10%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
354	Services	2.0%	50	0%
372	Oxidation Lagoon	4.0%	40	-60%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	5.0%	8.7	13%

Reviewed, 2/19/2014. The above are standard small company depreciation rates modified as a result of Staff's investigation of the Company's operation, records, and physical plant, and are dependent on the Company's implementation of the end of test year adjustments to the Company's plant in service and accumulated reserves as shown in the Staff accounting schedules.

Agreement Attachment E

Example Tariff Sheets

Name of Utility: Hickory Hills Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of Sewer Service

INDEX

Sheet No.

- 1.....Index
- 2.....Map of Service Area
- 4.....Legal Description of Service Area
- 5.....Schedule of Rates
- 6.....Schedule of Service Charges

<u>Sheet Number</u>	<u>Rule Number</u>	<u>Rule Subject</u>
8.....	1.	Definitions
12.....	2.	General Matters
13.....	3.	Limited Authority of Company Employees
14.....	4.	Applications for Sewer Service
16.....	5.	Inside Piping and Customer Service Sewer
19.....	6.	Improper or Excessive Use
21.....	7.	Discontinuance of Service by Company
24.....	8.	Interruptions in Service
25.....	9.	Bills for Service
27.....	10.	Extension of Collecting Sewers

- * Indicates new rate or text
- + Indicates change

DATE OF ISSUE July 7, 2014
Month/Day/Year

DATE EFFECTIVE September 1, 2014
Month/Day/Year

ISSUED BY Gary V. Cover, Receiver
Name and Title of Issuing Officer

PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hills Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of
Sewer Service

Map of Service Area

-LENGTH 2348 SOUTH
-WADSWORTH FOUNDATION
1. 11. 2014

* Indicates new rate or text
+ Indicates change

DATE OF ISSUE July 7, 2014
Month/Day/Year

DATE EFFECTIVE September 1, 2014
Month/Day/Year

ISSUED BY Gary V. Cover, Receiver
Name and Title of Issuing Officer

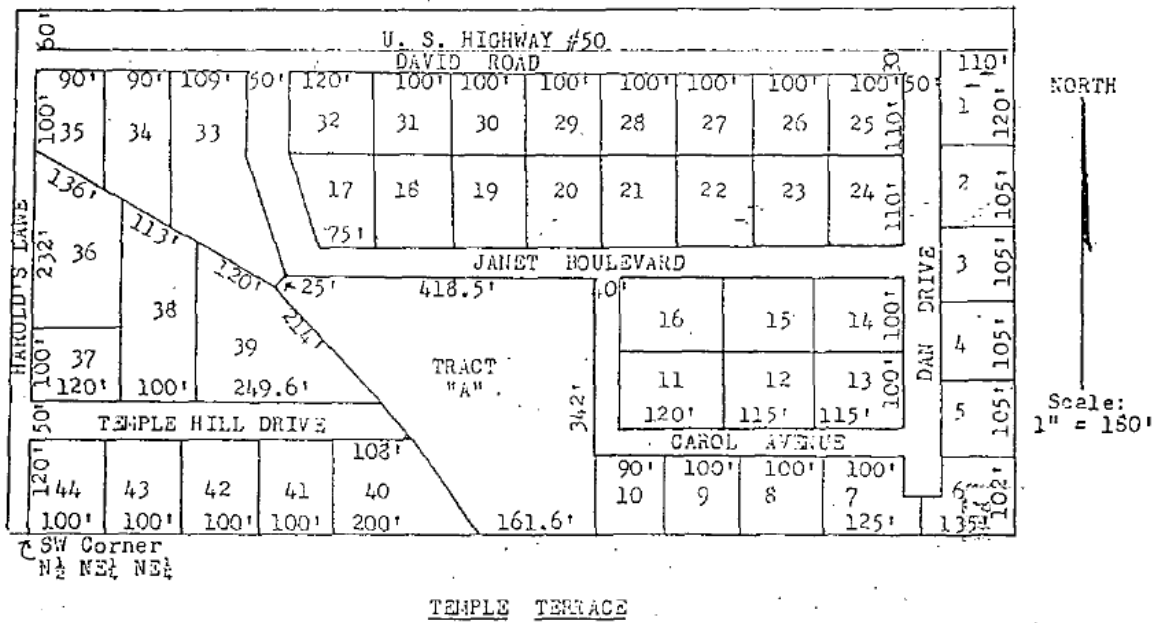
PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hills Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of Sewer Service

Map of Service Area



- * Indicates new rate or text
- + Indicates change

DATE OF ISSUE July 7, 2014
Month/Day/Year

DATE EFFECTIVE September 1, 2014
Month/Day/Year

ISSUED BY Gary V. Cover, Receiver
Name and Title of Issuing Officer

PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hills Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of Sewer Service

Legal Description of Service Area

Tract No.1 Hickory Hill Estates

A tract of land lying in the north half of the northwest quarter of the northeast quarter of Section 30, Township 45 North, Range 15 West of the 5th P.M., the boundaries of said tract being described as follows: From the northeast quarter of said north half of the northwest quarter of the northeast quarter run S 0 degrees 33 minutes E along the east line of said north half of the northwest quarter of the northeast quarter, a distance of 22.08 feet to the south right-of-way line of U. S. Highway 50; thence S 89 degrees 50 minutes W along this said right-of-way line 16.0 feet for the point of beginning; thence leaving said right-of-way line S 0 degrees 33 minutes E, 313 feet; thence S 89 degrees 52 minutes W, 264 feet; thence S 0 degrees 33 minutes E, 330 feet to the south line of said north half of the northwest quarter of the northeast quarter; thence S 89 degrees 52 minutes W along said south line of the north half of the northwest quarter of the northeast quarter a distance of 1,045.4 feet to the southwest corner thereof; thence N 0 degrees 54 minutes W along the west line of said north half of the northwest quarter of the northeast quarter a distance of 644.8 feet to the said south right-of-way line of U. S. Highway 50; thence N 89 degrees 58 minutes E along said south right-of-way line a distance of 1,312.56 feet to the point of beginning.

Tract No.2 Temple Terrace

A survey and subdivision of a tract of land lying in the north half of the northeast quarter of the northeast quarter of Section 30, Township 45 North, Range 15 West of the 5th P. M.; the boundaries of said tract being described as follows: from the northeast corner of said section 30 run S 0 degrees 10 minutes W along the east line of grid section 30, 21.35 feet to the point of beginning on the south right-of-way line of U. S. Highway 50; thence continue S 0 degrees 10 minutes W 642.75 feet to the southeast corner of said north half of the northeast quarter of the northeast quarter; thence S 89 degrees 57 minutes 30 seconds W along the south line of said north half of the northeast quarter of the northeast quarter a distance of 1,320.6 feet to the southwest corner of said north half of the northeast quarter of the northeast quarter; thence N 0 degrees 33 minutes W along the west line of said north half of the northeast quarter of the northeast quarter a distance of 642.92 feet to the south right-of-way line of said U.S. Highway 50; thence N 89 degrees 58 minutes said south right-of-way line a distance of 1,328.38 feet to the point of beginning.

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Name and Title of Issuing Officer

PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hills Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of Sewer Service

Schedule of Rates

Availability:

Any metered Customer located in the Company's service territory.

Sewer Service Rates:

The charge for sewer service is \$116.33 per month or portion thereof for each sewer service.

Taxes:

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

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Rules Governing Rendering of Sewer Service

Schedule of Service Charges

Late Charges

A charge of five dollars (\$5.00) or three percent (3%) per month times the unpaid balance, whichever is greater, will be added to delinquent accounts.

Returned Check Charge

A returned check charge of twenty-five dollars (\$25.00) per check will be due on all checks returned from the bank for insufficient funds.

Disconnection/Reconnection

If sewer Discontinuance of Service in accordance with Rule 8 is accomplished by physical disconnection, then the charge for reconnection after such disconnection by the Company shall be the total actual cost of disconnection and reconnection.

Inspection Fee

A fee of thirty-five dollars (\$35.00) will be charged for inspection of a new service sewer and connection to the collecting sewer.

Re-Inspection Fee

A fee of twenty dollars (\$20.00) will be charged for any re-inspection of the new service sewer that is not the fault of the Company.

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Rules Governing Rendering of Sewer Service

Schedule of Service Charges (Continued)

Service Calls

Service calls at any time other than during normal business hours for any reason except disconnection for a ruptured Customer's service shall require a service charge of forty dollars (\$40.00).

New Service Connections

New service connection to Collecting Sewer will be the actual cost to the Company.

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Name of Utility: Hickory Hills Water & Sewer Co., Inc.

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Rules Governing Rendering of Sewer Service

Rule 1 Definitions

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity that has applied for sewer service and/or an extension of collecting sewers along with additional plant facilities; two or more such entities may make one application for a sewer extension, and be considered one APPLICANT. An "ORIGINAL APPLICANT" is an APPLICANT who entered into any contract or agreement with the Company for an extension of collecting sewers and/or additional plant facilities, contributed funds or utility plant assets to the Company under the terms of the contract or agreement, and is eligible for refunds under the terms of the contract or agreement as additional Applicants connect to such extensions or plant facilities.
- B. "B.O.D" denotes Biochemical Oxygen Demand. It is the quantity of oxygen utilized in the biochemical oxidation of waste matter under standard laboratory conditions expressed in milligrams per liter.
- C. "C.O.D" denotes Chemical Oxygen Demand. It is the quantity of oxygen utilized in the chemical oxidation of waste matter under standard laboratory conditions, expressed in milligrams per liter.
- D. A "COLLECTING SEWER" is a pipeline, including force pipelines, gravity sewers, interceptors, laterals, trunk sewers, manholes, lampholes, and necessary appurtenances, including service wyes and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's service connection to the point of disposal. A "PRESSURE COLLECTING SEWER" is a collecting sewer pipeline, including wyes, tees, and saddles, operated under pressure from pump units owned and operated by customers connected to the pipeline, and is sometimes referred to generically as a COLLECTING SEWER.
- E. The "COMPANY" is Hickory Hills Water & Sewer Company Inc., acting through its officers, managers, or other duly authorized employees or agents.

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Rules Governing Rendering of Sewer Service

Rule 1 continued

- F. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for sewer service, or is receiving service from the Company, or whose facilities are connected for utilizing such service.
- G. The "DATE OF CONNECTION" shall be the date the permit for a service connection is issued by the Company. In the event no permit is taken and a service connection is made, the date of connection shall be determined based on available information, such as construction/occupancy permits, or water or electric service turn-on dates.
- H. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- I. "DISCONTINUANCE OF SERVICE" is intentional cessation of the use of sewer service by action of the Company not at the request of the Customer. Such DISCONTINUANCE OF SERVICE may be accomplished by methods including physical disconnection of the service sewer, or turn-off of water service by the water utility at the request of the Company.
- J. "DOMESTIC SEWAGE" is sewage, excluding storm and surface water, resulting from normal household activities; and, "NON-DOMESTIC SEWAGE" is all sewage other than DOMESTIC SEWAGE including, but not limited to, commercial or industrial wastes. See Rule 7 - Improper Waste or Excessive Use.
- K. A "FOUNDATION DRAIN" is a pipe installed inside or outside the foundation of a structure for the purpose of draining ground or subsurface water away from the foundation.
- L. "pH" is the relative degree of acidity or alkalinity of water as indicated by the hydrogen ion concentration. pH is indicated on a scale reading from 1-14, with 7.0

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Rules Governing Rendering of Sewer Service

Rule 1 continued

being neutral, below 7.0 acid, and above 7.0 alkaline; more technically defined as the logarithm of the reciprocal of the hydrogen ion concentration.

M. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.

N. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.

O. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.

P. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a wye branch or the bell of a saddle placed on the barrel of the collecting sewer.

Q. A "SERVICE SEWER" or "CUSTOMER'S SERVICE SEWER" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct sewage from the Customer's premises to the collecting sewer, excluding service wyes or saddles. For Customers connected to a pressure collecting sewer and utilizing a pump unit, the portion of the Service Sewer between the pump unit and the collecting sewer is a pressurized portion of the Service Sewer. In addition to other parts and fittings this shall include a stop cock accessible to the Company for turn-off of sewage flow and a check valve to prevent backflow of waste-water under pressure in the pressure collecting sewer. The SERVICE SEWER is constructed, owned and maintained by the Customer.

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Rules Governing Rendering of Sewer Service

Rule 1 continued

- R. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
- S. A "TEE" is a three-way one-piece pipe fitting in the shape of the letter "T" that is a part of the Collecting Sewer pipeline and to which the Customer's Service Sewer is connected.
- T. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.
- U. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate Units for each single family or firm occupying same as a residence or place of business.
- V. A "WYE" or "WYE BRANCH" or "Y" or "Y BRANCH" is a three-way one-piece pipe fitting in the shape of the letter "Y" that is a part of the collecting sewer pipeline, and to which the Customer's service sewer is connected.

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Rules Governing Rendering of Sewer Service

Rule 2 General Matters

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

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Rules Governing Rendering of Sewer Service

Rule 3 Limited Authority Of Company Employees

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any service rendered to its Customers except as covered in the Company's rules.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these rules.
- C. The Company shall not be responsible in damages for any failure to remove waste water from the premises or for interruption if such failure or interruption is without willful default or negligence on its part.
- D. The Company shall not be liable for damages resulting to Customer or third persons, unless due to contributory negligence on the part of the Company, and without any contributory negligence on the part of the Customer or such third party.
- E. The Company shall not be liable for damages because of any interruption of sewer service or for damages caused by defective piping and appliances on the Customer's premises.
- F. The Company shall not be liable for damages due to damages from Acts of God, civil disturbances, war, government actions, and other uncontrollable occurrences.

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Rules Governing Rendering of Sewer Service

Rule 4 Applications For Sewer Service

- A. A written application for service, signed by the Customer, and accompanied by the appropriate fees as provided in the Schedule of Rates, the Schedule of Service Charges, Rule 11 - Extension of Collecting Sewers, and other information required by these rules, must be received from each Customer. Said application must be filed in writing three (3) business days in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a collecting sewer extension or unusual construction or equipment expense is necessary to furnish the service, the Company may require a contract for service specifying a reasonable period of time for the Company to provide the service. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent that the owner or property manager may be responsible for payment of the sewer service bill associated with the application.

- B. A prospective Commercial or Industrial Customer shall, upon request of the Company, present in writing to the Company a list of devices that will discharge to the collecting sewers, the amount and specifications of any discharge, and the location of any buildings. The Company will then advise the Customer of the form and the character of the wastewater collection facilities available. If a sewer extension as provided for in Rule 11 - Extension of Collecting Sewers will be necessary, or if the Customer will be required to own, operate, and maintain a pretreatment facility, the Customer will also be so advised.

- C. When sewer charges are based on water usage, the Company reserves the right to refuse sewer service to any applicant unless said applicant agrees to install a water meter accessible by the Company, so that there will be a basis for sewer charges. The Company and Customer may agree to an estimated water use amount, on an

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Rules Governing Rendering of Sewer Service

Rule 4 continued

interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

- D. The Company will determine or approve the location of the service connection. Service sewers will not be extended along public streets or roadways or through property of others in connecting with collecting sewers. If a service connection is requested at a point not already served by a collecting sewer of adequate capacity, the collecting sewer shall be extended in accordance with Rule 11 - Extension of Collecting Sewers, unless in the Company's judgment such a collecting sewer would serve no other purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner.
- E. A new service connection shall be authorized when all conditions in Paragraphs A., B., C., and D., above, and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met.
- F. No substantial addition to the water using equipment or appliances connected to the sewer system shall be made by Commercial or Industrial Customers except upon written notice to and with the written consent of the Company.

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Rules Governing Rendering of
Sewer Service

Rule 5 Inside Piping And Customer Service Sewer

- A. The Customer is obligated to construct, repair, and maintain the service sewer from the collecting sewer to the building, and make the connection to the collecting sewer. The Customer shall notify the Company prior to cleaning or repairing the service sewer.
- B. When a service sewer is to be connected to the collecting sewer, the plumber shall advise the Company three (3) business days in advance of when the connection is expected to be made so a representative of the Company can inspect the installation and connection. No backfill shall be placed until the work has been inspected by the Company. In the event the Customer or the Customer's agent shall damage a wye branch or saddle, or cause damage to the collecting sewer, then the Customer shall be responsible for the cost to repair any such damage, including replacement of pipe or appurtenances as necessary.
- C. Plumbing specifications of all governmental agencies having jurisdiction, and the Company's rules, in effect at the time of connection, must be met. The Company may deny service or may discontinue service where foundation drains, downspouts, or other sources of surface or storm water are permitted to enter the sewer system through either the inside piping or through the building sewer.
- D. A separate and independent service sewer shall generally be required for every building. Exceptions are:
 - 1. When one building stands at the rear of another building on an interior lot where a proper service sewer cannot be constructed through an adjoining easement. In that situation, the service sewer from the front building may be extended to the rear building and it will be considered as one service sewer.
 - 2. When two or more buildings are a part of a complex that cannot be subdivided.
- E. The service sewer shall be one of the following: ductile iron pipe, vitrified clay

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Rules Governing Rendering of Sewer Service

Rule 5 continued

sewer pipe (VCP), or polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.

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

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Rules Governing Rendering of Sewer Service

Rule 5 continued

published engineering specifications of the manufacturer of the materials used, and all applicable local plumbing codes.

- K. The connection of the service sewer to the collecting sewer shall be made at the wye branch, if such branch is available at a suitable location. If the collecting sewer is vitrified clay pipe of twelve inch (12") diameter or less and there is no properly located wye branch at a suitable location, a wye branch shall be installed at a location specified by the Company. If the collecting sewer is greater than twelve inches (12") in diameter, or is PVC of any size, a neat hole may be cut at a location specified by the Company, and a saddle installed to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight. The Customer shall furnish the wye branch, tee branch, or saddle, as necessary, and such parts shall become a part of the Company's collecting sewer and owned by the Company after installation. Such parts may be obtained from the Company at the actual cost of parts.
- L. Any change in the location of an existing service connection and/or service sewer requested by the Customer shall be made at the Customer's expense.
- M. Company personnel may not work on piping or facilities not owned by the Company unless authorized by the Customer.

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Rules Governing Rendering of Sewer Service

Rule 6 – Improper or Excessive Use

- A. The following requirements for the use of sewer service provided by the Company shall be observed. Violation of the requirements will result in the discontinuance of service to the Customer, and the Customer may be required to comply with paragraph B., below.
- B. In the event that the Customer to be served proposes to discharge an abnormally high volume or strength of waste, the Company may require:
 - 1. The Customer to install a pretreatment facility, grease trap or other device on the premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer, and subject to approval and inspection by the Company.
 - 2. The Customer to enter into a special contract with the Company for treatment of the Customer's discharge, that could require an enlargement of the Company's existing sewage treatment plant or the construction of a temporary sewage treatment plant, and/or the construction or reconstruction of sewer lines or pump facilities, in a form approved by the Missouri Public Service Commission with a rate applicable to the Customer to be included within this Schedule of Rates, Rules, and Regulations, that is fair and reasonable to both parties and so as not to constitute a burden upon the Company or the existing Customers of the Company.
- C. No Customer shall discharge or cause to be discharged any storm water, surface water, ground water, swimming pool water, roof runoff, sub-surface drainage, or cooling water into the collecting sewers.
- D. Except as may be provided in Rule B.2., above, the Customer shall be required to take any action necessary to meet the following described wastewater limits before the wastewater is discharged into the collection sewer:

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Rules Governing Rendering of Sewer Service

Rule 6 continued

1. Maximum temperature of 150 degrees Fahrenheit.
2. Maximum strength of four-hundred (400) parts per million Biological Oxygen Demand (B.O.D.).
3. A maximum of one-hundred (100) parts per million, by weight, any fat, oil or grease.
4. A maximum of twenty-five (25) parts per million, by weight, any soluble oils.
5. No gasoline, benzene, naphtha, fuel oil, or other flammable or explosive liquid, solid or gas.
6. No garbage that has not been properly shredded.
7. No ashes, cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood or any other solid or viscous substance capable of causing obstruction to the flow in sewers or other interference with the proper operation of the sewer system.
8. No waste-water having a pH less than 5.0 or greater than 9.0, or having any other corrosive property, capable of causing damage or hazard to structures, equipment or personnel of the Company.
9. No waste-water containing heavy metals, toxic material, or Chemical Oxygen Demand (C.O.D.), in sufficient quantity to disrupt the operation of treatment facilities, or exceeding any limits which may be specified in a service contract for any such substance.

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Rules Governing Rendering of Sewer Service

Rule 7 – Discontinuance or Termination of Service

A. The Company reserves the right of discontinuance of service for any of the following reasons:

- 1. For nonpayment of the sewer utility bill (see Rule 10); or,
- 2. For unauthorized resale of sewer service; or,
- 3. For an unauthorized service connection to the Company's collecting sewer; or,
- 4. For failure to comply with these Rules.

B. Discontinuance of service may be accomplished, but not limited to, physical disconnection of the Customer's service sewer from the Company's collecting sewer. Discontinuance of sewer service for non-payment of a sewer bill may be accomplished either by physical disconnection or by discontinuance by turn-off of water service by the Customer's water utility at the request of the Company. In such cases where discontinuance is accomplished by turn-off of water service:

- 1. If sewer billing is combined with water billing, Customers will be notified by the water utility by the terms of its rules normally practiced for discontinuance of water service; or
- 2. If sewer billing is not combined with water billing, Customers will be notified by the terms of paragraphs F. and H., below, and not by those of any water utility.

C. Discontinuance of service to a Customer for any reason as outlined in A., above, shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

* Indicates new rate or text
 + Indicates change

DATE OF ISSUE July 7, 2014
Month/Day/Year

DATE EFFECTIVE September 1, 2014
Month/Day/Year

ISSUED BY Gary V. Cover, Receiver
Name and Title of Issuing Officer

PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hills Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of Sewer Service

Rule 7 continued

- D. In the event of discontinuance of service by the Company for any reason as outlined in A., above, then any monies due the Company shall become immediately due and payable.
- E. The Company reserves the right of discontinuance of service to a Customer, or to refuse service to any applicant or for any unit to reasonably protect itself against fraud or abuse.
- F. Unless discontinuance is accomplished by turn-off of water service and discontinuance notice is provided by the water utility, then at least thirty (30) days prior to discontinuance of service, the Company will mail a written notice to the Customer by certified mail, return receipt requested, with a copy of the notice sent to the Public Service Commission and a copy to the property owner if different than the Customer and if known by the Company. Said notice shall state the reasons for discontinuance of service, the amount of money owed if for a past due bill including the amount of any service charges owed, and that service may be discontinued at any time after the expiration of the notice period, provided satisfactory arrangements for continuance of the service have not been made by the Customer. The thirty (30) day notice may be waived if there is any waste discharge that might be detrimental to the health and safety of the public, or cause damage to the sewer system. In the event of discontinuance of service without the thirty (30) day notice as above provided, the Customer and the Missouri Public Service Commission shall be notified immediately with a statement of the reasons for such discontinuance of service. If service is provided to a multi-tenant building or complex, the Company will make an effort to notify tenants by door hangers or other type of notice of the possibility of discontinuance of service.
- G. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.

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Rules Governing Rendering of Sewer Service

Rule 7 continued

- H. Where the owner of rental property is the Customer and has been notified of the intent of disconnection, the tenants shall be given the opportunity in a reasonable and timely manner to pay delinquent bills in lieu of disconnection of service.
- I. Termination of service at the Customer's request may be accomplished at the expense of the Customer. If termination of service must be accomplished by physical disconnection, the Customer shall notify the Company of the date and time of the disconnection in writing at least five (5) days prior to the disconnection. If termination is accomplished by turn-off of water service, such notice shall be on or before the date of the water turn-off. Service may not be terminated for one unit of a multi-unit building if the building is served by one service sewer, unless accomplished by turnoff of water service to that unit. The method used for termination of service shall be determined by the Company.

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Rules Governing Rendering of Sewer Service

Rule 8 Interruptions in Service

- A. The Company reserves the right to limit sewer service in its collecting sewers at any time, in a reasonable and non-discriminatory manner, for the purpose of making repairs to the sewer system.
- B. Whenever service is limited for repairs, all Customers affected by such limitation will be notified in advance whenever it is practicable to do so. Every effort will be made to minimize limitation of service.
- C. No refunds of charges for sewer service will be made for limitations of service unless due to willful misconduct of the Company.

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules Governing Rendering of Sewer Service

Rule 9 Bills for Service

- A. The charges for sewer service shall be at the rates specified in this tariff, which is on file with the Missouri Public Service Commission and at the Company's office. The point of assumption of sewer service shall be at the service connection. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who is or has been taking sewer service at one or more units connected to the collecting sewer shall be held liable for payment of any applicable charges for service furnished to such units from the date of connection until the date requested by the Customer in writing for service to be terminated, or until service is discontinued by the Company.
- C. Bills for sewer service will be mailed or delivered to the Customer's last address as shown by the records of the Company, but failure to receive the bill will not relieve the Customer from the obligation to pay the same.
- D. Payments shall be made at the office of the Company or at a convenient location designated by the Company, or by mailing to the Company's mailing address.
- E. Separate bills shall be rendered for each location at which sewer service is provided, even though one entity may be the Customer at such separate locations.
- F. The Company shall have the right to render bills monthly in advance, or on a monthly basis in arrears when the sewer charges are based on water usage. Bills shall have the due date indicated on the bill.
- G. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.

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Rules Governing Rendering of Sewer Service

Rule 9 continued

- H. Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which the payment is considered delinquent is a minimum of 21 days after rendition of the bill. Service may be discontinued after thirty (30) days written notice by certified mail return receipt requested from the Company as provided by Rule 8 - Discontinuance or Termination of Service, unless discontinuance of sewer service is accomplished by turn-off of water service and sewer billing is combined with water billing (see Rule 8 B. 1.). Delinquent bills are subject to a late charge as provided in the Schedule of Service Charges.
- I. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be for the proportionate part of the monthly charge, or where water usage is the basis for the charge, at the appropriate rate for water used. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum.
- J. The owner of the property served will be held responsible for ultimate payment of a bill. If the customer is a tenant of rental property, copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property if the owner is known to the Company.

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Rules Governing Rendering of Sewer Service

Rule 10 Extension Of Collecting Sewers

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

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Rules Governing Rendering of Sewer Service	
<p>Rule 10 continued</p> <p>3. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.</p> <p>K. When the applicant elects to construct an extension, the company will connect said extension to its existing collecting sewers under the following terms and conditions:</p> <p>1. Applicant shall enter into a contract with the company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the company's rules. Plans for the extension shall be submitted to the company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the company. Applicant shall contribute said facilities to the company with a detailed accounting of the actual cost of construction, and contribute to the company the estimated reasonable cost of the company's inspection.</p> <p>2. The company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.</p> <p>3. Connection of the extension to existing company collecting sewers shall be made by, or under direct supervision of, the company or its representative.</p> <p>4. The company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in Paragraph D (1).</p> <p>L. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:</p> <p>1. For a single-family residential applicant applying for service in a platted subdivision, the company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine</p> <p>* Indicates new rate or text + Indicates change</p>	

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Rules Governing Rendering of Sewer Service

Rule 10 continued

the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.

- 2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
- 3. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E (1) above or E (2) above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.

M. Refunds of contributions shall be made to the original applicant as follows:

- 1. Should the actual cost of an extension constructed by the company under Paragraph C, or actual costs for inspection by the company under Paragraph D, above, be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.
- 2. During the first ten years after the extension is completed, the company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E above.
- 3. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
- 4. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the percentage of the actual extension cost contributed by each entity.

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Rules Governing Rendering of Sewer Service

Rule 10 continued

- N. Any extension made under this rule shall be and remain the property of the company in consideration of its perpetual upkeep and maintenance.
- O. The company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

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Agreement Attachment F

Billing Comparison Worksheet

HICKORY HILLS WATER & SEWER COMPANY

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>
\$42.50	\$116.33

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 42.50
Total Bill	\$ 42.50

Proposed Rates

Customer Charge	\$ 116.33
Total Bill	\$ 116.33

INCREASES

<u>Total Bill</u>	
\$ Increase	\$73.83
% Increase	173.72%

Agreement Attachment G

EMSU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Case Nos. WR-2014-0167 and SR-2014-0166

Hickory Hills Water & Sewer Company

Debbie Bernsen and Patricia Smith

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Hickory Hills Water and Sewer Company, Inc. (“Hickory Hills” or “Company”) in Moniteau County, Missouri, in January 2014. The review was performed in response to the Company’s request for a rate increase in Case Nos. WR-2014-0167 and SR-2014-0166, which was filed December 2, 2013. The Company is requesting an increase of 25% in its annual water system operating revenues and 25% in its annual sewer system operating revenues.

The EMSU staff examined the Company’s tariffs, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the EMSU staff submitted data requests to the Company on December 19, 2013, and conducted interviews with the Company receiver, Gary Cover, in Clinton, Missouri, on January 29, 2014. The EMSU staff’s review of the Company resulted in the following recommendations for Company management.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

- 1. Develop a customer billing statement that itemizes all authorized charges, such as the customer charge, usage charge and the previous balance due. This recommendation should be completed within 90 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.*
- 2. Develop and utilize time sheets to record work assignments and the time associated with each work assignment for individuals performing work for the Company. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.*

3. Maintain Commission-approved billing estimation procedures to ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the event that an estimate is necessary. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2014-0167.
4. Evaluate and implement actions in compliance with Commission Rule 4 CSR 240-13.050 and the Commission-approved water and sewer tariffs that will reduce the number of delinquent customer accounts. Actions should include the notifications to customers that their accounts are delinquent and subject to discontinuance of service. The Company's actions should ensure that discontinuances of service are conducted in a manner that is consistent with the time frame communicated to customers. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 & SR-2014-0166.

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

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

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

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

History

Hickory Hills was certificated by the Commission in 1975 to own and operate a water and sewer system in Case No. 18206. Hickory Hills currently provides service to approximately 47 water customers and 49 sewer customers.

The EMSU has performed a number of business and customer service reviews of the Company starting in 2004. The 2004 review was conducted in conjunction with Case Nos. QW-2004-0008 and QS-2004-0009 and identified several opportunities for improvement. In 2006, an additional review was completed for Case Nos. QW-2006-0002 and QS-2006-0001, that made recommendations on customer billings, disconnection of service and service applications.

In January of 2007, the 19th Judicial Circuit Court of Cole County appointed Gary V. Cover as permanent receiver of Hickory Hills Water and Sewer Company. Mr. Cover is still serving as the receiver for the Company.

An additional review was initiated in late 2008 in conjunction with Case Nos. WR-2009-0151 and SR-2009-0154. The EMSU staff made a total of ten recommendations to the Company in the following areas: outside services contracts, customer rights and responsibilities documentation, customer bill due date, customer bill information, document storage, customer applications, delinquent accounts and complaint documentation. The Company provided EMSU staff with information in September 2009 documenting the actions taken to respond to these recommendations. The Company's actions were determined to be appropriate responses to the recommendations.

Overview

The Company operates from the law office of Gary Cover, who continues to act as the receiver for the Company. The office maintains business hours from 9 a.m. to 5 p.m., Monday through Friday. Customers have access to the Company 24 hours a day, seven days a week, by calling the operator who is on call. The Company indicated it has no actual employees other than Mr. Cover, who is the appointed receiver and conducts the administrative functions for the Company. Mr. Cover maintains time records for his activities for the Company and remits those to the courts for reimbursement. An employee of the law firm provides clerical assistance for Company operations; however, she does not maintain a time sheet for Hickory Hills and does not

collect an additional salary from the Company. Her husband maintains customer records and does the monthly billing for the Company utilizing Microsoft Office and Excel spreadsheets. He is paid a monthly fee for these services. There are two outside contractors utilized, and written contracts are on file for these contractors to define the services and costs. One contractor acts as the licensed operator. The other contractor, a husband/wife team, conducts meter readings and a visual inspection of the well house.

Customers may initiate service by visiting or calling the office. If the customer visits the office, they will be required to complete an application for service at that time. Callers will be sent an application via mail, email, or fax which must be returned to the Company. Customers are provided with the contact information of the operator that they can use at any time in the case of an emergency.

Company personnel indicated they require a \$15.00 security deposit as a condition for providing service. Hickory Hills has acquired only one new customer during the period of 2012 to 2014. Company personnel indicated that, in the past, customer deposits were not refunded until the customer had left the system. The Company provided EMSU staff with a list of customers who had been assessed deposits from 2009 through 2013. At this time, the Company has retained only two of the customer deposits which have been held less than a year. One deposit assessed at the end of 2011 has also been retained. The remaining deposits have had 6% interest calculated and then the total amount applied to the individual customer's past due balance.

Customer Billing

Billing functions are performed by the husband of an employee at the law firm, and bills are calculated using an Excel spreadsheet program. This individual is paid for his services but does not operate under a contract. The Company provides the customer a monthly bill that indicates the amount of water used, a total for water service charges and a total for sewer service charges. Prior balances due are noted on the bill as well.

The Company did indicate it estimated bills from June to September in 2013, during a transition phase for its meter reading function. Customers were billed based upon their usage in May of that year and were mailed a letter explaining why their bills were estimated for that period. A true up bill based upon the actual usage was also sent to the customer in October. The Company does not have an estimation procedure in its water tariff at the time of this review. The

Commission's Water and Sewer Unit is recommending language in the Company's new proposed tariffs that will address this.

Payment Remittance

Customers' bills are due 21 days after the bill is mailed. Payment may be made by check or money order and sent to customers through the mail. Due to the location of the receiver in relation to the service location, payments are usually mailed to the office of the receiver in Clinton, Missouri. The Company picks up and receives mail daily. Payments are normally posted once or twice a week. Payments received during the billing period are posted prior to generating new bills. The bill shows any past due amounts on the customers' current month bills and requests the total amount due.

The Company does charge a late fee for payments not received by the due date or next billing cycle. The Company's tariff provides that it may collect a late charge of \$3.00 per late payment, not to exceed a three-month cap of \$9.00 per customer. The Company currently charges beyond the three-month cap of \$9.00 per customer. This is a tariff issue that will be updated by the Commission's Water and Sewer Unit during this case. The Company typically makes bank deposits on a weekly basis or more often if necessary.

The Company indicated that it rarely receives a returned check and has only received one in the last three years. The Company's tariff does provide for a \$25.00 returned check charge. Currently, the Company is charging a \$28.00 returned check fee. The Company developed this fee by using the \$25.00 allowed by the tariff and an additional \$3.00 to cover their Company processing time. The Company has indicated it will discontinue the additional \$3 fee and abide by the tariff. The Commission's Water and Sewer Unit will discuss the returned check fee with the Company during a review of the present tariff sheets.

Credit and Collections

The Company mails a letter to the customer indicating a past due balance after the new bill with current charges is rendered. They provide a date for potential discontinuance of service and encourage the customer to contact the office between 9:00 a.m. and 5:00 p.m. Monday through Friday to discuss payment arrangements. The Company's receiver stated that, when

necessary, collection letters for past due accounts are mailed on his law firm's stationery, though these letters are not mailed on a regular basis.

The Company indicates it has not performed any discontinuances of service in the last year.

Complaints and Inquiries

Customers may call or mail the Company with any inquiries or complaints to the Company. Most contacts begin with a phone call and are generally able to be handled by office personnel or the receiver. The Company does maintain a log of contacts that notes the inquiry issue and the resolution. In addition, they note the initials of the employee who handled the inquiry. The Commission's Electronic Filing Information System (EFIS) received no customer complaints during 2012 or 2013. There were a total of eight public comments filed by customers in the present two cases.

Customer Communication

The Company has a written information brochure which contains necessary information required by Commission Rule 4 CSR 240-13.040. The brochures are available to customers at the office and new customers receive one when applying for service. If necessary, the Company is able to provide messages to customers on their monthly billing statements. The Company has also used letters to inform customers of various issues such as collection of the primacy fee and when the meter readings were unavailable due to personnel shortages.

Findings, Conclusions, and Recommendations

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

- Customer Bill Format
- Time Sheet
- Estimation Procedures
- Collection Activities

Customer Bill Format

Customers' bills do not separately identify a calculation for usage or the customer charge. Customers should be able to clearly see the monthly customer charge, as well as the amount due for their utilization of the volume of water. By ensuring that previous balances due and all charges are appropriately itemized on customers' bills, customer confusion will be minimized and customers will be more likely to remit the appropriate payment.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop a customer billing statement that itemizes all authorized charges, such as the customer charge, usage charge and the previous balance due. This recommendation should be completed within 90 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.

Time Sheet

Office personnel at the law office of Mr. Cover do not maintain time records to record their time when conducting job activities for the Company. Even if these employees are not compensated by the Company at this time, it is important for their efforts to be documented to provide a realistic picture of the efforts necessary to run the Company.

As the Company does not have specific employees, other than Mr. Cover, it is important to maintain documentation on the actual job activities and costs attributable to operate the Company. The contract meter reader and the operator for the Company have written contracts defining their work and pay. Another individual conducts billing and accounts posting under an agreement with the Company. Mr. Cover utilizes a time log to track his hours and activities to provide the Courts for reimbursement of his time. It is important to also track the time associated with Mr. Cover's law office employee in case such time increases in the future.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize time sheets to record work assignments and the time associated with each work assignment for individuals performing work for the Company. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.

Estimation Procedures

The Company has not submitted its estimation procedures for approval to the Commission per Rule 4 CSR 240-13-020 (2), which states:

(2) Each billing statement rendered by a utility shall be computed on the actual usage during the billing period except as follows:

(C) Under no circumstances shall a utility render a bill based on estimated usage –

1. Unless the estimating procedures employed by the utility and any substantive changes to those procedures have been approved by the commission;

The Company indicated they only had estimated bills once during a three-month period in 2013 while looking for a new contractor to perform meter reads. The EMSU staff discussed the benefits to having an approved procedure in the event the Company is forced to estimate customer bills in an emergency situation. The Company was informed of the rule and indicated it would work with Commission staff to create estimation procedures for approval. The Commission's Water and Sewer Unit is recommending language in the Company's new proposed tariffs that will address this.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Maintain Commission-approved billing estimation procedures to ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the event that an estimate is necessary. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2014-0167.

Collection Activities

The Company does not pursue actions to discontinue the service of customers with delinquent accounts within the time frames that are allowed under Commission rules. In response to EMSU staff inquiries, the Company indicated that it had not discontinued the services of any customer in the last several years. A review of customers with past due balances as of February 2014 showed a total of thirteen water and sewer customers with totals due that ranged from \$66.00 to \$1,709.00. This means that 13 of the Company's 47 customers have past due bills.

EMSU staff believes the practice of not discontinuing service within the time frame that is communicated to nonpaying customers is exacerbating the delinquent account problem. Many customers realize they can wait an extended period of time to pay their bill because a

discontinuance of service is rarely performed. The Company does not routinely mail letters attempting to collect the balance due or threatening discontinuance because it has been unable to follow up on the action. Delays in collecting delinquent account balances also have a negative impact on the availability of Company revenue. The implementation of cost-effective actions to reduce the number of delinquent customer accounts will provide important benefits. Customers will learn that they must remit payment within the allotted time frame in order to avoid a discontinuance of service. A reduction in the number of delinquent accounts will provide the Company with revenues on a more timely basis and also reduce bad debt.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate and implement actions in compliance with Commission Rule 4 CSR 240-13.050 and the Commission-approved water and sewer tariffs that will reduce the number of delinquent customer accounts. Actions should include the notifications to customers that their accounts are delinquent and subject to discontinuance of service. The Company's actions should ensure that discontinuances of service are conducted in a manner that is consistent with the time frame communicated to customers. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.

Implementation Review

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

Agreement Attachment H

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
Case No. SR-2014-0166 and WR-2014-0167
Hickory Hills Water & Sewer Co., Inc.
David Spratt/James Russo

Introduction

This Report was prepared jointly by Staff members David Spratt and James Russo. The Staff member responsible for each section is denoted at the end of each section.

Hickory Hills Water & Sewer Co., Inc. (Company) obtained Certificates of Convenience and Necessity (CCN) to operate the water system and sewer system in Case Numbers 18,205 and 18,206, both effective October 15, 1974. Mr. Gary Cover was appointed a receiver of the system by a Moniteau County Circuit Court on January 2, 2007.

The Company provides service to approximately 47 water customers and 47 sewer customers in the Hickory Hills and Temple Terrace subdivisions. The system is located approximately ½ mile west of the City of California. On December 2, 2013, the Company filed a request for an annual increase in water and sewer revenues of twenty-five percent. The Commission's Water and Sewer Unit Staff (Staff) performed an annual inspection on January 21, 2014 to examine the Company's facilities, operations, and recent upgrades made to the water system, as well as discuss the proposed upgrades to the waste water treatment. Staff's findings and suggested improvements are listed below. (Spratt)

Water System

The source of supply of the water system consists of a single well. The water is treated with chlorine for disinfection. The master meter is located at the wellhead. Storage consists of five 100-gallon storage tanks that are used for storage and chlorine contact. There are six 100-gallon pneumatic tanks used to provide pressure to the system as well as providing 40 gallons of usable storage each. The Missouri Department of Natural Resources (DNR) noted in 2004 that the system's storage capabilities is less than the 24-hour storage recommendation. Finally, there is a distribution system with meters for each customer.

The well column is a six-inch diameter steel cased well that was drilled in 1975 to a depth of 650 feet. Water is drawn from the well by a 5 horse-power submersible pump capable of producing 60 gallons per minute. At the time of the inspection it was only measured at 30 gallons per minute. Staff has asked the Company to maintain a daily well log and monitor the gallons per minute pumped reading to see if the well has a problem or if it pumps a different volume of water at different times against different head pressures. Average daily production at this system is 7,242 gallons per day, per the Company's master meter records. The distribution system is

comprised of approximately 6,715 feet of PVC pipe. Nearly two-thirds of the distribution system (4,467 feet) is two-inch PVC pipe. There is also 1,908 feet of four-inch PVC pipe, and 340 feet of three-inch PVC pipe according to the Company's Annual Report.

The well house is located at the highest elevation in the system and therefore the majority of the system receives pressure via gravity. The pneumatic tanks provide additional pressure for the homes that are near the same elevation as the well house. The pumps are set to turn on when pressure falls below 40 pounds per square inch (psi) and turn off when the pressure reaches 65 psi. The current operator lives in Otterville and checks on the system once a week to perform tests that require a licensed operator. The receiver hired a resident of the system to perform daily checks on the water and on the well. This person keeps a daily record but does not keep the record in the well house. Staff would like for the Company to keep the records at the well house.

The Company has received some low pressure complaints from customers who are near the same elevation as the well house but Staff has been unable to substantiate if these pressure concerns have ever fallen below the 20 psi requirement established by DNR. All of the customers are metered and pay the same rate for service. The current tariffed water rate is \$20.47 per month plus \$4.06 per 1,000 gallons of water used. Staff has received six customer comments objecting to the rate increase since the initial customer notice was mailed out on January 16, 2014, because they don't believe that there have been any improvements made to the system. One comment was about the quality of service the Company provides. The water system appeared to be operating smoothly at the time of the inspection. (Spratt)

Sewer System

The Sewer system currently consists of a single-cell lagoon with a capacity of 16,400 gallons per day and a collection system which operates by gravity to the lagoon. The lagoon is in enforcement action with the Missouri Attorney General and DNR because it is not able to treat the sewage adequately and discharges solids into the receiving stream. The Company has been ordered in Case No. 12MT-CC00027 to "Replace the entire wastewater facility" with a non-lagoon treatment facility that will allow the Company to comply with the required effluent limits. The lagoon once had a fence around it for protection. The fence had signs on it to alert passers-by that this was a lagoon for sewer treatment. The fence and signs have been taken down and should be replaced. The outfall is not marked where the effluent is discharged into the receiving stream. This should be posted as well. The system is currently operating without a permit due to its failure to comply with effluent limits.

According to the Company's Annual Report the collection system is composed of a total of 4,855 feet of gravity sewers. Nearly half (2,335 feet) of the pipe is six-inch and the rest (2,490 feet) is eight-inch. During Staff's inspection some manholes were opened to look for leaks as well as the structural integrity. The manholes that were opened seemed to be in good condition and there was no evidence of leakage or inflow at the time. However, the last manhole prior to

the lagoon is at a rather low elevation, and there is a crack around the riser which is an infiltration point. A thorough inspection of all manholes should be performed to look for potential infiltration points.

DNR issued a Schedule of Compliance in 2004 with a completion date of March 15, 2007 to have the facilities upgraded to meet effluent limits set forth in the permit. An Agreed Order of Preliminary Injunction was filed in Moniteau County Circuit Court August 8, 2013. Within that order are specific issues to be addressed by the Company. A copy of that order is attached.

The Company has complied with the court order by requesting a rate increase but the Company, which as stated is in receivership, does not have the financial resources to undertake a construction project, and is seeking approval by the Commission for interim rates which could allow a financial resource to begin a construction project. The current tariffed sewer rate is \$42.50 per month. The Company has caused an engineering report to be prepared offering several treatment alternatives. At this time the only work that has been performed in accordance with the court order is clearing out the vegetation around the lagoon. (Spratt)

Tariff Review

Staff continues the process of updating water and sewer tariffs as individual companies file rate cases with the Commission. A completely new tariff will be filed for the Company during this rate case. The Company's original tariff became effective May 1, 1974. The entire tariff was cancelled on April 30, 1996 and replaced with a new version. A new rate schedule will be developed to reflect the new rates the customers will be required to pay based on the Company's current cost of service. In addition, Staff reviewed the existing miscellaneous service charges with the Company to recover the actual costs related to these services. Miscellaneous charges have been calculated by Staff to allow the Company to recover the actual costs related to these items used in its operation from the customers causing the event. The rates proposed are reasonable for the costs incurred for the services and are consistent with the majority of other regulated water companies in the state of Missouri.

In the process of updating the current tariff, and after discussions with the Company, Staff proposes making some changes to the service charges. In the water tariff, Staff proposes adding a connection fee charge and established the rate to be the actual cost. A service connection fee is proposed to be raised from \$15 to \$25. A water service line inspection fee of \$25 is proposed to be added. A late payment charge is proposed to be changed from three dollars to the greater of five dollars or three percent without a three month restriction on it as presently exists. A charge for service calls is proposed to be added, which shall be the actual cost but not less than \$40.

Staff also proposes some revisions to the sewer tariff. The service connection would no longer be based on the size of the connection but would be billed at the actual cost. The late charge is proposed to be changed from three dollars per month to the same language as the water tariff. An inspection fee of \$35 is proposed to be added to the tariff with a re-inspection fee of \$20 if

the first inspection is not satisfactory to the Company. The physical disconnection of service is proposed to be charged at the actual cost. A charge for service calls is proposed to be been added which shall be the actual cost but not less than \$40.

The new and updated tariffs for the Company will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3 tariff for water and PSC MO Number 4 for sewer. (Russo)

Rate Design

Staff reviewed the current rate design in its investigation. The current rate design is a monthly bill with a base rate and a commodity charge per 1,000 gallons used for water service. Sewer service is provided for a flat rate. Staff is not making any recommendations to change the Company's current rate design in this case, but plans to revisit the rate design in any future rate case proceeding. (Russo)

Conclusion and Recommendations

Staff finds the water system to be operating sufficiently well at this time except for the apparent reduced well pump production. The Company needs to monitor production and electric amperage to detect an approaching failure. Also, there should be a sealed container for the chlorine with a vent going outside of the well house to prevent damage to metal parts inside the well house from corrosion caused by chlorine gas. A well log should be kept inside the well house recording the daily water meter readings, electric meter readings, gallons per minute observed pumped, chlorine residual, and any work that was performed that day, in addition to amperage readings taken periodically. The production in gallons per minute is especially critical at this time.

The lagoon does not meet DNR standards and has been ordered to be upgraded. The Company prepared an engineering report in 2008 that detailed several potential solutions. The most affordable was to connect the sewer to the City of California. This solution has not been agreed upon by the city. The next most affordable solution is to construct a mechanical plant on site. The cost of the plant had been estimated at \$260,250 in 2008. Those costs are undoubtedly higher now. The Company should work with DNR to look for funding sources such as grants or low interest loans that might be available to remedy a bad situation. DNR has recommended that Mr. Cover prepare this utility for sale to a proper owner and upgrading the treatment facility may be the first step in that direction.

WATER AND SEWER UNIT STAFF RECOMMENDATIONS:

1. The Commission cancel the existing PSC MO No. 2 water tariff and replace the water tariff with PSC MO No. 3.
2. The Commission cancel the existing PSC MO No. 2 sewer tariff and replace the sewer tariff with PSC MO No. 4.
3. Within thirty (30) days provide a sealed container for chlorine used to treat the water, and vent it outside to protect metal and electrical equipment inside the well house.
4. Within thirty (30) days provide for a well log inside the well house to keep track of all daily monitoring of the system including gallons per minute pumped.
5. Within ninety (90) days provide a list of any and all repairs the Company would like to perform in the year 2014 and the costs associated with those repairs to the Manager of the Water and Sewer Unit.
6. Within ninety (90) days replace the fence around the lagoon, put the proper signs up on each side of the fence, and mark the outfall.

Agreement Attachment I

Auditing Unit Recommendation Memorandum

AUDITING UNIT RECOMMENDATION MEMORANDUM

**FROM: Paul R. Harrison
Jermaine Green
Auditing Unit Staff**

**TO: Jim Russo
Water and Sewer Unit, Case Coordinator**

**CC: Kevin Thompson
Staff Counsel's Office
Kim Bolin**

**SUBJECT: Auditing Unit's Findings and Recommendation for Hickory
Hills Water and Sewer
Case Nos. SR-2014-0166 and Y R-2014-0167**

DATE: February 25, 2014

BACKGROUND STATEMENT

Hickory Hills Water and Sewer, Inc. ("Hickory Hills" or "the Company") filed a rate increase request with the Missouri Public Service Commission ("Commission" or "PSC") on December 2, 2013. The Company requested a 25% increase in the Company's water and sewer service. Hickory Hills currently serves approximately 47 water and 49 sewer customers in Moniteau County, Missouri. Hickory Hills' current water and sewer rates became effective in August 2009. In addition, the Company is currently operating under the control of an interim receiver, Gary Cover, pursuant to an order of the Cole County Clerk that became effective on January 2, 2007.

TEST YEAR AND UPDATE PERIOD

Staff used a test year consisting of the twelve months ending June 30, 2013, with an update period through December 31, 2013, to develop its revenue requirement recommendation in this case. Based upon the examination of the Company's books and records, Staff's cost of service calculations show a revenue requirement of \$14,365 (56.20% increase) for Hickory Hills' water service and \$4,353 (17.30% increase) for Hickory Hills' sewer service. **In addition, DNR has brought an Injunction against Hickory Hills as discussed below; and as a result Staff developed a revenue requirement for Hickory Hills' sewer based upon the Company renting a portable mechanical Waste Water Treatment Plant ("WWTP") and financing it over a 5-year period. The incremental revenue requirement increase for Hickory Hills to construct the WWTP and close the lagoon is approximately \$43,788.** Attached to this

Memorandum are the Audit Staff's Accounting Schedules and relevant workpapers related to the audit.

Included in the computation of the water and sewer revenue requirements in the Staff Accounting Schedules is a 9.930% weighted average cost of capital (rate of return). Mrs. Shana Atkinson of the Financial Analysis Unit provided and recommended this overall rate of return based upon a hypothetical capital structure. Also, the depreciation rates used in Staff's calculations for depreciation expense were provided and recommended by Mr. Derick Miles of the Engineering and Management Services Unit (EMSU).

RATE BASE

Plant in service, depreciation reserve, contribution in aid of construction (CIAC) and CIAC amortization were updated through December 31, 2013, for all investment that is paid for and in service for the water and sewer systems. Mr. Miles of the EMSU compiled the plant in service, reserve, CIAC and CIAC amortization balances that were included in the last rate case and updated all items up through December 31, 2013. For both the water and sewer systems, the rate base totals as of December 31, 2013 are \$8,623 for water and \$180 for sewer.

REVENUES

The test year water revenue was determined by computing the fixed minimum charges and the commodity (or variable) charges for the 47 active metered water customers using the appropriate current tariff rates. The fixed minimum monthly charge of \$20.47 was multiplied by the number of active metered customers (47) to derive the amount of total customer charges for a month. This result was annualized taking into account the twelve monthly billing periods to derive the total fixed annual revenue. The annualized metered variable revenues were determined by multiplying the annualized gallons per customer, with no minimum, in accordance with the Company's existing tariff. The annualized water revenue amount included in the Staff's revenue requirement is \$22,011.

The test year sewer revenue was determined by computing the fixed minimum charges for the 49 active customers using the appropriate current tariff rates of \$42.50. The annualized sewer revenue amount included in the Staff's revenue requirement is \$25,163.

RECEIVERSHIP FEES

Hickory Hills is under the control of a court-appointed receiver, Gary V. Cover, who is responsible for the management and operations of the Company. The

compensation for services provided to the Company by the receiver is set at the rate of \$150 per hour plus expenses and approved by Cole County Circuit Court. In the Company's last rate case, Staff proposed to normalize the amount of court-ordered receiver fees authorized to the receiver since his appointment (\$31,385.50 over the course of 26 months) by dividing the full amount by the months served, then multiplying the result by 12 monthly periods. The normalized level of receivership fees for both water and sewer operations that were included in the revenue requirement for the last case was \$14,486.

However, because of limited cash flow for Hickory Hills, the receiver has not been able to fully recover all of his fees that were ordered by the Cole County Circuit Court. In addition, since the last rate case, the court has ordered another payment of \$62,439.91 as of May 22, 2009. As of January 15, 2014, Mr. Cover is still owed \$65,528 from the two court-ordered fee payments mentioned above. The receiver has not requested any other payments from the court since May 2009. Staff requested an update of the receiver fee costs since May 2009 and Mr. Cover provided a "Receiver's Interim Statement" totaling \$105,012.50 for services provided as of December 27, 2013. This statement has not been submitted to the Cole County Circuit Court. Staff included a normalized level of Receivership fees in this case based on the average incurred annual expense of \$11,158 for water and \$11,158 for sewer.

OPERATOR FEES

The Company hired Larry Castle in September 2013 to be the Contract Operator for Hickory Hills. Mr. Castle performs weekly inspections of the well house and sewer lagoon, performs maintenance and testing of the water system, performs maintenance and testing of the wastewater systems, and prepares and files all reports required by the state of Missouri for both the water and wastewater systems. Hickory Hills pays Mr. Castle \$750.00 per month or \$9,000 annually for his services. Per Staff's interview with Mr. Castle, he works approximately 40 hours per month performing operation and maintenance functions for Hickory Hills. This equates to \$18.75 per hour. Per the Missouri Economical Research Information Center (MERIC), the "Water and Wastewater Treatment Plant and System Operator's" average pay for Moniteau County is \$18.60 per hour. Therefore, Staff made an adjustment to decrease Hickory Hills' operator costs to align Mr. Castle's hourly wage with the MERIC average wage. .

BILLING SERVICES, METER READING AND WELL INSPECTION

Billing services are performed by Richard Wells located in Clinton, MO at a rate of \$250 per month or \$3,000 per year for both water and sewer. Mr. Wells spends approximately 4 hours per month reviewing the meter readings, inputting the readings, preparing the bills, printing them and placing them in envelopes for mailing. This equates to \$62.50 per hour. Per MERIC, the "Billing and Posting Clerk" average pay for Moniteau County is \$16.30 per hour. Therefore, Staff made an adjustment to decrease

Hickory Hills' billing service cost to align Mr. Wells' hourly wage with the MERIC average wage. This is a decrease of \$1,109 for water and \$1,109 for sewer per year.

Meter reading services and the daily inspection of the well are performed by Mark and Chris Cram for the Company at the rate of \$500 per month or \$6,000 per year. Mr. and Mrs. Cram spend approximately 3 to 4 hours per month reading the meters and preparing the spread sheets. In addition, they spend approximately 30 minutes per day or 15 hours per month checking the well house, taking daily water samples, meeting with the operator, and on occasion meeting with DNR/PSC representatives. This equates to \$26.32 per hour. Per MERIC, the "Meter Reader" average pay for Moniteau County is \$17.50 per hour. Therefore, Staff made an adjustment to decrease Hickory Hills' meter reading service cost to align Mr. and Mrs. Cram's hourly wage with the MERIC average wage. This is a decrease of \$2,010 for water per year.

ELECTRIC EXPENSES

Staff used a two year (calendar years 2012 and 2013) average of the actual electric expense of Hickory Hills to adjust the test year electric expense to a normal level. The normalized annual level of electric expense for Hickory Hills is \$2,331.

CHEMICALS

Hickory Hills is required by DNR to treat its sewer water prior to discharging it into the creeks and streams. However, Hickory Hills' operating permit was rejected by DNR because of the significant number of Missouri Clean Water Law violations, and they have not used any chemicals in the last two years to treat the discharge water from the lagoon.

MISSOURI DEPARTMENT OF NATURAL RESOURCES FEES (DNR)

Staff included \$650 for DNR fees in its cost of service for Hickory Hills' sewer. The Company has not paid its DNR fees in the past two years and its DNR permit has not been renewed. DNR rejected Hickory Hills' application to renew its permit because the lagoon is not within DNR requirements and is in violation of the Missouri Clean Water Law. Staff is proposing that a new WWTP be installed for Hickory Hills' sewer system which should correct this problem. Staff also included \$200 in DNR lab fees for its water cost of service.

PSC ASSESSMENT

Based on the 2014 PSC assessment ledger, the Company's current PSC Assessment fee for Hickory Hills is \$102 for its water operations and \$2,373 for sewer operations.

AMORTIZATION EXPENSE

Receivership Fees – Mr. Cover is owed approximately \$65,528 for back-payment of his court-appointed receiver pay. Staff is recommending that his back-payment be amortized over a five-year period and included in the cost of service. This equates to \$6,553 for water and \$6,553 for sewer.

Operator Fees - Kyle Wirts was terminated as the operator of Hickory Hills in September 2013. He is owed a back-payment of \$14,500. Staff is recommending that his back-payment be amortized over a five-year period and included in the cost of service. This equates to \$1,450 for water and \$1,450 for sewer.

Bank Loan, 1st National Bank – Mr. Cover personally took out a loan with 1st National Bank of Clinton to pay off Company debt that the receiver inherited at Tipton-Latham Bank of approximately \$20,000.00 and to pay for expenses related to two customer sewer backup claims against the Company. The current balance of the loan is \$18,954. Since this debt is not in the Company's name but in Mr. Cover's name, Staff has not included this debt in its capital structure. Therefore, Staff is recommending that this loan payment be amortized over a five-year period and included in the cost of service. This equates to \$1,895 for water and \$1,895 for sewer.

LACK OF RECORD KEEPING

The operating expenses of the Company for the test year were reviewed during the audit and, when necessary, adjustments were made. In the course of the audit, the Audit Staff significantly relied upon the Company's bank statements, check registers and vendor invoices to determine the expense portion of the cost of service for the utility's operations, as no formal accounting system is in place. Hickory Hills is required to maintain its financial records in conformity with the National Association Regulatory Utility Commission's (NARUC) Uniform System of Accounts (USOA) for water and sewer utilities. In addition, in the Company's last rate case, SR-2009-0154 and WR-2009-0151, the Company agreed in its Disposition Agreement to maintain its books and records in conformity with the USOA. However, the Company does not maintain its financial records in accordance with the USOA as required and does not maintain a proper bookkeeping system. The Audit Staff recommends that the Company begin compliance with the Commission's USOA requirements as soon as possible. An accurate record keeping system is an essential ingredient for financial stability of the Company; this financial stability is a key ingredient in providing safe and adequate service to its customers.

Audit Staff Recommendations:

The Company should fully comply with these recommendations within 90 days of the effective date of the Commission Order for this case:

- a) The Company shall develop continuous property records (CPRs) for both water and sewer plant in service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- b) The Company shall develop a general ledger by account for both water and sewer;
- c) The Company shall keep the Company's CPRs and general ledger up to date and complete;
- d) The Company shall maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners Uniform System of Accounts;
- e) The Company shall calculate depreciation expense on a monthly basis and include the amounts in the Company's general ledger;
- f) The Company shall develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
- g) The Company shall develop a list of duties and responsibilities for any employee that performs work for the Company and maintain the number of hours worked with a description of the functions performed by the employees; and
- h) The Company shall maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Company by the receiver.

ADDITIONAL MATTERS:

ESTIMATED COST OF CONSTRUCTNG A NEW WASTE WATER TREATMENT PLANT

The State of Missouri Attorney General, Missouri Clean Water Commission, and the DNR, sought a Preliminary Injunction against Defendant Hickory Hills Water and Sewer to prevent further violations of the Missouri Clean Water Law, In **THE CIRCUIT COURT OF MONTEAU COUNTY STATE OF MISSOURI, Case No. 12MT-CC00027**. The Circuit Court issued an Agreed Order of Preliminary Injunction and ordered:

Findings of Fact

1. For the purposes of this Order, this Court has jurisdiction over the subject matter of this action and over the parties. The subject matter of this action involves allegations of violations of Missouri Clean Water Law found in Chapter 644 RSMo and its implementing regulations pertaining to Defendant's ownership and operation of a wastewater

treatment lagoon that serves the Hickory Hills and Temple Terrace Subdivisions near California, Moniteau County, Missouri (“lagoon”).

2. The provisions of this Order shall be binding upon the parties to this action as well as their agents, servants, employees, heirs, successors, assigns, and to all persons, firms, corporations and other entities who are, or who will be, acting in concert or privity with, or on behalf of the parties to this action or their agents, servants, employees, heirs, successors, and assigns.

3. Nothing in this Agreed Order of Preliminary Injunction shall operate as an admission of guilt or liability on the part of Defendant. The parties have agreed to this order in the interest of expeditiously abating the violations of the Missouri Clean Water Law that may be occurring or could occur as a result of inadequate maintenance of the lagoon.

4. Defendant is ordered and preliminarily enjoined to obey, abide by and comply with this Order, and the regulations adopted pursuant thereto.

Schedule of Compliance

5. Defendant is ordered to operate and maintain the lagoon including but not limited to maintaining the berm to the best of its ability so that there is minimal discharges of contaminated wastewater or storm water from the lagoon to waters of the state. In order to maintain minimum compliance with this section, within thirty (30) days of the effective date of this Order Defendant is ordered to:

- a) Mow the vegetation on the berm and remove all woody vegetation on the berm of lagoon;
- b) Repair or erect a fence around the lagoon pursuant to the requirements of 10 CSR 20-8.020 (11)(C)11A; and
- c) Post warning signs on each side of the facility enclosure pursuant the requirements of 10 CSR 20-8.020(11)11.

6. Within sixty (60) days of the effective date of this Order Defendant is ordered to file a rate increase request with the Missouri Public Service Commission along with a request for an emergency rate increase to address the specific need to pump and haul contaminated wastewater from the lagoon to a permitted facility capable of accepting and treating the contaminated wastewater. Defendant will continue to pump and haul contaminated wastewater from the lagoon until further order of this Court as set out in Paragraph 7.

7. Within sixty (60) days of approval by the Missouri Public Service Commission of Defendant shall utilize any and all emergency rate increase funds granted to pump and haul wastewater from the lagoon to a

permitted wastewater treatment facility with the capacity to accept the load(s) and maintain the lagoon so there are no discharges over the top of the berm to waters of the state. Defendant will continue to pump and haul contaminated wastewater from the lagoon until further order of this Court. Additionally, defendant shall maintain pumping and hauling receipts and make these receipts available to the Department upon request. The receipts shall include the date the wastewater was pumped; amount in gallons of wastewater pumped and the name of the wastewater hauler and permitted facility accepting the wastewater.

8. From the effective date of this Order and continuing until this Order is dissolved by the Court, Defendant shall continue to pursue all available options for:

- a) Replacing the entire wastewater facility, including those options provided by Lake Professional Engineering Services in the engineering report submitted to the Department on February 24, 2009, and an undated report in response from the Missouri Attorney General's Office, dated August 18, 2008. Both the report and letter are attached hereto and incorporated as Exhibits A and B, respectively; and
- b) Pursuing the lawful transfer of assets to an approved purchaser/operator for the entire water and wastewater system serving the Hickory Hills and Temple Terrace Subdivisions, whether said approved operator is a municipality or private party.

Because of this order, Staff has estimated Hickory Hills' revenue requirement based upon the Company renting a portable mechanical Waste Water Treatment Plant ("WWTP") and financing it over a 5-year period. Staff witness James Merciel of the Commission's Water and Sewer Unit (W&SU) developed a hypothetical capital project for the rental of this portable unit and financing. In conjunction with this unit there will need to be two lift stations installed, which will also be financed over a 5-year period. His estimate for the amortization of these items is approximately \$35,415 annually. Mr. Merciel has also included estimated additional operating expenses such as electricity, chemicals and sludge hauling. The total for these additional expenses is \$8,500. The incremental increase in rates for Hickory Hills to construct the WWTP and close the lagoon is approximately \$43,788. Attached to this memo is the estimated cost of service for Hickory Hills with the new costs of the treatment plant.

Agreement Attachment J

Schedule of Temporary Waste Water

Treatment Plant

Attachment J – Schedule for Temporary Waste Water Treatment Facility

Hickory Hills Water & Sewer Company, Inc.

Case No. SR-2014-0166

Company/Staff agreed upon timeline for Temporary Waste Water Treatment Facility operation:

Effective Date = effective date of the Commission's approval of the disposition agreement

Facility = Temporary Waste Water Treatment Facility

1. Enter into a contract with a Facility provider within thirty (30) days after the Effective Date.
2. Expected actual set-up time will be completed within approximately one-hundred and fifty (150) days after the Effective Date.
3. Enter into other contracts to accomplish set-up work as required for the Facility within forty-five (45) days after Effective Date. Contracts for set-up work includes but may not be limited to:
 - a. Driveway easements and preparation as needed for construction and operation of the Facility.
 - b. Single phase 5 kilowatt electric utility service, and electric meter for use to supply power to the Facility, a lift station, and accessories used for operations.
 - c. Adequately sized (expected 1,000 gallons or greater) tank with gravity flow from the existing sewer collection system for use as Facility influent lift station, with filter and pumps as necessary for the Facility to be used.
 - d. Level, graveled area for location and set-up of the Facility, as specified by the Facility provider.
 - e. Piping and appurtenances to be used for influent flow, effluent flow, and lagoon de-watering, as necessary.
4. Other contract work to be completed as necessary for Facility construction and set-up, expected completion to be within ninety (90) days after the Effective Date.

Hickory Hills Water & Sewer Company, Inc., shall notify the Commission within five (5) business days regarding any change in the expected timeline due to issues including but not limited to contract matters, construction delays, supplier delays, or major changes to the planned Facility due to regulatory requirements such as Department of Natural Resources wastewater discharge permitting.

Agreement Attachment K

Summary of Case Events

Hickory Hills Water & Sewer Company
Case #SR-2014-0166
Summary of Case Events

Date Filed	December 2, 2013
Day 150	May 1, 2014
Extension?	N/A
If yes, why?	N/A
Amount Requested	\$10,378
Amount Agreed Upon	\$41,640
Item(s)/Dollar(s) Driving Rate Increase	Installation of temporary waste water treatment plant.
Number of Customers	49
Return on Equity	11.93%
Assessments Current	Current
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	WR-2014-0167
Status with Secretary of State	Good Standing
DNR Violations	Yes
Significant Service/Quality Issues	Lagoon needs to be replaced. Major I & I problems.

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Aaron Archer – Water & Sewer Department

Paul Harrison-Auditing Department

Derick Miles – Engineering & Management Services Department

Deborah Bernsen – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

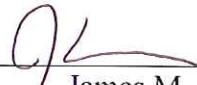
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

In the Matter of a Requested Rate Increase)
for Annual Water Operating Revenues by) File No. SR-2014-0166
Hickory Hills Water & Sewer)

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

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



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

Subscribed and sworn to before me this 7th day of July, 2014.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF AARON R. ARCHER

In the Matter of the Requested Rate Increase)
for Annual Sewer Operating Revenues by)
Hickory Hills Water & Sewer)

File No. SR-2014-0166

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

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



Aaron R. Archer
Utility Policy Analyst
Water & Sewer Unit

Subscribed and sworn to before me this 27th day of June, 2014.



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

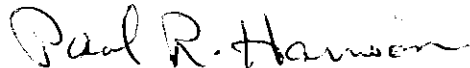
OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase)
for Annual Sewer Operating Revenues by)
Hickory Hills Water & Sewer)
File No. SR-2014-0166

AFFIDAVIT OF PAUL R. HARRISON

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.


COMES NOW Paul R. Harrison, being of lawful age, and on his oath states the following: (1) that he is a Regulatory Auditor IV in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Auditing Unit; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments B, C and I to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachments B, C and I to the Disposition Agreement; and (6) that the matters set forth Attachments B, C and I to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Paul R. Harrison
Regulatory Auditor IV
Auditing Unit

Subscribed and sworn to before me this 27th day of June, 2014.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase)
for Annual Sewer Operating Revenues by)
Hickory Hills Water & Sewer) File No. SR-2014-0166

AFFIDAVIT OF DERICK MILES, P.E.

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

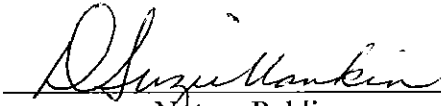
COMES NOW Derick Miles, P.E., being of lawful age, and on his oath states the following:
(1) that he is a Utility Regulatory Engineer II in the Missouri Public Service Commission’s
Regulatory Review, Utility Services Department, Engineering & Management Services Unit;
(2) that he participated in the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



Derick Miles
Utility Regulatory Engineer II
Engineering & Management
Services Unit

Subscribed and sworn to before me this 27th day of June, 2014.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION


OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase)
for Annual Sewer Operating Revenues by) File No. SR-2014-0166
Hickory Hills Water & Sewer)

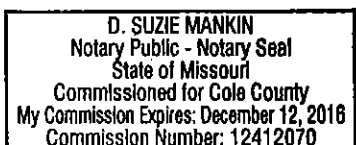
AFFIDAVIT OF DEBORAH A. BERNSEN

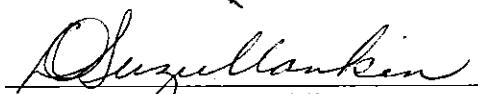
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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


Deborah A. Bernsen
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 27th day of June, 2014.




Notary Public

APPENDIX A

CASE No. WR-2014-0167

STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

Table of Contents

Company/Staff Disposition Agreement

Agreement Attachment A:	Ratemaking Income Statement
Agreement Attachment B:	EMS Run
Agreement Attachment C:	Rate Base Worksheet
Agreement Attachment D:	Schedule of Depreciation Rates
Agreement Attachment E:	Example Tariff Sheets
Agreement Attachment F:	Billing Comparison Worksheet
Agreement Attachment G:	Water & Sewer Unit Memorandum
Agreement Attachment H:	EMSU Report
Agreement Attachment I:	Auditing Unit Recommendation Memorandum
Agreement Attachment J:	Summary of Case Events

Staff Participant Affidavits

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.

Company/Staff Disposition Agreement

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

HICKORY HILLS WATER & SEWER COMPANY

MO PSC FILE NO. WR-2014-0167

BACKGROUND

Hickory Hills Water & Sewer Company ("Company") initiated the small company revenue increase request ("Request") for water service, which is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number, by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, received by the Commission on December 2, 2013, the Company set forth its request for an increase of \$4,525 (25%) in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 47 residential customers, located in Moniteau County, Missouri.

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

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements:

- (1) The agreed upon revenue requirement increase of \$14,472 (65.75% increase) added to the level of previous revenues of \$22,011 results in overall revenues of \$36,483. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ending June 30, 2013, updated to December 31, 2013, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$8,623. The development of this amount is shown on the rate base worksheet that is found in Attachment C, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes 49.75 % equity for the Company and a return on that equity of 11.93%;
- (5) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of water plant depreciation rates for the Company;
- (6) The rates as shown on Attachment E, incorporated by reference herein, are just and reasonable rates that the Company will be allowed to charge its customers which provides the Company the opportunity to collect the revenue requirement agreed to in (1) above. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of June 30, 2014;
- (8) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3, which is included in the example tariff described above;
- (9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein, and provide proof of

implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:

- (a) The Company will provide a sealed container for chlorine used to treat the water, and vent it outside to protect metal and electrical equipment inside the well house; and
 - (b) The Company will provide for a well log inside the well house to keep track of all daily monitoring of the system including gallons per minute pumped;
- (10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Unit ("EMSU") Report, attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's EMSU Unit:
- (a) The Company will develop and utilize time sheets to record work assignments and the time associated with each work assignment for individuals performing work for the Company;
 - (b) The Company will maintain Commission-approved billing estimation procedures to ensure the Company adheres to Commission Rule 4 CSR 240-13.020 (2)(C) in the event that an estimate is necessary; and
 - (c) The Company will evaluate and implement actions in compliance with Commission Rule 4 CSR 240-13.050 and the Commission-approved water and sewer tariffs that will reduce the number of delinquent customer accounts. Actions should include the notifications to customers that their accounts are delinquent and subject to discontinuance of service. The Company's actions should ensure that discontinuances of service are conducted in a manner that is consistent with the time frame communicated to customers;
- (11) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Water & Sewer Unit Memorandum, attached hereto as Attachment G and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's Water & Sewer Unit:
- (a) The Company will provide a list of any and all repairs the Company would like to perform in the year 2014 and the costs associated with those repairs;
- (12) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the EMSU Report attached hereto as Attachment H

and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's EMSU Unit:

- (a) The Company will develop a customer billing statement that itemizes all authorized charges, such as the customer charge, usage charge and the previous balance due;

(13) Within ninety (90) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Report attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:

- (a) The Company will develop continuous property records (CPRs) for both water and sewer plant in service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- (b) The Company will develop a general ledger by account for both water and sewer;
- (c) The Company will keep the Company's CPRs and general ledger up to date and complete;
- (d) The Company will maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners Uniform System of Accounts;
- (e) The Company will calculate depreciation expense on a monthly basis and include the amounts in the Company's general ledger;
- (f) The Company will develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
- (g) The Company will develop a list of duties and responsibilities for any employee that performs work for the Company and maintain the number of hours worked with a description of the functions performed by the employees; and
- (h) The Company will maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Company by the receiver;

(14) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails

the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;

(15) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;

(16) Staff or Public Counsel may file a formal complaint against the Company if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;

(17) The Company, Staff and Public Counsel agree that they have read the foregoing Company/Staff Disposition Agreement, that facts stated herein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and

(18) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

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

The Company and 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 the sewage treatment lagoon is irremediably out of compliance with the Clean Water Act as implemented and administered by the Missouri Department of Natural Resources and that agency, acting through the Attorney General of the State of Missouri, has obtained an injunction requiring Hickory Hills' compliance forthwith. A copy of the extension agreement can be found in the above-referenced EFIS Case Item No. 24 for the Request.


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

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

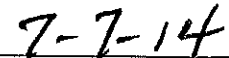
Additionally, the Company agrees that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Company/Staff Disposition Agreement at any agenda meeting at which this case is noticed to be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

SIGNATURES


Agreement Signed and Dated:



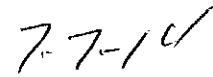
Gary V. Cover
Court Appointed Receiver
Hickory Hills Water & Sewer Company



Date



James Russo
Rate and Tariff Examination Supervisor
Water & Sewer Unit
Missouri Public Service Commission Staff



Date

List of Attachments

- Attachment A – Ratemaking Income Statement
- Attachment B – EMS Run
- Attachment C – Rate Base Worksheet
- Attachment D – Schedule of Depreciation Rates
- Attachment E – Example Tariff Sheets
- Attachment F – Billing Comparison Worksheet
- Attachment G – Water & Sewer Unit Memorandum
- Attachment H – EMSU Report
- Attachment I – Auditing Unit Recommendation Memorandum
- Attachment J – Summary of Events

Agreement Attachment A
Ratemaking Income Statement

HICKORY HILLS WATER & SEWER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	21,838
2	Other Operating Revenues *	\$	173
3	Total Operating Revenues	\$	22,011
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount		
1	Receiver Fees	\$	11,158
2	Operators Salary-Contract Services	\$	4,464
3	Electricity-Pumping	\$	2,330
4	Water Treatment Expense-Chemicals	\$	-
5	Maintenance	\$	2,028
6	Meter Reading Expense	\$	3,990
7	Customer Billing	\$	391
8	Outside Services-Accounting	\$	301
9	Office Supplies	\$	67
10	Postage	\$	144
11	MO DNR Fees	\$	200
12	Regulatory Commission Expense	\$	209
13	Miscellaneous General Expenses	\$	30
14	Sub-Total Operating Expenses	\$	25,312
15	Property Taxes	\$	-
16	MO Franchise Taxes	\$	-
17	Employer FICA Taxes	\$	-
18	Federal Unemployment Taxes	\$	-
19	State Unemployment Taxes	\$	-
20	State & Federal Income Taxes	\$	127
21	Sub-Total Taxes	\$	127
22	Depreciation Expense	\$	724
22	CIAC Depreciation Offset	\$	(434)
23	Interest Expense	\$	344
24	Amortization Expense-Receiver Fees	\$	6,553
25	Amortization Expense-Kyle Wirts	\$	1,450
26	Amortization Expense-1st National Bank Loan	\$	1,895
27	Sub-Total Depreciation/Interest/Amortization	\$	10,532
28	Return on Rate Base	\$	512
29	Total Cost of Service	\$	36,483
30	Overall Revenue Increase Needed	\$	14,472

Agreement Attachment B

EMS Run

Exhibit No.: 12345667
Issue: Accounting Schedules
Witness: MO PSC Auditors
Sponsoring Party: MO PSC Staff
Case No: WR-2014-0167
Date Prepared: 6/30/2014



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

Initial Run

STAFF ACCOUNTING SCHEDULES

HICKORY HILLS WATER

CASE NO. WR-2014-0167

Jefferson City, Missouri

Jun-14

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$21,838			
Rev-3	Miscellaneous Revenues		(1) \$173			
Rev-4	TOTAL ANNUALIZED REVENUES		\$22,011			
1	OPERATIONS EXPENSES		(2)			
2	Receiver Fees		\$11,158	\$11,158	\$0	100.00%
3	Operators Salary / Contract Services		\$4,464	\$4,464	\$0	100.00%
4	Electricity-(Pumping)		\$2,330	\$2,330	\$0	100.00%
5	Chemicals-(Chlorine)		\$0	\$0	\$0	100.00%
6	TOTAL OPERATIONS EXPENSE		\$17,952	\$17,952	\$0	
7	MAINTENANCE EXPENSES					
8	Maintenance		\$2,028	\$2,028	\$0	100.00%
9	Miscellaneous Expense		\$0	\$0	\$0	0.00%
10	TOTAL MAINTENANCE EXPENSE		\$2,028	\$2,028	\$0	
11	CUSTOMER ACCOUNT EXPENSE					
12	Meter Reading Expense		\$3,990	\$3,990	\$0	100.00%
13	Customer Billing		\$391	\$0	\$391	0.00%
14	Outside Services (Accounting Fees)		\$301	\$301	\$0	100.00%
15	Office Supplies		\$67	\$67	\$0	100.00%
16	Postage		\$144	\$144	\$0	100.00%
17	Misc. Supplies		\$30	\$0	\$30	0.00%
18	Uncollectible Accounts		\$0	\$0	\$0	100.00%
19	TOTAL CUSTOMER ACCOUNT EXPENSE		\$4,923	\$4,502	\$421	
20	ADMINISTRATIVE & GENERAL EXPENSES					
21	Property & Liability Insurance		\$0	\$0	\$0	100.00%
22	TOTAL ADMINISTRATIVE AND GENERAL		\$0	\$0	\$0	
23	OTHER OPERATING EXPENSES					
24	Amortization Expense - Receiver Fees		\$6,553	\$0	\$6,553	0.00%
25	Amortization Expense - Kyle Wirts		\$1,450	\$0	\$1,450	0.00%
26	Amortization Expense - 1st National Bank Loan		\$1,895	\$0	\$1,895	0.00%
27	MO DNR Fees (Lab Fees)		\$200	\$200	\$0	100.00%
28	PSC Assessment		\$209	\$209	\$0	100.00%
29	Rate Case Expense		\$0	\$0	\$0	0.00%
30	CIAC Depreciation Offset		-\$434	\$0	-\$434	0.00%
31	Depreciation		\$724	\$724	\$0	100.00%
32	TOTAL OTHER OPERATING EXPENSES		\$10,597	\$1,133	\$9,464	
33	TAXES OTHER THAN INCOME					
34	Real & Personal Property Taxes		\$0	\$0	\$0	100.00%
35	Payroll Taxes		\$0	\$0	\$0	100.00%
36	TOTAL TAXES OTHER THAN INCOME		\$0	\$0	\$0	
37	TOTAL OPERATING EXPENSES		\$35,500	\$25,615	\$9,885	
38	Interest Expense		(3) \$344	\$344	\$0	100.00%
39	Return on Equity		(3) \$512	\$512	\$0	100.00%
40	Income Taxes		(3) \$127	\$127	\$0	100.00%
41	TOTAL INTEREST RETURN & TAXES		\$983	\$983	\$0	
42	TOTAL COST OF SERVICE		\$36,483	\$26,598	\$9,885	
43	Less: Miscellaneous Revenues		\$173	\$173	\$0	100.00%

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Design Schedule - Water

A	B	C	D	E	E	
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
44	COST TO RECOVER IN RATES		\$36,310	\$26,425	\$9,885	
45	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$14,472</u>			
46	PERCENTAGE OF INCREASE		<u>65.75%</u>			
47	REQUESTED INCREASE IN REVENUES		\$5,503			

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

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$27,269	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$7,078	From Depreciation Reserve Schedule
3	Net Plant In Service	\$20,191	
4	Other Rate Base Items:	\$0	
	Customer Deposits	-\$30	
	Contribution in Aid of Construction	-\$13,800	
	CIAC Depreciation	\$2,262	
5	Total Rate Base	\$8,623	
6	Total Weighted Rate of Return Including Income Tax	11.39%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$982	

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	14.95% (1) & (2)	14.08%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.89%	$B1 + B2$
4 Equity Tax Factor		1.2483	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.94%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		7.41%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.99%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		11.39%	$B6 + B7$

To Rate Base Schedule

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

Equity Income Required \$602
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$602	\$90
\$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
			\$602	\$90
			Consolidated Tax Rate:	
			Average Tax Rate: 0.1495	

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Capital Structure Schedule - Water

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	\$4,301	49.75%	11.93%	5.935%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$4,345	50.25%	7.93%	3.985%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$8,646</u>	<u>100.00%</u>		<u>9.920%</u>

To PreTax Return Rate Schedule

Note: column C: is 6 positions with 4 that are displayed (if not totaled correctly, due to rounding)

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Plant In Service - Water

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	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$10,000			100.00%	\$10,000
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$10,000		\$0		\$10,000
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$2,549			100.00%	\$2,549
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$2,549		\$0		\$2,549
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$9,793			100.00%	\$9,793
29	343.000	Transmission & Distribution Mains	\$3,000			100.00%	\$3,000
30	344.000	Fire Mains	\$0			100.00%	\$0
31	345.000	Services	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$258			100.00%	\$258
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0	P-37	\$0	100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$13,051		\$0		\$13,051
39		GENERAL PLANT					
40	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
41	372.100	Office Computer Equipment	\$0			100.00%	\$0
42	379.000	Other General Equipment	\$1,669	P-42	\$0	100.00%	\$1,669
43	393.000	Stores Equipment	\$0			100.00%	\$0
44	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
45	395.000	Laboratory Equipment	\$0			100.00%	\$0
46	396.000	Power Operated Equipment	\$0			100.00%	\$0
47		TOTAL GENERAL PLANT	\$1,669		\$0		\$1,669
48		TOTAL PLANT IN SERVICE	\$27,269		\$0		\$27,269

To Rate Base & Depreciation Schedules

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-37	Hydrants	349.000		\$0
	Description		\$0	
P-42	Other General Equipment	379.000		\$0
	Description		\$0	
Total Plant Adjustments				\$0

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Depreciation Expense - Water

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	\$0	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4		TOTAL INTANGIBLE PLANT	\$0		\$0
5		SOURCE OF SUPPLY PLANT			
6	310.000	Land & Land Rights - SSP	\$0	0.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0	2.50%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
10	314.000	Wells & Springs	\$10,000	2.00%	\$200
11	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
12	316.000	Supply Mains	\$0	0.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$10,000		\$200
14		PUMPING PLANT			
15	321.000	Structures & Improvements - PP	\$0	0.00%	\$0
16	325.100	Electric Pumping Equipment	\$2,549	5.00%	\$127
17	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
18	328.000	Other Pumping Equipment	\$0	0.00%	\$0
19		TOTAL PUMPING PLANT	\$2,549		\$127
20		WATER TREATMENT PLANT			
21	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
23	332.000	Water Treatment Equipment	\$0	2.90%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT			
26	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0	2.90%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$9,793	2.50%	\$245
29	343.000	Transmission & Distribution Mains	\$3,000	2.00%	\$60
30	344.000	Fire Mains	\$0	0.00%	\$0
31	345.000	Services	\$0	0.00%	\$0
32	346.000	Meters- Bronze Chamber	\$258	3.30%	\$9
33	346.000	Meters- Plastic Chamber	\$0	10.00%	\$0
34	347.000	Meter Installations- Bronze	\$0	2.50%	\$0
35	347.000	Meter Installations- Plastic	\$0	2.50%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0	0.00%	\$0
37	349.000	Hydrants	\$0	0.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$13,051		\$314
39		GENERAL PLANT			
40	372.000	Office Furniture & Equipment	\$0	5.00%	\$0

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
41	372.100	Office Computer Equipment	\$0	20.00%	\$0
42	379.000	Other General Equipment	\$1,669	5.00%	\$83
43	393.000	Stores Equipment	\$0	0.00%	\$0
44	394.000	Tools, Shop, Garage Equipment	\$0	0.00%	\$0
45	395.000	Laboratory Equipment	\$0	0.00%	\$0
46	396.000	Power Operated Equipment	\$0	0.00%	\$0
47		TOTAL GENERAL PLANT	\$1,669		\$83
48		Total Depreciation	\$27,269		\$724

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Accumulated Depreciation Reserve - Water

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		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
5		SOURCE OF SUPPLY PLANT					
6	310.000	Land & Land Rights - SSP	\$0			100.00%	\$0
7	311.000	Structures & Improvements - SSP	\$0			100.00%	\$0
8	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
9	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
10	314.000	Wells & Springs	\$1,033			100.00%	\$1,033
11	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
12	316.000	Supply Mains	\$0			100.00%	\$0
13		TOTAL SOURCE OF SUPPLY PLANT	\$1,033		\$0		\$1,033
14		PUMPING PLANT					
15	321.000	Structures & Improvements - PP	\$0			100.00%	\$0
16	325.100	Electric Pumping Equipment	\$3,039			100.00%	\$3,039
17	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
18	328.000	Other Pumping Equipment	\$0			100.00%	\$0
19		TOTAL PUMPING PLANT	\$3,039		\$0		\$3,039
20		WATER TREATMENT PLANT					
21	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
22	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
23	332.000	Water Treatment Equipment	\$0			100.00%	\$0
24		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
25		TRANSMISSION & DISTRIBUTION PLANT					
26	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
27	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
28	342.000	Distribution Reservoirs & Standpipes	\$1,265			100.00%	\$1,265
29	343.000	Transmission & Distribution Mains	\$310			100.00%	\$310
30	344.000	Fire Mains	\$0			100.00%	\$0
31	345.000	Services	\$0			100.00%	\$0
32	346.000	Meters- Bronze Chamber	\$68			100.00%	\$68
33	346.000	Meters- Plastic Chamber	\$0			100.00%	\$0
34	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
35	347.000	Meter Installations- Plastic	\$0			100.00%	\$0
36	348.000	Other Transmission & Distribution Plant	\$0			100.00%	\$0
37	349.000	Hydrants	\$0			100.00%	\$0
38		TOTAL TRANS. & DISTRIBUTION PLANT	\$1,643		\$0		\$1,643
39		GENERAL PLANT					
40	372.000	Office Furniture & Equipment	\$0			100.00%	\$0
41	372.100	Office Computer Equipment	\$0			100.00%	\$0
42	379.000	Other General Equipment	\$1,363			100.00%	\$1,363
43	393.000	Stores Equipment	\$0			100.00%	\$0
44	394.000	Tools, Shop, Garage Equipment	\$0			100.00%	\$0
45	395.000	Laboratory Equipment	\$0			100.00%	\$0
46	396.000	Power Operated Equipment	\$0			100.00%	\$0
47		TOTAL GENERAL PLANT	\$1,363		\$0		\$1,363
48		TOTAL DEPRECIATION RESERVE	\$7,078		\$0		\$7,078

To Rate Base Schedule

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

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

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$0	Rev-2	\$21,838	100.00%	\$21,838
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$173	100.00%	\$173
Rev-4		TOTAL ANNUALIZED REVENUES	\$0		\$22,011		\$22,011

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Revenue Adjustment Schedule - Water

A Revenue Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
Rev-2	Annualized Rate Revenues			\$21,838
	1. To Annualize Rate Revenues		\$21,838	
	To Adjust for Meyers PT water usage for 6-months garden. (Harrison)		\$0	
Rev-3	Miscellaneous Revenues			\$173
	1. To Annualize Miscellaneous Revenues		\$173	
Total Revenue Adjustments				\$22,011

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Commercial 5/8"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	47		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	564		0	
5	Current Customer Charge	<u>\$20.47</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$11,545		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	2,535,171		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	2,535,171		0	
11	Block 1, Commodity Gallons per Block	2,535,171		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	2,535.17		0.00	
14	Block 1, Existing Commodity Charge	<u>\$4.06</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$10,293		\$0
16	Total Annualized Water Rate Revenues		<u>\$21,838</u>		<u>\$0</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).

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	47	
3	Bills Per Year		
4	Customer Bills Per year	564	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$11,545
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	2,535,171	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	2,535,171	
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.		\$10,293
16	Total Annualized Water Rate Revenues		\$21,838

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.

Hickory Hills Water
Informal Rate Case
Case Number WR-2014-0167
Test Year Ending 6-30-2013, Update 12/31/2013
Miscellaneous Revenues Feeder - Water

Line Number	A Description	B Amount
1	Late Charge Fees	\$173
2	Description of Miscellaneous Revenue Item2	\$0
3	Total Miscellaneous Revenues	<u>\$173</u>

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Schedule - Water

A	B	C	D	E	F	G	
Line Number	Account Number (Optional)	Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Receiver Fees	\$4,575	W-2	\$6,583	100.00%	\$11,158
3		Operators Salary / Contract Services	\$3,525	W-3	\$939	100.00%	\$4,464
4		Electricity-(Pumping)	\$3,183	W-4	-\$853	100.00%	\$2,330
5		Chemicals-(Chlorine)	\$0	W-5	\$0	100.00%	\$0
6		TOTAL OPERATIONS EXPENSE	<u>\$11,283</u>		<u>\$6,669</u>		<u>\$17,952</u>
7		MAINTENANCE EXPENSES					
8		Maintenance	\$3,183	W-8	-\$1,155	100.00%	\$2,028
9		Miscellaneous Expense	\$0			100.00%	\$0
10		TOTAL MAINTENANCE EXPENSE	<u>\$3,183</u>		<u>-\$1,155</u>		<u>\$2,028</u>
11		CUSTOMER ACCOUNT EXPENSE					
12		Meter Reading Expense	\$2,400	W-12	\$1,590	100.00%	\$3,990
13		Customer Billing	\$1,600	W-13	-\$1,109	100.00%	\$391
14		Outside Services (Accounting Fees)	\$288	W-14	\$13	100.00%	\$301
15		Office Supplies	\$80	W-15	-\$13	100.00%	\$67
16		Postage	\$212	W-16	-\$68	100.00%	\$144
17		Misc. Supplies	\$60	W-17	-\$30	100.00%	\$30
18		Uncollectible Accounts	\$0			100.00%	\$0
19		TOTAL CUSTOMER ACCOUNT EXPENSE	<u>\$4,540</u>		<u>\$383</u>		<u>\$4,923</u>
20		ADMINISTRATIVE & GENERAL EXPENSES					
21		Property & Liability Insurance	\$0			100.00%	\$0
22		TOTAL ADMINISTRATIVE AND GENERAL	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
23		OTHER OPERATING EXPENSES					
24		Amortization Expense - Receiver Fees	\$0	W-24	\$6,553	100.00%	\$6,553
25		Amortization Expense - Kyle Wirts	\$0	W-25	\$1,450	100.00%	\$1,450
26		Amortization Expense - 1st National Bank Loan	\$0	W-26	\$1,895	100.00%	\$1,895
27		MO DNR Fees (Lab Fees)	\$0	W-27	\$200	100.00%	\$200
28		PSC Assessment	\$168	W-28	\$41	100.00%	\$209
29		Rate Case Expense	\$0	W-29	\$0	100.00%	\$0
30		CIAC Depreciation Offset	\$0	W-30	-\$434	100.00%	-\$434
31		Depreciation	\$0	W-31	\$724	100.00%	\$724
32		TOTAL OTHER OPERATING EXPENSES	<u>\$168</u>		<u>\$10,429</u>		<u>\$10,597</u>
33		TAXES OTHER THAN INCOME					
34		Real & Personal Property Taxes	\$0	W-34	\$0	100.00%	\$0
35		Payroll Taxes	\$0	W-35	\$0	100.00%	\$0
36		TOTAL TAXES OTHER THAN INCOME	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
37		TOTAL OPERATING EXPENSES	<u><u>\$19,174</u></u>		<u><u>\$16,326</u></u>		<u><u>\$35,500</u></u>

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-2	Receiver Fees			\$6,583
	To adjust test year Receiver fees to a annualized level. (Harrison)		\$6,583	
W-3	Operators Salary / Contract Services			\$939
	To adjust test year Operator Salary to a annualized level. (Harrison)		\$939	
W-4	Electricity-(Pumping)			-\$853
	To normalize the test year electric expense. (Green)		-\$853	
W-5	Chemicals-(Chlorine)			\$0
	Description		\$0	
W-8	Maintenance			-\$1,155
	To normalize the test year maintenance expense. (Green)		-\$1,155	
W-12	Meter Reading Expense			\$1,590
	To adjust meter reading expense to a annualized amount. (Harrison)		\$1,590	
W-13	Customer Billing			-\$1,109
	To adjust customer billing expense to a annualized amount. (Harrison)		-\$1,109	
W-14	Outside Services (Accounting Fees)			\$13
	To adjust outside services expense to a annualized amount. (Green)		\$13	

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-15	Office Supplies			-\$13
	To adjust test year office supply expense to a normalized amount. (Green)		-\$13	
W-16	Postage			-\$68
	To adjust test year postage expense to a normalized amount. (Green)		-\$68	
W-17	Misc. Supplies			-\$30
	To adjust test year misc. supply expense to a normalized amount. (Green)		-\$30	
W-24	Amortization Expense - Receiver Fees			\$6,553
	To amortize Receiver back-payment over a 5-year period. (Harrison)		\$6,553	
W-25	Amortization Expense - Kyle Wirts			\$1,450
	To amortize Kyle Wirts back-payments over a 5-year period. (Harrison)		\$1,450	
W-26	Amortization Expense - 1st National Bank Loan			\$1,895
	To amortize 1st National Bank Loan over a 5-year period. (Harrison)		\$1,895	
W-27	MO DNR Fees (Lab Fees)			\$200
	To include DNR Fees (Harrison)		\$200	
W-28	PSC Assessment			\$41
	To adjust test year PSC assessment rate to a annualized amount.. (Green)		\$41	

Hickory Hills Water
 Informal Rate Case
 Case Number WR-2014-0167
 Test Year Ending 6-30-2013, Update 12/31/2013
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-29	Rate Case Expense			\$0
	To normalize rate case expense over a 3-year period. (Harrison)		\$0	
W-30	CIAC Depreciation Offset			-\$434
	To offset depreciation expense for CIAC (Harrison)		-\$434	
W-31	Depreciation			\$724
	1. To Annualize Depreciation		\$724	
W-34	Real & Personal Property Taxes			\$0
	To adjust test year property taxes to current level (Harrison)		\$0	
W-35	Payroll Taxes			\$0
	To normalize payroll taxes. (Green)		\$0	
Total Expense Adjustments				\$16,326

Agreement Attachment C

Rate Base Worksheet

Hickory Hills Water
WR-2014-0167
Rate Base

Plant In Service	\$27,269
Depreciation Reserve	<u>\$7,078</u>
Net Plant In Service	\$20,191
Customer Deposits	(\$30)
Contributions in Aid of Construction	(\$13,800)
CIAC Depreciation	<u>\$2,262</u>
Total Rate Base	\$8,623

Agreement Attachment D

Schedule of Depreciation Rates

Hickory Hills Water & Sewer Company
DEPRECIATION RATES
(WATER)
WR-2014-0167

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>DEPRECIATION RATE</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	50	0%
325.1	Submersible Pumping Equipment	5.0% *	12	-20%
332	Water Treatment Equipment	2.9%	35	0%
342	Distribution Reservoir & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Meters, bronze	3.3%	28	8%
346.1	Meters, plastic	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
371	Structures & Improvements	2.5%	44	-10%
372	Office Furniture & Equipment	5.0%	20	0%
372.1	Office Electronic & Computer Equip.	20.0%	5	0%
373	Transportation Equipment	13.0%	7	9%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	5.0%	8.7	13%

* Overaccrued Account

Reviewed, 2/19/2014. The above are standard small company depreciation rates modified as a result of Staff's investigation of the Company's operation, records, and physical plant, and are dependent on the Company's implementation of the end of test year adjustments to the Company's plant in service and accumulated reserves as shown in the Staff accounting schedules.

Agreement Attachment E

Example Tariff Sheets

Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service

INDEX

Sheet No.

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- 2 Map of Service Area
- 4 Legal Description of Service Area
- 5 Schedule of Rates
- 6 Schedule of Service Charges

Rule No.	Rule Title
71.	Definitions
102.	General Rules and Regulations
113.	Company Employees and Customer Relations
124.	Applications for Service
135.	Inside Piping and Water Service Lines
166.	Improper or Excessive Use
177.	Discontinuance of Service by Company
208.	Termination of Water Service at Customer's Request
219.	Interruptions in Service
2210.	Bills for Service
2611.	Meters and Meter Installations
2912.	Meter Tests and Test Fees
3013.	Bill Adjustments Based on Meter Tests
3114.	Extension of Water Mains

* Indicates new rate or text
 + Indicates change

Issue Date: May 6, 2014
Month /Day/Year

Effective Date: June 23, 2014
Month /Day/Year

ISSUED BY Gary V. Cover, Receiver
Name and Title of Issuing Officer

PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service

Map of Service Area



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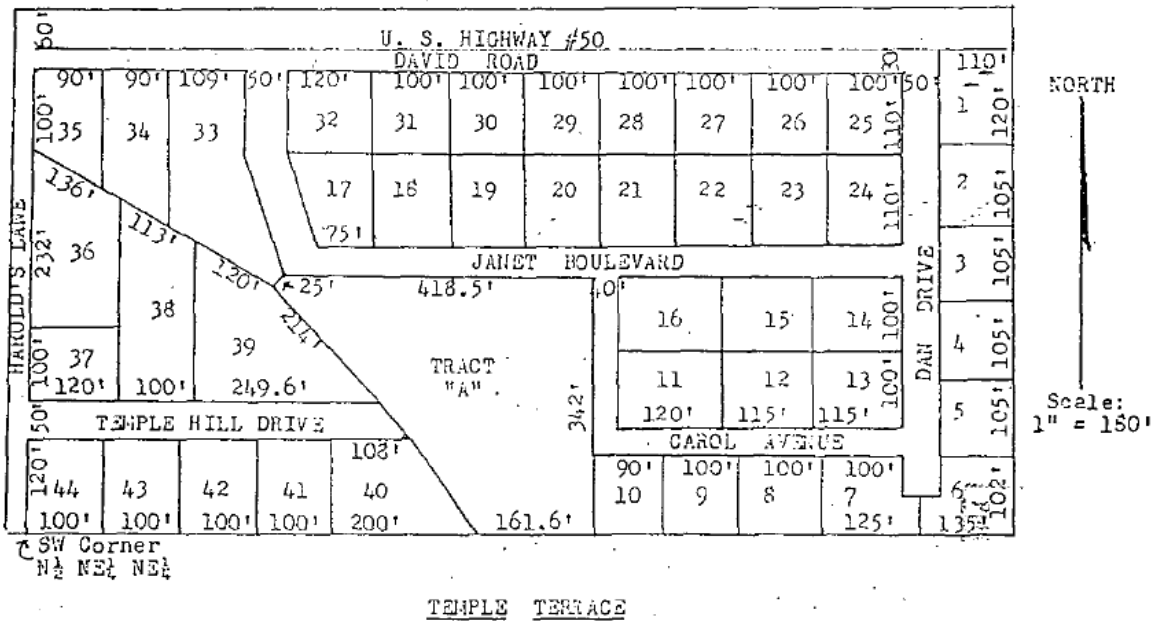
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Rules & Regulations Governing Rendering of Water Service

Map of Service Area



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Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of
Water Service

Legal Description of Service Area

Tract No.1 Hickory Hill Estates

A tract of land lying in the north half of the northwest quarter of the northeast quarter of Section 30, Township 45 North, Range 15 West of the 5th P.M., the boundaries of said tract being described as follows: From the northeast quarter of said north half of the northwest quarter of the northeast quarter run S 0 degrees 33 minutes E along the east line of said north half of the northwest quarter of the northeast quarter, a distance of 22.08 feet to the south right-of-way line of U. S. Highway No. 50; thence S 89 degrees 50 minutes W along this said right-of-way line 16.0 feet for the point of beginning; thence leaving said right-of-way line S 0 degrees 33 minutes E, 313 feet; thence S 89 degrees 52 minutes W, 264 feet; thence S 0 degrees 33 minutes E, 330 feet to the south line of said north half of the northwest quarter of the northeast quarter; thence S 89 degrees 52 minutes W along said south line of the north half of the northwest quarter of the northeast quarter a distance of 1,045.4 feet to the southwest corner thereof; thence N 0 degrees 54 minutes W along the west line of said north half of the northwest quarter of the northeast quarter a distance of 644.8 feet to the said south right-of-way line of U. S. Highway No. 50; thence N 89 degrees 58 minutes E along said south right-of-way line a distance of 1,312.56 feet to the point of beginning.

Tract No.2 Temple Terrace

A survey and subdivision of a tract of land lying in the north half of the northeast quarter of the northeast quarter of Section 30, Township 45 North, Range 15 West of the 5th P. M.; the boundaries of said tract being described as follows: from the northeast corner of said section 30 run S 0 degrees 10 minutes W along the east line of grid section 30, 21.35 feet to the point of beginning on the south right-of-way line of U. S. Highway No. 50; thence continue S 0 degrees 10 minutes W 642.75 feet to the southeast corner of said north half of the northeast quarter of the northeast quarter; thence S 89 degrees 57 minutes 30 seconds W along the south line of said north half of the northeast quarter of the northeast quarter a distance of 1,320.6 feet to the southwest corner of said north half of the northeast quarter of the northeast quarter; thence N 0 degrees 33 minutes W along the west line of said north half of the northeast quarter of the northeast quarter a distance of 642.92 feet to the south right-of-way line of said U.S. Highway No. 50; thence N 89 degrees 58 minutes said south right-of-way line a distance of 1,328.38 feet to the point of beginning.

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Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service

Schedule of Rates

Availability:

Any metered Customer located in the Company's service territory

Water Service Rates:

Monthly Customer Charge \$34.04 per month

Usage Charge \$6.75 per 1,000 gallons

Public fire hydrants will be installed by the Company at the option of the Company within the certificated area.

Taxes

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

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Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service	
<u>Schedule of Service Charges</u>	
The following Miscellaneous Charges apply as authorized and Described elsewhere in the Company's filed Rule and Regulations:	
New Service Connection Fee	Actual Cost
Consists of the costs incurred by the Company for construction including parts, material, labor and equipment, but excluding the cost of the meter. See Rule 5 B. 1. and 5 B. 3.	
Service Connection Inspection Fee	\$25
See Rule 5 B. 2 and 5 B. 3.	
Water Service Line Inspection Fee	\$25
See Rule 5 C.	
Turn-On Fee	\$15
Turn-Off Fee	\$15
Meter Test Fee	\$25
Late Charges	\$5 or 3%
The late charge is calculated monthly with the greater amount above being added to the delinquent bill	
Returned Check Charges	\$25
Service Calls for Damages caused by Customer	Actual cost but not less than \$40
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Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service

Rule 1 DEFINITIONS

- A. An "APPLICANT" is a person, firm, corporation, governmental body, or other entity which has applied for service; two or more APPLICANTS may make one application for a main extension.
- B. The "COMPANY" is Hickory Hills Water & Sewer Company Inc., acting through its officers, managers, or other duly authorized employees or agents.
- C. The "CURB STOP" is a valve on the Service Connection, located at or near the Customer's property line, and used to shut off water service to the premises. The Curb Stop is owned and maintained by the Company.
- D. A "CUSTOMER" is any person, firm, corporation or governmental body which has contracted with the Company for water service or is receiving service from Company, or whose facilities are connected for utilizing such service.
- E. The "DATE OF CONNECTION" shall be the date of the permit for installation and connection issued by the Company. In the event no permit is taken and a connection is made, the date of connection may be the date of commencement of construction of the building upon the property.
- F. A "DEVELOPER" is any person, firm, corporation, partnership or any entity that, directly or indirectly, holds title to, or sells or leases, or offers to sell or lease, or advertises for sale or lease, any lots in a subdivision.
- G. "DISCONTINUANCE OF SERVICE" is the intentional cessation of service by the Company not requested by the Customer.
- H. The "MAIN" is a pipeline which is owned and maintained by the Company, located on public property or private easements, and used to transport water throughout the Company's service area.

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Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service	
Rule 1 continued	<p>I. The "METER" is a device, owned by the Company, used to measure and record the quantity of water that flows through the service line, and is installed in the outdoor meter setting, or inside the Customer's building where the water service line enters through a foundation wall.</p> <p>J. The "METER SETTING" is a place either in the service connection or building plumbing for a water meter to be installed. An outdoor meter setting is located at or near the property line, and includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the Company. Indoor meter settings are located inside the Customer's premises where the water service line enters the foundation wall either installed directly in the piping or in a meter yoke.</p> <p>K. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.</p> <p>L. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.</p> <p>M. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line and includes the curb stop, or outdoor meter setting and all necessary appurtenances located at or near the property line. This service connection shall be owned and maintained by the Company. If the property line is in a street, and if the curb stop or meter setting is not located near the edge of the street abutting the Customer's property, the said service connection shall be deemed to end at the edge of the street abutting the Customer's property.</p> <p>N. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.</p> <p>* Indicates new rate or text + Indicates change</p>

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

**Rules & Regulations Governing Rendering of
Water Service**

Rule 1 continued

- O. "TERMINATION OF SERVICE" is cessation of service requested by the Customer.
- P. "TURN-OFF" is the act of turning water service off by physically turning a valve such that water is unavailable to a Customer's premises.
- Q. "TURN-ON" is the act of turning water service on by physically turning a valve to allow water to be available to a Customer's premises.
- R. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single water consumer, whether or not that consumer is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, or owned or leased. Each mobile home in a mobile home park and each rental unit of a multi-tenant rental property are considered as separate units for each single family or firm occupying same as a residence or place of business.
- S. The "WATER SERVICE LINE" is a pipe with appurtenances installed, owned and maintained by the Customer, used to conduct water to the Customer's unit from the property line, curb stop or outdoor meter setting, including the connection to the curb stop or meter setting. If the property line is in a street, then the water service line shall be deemed to begin at the edge of the street abutting the Customer's property.

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service

Rule 2 GENERAL RULES & REGULATIONS

- A. Every applicant, upon signing an application for any water service rendered by the Company, or any Customer upon taking of water service, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in these numbered sheets. The rates applicable to appropriate water service or service in particular service areas are set forth in rate schedules and constitute a part of these Rules and Regulations.
- C. The Company reserves the right, subject to authority of the Missouri Public Service Commission, to prescribe additional Rates, Rules or Regulations or to alter existing Rates, Rules or Regulations as it may from time to time deem necessary and proper.
- D. After the effective date of these Rules and Regulations, all new facilities, construction contracts, and written agreements shall conform to these Rules and Regulations, and in accordance with the statutes of the state of Missouri and the Rules and Regulations of the Missouri Public Service Commission. Pre-existing facilities that do not comply with applicable Rules and Regulations may remain, provided that their existence does not constitute a service problem or improper use, and reconstruction is not practical.

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Rules & Regulations Governing Rendering of Water Service

Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any services rendered to its Customers except as covered in the Company's Rules and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the intent of these Rules and Regulations.

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Rules & Regulations Governing Rendering of Water Service

Rule 4 APPLICATIONS FOR SERVICE

- A. A written application for service, signed by the Customer, stating the type of service required and accompanied by any other pertinent information, will be required from each Customer before service is provided to any unit.
- B. If service is requested at a point not already served by a main of adequate capacity, a main of adequate size shall be extended as may be necessary in accordance with Rule 14.
- C. When, in order to provide the service requested a main extension or other construction or equipment expense is required, the Company may require a written contract. Said contract may include, but not be limited to, the obligations upon the Company and the applicant, and shall specify a reasonable period of time necessary to provide such service.

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Rules & Regulations Governing Rendering of Water Service	
<p>Rule 5 <u>INSIDE PIPING AND WATER SERVICE LINES</u></p> <p>A. The Company will provide water service at the outdoor meter, at the curb stop if an indoor meter setting is utilized, or at the property line if neither an outdoor meter nor a curb stop exists at or near the property line. Separate buildings that are not on one lot that cannot be subdivided shall be served through separate water service lines.</p> <p>B. The service connection from the water main to the Customer's property line shall be owned and maintained by the Company. Construction of the service connection, outdoor meter setting and curb stop shall be accomplished in one of the following ways at the Customer's option:</p> <ol style="list-style-type: none"> 1. The Company will construct the service connection, outdoor meter setting and curb stop, as necessary, and make the connection to the main, within three (3) business days of an application for service, or within the time period specified in an application for service (See Rule 4). The Customer shall be responsible for payment of the New Service Connection Fee, as specified by or provided for in the Schedule of Service Charges; or, 2. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and make the connection to the main, subject to prior approval of the Company; or, 3. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and the Company will tap the main and connect the service connection. The Customer shall be responsible for payment of a New Service Connection Fee as specified by or provided for in the Schedule of Service Charges. <p>C. A service connection installation constructed by the Customer as provided for in 5 B. 2. or 5 B. 3., above, is subject to inspection by the Company. The Service</p> <p>* Indicates new rate or text + Indicates change</p>	

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Rules & Regulations Governing Rendering of Water Service	
<p>Rule 5 continued</p> <p>Connection Inspection Fee as specified in the Schedule of Service Charges shall apply if the Company must make a trip solely to conduct an inspection of a service connection constructed by the Customer, and shall not apply if the inspection of a service connection is accomplished at the same time as a tap is made for the Customer, or the same time as an inspection of the water service line as provided for in 5 D., below, or if the Company installs the service connection as provided in 5 B. 1., above.</p> <p>D. Water service line construction and maintenance from the property line, curb stop or meter setting, including the connection to the curb stop or meter setting, to the building shall be the responsibility of the Customer, and is subject to inspection by the Company. The Customer shall be responsible for any applicable fees as listed in the Schedule of Service Charges. Customers shall be responsible for the cost of repairing any damage to the Company's mains, curb stops, valve boxes, meters, and meter installations caused by the Customer, Customer's agent, or tenant.</p> <p>E. Existing water service lines and service connections may be used in connecting with new buildings only when they are found by examination and testing not to constitute a hazard to the health and safety of any Customer or the Company's facilities.</p> <p>F. The water service line shall be brought to the unit at a depth of not less than thirty-six inches (36") and have a minimum inside diameter of three-quarters inch (3/4"). The Customer is responsible for the determination of whether or not a larger size is needed to provide adequate flow to the unit. A valve must be installed in the service line where it enters the unit. This valve must be kept in good repair in order to shut off the water supply and drain the inside plumbing, if necessary.</p> <p>G. Water service lines and inside piping shall be of material conforming to recognized standards for potable water service and shall have a pressure rating of at least one hundred sixty (160) psi working pressure.</p> <p>* Indicates new rate or text + Indicates change</p>	

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Rules & Regulations Governing Rendering of Water Service	
<p>Rule 5 continued</p> <ul style="list-style-type: none"> H. The Company will not install a service connection to a vacant lot. I. Any change in the location of an existing service connection requested by the Customer shall be made by the Company or with the Company’s approval, at the Customer’s expense. J. The Company shall have the right to enter the Customer's premises for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours. K. Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the Company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the Customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the Company. L. Any Customer having a plumbing arrangement, or a water-using device that could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any Customer's plumbing classified as an actual or potential backflow hazard in the Regulations of the Missouri Department of Natural Resources shall be required to install and maintain a backflow prevention device. This rule may also apply to Customers on whose premises it is impossible or impractical for the Company to perform a cross connection survey. The device, installation, location and maintenance program shall be approved by the Company. <p style="margin-top: 20px;">* Indicates new rate or text + Indicates change</p>	

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Rules & Regulations Governing Rendering of Water Service	
<p>Rule 6 <u>IMPROPER OR EXCESSIVE USE</u></p> <ul style="list-style-type: none"> A. No Customer shall be wasteful of the water supplied to the unit by the Customer’s willful action or inaction. It shall be the responsibility and duty of each Customer to maintain all piping and fixtures at the unit in a good and efficient state of repair at all times. B. No Customer shall make or cause to be made a cross connection between the potable water supply and any source of chemical or bacterial contamination or any other water supply. The Company shall deny or discontinue service where Customer's water service line or inside piping may, in the opinion of the Company, cause a cross-connection with non-potable water or otherwise jeopardize the health and safety of other Customer’s or the Company's facilities. C. The Customer shall not make or cause to be made a connection to a device that will result in excessive water demand or excessive shock, such as water-hammer, to the Company's mains. D. The Customer shall not tamper with, remove, or willfully damage a water meter or attempt to operate the shutoff cock on the meter yoke, or allow any such action. E. The Customer shall not attempt to take unmetered water from the Company mains either by an unauthorized tap or direct connection to service connection nor by connection to a fire hydrant. F. Customers will not be permitted to supply water in any way to premises other than the service address, nor to permit others to use their hose or attachments, nor leave them exposed to use by others without permission from the Company. <p>* Indicates new rate or text + Indicates change</p>	

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of
Water Service

Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

- A. The Company may discontinue service for any of the following reasons:
1. Non-payment of a delinquent account not in dispute; or
 2. Failure to post a security deposit or guarantee acceptable to the utility; or
 3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises; or
 4. Enclosing or obstructing any meter so as to make reading or repairs unreasonably difficult, or
 5. Failure to comply with the terms and conditions of a settlement agreement.
 6. Refusal to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, meter reading, maintenance or replacement; or
 7. Violation of any of these Rules and Regulations on file with and approved by the Missouri Public Service Commission, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's delivery system; or
 8. Non-payment of a sewer bill issued by the Company or by a sewer utility requesting discontinuance of water service by an agreement between the Company and such sewer utility. When water service is discontinued for non-payment of a sewer bill and if the sewer bill is not issued by the Company, any service charges for turn on/off or disconnection/reconnection within these Rules and Regulations shall not apply, and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

* Indicates new rate or text
+ Indicates change

Issue Date: May 6, 2014
Month /Day/Year

Effective Date: June 23, 2014
Month /Day/Year

ISSUED BY Gary V. Cover, Receiver
Name and Title of Issuing Officer

PO Box 506, Clinton, MO 64735
Company Mailing Address

Name of Utility: Hickory Hill Water & Sewer Co., Inc.

Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service	
Rule 7 continued	<p>B. The Company may discontinue service after notice by first class mail is sent to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant dwelling, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance. Discontinuance shall not occur more than eleven (11) business days after the date given as the discontinuance date.</p> <p>C. The Company shall make reasonable efforts to contact the Customer, at least three (3) business days prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).</p> <p>D. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.</p> <p>E. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance.</p> <p>F. The provisions of paragraphs C. and E. above may be waived if safety of Company personnel while at the premises is a consideration.</p> <p>* Indicates new rate or text + Indicates change</p>

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service

Rule 7 continued

- G. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.
- H. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- I. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- J. The Company shall deal with Customers and handle Customer accounts in accordance with the Missouri Public Service Commission's Utility Billing Practices.
- K. Applicable Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rules & Regulations Governing Rendering of
Water Service

Rule 8 TERMINATION OF WATER SERVICE AT CUSTOMER'S REQUEST

- A. Service will be terminated at the Customer's request, by giving not less than three (3) business days notice to the Company during its regular office hours. The Company shall, on the requested day, read the Customer's meter and charges for water service rendered up to and including the time of termination shall be computed and will become due and payable immediately.
- B. A Customer may request temporary turn-off by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. Turn-off and turn-on charges shall apply, and are specified in the Schedule of Service Charges.
- D. A Customer who requests termination of service, but returns to the premises and requests water service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Rules & Regulations Governing Rendering of Water Service

Rule 9 INTERRUPTIONS IN SERVICE

- A. The Company reserves the right to discontinue water in its mains at any time, without notice, for making emergency repairs to the water system. Notice will be provided when it is practicable.
- B. Whenever service is interrupted for repairs, all Customers affected by such interruptions will be notified in advance whenever it is possible to do so. Every effort will be made to minimize interruption of service.
- C. No refunds of charges for water service will be made for interruptions of service unless due to willful misconduct of the Company.
- D. In order to avoid service problems when extraordinary conditions exist, the Company reserves the right, at all times, to determine the limit of and regulate water usage in a reasonable and non-discriminatory manner.

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 BILLS FOR SERVICE

- A. The charges for water service shall be at the rates specified in the Schedule of Rates in these Rules and Regulations. Other applicable service charges are set forth in the Schedule of Service Charges in these Rules and Regulations.
- B. A Customer who has made application for, or is receiving the benefit of, water service to a unit shall be responsible for payment for all water service provided to the Customer at said unit from the date of connection until the date requested by the Customer by proper notification to the Company to terminate service.
- C. Each Customer is responsible for furnishing the Company with the correct address. Failure to receive bills will not be considered an excuse for non-payment nor reason to permit an extension of the date when the account would be considered delinquent. Bills and notices relating to the Company or its business will be mailed or delivered to the mailing address entered in the Customer's application unless the Company is notified in writing by the Customer of a change of address.
- D. Payments shall be made at the office of the Company or at such other places conveniently located as may be designated by the Company or by ordinary mail. However, payment must be received by the close of business on the date due.
- E. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- F. A separate bill shall be rendered for each Customer with itemization of all water service charges. All bills for service shall state the due date. The Company shall render bills monthly.
- G. Monthly bills shall be due twenty-one (21) calendar days from the date of rendition, unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due date shall be extended to the next

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of
Water Service

Rule 10 continued

business day. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 7. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.

- H. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be the monthly or quarterly minimum plus an amount based on the water used at the commodity (water usage) rate or one-half (1/2) of the flat rate if applicable.
- I. The Company may require a security deposit or other guarantee as a condition of new service if the Customer:
 - 1. Still has an unpaid account with a utility providing the same type of service accrued within the last five (5) years; or,
 - 2. Has diverted or interfered with the same type of service in an unauthorized manner within the last five (5) years; or,
 - 3. Is unable to establish a credit rating with the Company. Adequate credit rating for a residential Customer shall be established if the Customer:
 - a. Owns or is purchasing a home; or,
 - b. Is and has been regularly employed full time for at least one (1) year; or,
 - c. Has an adequate and regular source of income; or
 - d. Can provide credit references from a commercial credit source.

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Service Area: Hickory Hill Estates & Temple Terrace, Moniteau County, MO

Rules & Regulations Governing Rendering of Water Service	
Rule 10 continued	<p>J. The Company may require a security deposit or other acceptable written guarantee of payment as a condition of continued service if:</p> <ol style="list-style-type: none"> 1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or, 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner; or, 3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods. <p>K. The amount of a security deposit shall not exceed utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage.</p> <p>L. Interest shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the <i>Wall Street Journal</i> for the last business day of the preceding calendar year, plus one (1) percentage point. Interest may be credited to the Customer's account.</p> <p>M. After a Customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.</p> <p>N. The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including Customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.</p> <p>* Indicates new rate or text + Indicates change</p>

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Rules & Regulations Governing Rendering of Water Service

Rule 10 continued

- O. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices, 4 CSR 240-13.

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Rules & Regulations Governing Rendering of Water Service	
<p>Rule 11 <u>METERS AND METER INSTALLATIONS</u></p> <p>A. All permanent service connections shall be metered. The Company shall furnish and install a suitable meter for each Customer, and the Company's installed meter shall be the standard for measuring water used to determine the bill.</p> <p>B. All meters and meter installations shall be furnished, installed, maintained and removed by the Company and shall remain its property.</p> <p>C. The Company shall have the right to determine on the basis of the Customer's flow requirements the type and size of meter to be installed and location of same. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the Customer, the cost of installing such meter shall be paid by the Customer.</p> <p>D. Domestic water service to any one Customer at a single premises shall be furnished through a single service connection. Individual units of a multi-unit building may have separate connections and meter installations only if each unit has separate plumbing, ground-level space, an individual service connection and meter installation location, and frontage to a Company-owned main. For multi-unit buildings with one service connection and meter installation, the inside piping may be rearranged at the Customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.</p> <p>E. The owners of premises wherein meters are located shall be held responsible for the safekeeping of the Company's meters and metering appurtenances, and are required to keep meters located within their property accessible to the Company for reading and for meter changeouts. If a Customer limits accessibility, or fails to protect a meter against damage, the Company may discontinue service and/or refuse to supply water until accessibility is restored and the Company is paid for any such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.</p> <p style="margin-top: 20px;">* Indicates new rate or text + Indicates change</p>	

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Rules & Regulations Governing Rendering of Water Service	
Rule 11 continued	<p>F. If the Company determines that no suitable outdoor location is available, then the meter may be installed inside the Customer’s premises where the water service line enters the building and just downstream of the inside shutoff valve. The Company shall install a curb stop within the service connection at or near the property line as practical. When the meter is installed inside the Customer’s premises, the Customer will either provide a meter yoke to accept installation of the Company’s meter, or provide proper fittings for the house plumbing pipe to allow for direct installation of the Company’s meter, along with a proper grounding strap installed around the meter to prevent electric charge build-up on either side of the meter or while a meter is removed. If installation in a special setting is necessary, the excess cost of installation shall be paid by the Customer.</p> <p>G. If an existing basement meter location is determined inadequate or inaccessible by the Company, the Customer must provide for the installation of a meter to be located at or near the Customer's property line. The Customer shall obtain from the Company, or furnish the necessary meter installation appurtenances conforming to the Company's specifications, and said appurtenances and labor shall be paid by the Customer.</p> <p>H. Approved meter installation locations in dry basements, sufficiently heated to keep the meter from freezing, may remain provided the meter is readily accessible, at the Company's and Customer's convenience as determined by the Company, for servicing and reading and the meter space provided is located where the service line enters the building. The Company may, at its discretion, require the Customer to install a remote reading device at an approved location, for the purpose of reading the meter. It is the responsibility of the Customer and/or the owner of the premises to provide a location for the water meter which, in the event of water discharge as a result of leakage from the meter or couplings, will not result in damage. The Company's liability for damages to any and all property caused by such leakage shall in no event exceed the price of water service to the affected premises for one average billing period in the preceding year. Where damage is caused by the</p> <p>* Indicates new rate or text + Indicates change</p>

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Rules & Regulations Governing Rendering of Water Service

Rule 11 continued

negligence of Company personnel at the premises, this limitation will not apply. If a Customer refuses to provide an accessible location for a meter as determined by the Company, the Company will notify the Staff of the Water and Sewer Unit of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service.

- I. The Customer shall promptly notify the Company of any defect in, or damage to, the meter setting.
- J. Any change in the location of any existing meter or meter setting at the request of the Customer shall be made at the expense of the Customer, and with the approval of the Company.

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Rules & Regulations Governing Rendering of
Water Service

Rule 12 METER TESTS AND TEST FEES

- A. Any Customer may request the Company to make a special test of the accuracy of the meter through which water is supplied to the Customer. This test will be made in accordance with water industry test procedures, and to check for accuracy as required by Regulations of the Missouri Public Service Commission.
- B. The Company reserves the right to remove and test a meter at any time and to substitute another in its place. In case of a dispute involving a question as to the accuracy of the meter, a test will be made by the Company upon the request of the Customer without charge if the meter has not been tested within twelve (12) months preceding the requested test; otherwise, an approved charge will be made if the test indicates meter accuracy within five percent (5%).
- C. A meter test requested by the Customer may be witnessed by the Customer or the Customer's duly authorized representative, except for tests of meters larger than two inch (2") inlet, which will be conducted by the water manufacturer. A certified copy of the test report will be provided to the Customer.
- D. If a test shows an average error of more than five percent (5%), billings shall be adjusted in accordance with Rule 13.

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Rules & Regulations Governing Rendering of
Water Service

Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

- A. Whenever any test by the Company of a meter while in service or upon its removal from service shall show such meter to have an average error of more than five percent (5%) on the test streams prescribed by the Missouri Public Service Commission, the Company shall adjust the Customer's bills by the amount of the actual average error of the meter and not the difference between the allowable error and the error as found. The period of adjustment on account of the under-registration or over-registration shall be determined as follows:
 - 1. Where the period of error can be shown, the adjustment shall be made for such period; or
 - 2. Where the period of error cannot be shown, the error found shall be considered to have existed for three (3) months preceding the test.

- B. If the meter is found on any such test to under-register, the Company may render a bill to the Customer for the estimated consumption not covered by bills previously rendered during the period of inaccuracy as above outlined. Such action shall be taken only when the Company was not at fault for allowing the inaccurate meter to remain in service.

- C. If the meter is found on any such test to over-register, the Company shall refund to the Customer any overcharge caused during the period of inaccuracy as above defined. The refund shall be paid within a reasonable time and may be in the form of a bill credit.

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Rules & Regulations Governing Rendering of Water Service	
<p>Rule 14 <u>EXTENSION OF WATER MAINS</u></p> <p>A. This rule shall govern the extension of mains by the Company within its certified area where there are no water mains.</p> <p>B. Upon receipt of a written application for a main extension, the Company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping. The estimate will not include unanticipated costs such as rock excavation.</p> <p>C. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company the amount determined in paragraph B. above. Any applicable New Service Connection Fee will become due after the cost incurred by the Company has been ascertained, as per Rule 5 B. 1. or 3., and as specified in the Schedule of Service Charges. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that mains of twelve inches (12”) or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.</p> <p>D. The cost to single-family residential applicant(s) connecting to a main extension for which other applicant(s) paid an amount determined in paragraph B., above, subject to subsequent adjustments for actual cost, shall be as follows:</p> <ol style="list-style-type: none"> 1. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded. 2. For single-family residential applicant(s) applying for service in areas that are <p>* Indicates new rate or text + Indicates change</p>	

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Rules & Regulations Governing Rendering of Water Service															
<p>Rule 14 continued</p> <p style="margin-left: 40px;">unplatted in subdivision lots, an applicant(s) cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times one hundred (100) feet.</p> <p>3. For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs D.1. or D.2. above, multiplied by the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:</p> <table style="margin-left: 100px; border: none;"> <thead> <tr> <th style="text-align: center; padding: 5px;"><u>Meter Size</u></th> <th style="text-align: center; padding: 5px;"><u>Flow Factor</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">5/8"</td> <td style="text-align: center; padding: 5px;">1</td> </tr> <tr> <td style="text-align: center; padding: 5px;">1"</td> <td style="text-align: center; padding: 5px;">2.5</td> </tr> <tr> <td style="text-align: center; padding: 5px;">1 1/2"</td> <td style="text-align: center; padding: 5px;">5</td> </tr> <tr> <td style="text-align: center; padding: 5px;">2"</td> <td style="text-align: center; padding: 5px;">8</td> </tr> <tr> <td style="text-align: center; padding: 5px;">3"</td> <td style="text-align: center; padding: 5px;">15</td> </tr> <tr> <td style="text-align: center; padding: 5px;">4"</td> <td style="text-align: center; padding: 5px;">25</td> </tr> </tbody> </table> <p>E. Refunds of funds paid by applicant(s) for any estimated costs or actual costs of a main extension shall be made to such applicant(s) as follows:</p> <ol style="list-style-type: none"> Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference to the applicant(s) as soon as the actual cost has been ascertained. During the first ten (10) years after the main extension is completed, the Company will refund to the applicant(s) who paid for the extension the money collected from applicant(s) in accordance with paragraph D. above. The refund shall be paid within a reasonable time after the money is collected. <p style="margin-left: 20px;">* Indicates new rate or text + Indicates change</p>	<u>Meter Size</u>	<u>Flow Factor</u>	5/8"	1	1"	2.5	1 1/2"	5	2"	8	3"	15	4"	25	
<u>Meter Size</u>	<u>Flow Factor</u>														
5/8"	1														
1"	2.5														
1 1/2"	5														
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Rules & Regulations Governing Rendering of Water Service
<p>Rule 14 continued</p> <p style="margin-left: 40px;">3. The sum of all refunds to any applicant shall not exceed the total amount which the applicant(s) has paid.</p> <p>F. Extensions made under this rule shall be and remain the property of the Company.</p> <p>G. The Company reserves the right to further extend the main and to connect mains on intersecting streets and easements. Connecting new Customers to such further extensions shall not entitle the applicant(s) paying for the original extension to a refund for the connection of such Customers.</p> <p>H. Extensions made under this rule shall be of Company-approved pipe sized to meet water service requirements. If the Company chooses to size the extension larger in order to meet the Company's overall system requirements, the additional cost caused by the larger size of pipe shall be borne by the Company.</p> <p>I. No interest will be paid by the Company of payments for the extension made by the applicant(s).</p> <p>J. If extensions are required on private roads, streets, through private property, or on private property adjacent to public right-of-way, a proper deed of easement must be furnished to the Company without cost to the Company, before the extension will be made.</p> <p>* Indicates new rate or text + Indicates change</p>

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Agreement Attachment F

Billing Comparison Worksheet

HICKORY HILLS WATER & SEWER COMPANY

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$20.47	\$34.04	\$4.06	\$6.75

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 20.47
Usage Charge	\$ 24.36
Total Bill	\$ 44.83

Proposed Rates

Customer Charge	\$ 34.04
Usage Charge	\$ 40.50
Total Bill	\$ 74.54

INCREASES

Customer Charge

\$ Increase	\$13.57
% Increase	66.27%

Usage Charge

\$ Increase	\$16.14
% Increase	66.27%

Total Bill

\$ Increase	\$29.71
% Increase	66.27%

Agreement Attachment G

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
Case No. SR-2014-0166 and WR-2014-0167
Hickory Hills Water & Sewer Co., Inc.
David Spratt/James Russo

Introduction

This Report was prepared jointly by Staff members David Spratt and James Russo. The Staff member responsible for each section is denoted at the end of each section.

Hickory Hills Water & Sewer Co., Inc. (Company) obtained Certificates of Convenience and Necessity (CCN) to operate the water system and sewer system in Case Numbers 18,205 and 18,206, both effective October 15, 1974. Mr. Gary Cover was appointed a receiver of the system by a Moniteau County Circuit Court on January 2, 2007.

The Company provides service to approximately 47 water customers and 47 sewer customers in the Hickory Hills and Temple Terrace subdivisions. The system is located approximately ½ mile west of the City of California. On December 2, 2013, the Company filed a request for an annual increase in water and sewer revenues of twenty-five percent. The Commission's Water and Sewer Unit Staff (Staff) performed an annual inspection on January 21, 2014 to examine the Company's facilities, operations, and recent upgrades made to the water system, as well as discuss the proposed upgrades to the waste water treatment. Staff's findings and suggested improvements are listed below. (Spratt)

Water System

The source of supply of the water system consists of a single well. The water is treated with chlorine for disinfection. The master meter is located at the wellhead. Storage consists of five 100-gallon storage tanks that are used for storage and chlorine contact. There are six 100-gallon pneumatic tanks used to provide pressure to the system as well as providing 40 gallons of usable storage each. The Missouri Department of Natural Resources (DNR) noted in 2004 that the system's storage capabilities is less than the 24-hour storage recommendation. Finally, there is a distribution system with meters for each customer.

The well column is a six-inch diameter steel cased well that was drilled in 1975 to a depth of 650 feet. Water is drawn from the well by a 5 horse-power submersible pump capable of producing 60 gallons per minute. At the time of the inspection it was only measured at 30 gallons per minute. Staff has asked the Company to maintain a daily well log and monitor the gallons per minute pumped reading to see if the well has a problem or if it pumps a different volume of water at different times against different head pressures. Average daily production at this system is 7,242 gallons per day, per the Company's master meter records. The distribution system is

comprised of approximately 6,715 feet of PVC pipe. Nearly two-thirds of the distribution system (4,467 feet) is two-inch PVC pipe. There is also 1,908 feet of four-inch PVC pipe, and 340 feet of three-inch PVC pipe according to the Company's Annual Report.

The well house is located at the highest elevation in the system and therefore the majority of the system receives pressure via gravity. The pneumatic tanks provide additional pressure for the homes that are near the same elevation as the well house. The pumps are set to turn on when pressure falls below 40 pounds per square inch (psi) and turn off when the pressure reaches 65 psi. The current operator lives in Otterville and checks on the system once a week to perform tests that require a licensed operator. The receiver hired a resident of the system to perform daily checks on the water and on the well. This person keeps a daily record but does not keep the record in the well house. Staff would like for the Company to keep the records at the well house.

The Company has received some low pressure complaints from customers who are near the same elevation as the well house but Staff has been unable to substantiate if these pressure concerns have ever fallen below the 20 psi requirement established by DNR. All of the customers are metered and pay the same rate for service. The current tariffed water rate is \$20.47 per month plus \$4.06 per 1,000 gallons of water used. Staff has received six customer comments objecting to the rate increase since the initial customer notice was mailed out on January 16, 2014, because they don't believe that there have been any improvements made to the system. One comment was about the quality of service the Company provides. The water system appeared to be operating smoothly at the time of the inspection. (Spratt)

Sewer System

The Sewer system currently consists of a single-cell lagoon with a capacity of 16,400 gallons per day and a collection system which operates by gravity to the lagoon. The lagoon is in enforcement action with the Missouri Attorney General and DNR because it is not able to treat the sewage adequately and discharges solids into the receiving stream. The Company has been ordered in Case No. 12MT-CC00027 to "Replace the entire wastewater facility" with a non-lagoon treatment facility that will allow the Company to comply with the required effluent limits. The lagoon once had a fence around it for protection. The fence had signs on it to alert passers-by that this was a lagoon for sewer treatment. The fence and signs have been taken down and should be replaced. The outfall is not marked where the effluent is discharged into the receiving stream. This should be posted as well. The system is currently operating without a permit due to its failure to comply with effluent limits.

According to the Company's Annual Report the collection system is composed of a total of 4,855 feet of gravity sewers. Nearly half (2,335 feet) of the pipe is six-inch and the rest (2,490 feet) is eight-inch. During Staff's inspection some manholes were opened to look for leaks as well as the structural integrity. The manholes that were opened seemed to be in good condition and there was no evidence of leakage or inflow at the time. However, the last manhole prior to

the lagoon is at a rather low elevation, and there is a crack around the riser which is an infiltration point. A thorough inspection of all manholes should be performed to look for potential infiltration points.

DNR issued a Schedule of Compliance in 2004 with a completion date of March 15, 2007 to have the facilities upgraded to meet effluent limits set forth in the permit. An Agreed Order of Preliminary Injunction was filed in Moniteau County Circuit Court August 8, 2013. Within that order are specific issues to be addressed by the Company. A copy of that order is attached.

The Company has complied with the court order by requesting a rate increase but the Company, which as stated is in receivership, does not have the financial resources to undertake a construction project, and is seeking approval by the Commission for interim rates which could allow a financial resource to begin a construction project. The current tariffed sewer rate is \$42.50 per month. The Company has caused an engineering report to be prepared offering several treatment alternatives. At this time the only work that has been performed in accordance with the court order is clearing out the vegetation around the lagoon. (Spratt)

Tariff Review

Staff continues the process of updating water and sewer tariffs as individual companies file rate cases with the Commission. A completely new tariff will be filed for the Company during this rate case. The Company's original tariff became effective May 1, 1974. The entire tariff was cancelled on April 30, 1996 and replaced with a new version. A new rate schedule will be developed to reflect the new rates the customers will be required to pay based on the Company's current cost of service. In addition, Staff reviewed the existing miscellaneous service charges with the Company to recover the actual costs related to these services. Miscellaneous charges have been calculated by Staff to allow the Company to recover the actual costs related to these items used in its operation from the customers causing the event. The rates proposed are reasonable for the costs incurred for the services and are consistent with the majority of other regulated water companies in the state of Missouri.

In the process of updating the current tariff, and after discussions with the Company, Staff proposes making some changes to the service charges. In the water tariff, Staff proposes adding a connection fee charge and established the rate to be the actual cost. A service connection fee is proposed to be raised from \$15 to \$25. A water service line inspection fee of \$25 is proposed to be added. A late payment charge is proposed to be changed from three dollars to the greater of five dollars or three percent without a three month restriction on it as presently exists. A charge for service calls is proposed to be added, which shall be the actual cost but not less than \$40.

Staff also proposes some revisions to the sewer tariff. The service connection would no longer be based on the size of the connection but would be billed at the actual cost. The late charge is proposed to be changed from three dollars per month to the same language as the water tariff. An inspection fee of \$35 is proposed to be added to the tariff with a re-inspection fee of \$20 if

the first inspection is not satisfactory to the Company. The physical disconnection of service is proposed to be charged at the actual cost. A charge for service calls is proposed to be been added which shall be the actual cost but not less than \$40.

The new and updated tariffs for the Company will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3 tariff for water and PSC MO Number 4 for sewer. (Russo)

Rate Design

Staff reviewed the current rate design in its investigation. The current rate design is a monthly bill with a base rate and a commodity charge per 1,000 gallons used for water service. Sewer service is provided for a flat rate. Staff is not making any recommendations to change the Company's current rate design in this case, but plans to revisit the rate design in any future rate case proceeding. (Russo)

Conclusion and Recommendations

Staff finds the water system to be operating sufficiently well at this time except for the apparent reduced well pump production. The Company needs to monitor production and electric amperage to detect an approaching failure. Also, there should be a sealed container for the chlorine with a vent going outside of the well house to prevent damage to metal parts inside the well house from corrosion caused by chlorine gas. A well log should be kept inside the well house recording the daily water meter readings, electric meter readings, gallons per minute observed pumped, chlorine residual, and any work that was performed that day, in addition to amperage readings taken periodically. The production in gallons per minute is especially critical at this time.

The lagoon does not meet DNR standards and has been ordered to be upgraded. The Company prepared an engineering report in 2008 that detailed several potential solutions. The most affordable was to connect the sewer to the City of California. This solution has not been agreed upon by the city. The next most affordable solution is to construct a mechanical plant on site. The cost of the plant had been estimated at \$260,250 in 2008. Those costs are undoubtedly higher now. The Company should work with DNR to look for funding sources such as grants or low interest loans that might be available to remedy a bad situation. DNR has recommended that Mr. Cover prepare this utility for sale to a proper owner and upgrading the treatment facility may be the first step in that direction.

WATER AND SEWER UNIT STAFF RECOMMENDATIONS:

1. The Commission cancel the existing PSC MO No. 2 water tariff and replace the water tariff with PSC MO No. 3.
2. The Commission cancel the existing PSC MO No. 2 sewer tariff and replace the sewer tariff with PSC MO No. 4.
3. Within thirty (30) days provide a sealed container for chlorine used to treat the water, and vent it outside to protect metal and electrical equipment inside the well house.
4. Within thirty (30) days provide for a well log inside the well house to keep track of all daily monitoring of the system including gallons per minute pumped.
5. Within ninety (90) days provide a list of any and all repairs the Company would like to perform in the year 2014 and the costs associated with those repairs to the Manager of the Water and Sewer Unit.
6. Within ninety (90) days replace the fence around the lagoon, put the proper signs up on each side of the fence, and mark the outfall.

Agreement Attachment H

EMSU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Case Nos. WR-2014-0167 and SR-2014-0166

Hickory Hills Water & Sewer Company

Debbie Bernsen and Patricia Smith

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Hickory Hills Water and Sewer Company, Inc. (“Hickory Hills” or “Company”) in Moniteau County, Missouri, in January 2014. The review was performed in response to the Company’s request for a rate increase in Case Nos. WR-2014-0167 and SR-2014-0166, which was filed December 2, 2013. The Company is requesting an increase of 25% in its annual water system operating revenues and 25% in its annual sewer system operating revenues.

The EMSU staff examined the Company’s tariffs, Commission complaint and inquiry records, and other documentation related to the Company’s customer service and business operations. In preparation of this report, the EMSU staff submitted data requests to the Company on December 19, 2013, and conducted interviews with the Company receiver, Gary Cover, in Clinton, Missouri, on January 29, 2014. The EMSU staff’s review of the Company resulted in the following recommendations for Company management.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

- 1. Develop a customer billing statement that itemizes all authorized charges, such as the customer charge, usage charge and the previous balance due. This recommendation should be completed within 90 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.*
- 2. Develop and utilize time sheets to record work assignments and the time associated with each work assignment for individuals performing work for the Company. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.*

3. Maintain Commission-approved billing estimation procedures to ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the event that an estimate is necessary. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2014-0167.
4. Evaluate and implement actions in compliance with Commission Rule 4 CSR 240-13.050 and the Commission-approved water and sewer tariffs that will reduce the number of delinquent customer accounts. Actions should include the notifications to customers that their accounts are delinquent and subject to discontinuance of service. The Company's actions should ensure that discontinuances of service are conducted in a manner that is consistent with the time frame communicated to customers. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 & SR-2014-0166.

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

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

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

- Customer Billing
- Payment Remittance
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

History

Hickory Hills was certificated by the Commission in 1975 to own and operate a water and sewer system in Case No. 18206. Hickory Hills currently provides service to approximately 47 water customers and 49 sewer customers.

The EMSU has performed a number of business and customer service reviews of the Company starting in 2004. The 2004 review was conducted in conjunction with Case Nos. QW-2004-0008 and QS-2004-0009 and identified several opportunities for improvement. In 2006, an additional review was completed for Case Nos. QW-2006-0002 and QS-2006-0001, that made recommendations on customer billings, disconnection of service and service applications.

In January of 2007, the 19th Judicial Circuit Court of Cole County appointed Gary V. Cover as permanent receiver of Hickory Hills Water and Sewer Company. Mr. Cover is still serving as the receiver for the Company.

An additional review was initiated in late 2008 in conjunction with Case Nos. WR-2009-0151 and SR-2009-0154. The EMSU staff made a total of ten recommendations to the Company in the following areas: outside services contracts, customer rights and responsibilities documentation, customer bill due date, customer bill information, document storage, customer applications, delinquent accounts and complaint documentation. The Company provided EMSU staff with information in September 2009 documenting the actions taken to respond to these recommendations. The Company's actions were determined to be appropriate responses to the recommendations.

Overview

The Company operates from the law office of Gary Cover, who continues to act as the receiver for the Company. The office maintains business hours from 9 a.m. to 5 p.m., Monday through Friday. Customers have access to the Company 24 hours a day, seven days a week, by calling the operator who is on call. The Company indicated it has no actual employees other than Mr. Cover, who is the appointed receiver and conducts the administrative functions for the Company. Mr. Cover maintains time records for his activities for the Company and remits those to the courts for reimbursement. An employee of the law firm provides clerical assistance for Company operations; however, she does not maintain a time sheet for Hickory Hills and does not

collect an additional salary from the Company. Her husband maintains customer records and does the monthly billing for the Company utilizing Microsoft Office and Excel spreadsheets. He is paid a monthly fee for these services. There are two outside contractors utilized, and written contracts are on file for these contractors to define the services and costs. One contractor acts as the licensed operator. The other contractor, a husband/wife team, conducts meter readings and a visual inspection of the well house.

Customers may initiate service by visiting or calling the office. If the customer visits the office, they will be required to complete an application for service at that time. Callers will be sent an application via mail, email, or fax which must be returned to the Company. Customers are provided with the contact information of the operator that they can use at any time in the case of an emergency.

Company personnel indicated they require a \$15.00 security deposit as a condition for providing service. Hickory Hills has acquired only one new customer during the period of 2012 to 2014. Company personnel indicated that, in the past, customer deposits were not refunded until the customer had left the system. The Company provided EMSU staff with a list of customers who had been assessed deposits from 2009 through 2013. At this time, the Company has retained only two of the customer deposits which have been held less than a year. One deposit assessed at the end of 2011 has also been retained. The remaining deposits have had 6% interest calculated and then the total amount applied to the individual customer's past due balance.

Customer Billing

Billing functions are performed by the husband of an employee at the law firm, and bills are calculated using an Excel spreadsheet program. This individual is paid for his services but does not operate under a contract. The Company provides the customer a monthly bill that indicates the amount of water used, a total for water service charges and a total for sewer service charges. Prior balances due are noted on the bill as well.

The Company did indicate it estimated bills from June to September in 2013, during a transition phase for its meter reading function. Customers were billed based upon their usage in May of that year and were mailed a letter explaining why their bills were estimated for that period. A true up bill based upon the actual usage was also sent to the customer in October. The Company does not have an estimation procedure in its water tariff at the time of this review. The

Commission's Water and Sewer Unit is recommending language in the Company's new proposed tariffs that will address this.

Payment Remittance

Customers' bills are due 21 days after the bill is mailed. Payment may be made by check or money order and sent to customers through the mail. Due to the location of the receiver in relation to the service location, payments are usually mailed to the office of the receiver in Clinton, Missouri. The Company picks up and receives mail daily. Payments are normally posted once or twice a week. Payments received during the billing period are posted prior to generating new bills. The bill shows any past due amounts on the customers' current month bills and requests the total amount due.

The Company does charge a late fee for payments not received by the due date or next billing cycle. The Company's tariff provides that it may collect a late charge of \$3.00 per late payment, not to exceed a three-month cap of \$9.00 per customer. The Company currently charges beyond the three-month cap of \$9.00 per customer. This is a tariff issue that will be updated by the Commission's Water and Sewer Unit during this case. The Company typically makes bank deposits on a weekly basis or more often if necessary.

The Company indicated that it rarely receives a returned check and has only received one in the last three years. The Company's tariff does provide for a \$25.00 returned check charge. Currently, the Company is charging a \$28.00 returned check fee. The Company developed this fee by using the \$25.00 allowed by the tariff and an additional \$3.00 to cover their Company processing time. The Company has indicated it will discontinue the additional \$3 fee and abide by the tariff. The Commission's Water and Sewer Unit will discuss the returned check fee with the Company during a review of the present tariff sheets.

Credit and Collections

The Company mails a letter to the customer indicating a past due balance after the new bill with current charges is rendered. They provide a date for potential discontinuance of service and encourage the customer to contact the office between 9:00 a.m. and 5:00 p.m. Monday through Friday to discuss payment arrangements. The Company's receiver stated that, when

necessary, collection letters for past due accounts are mailed on his law firm's stationery, though these letters are not mailed on a regular basis.

The Company indicates it has not performed any discontinuances of service in the last year.

Complaints and Inquiries

Customers may call or mail the Company with any inquiries or complaints to the Company. Most contacts begin with a phone call and are generally able to be handled by office personnel or the receiver. The Company does maintain a log of contacts that notes the inquiry issue and the resolution. In addition, they note the initials of the employee who handled the inquiry. The Commission's Electronic Filing Information System (EFIS) received no customer complaints during 2012 or 2013. There were a total of eight public comments filed by customers in the present two cases.

Customer Communication

The Company has a written information brochure which contains necessary information required by Commission Rule 4 CSR 240-13.040. The brochures are available to customers at the office and new customers receive one when applying for service. If necessary, the Company is able to provide messages to customers on their monthly billing statements. The Company has also used letters to inform customers of various issues such as collection of the primacy fee and when the meter readings were unavailable due to personnel shortages.

Findings, Conclusions, and Recommendations

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

- Customer Bill Format
- Time Sheet
- Estimation Procedures
- Collection Activities

Customer Bill Format

Customers' bills do not separately identify a calculation for usage or the customer charge. Customers should be able to clearly see the monthly customer charge, as well as the amount due for their utilization of the volume of water. By ensuring that previous balances due and all charges are appropriately itemized on customers' bills, customer confusion will be minimized and customers will be more likely to remit the appropriate payment.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop a customer billing statement that itemizes all authorized charges, such as the customer charge, usage charge and the previous balance due. This recommendation should be completed within 90 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.

Time Sheet

Office personnel at the law office of Mr. Cover do not maintain time records to record their time when conducting job activities for the Company. Even if these employees are not compensated by the Company at this time, it is important for their efforts to be documented to provide a realistic picture of the efforts necessary to run the Company.

As the Company does not have specific employees, other than Mr. Cover, it is important to maintain documentation on the actual job activities and costs attributable to operate the Company. The contract meter reader and the operator for the Company have written contracts defining their work and pay. Another individual conducts billing and accounts posting under an agreement with the Company. Mr. Cover utilizes a time log to track his hours and activities to provide the Courts for reimbursement of his time. It is important to also track the time associated with Mr. Cover's law office employee in case such time increases in the future.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize time sheets to record work assignments and the time associated with each work assignment for individuals performing work for the Company. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.

Estimation Procedures

The Company has not submitted its estimation procedures for approval to the Commission per Rule 4 CSR 240-13-020 (2), which states:

(2) Each billing statement rendered by a utility shall be computed on the actual usage during the billing period except as follows:

(C) Under no circumstances shall a utility render a bill based on estimated usage –

1. Unless the estimating procedures employed by the utility and any substantive changes to those procedures have been approved by the commission;

The Company indicated they only had estimated bills once during a three-month period in 2013 while looking for a new contractor to perform meter reads. The EMSU staff discussed the benefits to having an approved procedure in the event the Company is forced to estimate customer bills in an emergency situation. The Company was informed of the rule and indicated it would work with Commission staff to create estimation procedures for approval. The Commission's Water and Sewer Unit is recommending language in the Company's new proposed tariffs that will address this.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Maintain Commission-approved billing estimation procedures to ensure the Company adheres to Commission Rule 4 CSR 240-13.020(2)(C) in the event that an estimate is necessary. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case No. WR-2014-0167.

Collection Activities

The Company does not pursue actions to discontinue the service of customers with delinquent accounts within the time frames that are allowed under Commission rules. In response to EMSU staff inquiries, the Company indicated that it had not discontinued the services of any customer in the last several years. A review of customers with past due balances as of February 2014 showed a total of thirteen water and sewer customers with totals due that ranged from \$66.00 to \$1,709.00. This means that 13 of the Company's 47 customers have past due bills.

EMSU staff believes the practice of not discontinuing service within the time frame that is communicated to nonpaying customers is exacerbating the delinquent account problem. Many customers realize they can wait an extended period of time to pay their bill because a

discontinuance of service is rarely performed. The Company does not routinely mail letters attempting to collect the balance due or threatening discontinuance because it has been unable to follow up on the action. Delays in collecting delinquent account balances also have a negative impact on the availability of Company revenue. The implementation of cost-effective actions to reduce the number of delinquent customer accounts will provide important benefits. Customers will learn that they must remit payment within the allotted time frame in order to avoid a discontinuance of service. A reduction in the number of delinquent accounts will provide the Company with revenues on a more timely basis and also reduce bad debt.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate and implement actions in compliance with Commission Rule 4 CSR 240-13.050 and the Commission-approved water and sewer tariffs that will reduce the number of delinquent customer accounts. Actions should include the notifications to customers that their accounts are delinquent and subject to discontinuance of service. The Company's actions should ensure that discontinuances of service are conducted in a manner that is consistent with the time frame communicated to customers. This recommendation should be completed within 30 days of the effective date of any Commission order issued in Case Nos. WR-2014-0167 and SR-2014-0166.

Implementation Review

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

Agreement Attachment I

Auditing Unit Recommendation Memorandum

AUDITING UNIT RECOMMENDATION MEMORANDUM

**FROM: Paul R. Harrison
Jermaine Green
Auditing Unit Staff**

**TO: Jim Russo
Water and Sewer Unit, Case Coordinator**

**CC: Kevin Thompson
Staff Counsel's Office
Kim Bolin**

**SUBJECT: Auditing Unit's Findings and Recommendation for Hickory
Hills Water and Sewer
Case Nos. UR-2014-0166 and Y R-2014-0167**

DATE: February 25, 2014

BACKGROUND STATEMENT

Hickory Hills Water and Sewer, Inc. ("Hickory Hills" or "the Company") filed a rate increase request with the Missouri Public Service Commission ("Commission" or "PSC") on December 2, 2013. The Company requested a 25% increase in the Company's water and sewer service. Hickory Hills currently serves approximately 47 water and 49 sewer customers in Moniteau County, Missouri. Hickory Hills' current water and sewer rates became effective in August 2009. In addition, the Company is currently operating under the control of an interim receiver, Gary Cover, pursuant to an order of the Cole County Clerk that became effective on January 2, 2007.

TEST YEAR AND UPDATE PERIOD

Staff used a test year consisting of the twelve months ending June 30, 2013, with an update period through December 31, 2013, to develop its revenue requirement recommendation in this case. Based upon the examination of the Company's books and records, Staff's cost of service calculations show a revenue requirement of \$14,365 (56.20% increase) for Hickory Hills' water service and \$4,353 (17.30% increase) for Hickory Hills' sewer service. **In addition, DNR has brought an Injunction against Hickory Hills as discussed below; and as a result Staff developed a revenue requirement for Hickory Hills' sewer based upon the Company renting a portable mechanical Waste Water Treatment Plant ("WWTP") and financing it over a 5-year period. The incremental revenue requirement increase for Hickory Hills to construct the WWTP and close the lagoon is approximately \$43,788.** Attached to this

Memorandum are the Audit Staff's Accounting Schedules and relevant workpapers related to the audit.

Included in the computation of the water and sewer revenue requirements in the Staff Accounting Schedules is a 9.930% weighted average cost of capital (rate of return). Mrs. Shana Atkinson of the Financial Analysis Unit provided and recommended this overall rate of return based upon a hypothetical capital structure. Also, the depreciation rates used in Staff's calculations for depreciation expense were provided and recommended by Mr. Derick Miles of the Engineering and Management Services Unit (EMSU).

RATE BASE

Plant in service, depreciation reserve, contribution in aid of construction (CIAC) and CIAC amortization were updated through December 31, 2013, for all investment that is paid for and in service for the water and sewer systems. Mr. Miles of the EMSU compiled the plant in service, reserve, CIAC and CIAC amortization balances that were included in the last rate case and updated all items up through December 31, 2013. For both the water and sewer systems, the rate base totals as of December 31, 2013 are \$8,623 for water and \$180 for sewer.

REVENUES

The test year water revenue was determined by computing the fixed minimum charges and the commodity (or variable) charges for the 47 active metered water customers using the appropriate current tariff rates. The fixed minimum monthly charge of \$20.47 was multiplied by the number of active metered customers (47) to derive the amount of total customer charges for a month. This result was annualized taking into account the twelve monthly billing periods to derive the total fixed annual revenue. The annualized metered variable revenues were determined by multiplying the annualized gallons per customer, with no minimum, in accordance with the Company's existing tariff. The annualized water revenue amount included in the Staff's revenue requirement is \$22,011.

The test year sewer revenue was determined by computing the fixed minimum charges for the 49 active customers using the appropriate current tariff rates of \$42.50. The annualized sewer revenue amount included in the Staff's revenue requirement is \$25,163.

RECEIVERSHIP FEES

Hickory Hills is under the control of a court-appointed receiver, Gary V. Cover, who is responsible for the management and operations of the Company. The

compensation for services provided to the Company by the receiver is set at the rate of \$150 per hour plus expenses and approved by Cole County Circuit Court. In the Company's last rate case, Staff proposed to normalize the amount of court-ordered receiver fees authorized to the receiver since his appointment (\$31,385.50 over the course of 26 months) by dividing the full amount by the months served, then multiplying the result by 12 monthly periods. The normalized level of receivership fees for both water and sewer operations that were included in the revenue requirement for the last case was \$14,486.

However, because of limited cash flow for Hickory Hills, the receiver has not been able to fully recover all of his fees that were ordered by the Cole County Circuit Court. In addition, since the last rate case, the court has ordered another payment of \$62,439.91 as of May 22, 2009. As of January 15, 2014, Mr. Cover is still owed \$65,528 from the two court-ordered fee payments mentioned above. The receiver has not requested any other payments from the court since May 2009. Staff requested an update of the receiver fee costs since May 2009 and Mr. Cover provided a "Receiver's Interim Statement" totaling \$105,012.50 for services provided as of December 27, 2013. This statement has not been submitted to the Cole County Circuit Court. Staff included a normalized level of Receivership fees in this case based on the average incurred annual expense of \$11,158 for water and \$11,158 for sewer.

OPERATOR FEES

The Company hired Larry Castle in September 2013 to be the Contract Operator for Hickory Hills. Mr. Castle performs weekly inspections of the well house and sewer lagoon, performs maintenance and testing of the water system, performs maintenance and testing of the wastewater systems, and prepares and files all reports required by the state of Missouri for both the water and wastewater systems. Hickory Hills pays Mr. Castle \$750.00 per month or \$9,000 annually for his services. Per Staff's interview with Mr. Castle, he works approximately 40 hours per month performing operation and maintenance functions for Hickory Hills. This equates to \$18.75 per hour. Per the Missouri Economical Research Information Center (MERIC), the "Water and Wastewater Treatment Plant and System Operator's" average pay for Moniteau County is \$18.60 per hour. Therefore, Staff made an adjustment to decrease Hickory Hills' operator costs to align Mr. Castle's hourly wage with the MERIC average wage. .

BILLING SERVICES, METER READING AND WELL INSPECTION

Billing services are performed by Richard Wells located in Clinton, MO at a rate of \$250 per month or \$3,000 per year for both water and sewer. Mr. Wells spends approximately 4 hours per month reviewing the meter readings, inputting the readings, preparing the bills, printing them and placing them in envelopes for mailing. This equates to \$62.50 per hour. Per MERIC, the "Billing and Posting Clerk" average pay for Moniteau County is \$16.30 per hour. Therefore, Staff made an adjustment to decrease

Hickory Hills' billing service cost to align Mr. Wells' hourly wage with the MERIC average wage. This is a decrease of \$1,109 for water and \$1,109 for sewer per year.

Meter reading services and the daily inspection of the well are performed by Mark and Chris Cram for the Company at the rate of \$500 per month or \$6,000 per year. Mr. and Mrs. Cram spend approximately 3 to 4 hours per month reading the meters and preparing the spread sheets. In addition, they spend approximately 30 minutes per day or 15 hours per month checking the well house, taking daily water samples, meeting with the operator, and on occasion meeting with DNR/PSC representatives. This equates to \$26.32 per hour. Per MERIC, the "Meter Reader" average pay for Moniteau County is \$17.50 per hour. Therefore, Staff made an adjustment to decrease Hickory Hills' meter reading service cost to align Mr. and Mrs. Cram's hourly wage with the MERIC average wage. This is a decrease of \$2,010 for water per year.

ELECTRIC EXPENSES

Staff used a two year (calendar years 2012 and 2013) average of the actual electric expense of Hickory Hills to adjust the test year electric expense to a normal level. The normalized annual level of electric expense for Hickory Hills is \$2,331.

CHEMICALS

Hickory Hills is required by DNR to treat its sewer water prior to discharging it into the creeks and streams. However, Hickory Hills' operating permit was rejected by DNR because of the significant number of Missouri Clean Water Law violations, and they have not used any chemicals in the last two years to treat the discharge water from the lagoon.

MISSOURI DEPARTMENT OF NATURAL RESOURCES FEES (DNR)

Staff included \$650 for DNR fees in its cost of service for Hickory Hills' sewer. The Company has not paid its DNR fees in the past two years and its DNR permit has not been renewed. DNR rejected Hickory Hills' application to renew its permit because the lagoon is not within DNR requirements and is in violation of the Missouri Clean Water Law. Staff is proposing that a new WWTP be installed for Hickory Hills' sewer system which should correct this problem. Staff also included \$200 in DNR lab fees for its water cost of service.

PSC ASSESSMENT

Based on the 2014 PSC assessment ledger, the Company's current PSC Assessment fee for Hickory Hills is \$102 for its water operations and \$2,373 for sewer operations.

AMORTIZATION EXPENSE

Receivership Fees – Mr. Cover is owed approximately \$65,528 for back-payment of his court-appointed receiver pay. Staff is recommending that his back-payment be amortized over a five-year period and included in the cost of service. This equates to \$6,553 for water and \$6,553 for sewer.

Operator Fees - Kyle Wirts was terminated as the operator of Hickory Hills in September 2013. He is owed a back-payment of \$14,500. Staff is recommending that his back-payment be amortized over a five-year period and included in the cost of service. This equates to \$1,450 for water and \$1,450 for sewer.

Bank Loan, 1st National Bank – Mr. Cover personally took out a loan with 1st National Bank of Clinton to pay off Company debt that the receiver inherited at Tipton-Latham Bank of approximately \$20,000.00 and to pay for expenses related to two customer sewer backup claims against the Company. The current balance of the loan is \$18,954. Since this debt is not in the Company’s name but in Mr. Cover’s name, Staff has not included this debt in its capital structure. Therefore, Staff is recommending that this loan payment be amortized over a five-year period and included in the cost of service. This equates to \$1,895 for water and \$1,895 for sewer.

LACK OF RECORD KEEPING

The operating expenses of the Company for the test year were reviewed during the audit and, when necessary, adjustments were made. In the course of the audit, the Audit Staff significantly relied upon the Company’s bank statements, check registers and vendor invoices to determine the expense portion of the cost of service for the utility’s operations, as no formal accounting system is in place. Hickory Hills is required to maintain its financial records in conformity with the National Association Regulatory Utility Commission’s (NARUC) Uniform System of Accounts (USOA) for water and sewer utilities. In addition, in the Company’s last rate case, SR-2009-0154 and WR-2009-0151, the Company agreed in its Disposition Agreement to maintain its books and records in conformity with the USOA. However, the Company does not maintain its financial records in accordance with the USOA as required and does not maintain a proper bookkeeping system. The Audit Staff recommends that the Company begin compliance with the Commission’s USOA requirements as soon as possible. An accurate record keeping system is an essential ingredient for financial stability of the Company; this financial stability is a key ingredient in providing safe and adequate service to its customers.

Audit Staff Recommendations:

The Company should fully comply with these recommendations within 90 days of the effective date of the Commission Order for this case:

- a) The Company shall develop continuous property records (CPRs) for both water and sewer plant in service and Contribution in Aid of Construction (CIAC) that include, where applicable, the amount of plant, depreciation reserve, CIAC, and CIAC reserve used by Staff in this case;
- b) The Company shall develop a general ledger by account for both water and sewer;
- c) The Company shall keep the Company's CPRs and general ledger up to date and complete;
- d) The Company shall maintain the Company's books and records in accordance with National Association of Regulated Utility Commissioners Uniform System of Accounts;
- e) The Company shall calculate depreciation expense on a monthly basis and include the amounts in the Company's general ledger;
- f) The Company shall develop a list of duties and responsibilities for the certified operator and maintain the number of hours worked with a description of the functions performed by the operator;
- g) The Company shall develop a list of duties and responsibilities for any employee that performs work for the Company and maintain the number of hours worked with a description of the functions performed by the employees; and
- h) The Company shall maintain a log of the date, number of hours, travel time, and any other expense incurred or charged to the Company by the receiver.

ADDITIONAL MATTERS:

ESTIMATED COST OF CONSTRUCTNG A NEW WASTE WATER TREATMENT PLANT

The State of Missouri Attorney General, Missouri Clean Water Commission, and the DNR, sought a Preliminary Injunction against Defendant Hickory Hills Water and Sewer to prevent further violations of the Missouri Clean Water Law, In **THE CIRCUIT COURT OF MONTEAU COUNTY STATE OF MISSOURI, Case No. 12MT-CC00027**. The Circuit Court issued an Agreed Order of Preliminary Injunction and ordered:

Findings of Fact

1. For the purposes of this Order, this Court has jurisdiction over the subject matter of this action and over the parties. The subject matter of this action involves allegations of violations of Missouri Clean Water Law found in Chapter 644 RSMo and its implementing regulations pertaining to Defendant's ownership and operation of a wastewater

treatment lagoon that serves the Hickory Hills and Temple Terrace Subdivisions near California, Moniteau County, Missouri (“lagoon”).

2. The provisions of this Order shall be binding upon the parties to this action as well as their agents, servants, employees, heirs, successors, assigns, and to all persons, firms, corporations and other entities who are, or who will be, acting in concert or privity with, or on behalf of the parties to this action or their agents, servants, employees, heirs, successors, and assigns.

3. Nothing in this Agreed Order of Preliminary Injunction shall operate as an admission of guilt or liability on the part of Defendant. The parties have agreed to this order in the interest of expeditiously abating the violations of the Missouri Clean Water Law that may be occurring or could occur as a result of inadequate maintenance of the lagoon.

4. Defendant is ordered and preliminarily enjoined to obey, abide by and comply with this Order, and the regulations adopted pursuant thereto.

Schedule of Compliance

5. Defendant is ordered to operate and maintain the lagoon including but not limited to maintaining the berm to the best of its ability so that there is minimal discharges of contaminated wastewater or storm water from the lagoon to waters of the state. In order to maintain minimum compliance with this section, within thirty (30) days of the effective date of this Order Defendant is ordered to:

- a) Mow the vegetation on the berm and remove all woody vegetation on the berm of lagoon;
- b) Repair or erect a fence around the lagoon pursuant to the requirements of 10 CSR 20-8.020 (11)(C)11A; and
- c) Post warning signs on each side of the facility enclosure pursuant the requirements of 10 CSR 20-8.020(11)11.

6. Within sixty (60) days of the effective date of this Order Defendant is ordered to file a rate increase request with the Missouri Public Service Commission along with a request for an emergency rate increase to address the specific need to pump and haul contaminated wastewater from the lagoon to a permitted facility capable of accepting and treating the contaminated wastewater. Defendant will continue to pump and haul contaminated wastewater from the lagoon until further order of this Court as set out in Paragraph 7.

7. Within sixty (60) days of approval by the Missouri Public Service Commission of Defendant shall utilize any and all emergency rate increase funds granted to pump and haul wastewater from the lagoon to a

permitted wastewater treatment facility with the capacity to accept the load(s) and maintain the lagoon so there are no discharges over the top of the berm to waters of the state. Defendant will continue to pump and haul contaminated wastewater from the lagoon until further order of this Court. Additionally, defendant shall maintain pumping and hauling receipts and make these receipts available to the Department upon request. The receipts shall include the date the wastewater was pumped; amount in gallons of wastewater pumped and the name of the wastewater hauler and permitted facility accepting the wastewater.

8. From the effective date of this Order and continuing until this Order is dissolved by the Court, Defendant shall continue to pursue all available options for:

- a) Replacing the entire wastewater facility, including those options provided by Lake Professional Engineering Services in the engineering report submitted to the Department on February 24, 2009, and an undated report in response from the Missouri Attorney General's Office, dated August 18, 2008. Both the report and letter are attached hereto and incorporated as Exhibits A and B, respectively; and
- b) Pursuing the lawful transfer of assets to an approved purchaser/operator for the entire water and wastewater system serving the Hickory Hills and Temple Terrace Subdivisions, whether said approved operator is a municipality or private party.

Because of this order, Staff has estimated Hickory Hills' revenue requirement based upon the Company renting a portable mechanical Waste Water Treatment Plant ("WWTP") and financing it over a 5-year period. Staff witness James Merciel of the Commission's Water and Sewer Unit (W&SU) developed a hypothetical capital project for the rental of this portable unit and financing. In conjunction with this unit there will need to be two lift stations installed, which will also be financed over a 5-year period. His estimate for the amortization of these items is approximately \$35,415 annually. Mr. Merciel has also included estimated additional operating expenses such as electricity, chemicals and sludge hauling. The total for these additional expenses is \$8,500. The incremental increase in rates for Hickory Hills to construct the WWTP and close the lagoon is approximately \$43,788. Attached to this memo is the estimated cost of service for Hickory Hills with the new costs of the treatment plant.

Agreement Attachment J

Summary of Case Events

Hickory Hills Water & Sewer Company
Case #WR-2014-0167
Summary of Case Events

Date Filed	December 2, 2013
Day 150	May 1, 2014
Extension?	N/A
If yes, why?	N/A
Amount Requested	\$8,072
Amount Agreed Upon	\$14,472
Item(s)/Dollar(s) Driving Rate Increase	Increase in normal operating expenses and receivership fees.
Number of Customers	47
Return on Equity	11.93%
Assessments Current	Current
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	SR-2014-0166
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Paul Harrison-Auditing Department

Derick Miles – Engineering & Management Services Department

Deborah Bernsen – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

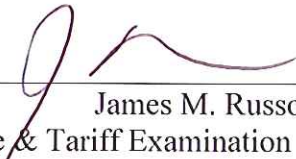
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

In the Matter of a Requested Rate Increase)
for Annual Water Operating Revenues by) File No. WR-2014-0167
Hickory Hills Water & Sewer)

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

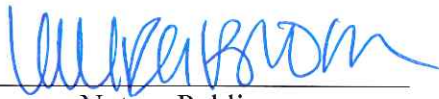
COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is a Rate & Tariff Examination Supervisor in the Missouri Public Service Commission’s Water and Sewer Unit ; (2) that he participated in the Staff’s investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (“Disposition Agreement”); (4) that he was responsible for the preparation of Attachment A, E, F, G, and J to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment A, E, F, G, and J to the Disposition Agreement; and (6) that the matters set forth in Attachment A, E, F, G, and J to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



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

Subscribed and sworn to before me this 7th day of July, 2014.

LAURA BLOCH
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

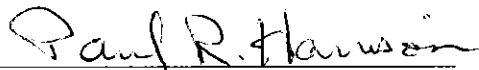
OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase)
for Annual Water Operating Revenues by) File No. WR-2014-0167
Hickory Hills Water & Sewer)

AFFIDAVIT OF PAUL R. HARRISON

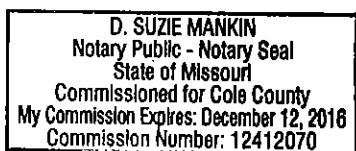
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)


COMES NOW Paul R. Harrison being of lawful age, and on his oath states the following: (1) that he is a Regulatory Auditor IV in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Auditing Unit; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments B, C and I to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachments B, C and I to the Disposition Agreement; and (6) that the matters set forth Attachments B, C and I to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Paul R. Harrison
Regulatory Auditor IV
Auditing Unit

Subscribed and sworn to before me this 27th day of June, 2014.




Notary Public

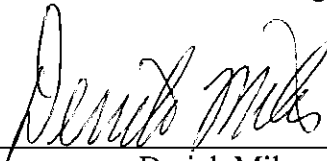
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase)
for Annual Water Operating Revenues by) File No. WR-2014-0167
Hickory Hills Water & Sewer)

AFFIDAVIT OF DERICK MILES, P.E.

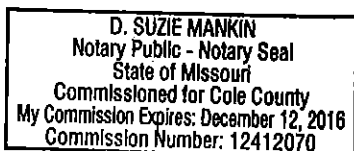
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

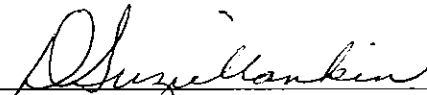
COMES NOW Derick Miles, P.E., being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Engineer II in the Missouri Public Service Commission's Regulatory Review, Utility Services Department, Engineering & Management Services Unit; (2) that he participated in the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



Derick Miles
Utility Regulatory Engineer II
Engineering & Management
Services Unit

Subscribed and sworn to before me this 27th day of June, 2014.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

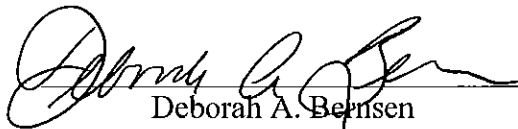
OF THE STATE OF MISSOURI

In the Matter of a Requested Rate Increase)
for Annual Water Operating Revenues by) File No. WR-2014-0167
Hickory Hills Water & Sewer)

AFFIDAVIT OF DEBORAH A. BERNSEN

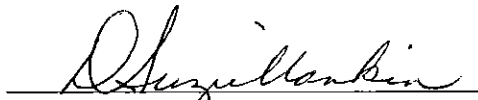
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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


Deborah A. Bernsen
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 27th day of June, 2014.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070


Notary Public