

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

In the Matter of the Request for an)
Increase in Water and Sewer)
Operating Revenues)

Case No. SR-2013-0258

**NOTICE OF COMPANY/STAFF AGREEMENT REGARDING DISPOSITION OF
SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the undersigned counsel, and on behalf of Gladlo Water & Sewer Company (“Gladlo” or the “Company”), files this *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* (“*Company/Staff Agreement*”) and states the following:

1. On November 2, 2012, the Missouri Public Service Commission (“Commission”) received a Rate Increase Request Letter (“Request”) from Heartland Utilities, LLC, (the “Receiver”), the Receiver of Gladlo, seeking review of a revenue increase request for both the Company’s sewer and water systems.

2. In its Request, the Receiver requested Commission approval of an increase of \$5,281 in its annual sewer system operating revenues and an increase of \$9,186 in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (“Small Utility Rate Case Procedure”), which were respectively assigned Commission Case Nos. SR-2013-0258 and WR-2013-0259.

3. 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 materials related to Staff’s investigation, as well as the Staff’s initial recommendation for the resolution of the Request.

4. Subsequent to the Staff's investigation and pursuant to negotiations between Staff and the Company, the Staff and the Company have been able to reach a *Company/Staff Agreement Regarding Disposition of Small Company Revenue Increase Request* ("*Company/Staff Agreement*"), attached hereto as Appendix A, and incorporated by reference herein.

5. Included in Appendix A is a copy of the above-referenced *Company/Staff Agreement*, as well as a prescribed schedule of depreciation rates and reflects the Company's agreement to implement Staff's recommendations. It also includes various other attachments related to the *Company/Staff Agreement*. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

6. The *Company/Staff Agreement* provides for an increase of 68.11% or \$ 9,690 in operating revenues for the sewer system.

7. In addition, the *Company/Staff Agreement* provides the agreed-upon net rate base of \$ 6,570 in the Company's sewer operating system.

8. Pursuant to Rule 4 CSR 240-3.050 (14), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed only by the utility and the staff, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement." The Receiver of Gladlo will file revised tariff sheets seeking to implement the terms of the *Company/Staff Agreement*. The tariff shall bear an effective date of May 24, 2013, in compliance with Rule 4 CSR 240.3050 (14).

9. The Receiver of Gladlo is current on the filing of its annual report. The Receiver of Gladlo is current on payment of all of its annual assessments.

WHEREFORE, the Staff submits this *Notice of Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* and the attached Appendix A for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by the Receiver of Gladlo and Staff and contained herein.

Respectfully submitted,

/s/ Tanya K. Alm

Tanya K. Alm

Missouri Bar No. 62721

Legal Counsel

Attorney for the Staff of the
Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or by electronic mail to all counsel of record on this 3rd day of April, 2013.

s/ Tanya K. Alm

APPENDIX A

CASE No. SR-2013-0258

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**

GLADLO WATER & SEWER COMPANY, INC.

MO PSC FILE NO. SR-2013-0258

BACKGROUND

Gladlo Water & Sewer Company, Inc. ("Gladlo" or "Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on November 2, 2012, the Company set forth its request for an increase of \$5,281 in its total annual sewer service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices, and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 61 residential customers located in Phelps 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 the Company's and Public Counsel's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements:

- (1) The agreed upon revenue requirement increase of \$9,690 (68.11% increase) added to the level of previous revenues of \$14,227, which results in overall revenues of \$23,917. 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 December 31, 2012 and updated through February 28, 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 \$6,570. 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 10.21%;
- (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, shall be the prescribed schedule of sewer plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, 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. 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 May 24, 2013;
- (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 recommendation contained in the Auditing Unit 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 Auditing Unit:

(a) The Company will purchase general liability insurance;

(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 I 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 incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees, providing at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7);

(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 EMSU 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 EMSU Unit:

(a) The Company will implement a written agreement with all outside contractors utilized by the Company on a regular and consistent basis;

(12) By December 31, 2013, the Company shall implement the recommendations included 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 install disinfection in the lagoon in order to comply with Missouri Department of Natural Resources requirements;

(b) The Company will install a fence around the lagoon; and

(c) The Company will develop a manhole inspection program which will include a proposed timeline in which inaccessible manholes will be uncovered;

(13) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendation contained in the Auditing Unit 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 Auditing Unit:

(a) The Company shall provide the Staff with an amended signed contract with A-1 Pump Company detailing all fees that Gladlo will pay in connection with the new disinfection chamber.

(14) The Company and Staff agree that an amount of \$5,693 is being included in annual rates, with interest, to effectuate the completion of the disinfection unit as agreed to in paragraph (12)(a) above and the installation of the fence around the lagoon as described in paragraph (12)(b) above. The Company and Staff agree that \$3,128 is included in rates, with interest, to address the installation of a disinfection unit and \$2,565 is included in rates, with interest, to address the installation of the fence around the lagoon. Company and Staff agree that each of these projects will be financed over a period of two years at a 7.5% interest rate. A "tracker mechanism" will be implemented to record any difference between the actual cost of both projects and the dollars collected from the ratepayers for the projects. Actual expenditures shall be tracked against the \$5,693 base level with the creation of a regulatory liability in any year where Gladlo spends less than the base amount and a regulatory asset in any year where Gladlo spend more than the base amount. The regulatory assets and liabilities shall be netted against each other and the tracker will be maintained through the effective date of the rates established in the next rate request as described below in paragraph (15). The method of recovery of any amounts accumulated (under or over) will be determined in said next rate request.

(15) The Company and Staff agree that an amount of \$1,900 is being included in rates to cover the increase in operating and maintenance expense, \$1,200 related to increased contract operations and \$700 related to additional chemicals, all due to the completion of the disinfection unit as agreed to in paragraph (12) (a) above. A "tracker mechanism" will be implemented to record any difference between the actual expenses incurred by Gladlo and the dollars collected from ratepayers for this expense. Actual expenditures shall be tracked against the \$1,900 base level with the creation of a regulatory liability in any year where Gladlo spends less than the base amount and a regulatory asset in any year where Gladlo spends more than the base amount. The regulatory assets and liabilities shall be netted against each other and the tracker will be maintained through the effective date of the rates established in the next rate request as described below in paragraph (15). The method of recovery of any amounts accumulated (under or over) will be determined in said next rate request.

(16) The Company shall file a water and sewer rate case no later than 24-months after the effective date of the Order approving rates in this proceeding.

(17) 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;

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

(19) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;

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

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

ADDITIONAL MATTERS

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

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

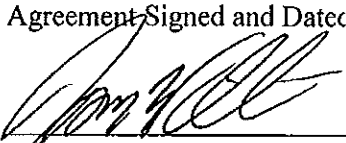
The Company acknowledges that the Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

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

Company with advance notice of any such agenda meeting so that the Company may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

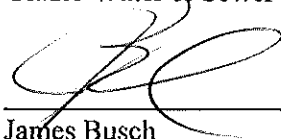
Agreement Signed and Dated:



Jason Williamson
Receiver
Gladlo Water & Sewer Company, Inc.

4/3/13

Date



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

4/3/13

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 – Auditing Unit Recommendation Memorandum
- Attachment I – EMSU Report
- Attachment J – Summary of Events

Agreement Attachment A

Ratemaking Income Statement

GLADLO WATER & SEWER COMPANY, INC.

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	13,483
2	Other Operating Revenues *	\$	744
3	Total Operating Revenues	\$	14,227
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Operators Salary	\$ 2,880
2 Contract Services-Chlor/Dechlor	\$ 1,200
3 Sewer Treatment -Testing/Laboratory Fees	\$ 376
4 Chemicals-Chlor/Dechlor	\$ 700
5 System Repairs and Maintenance	\$ 1,923
6 Mowing Expense	\$ 1,000
7 Outside Services-Accounting Fees	\$ 388
8 Outside Services-Management Fees	\$ 5,561
9 Bank Service Charges	\$ 90
10 Postage Expense	\$ 224
11 Rate Case Expense	\$ 244
12 Property & Liability Insurance	\$ 278
13 Uncollectibles	\$ 135
14 Permit Fees	\$ 225
15 Regulatory Commission Expense	\$ 1,040
16 Secretary of State Fees	\$ 10
17 Miscellaneous General Expenses	\$ -
18 Sub-Total Operating Expenses	\$ 16,274
19 Property Taxes	\$ 183
20 MO Franchise Taxes	\$ -
21 Employer FICA Taxes	\$ -
22 Federal Unemployment Taxes	\$ -
23 State Unemployment Taxes	\$ -
24 State & Federal Income Taxes	\$ 83
25 Sub-Total Taxes	\$ 266
26 Depreciation Expense	\$ 1,145
27 Interest Expense	\$ 205
28 Amortization of Utility Plant-Chlor/Dechlor	\$ 3,128
29 Amortization of Utility Plant-Lagoon Fencing	\$ 2,565
30 Sub-Total Depreciation/Interest/Amortization	\$ 7,043
31 Return on Rate Base	\$ 334
32 Total Cost of Service	\$ 23,917
33 Overall Revenue Increase Needed	\$ 9,690

Agreement Attachment B

EMS Run



MISSOURI PUBLIC SERVICE COMMISSION

Regulatory Review Division

Utility Services

STAFF ACCOUNTING SCHEDULES

GLADLO WATER AND SEWER COMPANY

CASE NO. SR-2013-0258

St. Louis, MO

January 2013

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 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)	\$13,483			
Rev-3	Miscellaneous Revenues	(1)	\$744			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$14,227</u>			
1	OPERATIONS EXPENSES	(2)				
2	Contractual Services - Operator's Expense		\$2,880	\$0	\$2,880	0.00%
3	Contractual Services - Chlorination/Dechlorination Operator Fees		\$1,200	\$0	\$1,200	0.00%
4	Contractual Services - Testing Fees		\$376	\$0	\$376	0.00%
5	Chlorination/Dechlorination Chemicals		\$700	\$0	\$700	0.00%
6	TOTAL OPERATIONS EXPENSE		<u>\$5,156</u>	<u>\$0</u>	<u>\$5,156</u>	
7	MAINTENANCE EXPENSES					
8	System Repairs and Maintenance		\$1,923	\$0	\$1,923	0.00%
9	Mowing Expense		\$1,000	\$0	\$1,000	0.00%
10	TOTAL MAINTENANCE EXPENSE		<u>\$2,923</u>	<u>\$0</u>	<u>\$2,923</u>	
11	ADMINISTRATIVE & GENERAL EXPENSES					
12	Outside Services - Accounting Fees		\$388	\$0	\$388	0.00%
13	Outside Services - Management Fees		\$5,561	\$0	\$5,561	0.00%
14	Bank Service Charges		\$90	\$0	\$90	0.00%
15	Postage		\$224	\$0	\$224	0.00%
16	Rate Case Expense		\$244	\$0	\$244	0.00%
17	General Liability & Property Insurance		\$278	\$0	\$278	0.00%
18	Uncollectibles		\$135	\$0	\$135	0.00%
19	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$6,920</u>	<u>\$0</u>	<u>\$6,920</u>	
20	OTHER OPERATING EXPENSES					
21	MO DNR Permit Fees		\$225	\$0	\$225	0.00%
22	PSC Assessment		\$1,040	\$0	\$1,040	0.00%
23	SOS Fees		\$10	\$0	\$10	0.00%
24	Amortization of the Chlorination/Dechlorination Chamber		\$3,128	\$0	\$3,128	0.00%
25	Amortization of Lagoon Fencing		\$2,565	\$0	\$2,565	0.00%
26	Depreciation		\$1,145	\$0	\$1,145	0.00%
27	TOTAL OTHER OPERATING EXPENSES		<u>\$8,113</u>	<u>\$0</u>	<u>\$8,113</u>	
28	TAXES OTHER THAN INCOME					
29	Real & Personal Property Taxes		\$183	\$0	\$183	0.00%
30	TOTAL TAXES OTHER THAN INCOME		<u>\$183</u>	<u>\$0</u>	<u>\$183</u>	
31	TOTAL OPERATING EXPENSES		<u>\$23,295</u>	<u>\$0</u>	<u>\$23,295</u>	
32	Interest Expense	(3)	\$205	\$0	\$205	0.00%
33	Return on Equity	(3)	\$334	\$0	\$334	0.00%
34	Income Taxes	(3)	\$83	\$0	\$83	0.00%
35	TOTAL INTEREST RETURN & TAXES		<u>\$622</u>	<u>\$0</u>	<u>\$622</u>	
36	TOTAL COST OF SERVICE		<u>\$23,917</u>	<u>\$0</u>	<u>\$23,917</u>	
37	Less: Miscellaneous Revenues		<u>\$744</u>	<u>\$0</u>	<u>\$744</u>	0.00%
38	COST TO RECOVER IN RATES		<u>\$23,173</u>	<u>\$0</u>	<u>\$23,173</u>	
39	INCREMENTAL INCREASE IN RATE REVENUES		<u><u>\$9,690</u></u>			

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$40,182 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$33,612</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$6,570
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	\$0
	CIAC Depreciation	\$0
5	Total Rate Base	<u>\$6,570</u>
6	Total Weighted Rate of Return Including Income Tax	<u>9.47%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$622</u></u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
Rate of Return Including Income Tax - Sewer

	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	15.01% (1) & (2)	14.14%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.95%	$B1 + B2$
4 Equity Tax Factor		1.2492	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.08%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.34%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.12%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		9.47%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$393
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$393	\$59
\$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
			\$393	\$59
Consolidated Tax Rate:				
Average Tax Rate:				0.1501

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
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	\$3,065	49.75%	10.21%	5.079%
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	\$3,096	50.25%	6.21%	3.121%
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>\$6,161</u>	<u>100.00%</u>		<u>8.200%</u>

To PreTax Return Rate Schedule

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 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	<u>\$1,000</u>			100.00%	<u>\$1,000</u>
3		TOTAL INTANGIBLE PLANT	<u>\$1,000</u>		<u>\$0</u>		<u>\$1,000</u>
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	<u>\$2,400</u>			100.00%	<u>\$2,400</u>
6	311.000	Structures & Improvements	<u>\$0</u>			100.00%	<u>\$0</u>
7		TOTAL SOURCE OF SUPPLY PLANT	<u>\$2,400</u>		<u>\$0</u>		<u>\$2,400</u>
8		COLLECTION PLANT					
9	352.200	Collection Sewers - Gravity	<u>\$14,646</u>	P-9	<u>\$2,570</u>	100.00%	<u>\$17,216</u>
10		TOTAL COLLECTION PLANT	<u>\$14,646</u>		<u>\$2,570</u>		<u>\$17,216</u>
11		PUMPING PLANT					
12		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
13		TREATMENT & DISPOSAL PLANT					
14	372.000	Oxidation Lagoon	<u>\$18,430</u>	P-14	<u>\$841</u>	100.00%	<u>\$19,271</u>
15		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$18,430</u>		<u>\$841</u>		<u>\$19,271</u>
16		GENERAL PLANT					
17	393.000	Other General Equipment	<u>\$0</u>	P-17	<u>\$295</u>	100.00%	<u>\$295</u>
18		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$295</u>		<u>\$295</u>
19		TOTAL PLANT IN SERVICE	<u><u>\$36,476</u></u>		<u><u>\$3,706</u></u>		<u><u>\$40,182</u></u>

To Rate Base & Depreciation Schedules

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 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-9	Collection Sewers - Gravity	352.200		\$2,570
	1. To include installation of new sewer mains on 12/1/2009. (Ferguson)		\$1,228	
	2. To include new manholes on 11/1/2010. (Ferguson)		\$1,342	
P-14	Oxidation Lagoon	372.000		\$841
	1. To include installation of new fencing around oxidation lagoon on 4/1/2010. (Ferguson)		\$116	
	2. To include sewer main cleanouts on 8/31/2012. (Ferguson)		\$467	
	3. To retire sewer main cleanouts on 1/15/2013. (Ferguson)		-\$467	
	4. To include sewer main cleanout replacements on 1/15/2013.		\$725	
P-17	Other General Equipment	393.000		\$295
	1. To include the purchase of sewer testing equipment on 4/30/2012. (Ferguson)		\$295	
	Total Plant Adjustments			<u>\$3,706</u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	<u>\$1,000</u>	0.00%	<u>\$0</u>
3		TOTAL INTANGIBLE PLANT	<u>\$1,000</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land & Land Rights	<u>\$2,400</u>	0.00%	<u>\$0</u>
6	311.000	Structures & Improvements	<u>\$0</u>	0.00%	<u>\$0</u>
7		TOTAL SOURCE OF SUPPLY PLANT	<u>\$2,400</u>		<u>\$0</u>
8		COLLECTION PLANT			
9	352.200	Collection Sewers - Gravity	<u>\$17,216</u>	2.00%	<u>\$344</u>
10		TOTAL COLLECTION PLANT	<u>\$17,216</u>		<u>\$344</u>
11		PUMPING PLANT			
12		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>
13		TREATMENT & DISPOSAL PLANT			
14	372.000	Oxidation Lagoon	<u>\$19,271</u>	4.00%	<u>\$771</u>
15		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$19,271</u>		<u>\$771</u>
16		GENERAL PLANT			
17	393.000	Other General Equipment	<u>\$295</u>	10.00%	<u>\$30</u>
18		TOTAL GENERAL PLANT	<u>\$295</u>		<u>\$30</u>
19		Total Depreciation	<u><u>\$40,182</u></u>		<u><u>\$1,145</u></u>

Gladio Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 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	<u>\$0</u>			100.00%	<u>\$0</u>
3		TOTAL INTANGIBLE PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	<u>\$0</u>			100.00%	<u>\$0</u>
6	311.000	Structures & Improvements	<u>\$0</u>			100.00%	<u>\$0</u>
7		TOTAL SOURCE OF SUPPLY PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
8		COLLECTION PLANT					
9	352.200	Collection Sewers - Gravity	<u>\$13,847</u>	R-9	<u>\$869</u>	100.00%	<u>\$14,716</u>
10		TOTAL COLLECTION PLANT	<u>\$13,847</u>		<u>\$869</u>		<u>\$14,716</u>
11		PUMPING PLANT					
12		TOTAL PUMPING PLANT	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>
13		TREATMENT & DISPOSAL PLANT					
14	372.000	Oxidation Lagoon	<u>\$18,430</u>	R-14	<u>\$441</u>	100.00%	<u>\$18,871</u>
15		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$18,430</u>		<u>\$441</u>		<u>\$18,871</u>
16		GENERAL PLANT					
17	393.000	Other General Equipment	<u>\$0</u>	R-17	<u>\$25</u>	100.00%	<u>\$25</u>
18		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$25</u>		<u>\$25</u>
19		TOTAL DEPRECIATION RESERVE	<u><u>\$32,277</u></u>		<u><u>\$1,335</u></u>		<u><u>\$33,612</u></u>

To Rate Base Schedule

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258

Test Year Ending 12-31-2012

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-9	Collection Sewers - Gravity	352.200		\$869
	1. To include reserve on Sewer mains through 11/30/09. (Ferguson)		\$122	
	2. To include reserve on Sewer mains through 12/31/09. (Ferguson)		\$24	
	3. To include reserve on Sewer mains through 12/31/10. (Ferguson)		\$322	
	4. To include reserve on Sewer mains through 12/31/11. (Ferguson)		\$344	
	5. To include reserve on Sewer mains through 2/28/13. (Ferguson)		\$57	
R-14	Oxidation Lagoon	372.000		\$441
	1. To include reserve on treatment & disposal equipment - oxidation lagoon through 11/30/2009. (Ferguson)		\$307	
	2. To include reserve on sewer main cleanouts installed on August 31, 2012. (Ferguson)		\$6	
	3. To include reserve on treatment & disposal equipment - oxidation lagoon through 2/28/2013. (Ferguson)		\$128	
R-17	Other General Equipment	393.000		\$25
	1. To include reserve on DO & PH meters purchased during the test year. (Ferguson)		\$20	
	2. To include reserve on DO & PH meters through 2/28/2013. (Ferguson)		\$5	

Gladlo Water and Sewer Company

Informal Rate/Certification Case

SR-2013-0258

Test Year Ending 12-31-2012

Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
Total Reserve Adjustments				<u>\$1,335</u>

Gladio Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 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	\$13,649	Rev-2	-\$166	100.00%	\$13,483
Rev-3		Miscellaneous Revenues	\$714	Rev-3	\$30	100.00%	\$744
Rev-4		TOTAL ANNUALIZED REVENUES	\$14,363		-\$136		\$14,227

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 Revenue Adjustment Schedule - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Revenue Adj Number	Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
Rev-2	Annualized Rate Revenues			-\$166
	1. To Annualize Rate Revenues		-\$166	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$30
	1. To Annualize Miscellaneous Revenues		\$30	
	2. Description		\$0	
	Total Revenue Adjustments			<u><u>-\$136</u></u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	61		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	732		0	
5	Current Customer Charge	\$18.42		\$0.00	
6	Annualized Customer Charge Revenues		\$13,483		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		\$13,483		\$0

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).

Gladio Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		E Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	61	
3	Bills Per Year		
4	Customer Bills Per year	732	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$13,483
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		<u>\$13,483</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).

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
Miscellaneous Revenues Feeder - Sewer

Line Number	A Description	B Amount
1	Late Fees	\$714
2	Sewer Disconnect/Reconnect Fees	\$30
3	Total Miscellaneous Revenues	<u>\$744</u>

Gladio Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Contractual Services - Operator's Expense	\$1,650	S-2	\$1,230	100.00%	\$2,880
3		Contractual Services -	\$0	S-3	\$1,200	100.00%	\$1,200
		Chlorination/Dechlorination Operator Fees					
4		Contractual Services - Testing Fees	\$352	S-4	\$24	100.00%	\$376
5		Chlorination/Dechlorination Chemicals	\$0	S-5	\$700	100.00%	\$700
6		TOTAL OPERATIONS EXPENSE	\$2,002		\$3,164		\$5,156
7		MAINTENANCE EXPENSES					
8		System Repairs and Maintenance	\$1,923			100.00%	\$1,923
9		Mowing Expense	\$250	S-9	\$750	100.00%	\$1,000
10		TOTAL MAINTENANCE EXPENSE	\$2,173		\$750		\$2,923
11		ADMINISTRATIVE & GENERAL EXPENSES					
12		Outside Services - Accounting Fees	\$388			100.00%	\$388
13		Outside Services - Management Fees	\$6,559	S-13	-\$998	100.00%	\$5,561
14		Bank Service Charges	\$126	S-14	-\$36	100.00%	\$90
15		Postage	\$0	S-15	\$224	100.00%	\$224
16		Rate Case Expense	\$10	S-16	\$234	100.00%	\$244
17		General Liability & Property Insurance	\$0	S-17	\$278	100.00%	\$278
18		Uncollectibles	\$0	S-18	\$135	100.00%	\$135
19		TOTAL ADMINISTRATIVE AND GENERAL	\$7,083		-\$163		\$6,920
20		OTHER OPERATING EXPENSES					
21		MO DNR Permit Fees	\$225			100.00%	\$225
22		PSC Assessment	\$1,470	S-22	-\$430	100.00%	\$1,040
23		SOS Fees	\$0	S-23	\$10	100.00%	\$10
24		Amortization of the Chlorination/Dechlorination Chamber	\$0	S-24	\$3,128	100.00%	\$3,128
25		Amortization of Lagoon Fencing	\$0	S-25	\$2,565	100.00%	\$2,565
26		Depreciation	\$0	S-26	\$1,145	100.00%	\$1,145
27		TOTAL OTHER OPERATING EXPENSES	\$1,695		\$6,418		\$8,113
28		TAXES OTHER THAN INCOME					
29		Real & Personal Property Taxes	\$0	S-29	\$183	100.00%	\$183
30		TOTAL TAXES OTHER THAN INCOME	\$0		\$183		\$183
31		TOTAL OPERATING EXPENSES	\$12,953		\$10,342		\$23,295

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 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	Contractual Services - Operator's Expense			\$1,230
	1. To annualize operating expense for ongoing expense level. (Ferguson)		\$1,230	
S-3	Contractual Services - Chlorination/Dechlorination O			\$1,200
	1. To include additional operating expense for the chlorination/dechlorination system. (Ferguson)		\$1,200	
S-4	Contractual Services - Testing Fees			\$24
	1. To annualize sewer testing fees. (Ferguson)		\$24	
S-5	Chlorination/Dechlorination Chemicals			\$700
	1. To annualize chlorination/Dechlorination tablets for the new system. (Ferguson)		\$700	
S-9	Mowing Expense			\$750
	1. To annualize mowing expense. (Ferguson)		\$750	
S-13	Outside Services - Management Fees			-\$998
	1. To annualize management fees. (Ferguson)		-\$998	
S-14	Bank Service Charges			-\$36
	1. To remove non-sufficient funds charges that occurred during the test year. (Ferguson)		-\$36	
S-15	Postage			\$224
	1. To annualize postage expense for billing and payables. (Ferguson)		\$224	

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2013-0258
 Test Year Ending 12-31-2012
 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-16	Rate Case Expense			\$234
	1. To include rate case expense with the assumption that a rate case will be filed every 3 years. (Ferguson)		\$234	
S-17	General Liability & Property Insurance			\$278
	1. To include liability and property insurance. (Ferguson)		\$278	
S-18	Uncollectibles			\$135
	1. To annualize uncollectibles at a level not to exceed 1% of annualized base revenue. (Ferguson)		\$135	
S-22	PSC Assessment			\$430
	1. To annualize PSC assessment for ongoing expense levels. (Ferguson)		-\$430	
S-23	SOS Fees			\$10
	1. To annualize Missouri Secretary of State Fees. (Ferguson)		\$10	
S-24	Amortization of the Chlorination/Dechlorination Char			\$3,128
	1. To amortize the Chlorination/Dechlorination Project over 2 years. (Ferguson)		\$3,128	
S-25	Amortization of Lagoon Fencing			\$2,565
	1. To amortize the Lagoon Fencing Project over 2 years. (Ferguson)		\$2,565	
S-26	Depreciation			\$1,145
	1. To Annualize Depreciation		\$1,145	

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2013-0258
Test Year Ending 12-31-2012
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-29	Real & Personal Property Taxes			\$183
	1. To annualize real and property taxes. (Ferguson)		\$183	
	Total Expense Adjustments			<u>\$10,342</u>

Agreement Attachment C

Rate Base Worksheet

Gladlo Water & Sewer Company
SCHEDULE of DEPRECIATION RATES (Dated 3/4/2013)
(SEWER Class C & D)
SR-2013-0258

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
352.2	Collection Sewers (Gravity)	2.0%	50	0%
372	Oxidation Lagoon (See Note 1)	4.0%	40	-60%
373	Treatment and Disposal Equip. (Chlorinator)	5.0%	22	-10%
393	Other General Equipment	10.0%	8.7	13%

Note 1 This 4% depreciation rate for account 372 continues at 4% even though at the time of this rate case the accrued reserves closely match the amount of original cost. The reason for this is that this is a live account expecting further additions and future cost of removal expenses requiring further straight line collections.

The above recommended depreciation rates are based on Staff's review of the Company's operation and records, onsite visits, and discussion with company representatives.

Agreement Attachment D

Schedule of Depreciation Rates

Gladlo Water & Sewer Company
SCHEDULE of DEPRECIATION RATES (Dated 3/4/2013)
(SEWER Class C & D)
SR-2013-0258

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
352.2	Collection Sewers (Gravity)	2.0%	50	0%
372	Oxidation Lagoon (See Note 1)	4.0%	40	-60%
373	Treatment and Disposal Equip. (Chlorinator)	5.0%	22	-10%
393	Other General Equipment	10.0%	8.7	13%

Note 1 This 4% depreciation rate for account 372 continues at 4% even though at the time of this rate case the accrued reserves closely match the amount of original cost. The reason for this is that this is a live account expecting further additions and future cost of removal expenses requiring further straight line collections.

The above recommended depreciation rates are based on Staff's review of the Company's operation and records, onsite visits, and discussion with company representatives.

Agreement Attachment E

Example Tariff Sheets

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

INDEX

Sheet No.

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

Sheet
Number

Rule
Number

Rule
Subject

- 6.....1. Definitions
- 10.....2. General Matters
- 11.....3. Limited Authority of Company Employees
- 12.....4. Applications for Sewer Service
- 14.....5. Inside Piping and Customer Service Sewer
- 17.....6. Improper or Excessive Use
- 19.....7. Discontinuance of Service by Company
- 22.....8. Interruptions in Service
- 23.....9. Bills for Service
- 25.....10. Extension of Collecting Sewers

- * Indicates new rate or text
- + Indicates change

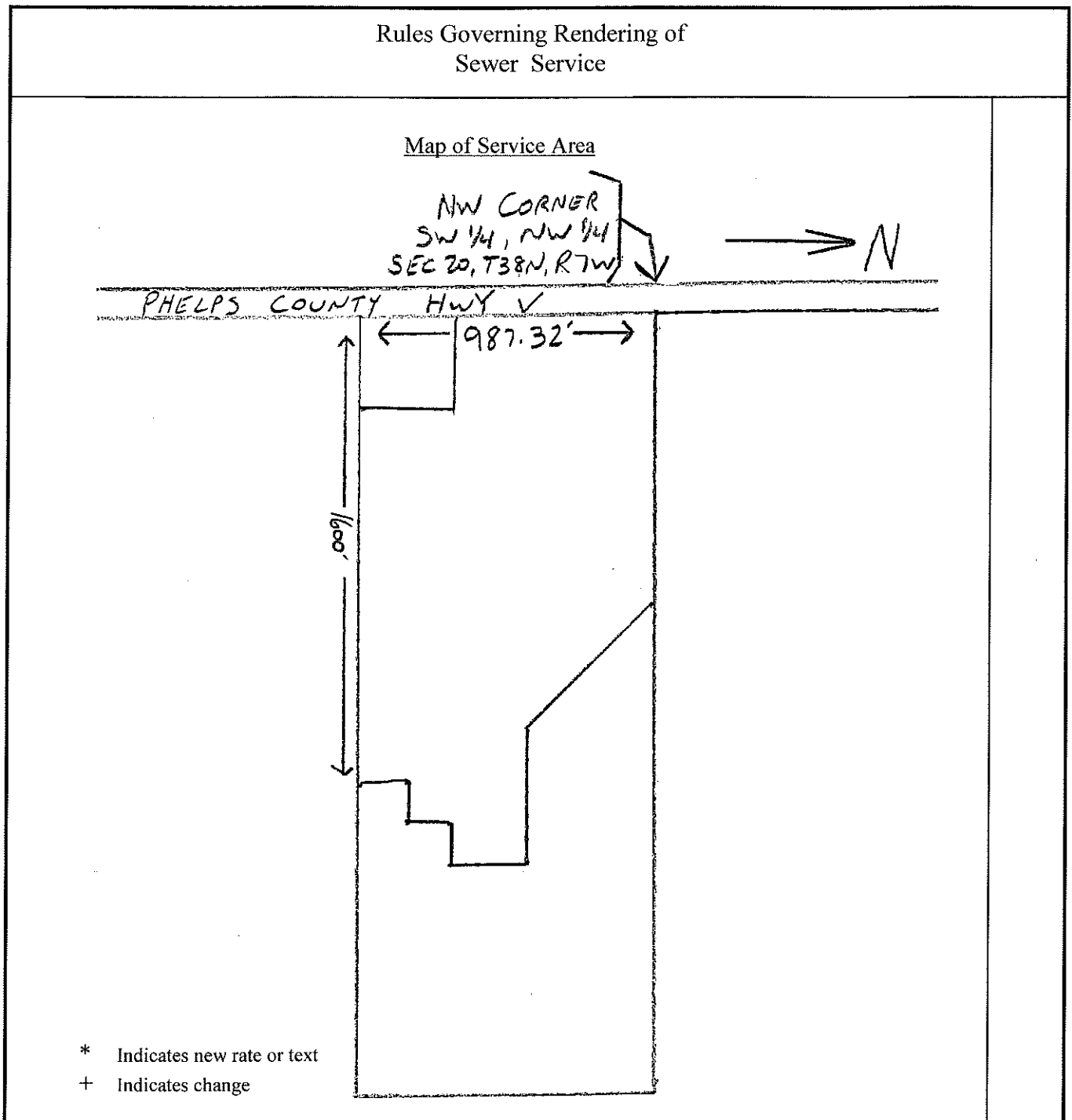
Issue Date: April 8, 2013
Month/Day/Year

Effective Date: May 24, 2013
Month/Day/Year

ISSUED BY Jason Williamson, Receiver
Name & Title of Issuing Officer

6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri



Issue Date: April 8, 2013
Month/Day/Year

Effective Date: May 24, 2013
Month/Day/Year

ISSUED BY Jason Williamson, Receiver
Name & Title of Issuing Officer

6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Legal Description of Service Area

A fractional part of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West more particularly described as follows: Beginning at the Northwest corner of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West, Thence South 88 degrees 32 minutes East 30 feet to the point of beginning of the tract herein described; thence South 88 degrees 32 minutes East along the North line of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West 1,039.45 feet; thence South 43 degrees 32 minutes East 507.30 feet; thence South 88 degrees 32 minutes East 475.0 feet; thence South 0 degrees 03 minutes West 323.16 feet; thence North 88 degrees 32 minutes West 118.27 feet; thence South 0 degrees 03 minutes West 136.58 feet; thence North 88 degrees 32 minutes West 175.00 feet; thence South 0 degrees 03 minutes West 186.58 feet' thence North 88 degrees 32 minutes West 1,260.00 feet; thence North 0 degrees 03 minutes East 323.16 feet; thence North 88 degrees 32 minutes West 300.00 feet to the East ROW of Phelps County Highway "V"; thence North 0 degrees 03 minutes East along the East ROW of Phelps County Highway "V" 683.16 feet to the point of beginning. All in Phelps County, Missouri.

- * Indicates new rate or text
- + Indicates change

Issue Date: April 8, 2013
Month/Day/Year

Effective Date: May 24, 2013
Month/Day/Year

ISSUED BY Jason Williamson, Receiver
Name & Title of Issuing Officer

6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Schedule of Rates

Availability:

Available to any sewer Customer located on Company's collecting sewer suitable for supplying the service requested.

Rate:

The charge for sewer service is \$31.66 per month or portion thereof for each sewer service.

Taxes:

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

- * Indicates new rate or text
- + Indicates change

Issue Date: April 8, 2013
Month/Day/Year

Effective Date: May 24, 2013
Month/Day/Year

ISSUED BY Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Name & Title of Issuing Officer Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Schedule of Service Charges

Discontinuance of Service for Non-Payment of Bill

For Customers with Gladlo water service:

Disconnection / turn-off charge	\$15.00
Reconnection / turn-on charge	\$15.00

For Customers without Gladlo water service:

Reconnection charges for discontinued sewer service for non-payment of bill shall be the actual expenses incurred by the Company for disconnection and reconnection.

New Service Connection

Tap-on	Actual Cost
Inspection of service connection	\$25

Late Charge

For any bill not paid within the period stated thereon, a late charge in the amount of three dollars (\$3.00) per month, not to exceed three months or nine dollars (\$9.00) per Customer, shall be added to the total amount due plus all disconnection and reconnect costs, collection costs, and reasonable attorney's fees for collection.

Returned Check Charge

A charge of twenty-five dollars (\$25.00) will be added to any account for a check returned from the bank unpaid.

- * Indicates new rate or text
- + Indicates change

Issue Date: April 8, 2013
Month/Day/Year

Effective Date: May 24, 2013
Month/Day/Year

ISSUED BY Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Name & Title of Issuing Officer Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

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 Gladlo Water & Sewer Company, Inc, acting through its officers, managers, or other duly authorized employees or agents.

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Company mailing address

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Rules Governing Rendering of
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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 being neutral,

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Rule 1 continued

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 "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.
- N. 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.
- O. 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.
- P. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.
- Q. 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.

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Rules Governing Rendering of
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Rule 1 continued

- R. "TERMINATION OF SERVICE" is the cessation of the use of sewer service requested by the Customer. Such TERMINATION OF SERVICE shall be accomplished by a method verified and recognized by the Company, and may include physical disconnection of the service sewer, termination or disconnection of water service by the water utility, or the Company's observation of non-occupancy of the unit served.
- S. The word "UNIT" or "LIVING UNIT" shall be used herein to define the premises or property of a single sewer user, whether or not that sewer user is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, owned or leased. Each mobile home in a mobile home park, and each rental unit of a multi-tenant rental property are considered as separate Units for each single family or firm occupying same as a residence or place of business.
- T. 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
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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
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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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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 twenty-four (24) hours in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made. The Company shall have the right to refuse service for failure to comply with the rules herein, or if the Customer owes a past due bill not in dispute for sewer service at any location within the Company's service area. In any case where a 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 interim basis for a period not to exceed six (6) months, to allow time to install suitable metering equipment.

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Rule 4 continued

- 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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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 twenty-four (24) hours 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 sewer pipe (VCP), or polyvinyl chloride pipe (PVC), ASTM specification or equal; or other

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Rule 5 continued

- 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 published

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Rule 5 continued

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.
- 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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Rule 6 – Improper Waste 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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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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Rule 7 – Discontinuance of Service by Company

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 9); 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.

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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.
- 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.

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Rule 7 continued

- 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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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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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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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 7 - 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 7 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. Copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property

- * Indicates new rate or text
+ Indicates change

Issue Date: April 8, 2013
Month/Day/Year

Effective Date: May 24, 2013
Month/Day/Year

ISSUED BY Jason Williamson, Receiver
Name & Title of Issuing Officer

6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 10 Extension Of Collecting Sewers

- A. Collecting sewers will be extended within the company's certificated service area, at the applicant's cost, if service is requested by the applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the company. The applicant may choose to have the company perform all work under the terms and conditions of Paragraph C, following, or have a private contractor perform the work under the terms and conditions of Paragraph D, following. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.
- B. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the company. If the company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the company.
- C. The company will extend collecting sewers for the applicant under the following terms and conditions:
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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6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 10 continued

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.
- D. 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:
 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.
 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.
 3. Connection of the extension to existing company collecting sewers shall be made by, or under direct supervision of, the company or its representative.
 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).
- E. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:
 1. For a single-family residential applicant applying for service in a platted subdivision, the company shall divide the actual cost of the extension, including income tax

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6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 10 continued

impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.

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

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

1. Should the actual cost of an extension constructed by the company under Paragraph C, or actual costs for inspection by the company under Paragraph D, above, be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.
2. During the first ten years after the extension is completed, the company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with Paragraph E above.
3. The sum of all refunds to the applicant shall not exceed the total contribution, 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.

- * Indicates new rate or text
+ Indicates change

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ISSUED BY Jason Williamson, Receiver
Name & Title of Issuing Officer

6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

Name of Utility: Gladlo Water & Sewer Company, Inc.
Service Area: Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 10 continued

- G. Any extension made under this rule shall be and remain the property of the company in consideration of its perpetual upkeep and maintenance.
- H. 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.

- * Indicates new rate or text
- + Indicates change

Issue Date: April 8, 2013
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Effective Date: May 24, 2013
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ISSUED BY Jason Williamson, Receiver 6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Name & Title of Issuing Officer Company mailing address

Agreement Attachment F

Billing Comparison Worksheet

GLADLO WATER & SEWER COMPANY, INC.

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

Current Base	Proposed Base
Customer Charge	Customer Charge
\$18.42	\$31.66

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 18.42
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Proposed Rates

Customer Charge	\$ 31.66
-----------------	----------

INCREASES

Total Bill

\$ Increase	\$ 13.24
% Increase	71.86%

Agreement Attachment G

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

Water and Sewer Unit
File Nos. SR-2013-0258 and WR-2013-0259
Gladlo Water and Sewer Company, Inc.
Steve Loethen/James Russo

Introduction

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

Gladlo Water and Sewer Company, Inc. ("Gladlo" or "Company") received its certificate of convenience and necessity from the Missouri Public Service Commission ("Commission") in October 1972 under the combined cases #17,458 and #17,459. Heartland Utilities, LLC ("Heartland Utilities") is the current commission-appointed receiver for the Gladlo systems, and Heartland Utilities has been managing the Gladlo's operations since March 2009 as ordered in Phelps County Circuit Court Case #09PH-CV00116. The Company provides water and sewer services to approximately sixty-one (61) water and sewer customers, nine (9) water-only customers and five (5) sewer-only customers. On November 2, 2012, the Company filed a request for increase in its sewer revenues of \$5,281 in File No. SR-2013-0258, and an increase in its water revenues of \$9,186 in File No. WR-2013-0259. On September 25, 2012, Steve Loethen with Commission's Water and Sewer Staff (Staff) performed an inspection on the system, and Staff's findings as a result of this inspection were discussed with management and engineering internally in the water and sewer department and Staff's conclusions about how issues should be addressed are listed below. (Loethen)

Facilities

The Sewer system is a three-cell lagoon with eight-inch (8") clay tile collecting sewers and concrete prefabricated manholes. (Loethen)

Water and Sewer Staff findings and commendations:

The current Missouri State Operating permit was issued on October 23, 2009, by the Missouri Department of Natural Resources (DNR) mandates the facility meet E. coli and chlorine residual limits after December 31, 2013. This will require disinfection and de-chlorination of the effluent before it can be discharged. Since the Company is in receivership, alternative funding for this project needs to be considered to allow the Company sufficient funds for this DNR requirement. One option for alternative funding for these expenses could be a surcharge.

The lagoon currently does not have adequate fencing. Similar to the problems with the disinfection issue described above, alternative funding needs to be considered.

Many of the manholes in the collection system are in the street and have been covered by fill and asphalt when improvements were done to the streets in the subdivision. This was done by entities unrelated to the utility and before Heartland Utilities' involvement with Gladlo. Manholes must be accessible for inspection of the collection system and to unblock clogged sewer mains. Failure to have access to manholes can cause sewage to back-up into homes, which can in turn cause extensive property damage, health issues, and pollution issues. Increased funding in operations and maintenance needs to be considered in order to allow costs to make the manholes accessible. This will require excavating and removing the existing manhole ring and lid, installing new concrete riser rings to the current manhole structure, and then re-installing the ring and lid. When this is done properly, the manhole will be flush with the ground making them accessible to the Company for inspections and unclogging backed-up mains. (Staff)

The water system is a one-well system with no treatment requirements. The pump has a 7.5 hp motor and pumps approximately fifty (50) gallons per minute. Storage is provided by a 1,000 gallon pneumatic tank. The distribution system consists of two-inch (2") PVC mains with seventy (70) 5/8" meters. The well house has been recently reconstructed due to windstorm damage. (Loethen)

Water and Sewer Staff findings and commendations:

Over the past couple of years, there have been pump issues causing numerous outages. Generally, these outages were caused by electrical issues or were storm related. The Company has taken various methods to address the outages and continues to look for solutions. The lack of a second source of supply and inadequate storage are factors in why outages occur due to pump-related issues. (Staff)

Operations and maintenance

A contract operator performs all operations and maintenance. (Loethen)

Water and Sewer Staff findings and commendations:

Adding E. coli and chlorine residual limits to the sewer facility, which is also being required by DNR in the Company's current discharge permit, will increase operation and maintenance costs as more site visits will be required to check on the treatment process. Chemical costs will increase as chlorine and sodium thiosulfate tablets are typically used in this process. Rates will need to be adjusted to adequately cover these costs. (Staff)

The Company sent a rate case information letter to its customers on December 21, 2012. Staff has not received any service-related complaints as a result of the rate case letter. (Loethen)

Tariff Review

Gladlo's current sewer and water tariffs became effective March 8, 1996. Sewer tariff sheets PSC MO Number 2, Second Revised Sheets No. 4 and No. 5 became effective November 30, 2009, as a result of its previous rate request. Water tariff sheets PSC MO Number 2, Second Revised Sheets No. 4, 4A and No. 5 became effective November 30, 2009, as a result of its previous rate request. New and updated tariffs for Gladlo will be filed by the Company as part of this current rate case proceeding. The current PSC MO Number 2 tariffs will be cancelled and replaced by PSC MO Number 3 tariffs.

New rate schedules will be developed to reflect the new rates the customers will be required to pay based on the Company's current cost of service for the sewer and water operations. In addition, Staff reviewed the existing miscellaneous service charges to determine if they are sufficient to recover the actual costs related to these services. Staff is not recommending any changes to the existing miscellaneous charges at this time. In the process of updating the current water tariff, Staff eliminated PSC MO Number 2, Second Revised Sheets No. 4A. This tariff sheet referenced the collection of a surcharge for a period not to exceed thirty months, related to the replacement of a well pump. The surcharge is no longer in effect. (Russo)

Rate Design

Staff reviewed the current rate design in its investigation. The current sewer rate design is a flat monthly service charge. The current water rate design is a monthly service charge that includes the first 1,000 gallons of water and a monthly commodity charge per 1,000 gallons of water usage over what is included in the monthly service charge. 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. Staff recommends that this current rate design remain in place. (Russo)

Recommendations

THE WATER AND SEWER UNIT STAFF RECOMMENDATIONS:

- 1. Company will install disinfection to the lagoon in order to comply with Missouri Department of Natural Resources requirements. Company will submit to the Manager of the Water and Sewer Unit a letter verifying when this is accomplished.**

- 2. Company will install a fence around the lagoon. Company will submit to the Manager of the Water and Sewer Unit a letter verifying when this is accomplished.**
- 3. Company will implement a manhole inspection program which will include a proposed timeline in which inaccessible manholes will be uncovered. Company will submit to the Manager of the Water and Sewer Unit a letter verifying when this is accomplished.**
- 4. Company investigates another source of supply. Company will provide the results of this investigation to the Manager of the Water and Sewer Unit within 180-days of the effective date of tariffs resulting from this proceeding.**
- 5. Company investigates the rehabilitation of its existing storage and/or the need for additional storage. Company will provide the results of this investigation to the Manager of the Water and Sewer Unit within 180-days of the effective date of tariffs resulting from this proceeding.**
- 6. Company files new PSC MO No. 3 tariffs replacing the current PSC MO No. 2 tariffs.**

Agreement Attachment H

Auditing Unit Recommendation Memorandum

MEMORANDUM

TO: Jim Russo
Water and Sewer Department, Case Coordinator

FROM: Lisa Ferguson
Auditing Unit, Staff

SUBJECT: Gladlo Water & Sewer Company, Inc.,
Informal Rate Increase Request
Case Nos. WR-2013-0259 & SR- 2013-0258

DATE: April 2, 2013

On November 2, 2012, Gladlo Water & Sewer Company, Inc. (“Gladlo” or “Company”) filed an informal rate increase request with the Missouri Public Service Commission (“Commission”). The Company’s request seeks an annual rate increase of \$9,186 in its water revenues and an annual increase of \$5,281 in its sewer revenues. On March 5, 2009, Phelps County Circuit Court appointed Heartland Utilities, LLC (“Heartland Utilities”) as receiver for Gladlo. The Commission’s last approved rate increase for Gladlo became effective on November 30, 2009, as a result of Case Nos. WR-2009-0418 and SR-2009-0419. As part of those rate cases, Gladlo received a \$7,143 increase in annual water revenues and a \$7,095 increase in annual sewer revenues. Gladlo is currently managed by Mr. Jason Williamson, owner and president of Heartland Utilities, LLC (Heartland Utilities).

Gladlo currently serves 65 metered water customers and 61 sewer customers, all located within its certificated service area at Whispering Pines Subdivision near the city of Rolla, in Phelps County, Missouri. The Company’s current tariff specifies a monthly minimum base water rate of \$8.28 for the first 1,000 gallons of usage, and \$3.13 for each additional 1,000 gallons of usage thereafter. Gladlo’s current sewer rate is a flat rate of \$18.42 per month. The Audit Staff conducted an investigation of the Company’s books and records and based upon the twelve-month test year ending December 31, 2012, updated through February 28, 2013, and determined that an increase of \$4,749 in annual water revenues and an increase of \$9,690 in annual sewer revenues are necessary. Staff’s

proposed increases would represent approximately a twenty-five percent (26%) and a fourteen percent (68%) increase in water and sewer revenues, respectively. Staff further recommends that Gladlo be allowed to include certain costs in rates subject to a “tracking-mechanism” in order to facilitate the completion of construction projects required by Missouri Department of Natural Resources (MoDNR) and Staff’s Water and Sewer Department. The specifics of this proposal will be discussed later in this Memorandum.

Heartland Utilities, LLC Serving as Receiver of Gladlo

During September 2008, Staff’s Water and Sewer Unit through the Commission’s General Counsel requested authority from the Commission to petition the Circuit Court of Phelps County for the appointment of a receiver for Gladlo Water & Sewer Company, which in Staff’s determination had been effectively abandoned by its previous owner. Staff indicated in its petition, as part of Case No. WO-2009-0086 that due to the absence of the owner, all the day-to-day activities of the Company had been completely neglected. In its Report and Order, the Commission granted the Staff the authority to proceed to the County Court to find a receiver for the system. Ultimately, on March 5, 2009, the Phelps County Court in its Order, appointed Heartland Utilities as the acting receiver for Gladlo with the responsibility “to operate the utility so as to preserve the assets of Gladlo and to serve the best interest of its customers”.

Since taking over the management duties of the system, Heartland Utilities continues to demonstrate that it has the ability to provide safe and adequate service to ratepayers, while at the same time keeping adequate books and records for the system. Mr. Jason Williamson, owner and president of Heartland Utilities, currently manages Gladlo. Mr. Williamson has been reasonably responsive to all of Staff’s data requests as part of this rate case, and he appears to be effectively performing the management duties for the Gladlo systems.

RATE OF RETURN AND CAPITAL STRUCTURE

David Murray, Manager of the Commission’s Financial Analysis Unit, provided the Audit Staff with a weighted cost of capital and rate of return calculation. Mr.

Murray's recommendation is based on a hypothetical capital structure, which is similar to ones that the Financial Analysis Department has developed for other small water and sewer utilities that are in receivership. Mr. Murray determined that the capital components consisted of 49.75% common equity and 50.25% long term debt. He determined that an overall weighted cost of capital should be 8.20% when using a common equity return of 10.21%.

RATE BASE

Plant, Reserve and Contributions In Aid of Construction (CIAC)

Staff included in its cost of service calculation all capital improvements completed by the Company based upon Staff's review of actual invoices and payments made by the Company since the June 30, 2009, cutoff established as part of Gladlo's last rate proceeding. Since the time of the last rate proceeding, Gladlo replaced its previous cinder block well house with a new "stick-built" well house structure. Gladlo spent \$1,150 to remove the previous cinder block well house structure, before Gladlo further incurred approximately \$7,468 in expenses for the new well house structure to be built. During the period covering March 2010 through December 2012, Gladlo experienced five (5) well pump motor failures, and as a result required the installation of five (5) new replacement motors at various times during this period. In December 2012, Gladlo installed a new phase-protector, for \$1,650, in an effort to prevent the circumstances that caused the frequent motor failures that have occurred in the recent past. Since the time of the last rate case in 2009, Gladlo also completed capital improvement projects pertaining to the manholes, sewer mains, testing equipment, and fencing for its wastewater treatment system.

DEPRECIATION AND AMORTIZATION

The Audit Staff incorporated in its cost of service calculation all depreciation rates that were supplied by John Robinett of the Commission's Engineering and Management Services Unit. Based upon these depreciation rates, the Audit Staff included a \$3,545 annualized level of depreciation expense on the water system and a \$1,145 annualized level for the sewer system. These amounts are exclusive of the 5 year amortization which

is explained below. Using these depreciation rates, the Audit Staff also determined a \$1,160 annualized level for amortization of Contributions in Aid of Construction (CIAC), which related to the customer-contributed portion of the new well pump that has been collected by the Company through a surcharge authorized by the Commission as part of the Company's last rate proceeding. This surcharge is addressed in more detail in the next section of this Memorandum. As stated above, during the period covering March 2010 through December 2012, Gladlo experienced five (5) well pump motor failures, and as a result required the installation of five (5) new replacement motors at various times during this period. The frequency with which these well motors were replaced caused a situation where Account 325 Pumping Equipment incurred a stranded reserve of \$17,691 for pump motor replacements valued at \$18,695. In order to remedy this situation, the Staff's Auditing and Depreciation Units agreed to remove the amount of stranded reserve from the reserve account and then amortize that balance over five (5) years in the income statement. That allows the items that are still in plant in service to accrue depreciation while the items no longer in plant are recovered over a five (5) year period. The Audit Staff also included in its cost of service calculations various retirement and reserve adjustments provided by Mr. Robinett that assigned retirement values and cost of removal associated with various capital projects completed by Gladlo.

Expiration of Surcharge Associated with May 2009 Replacement of Electric Pumping Equipment

In May 2009, which was within the twelve months ending June 30, 2009, test year used in the Company's previous rate proceeding, Gladlo experienced a well pump failure. As a result, Heartland Utilities contracted with A-1 Pump and Supply ("A-1") to replace the Gladlo water system well pump at a total cost of \$14,107. Gladlo made a total payment of \$1,500 to A-1 for the installation of the new pump leaving a \$12,607 unpaid balance. During August 2009, Gladlo incurred an additional \$1,722 of costs associated with the new well pump. In addition, the Company has also incurred approximately \$3,972 of interest associated with the financing of the new well pump project. In total, the project cost Gladlo approximately \$19,801 (\$14,107 plus \$1,722 plus \$3,972). Unfortunately, Gladlo lacked the ability to generate the necessary funds to pay A-1 in a

timely manner for the emergency well pump replacement; and, therefore, as part of the last rate proceeding, Gladlo requested that the replacement pump be addressed through a customer surcharge in order to assist the Company with paying A-1 back in a timely manner. Also as part of the previous rate proceeding, Staff recommended, and the Commission ultimately approved, a temporary customer surcharge to address the costs associated with emergency failure of the well pump. Specifically, that surcharge authorized Gladlo to collect an additional \$10.00 per month per water customer until the costs, plus interest, associated with the well pump were collected in full or for a period not to exceed thirty (30) months, whichever occurred sooner. The Company collected approximately \$19,203 of surcharges from its customers over a period of thirty (30) months, and then Gladlo discontinued collections at that time in accordance with the tariff. As part of the current rate case proceeding, the Staff has included \$17,201 of costs associated with the May 2009 and August 2009 well pump projects in water plant in service, and also Staff has included \$16,603 of CIAC, where such costs are associated with surcharge funds that were authorized to address this project, as a corresponding offset. During 2010, the well motor for the well pump installed in May 2009 that was included in both plant-in-service and in CIAC had to be replaced. Due to this fact, \$2,600 of this original investment and CIAC was retired when the well motor was replaced. This amount was retired from both plant-in-service and CIAC due to the motor no longer being in service. This treatment of investment and CIAC offset for the well pumps is consistent with Staff's recommendation as part of the last rate proceeding involving Gladlo.

Inclusion of Two Year Amortization for Required Disinfection Chamber and Fencing Capital Projects Subject to a Tracking Mechanism

The Missouri Department of Natural Resources (MoDNR) has required Gladlo to install chlorination and dechlorination disinfection chambers at its existing wastewater treatment lagoon before calendar year ending 2013. In addition, during its most recent inspection of Gladlo's facilities, MoDNR has specified in its report that Gladlo needs to construct a fence around the perimeter of the treatment lagoon.

Unfortunately, Gladlo currently lacks the ability to generate the necessary funds to complete both projects in the time required. Mr. Williamson contacted Phelps County Bank in an attempt to secure financing necessary to fund the cost of these projects however the bank denied Gladlo's request for a loan. Mr. Williamson subsequently obtained from Phelps County Bank the terms of financing that typically would be extended to an entity such as Gladlo under creditworthy circumstances. Mr. Williamson has proposed loaning Gladlo the funds necessary to complete these projects, using the terms of the loan as supplied by Phelps County Bank, which represented two year loan at a 7.5% annual interest rate. The Staff supports this approach and recommends that all reasonable and prudently incurred capital costs associated with these two projects be addressed through an inclusion of a two year amortization of all principal and interest costs in the cost of service calculation subject to the terms of a tracking mechanism. The total principal and interest cost associated with the disinfection chamber project over two years totals to \$6,256 while the total principal and interest cost associated with the fence totals to \$5,130 during the two years. By amortizing the total costs of these projects over two years, consistent with the terms of the proposed loan, the Staff included approximately \$3,128 for the disinfection chamber and \$2,565 for the fence, in the sewer cost of service calculation respectively, all subject to a tracking mechanism. It should be noted that upon completion of the wastewater disinfection project Gladlo will also begin to incur an additional \$700 for chemicals and \$1,200 for contract labor costs on an annual basis. Therefore, to address this situation the Staff recommends that these proposed costs also be included in the cost of service calculation subject to a tracking mechanism. It should be noted that the Staff proposes this type tracking treatment for certain costs associated with these projects only because of the unique and special circumstances that are faced by the receiver in this specific situation.

REVENUES

In general, the Company's water and sewer systems have not experienced customer growth over the years that Gladlo has been in operation. The Staff's annualized level of water revenue was based on the water usage records for its 65 water customers for the twelve (12) months ending December 31, 2012. The Staff's annualized level of

sewer revenue was determined by multiplying the Company's current tariff rate of \$18.42 by its 61 sewer customers. The Audit Staff included the test year level of late fees, disconnect fees, and reconnect fees in miscellaneous revenues for the water system. For the sewer system, Staff included the test year level of late fees and a three-year (3-year) average of disconnect and reconnect fees that Gladlo actually collected during the period covering January 1, 2010 through December 31, 2012. During the test year the Company did not collect any disconnect and reconnect fees pertaining to its sewer system, and the Staff's three-year (3-year) average includes an additional \$30 above the test year level for miscellaneous revenue associated with these fees.

OPERATING EXPENSES

Contractual Service-Management and Operations Supervision

Gladlo has a contract with Heartland Utilities, the Court-appointed Receiver, to provide all management and operations supervision services for Gladlo. These services include, but are not limited to, accounting, billing, customer service, compliance, preparations and submissions of all the necessary reporting requirements to various institutions and governmental agencies that have jurisdiction over the operations of the Company. Under the terms of the agreement, Heartland Utilities charges Gladlo a monthly fee of \$13 per customer for the combined water and sewer utility services. Based on the current customer count, Staff included an \$11,122 annualized level in its cost of service calculation to address the services provided to Gladlo by Heartland Utilities. This annualized amount includes the preparation of the MoPSC annual reports per the contract executed between Gladlo and Heartland Utilities. Staff's annualized amount also includes a test year expense level for travel costs normalized over two (2) years. Staff's total annualized level of management fees has been evenly allocated between the water and sewer operations.

Contractual Service-Maintenance and Operations

The Company also contracts with Mr. Russ Guill ("Mr. Guill" or "Contractor") from A-1 Pump Company for the daily operations and maintenance of the water and sewer systems. As part of the service agreement Mr. Guill conducts regular system

checks, draws test samples, reads and reports customer meter reads on a monthly basis, coordinates and schedules mowing, and ensures that the Company is in compliance with applicable permits and regulatory rules, among other duties. Gladlo recently renegotiated a contract with Russ Guill for these services. Russ Guill is not a licensed operator which necessitated a renegotiation of contract so as to include licensed oversight for Mr. Guill. Russ Guill will now be subcontracting with a certified operator named Steve Black with the duties remaining unchanged. The Contractor now charges a base fee of \$600 per month and charges additional fees for services relating to mowing, after hours calls or emergency repairs, such as addressing water line repairs. In addition to the change in base fees, there have been minor changes to the extra services fees in regards to the hourly rate for the afterhours call or emergency repairs as well as for the additional man, if needed, when water line repair is necessary. Staff included in the cost of service calculation \$7,200 for base operator fees, allocating sixty percent (60%) of this level to water operations since more of the operator's time is spent on the water system due to meter reading responsibilities and only forty percent (40%) to the sewer operations which require less time and oversight.

System Repairs and Maintenance

Staff included in the cost of service calculation the test year levels of \$2,225 and \$1,923 for water and sewer system related repairs and maintenance expense, respectively. The test year level of system repairs and maintenance represents the highest level of water and sewer system repairs and maintenance expense experienced by Gladlo since the time that Heartland Utilities was appointed as receiver.

Purchased Power Expense

The Audit Staff included a \$1,958 level of electricity expense in its cost of service calculation based on test year usage, the service availability fee, and the kilowatt hour (KWH) usage fee that will be in effect at April 1, 2013, as well as all associated taxes for the test year. Intercounty Electric Cooperative provides electricity to Gladlo in order for Gladlo to power the operations of the well house. The total electric bill consists of two different charges, as well as the associated tax on those charges. The two charges are the

service availability charge and the KWH usage charge. The service availability charge consists of the service availability rate times the number of days of service each month. This service availability charge is currently \$1.20 per day. The KWH usage charge is currently \$.0831 per KW of usage. The Audit Staff determined from Intercounty Coop that the rates for the service availability charge and the KWH usage charge would be increasing as of April 1, 2013. Staff annualized the service availability charge at the new rate of \$1.25 per day and annualized the KWH usage based on test year usage at the new rate of \$.08394 per KW, with associated taxes. Lastly, Staff excluded a \$12 late fee that was incurred by the Company during the test year.

Master Meter Reads

As part of the resolution of the last rate proceeding, the Commission Staff recommended, and the Company agreed to, the following: “That the Company will record master meter readings in a meter log and have the meter log readily available for review upon request by the Staff.” The Company provided the Staff with master meter read records through December 2011. However, during December 2011, the master meter was destroyed due to a storm that damaged the well house, and since that time the Company has not replaced its master meter. Staff recommends that the Company replace its master meter and resume recording monthly master meter readings in a meter log. The master meter will assist the Company by alerting the operator to possible system leaks and will assist in providing the Staff with necessary information to ensure that customers are being properly billed.

Contractual Services – Accounting Fees

The Company retains an accountant who prepares and files the Company’s annual tax returns with the Internal Revenue Service (IRS). The Audit Staff has allowed \$776 as a reasonable total company level to be included in Staff’s cost of service calculation for accounting fees. This annualized total company level was allocated equally to Gladlo’s water and sewer operations.

PSC Assessment

PSC assessments in the amount of \$197 for the water utility and \$1,040 for the sewer utility for the fiscal year 2013 are included in the cost of service calculations.

Property Taxes

The Audit Staff reviewed the amount of property taxes that were assessed and paid for years 2009, 2010, 2011, and 2012 by Heartland Utilities when it took over the supervisory position of Gladlo. Staff has included a \$119 annualized level of property tax expense for the water operations and a \$183 annualized level for the sewer operations, which represent the most recent property tax bills for the 2012 tax year.

Water and Sewer Testing

The Audit Staff included \$200 for the annual water program administration fee that is charged by the Missouri Department of Natural Resources (MDNR) for water testing services. The MDNR water testing program provides smaller utilities like Gladlo with a direct and affordable approach to maintain compliance with water system testing requirements. Under the program the utility is provided with all sample containers and either prepaid shipping labels or a nearby drop-off location for all required samples. Gladlo is current on the MDNR water testing with its next payment due in February 2013.

Gladlo utilizes PDC Laboratories, Inc. (PDC) for sewer testing. PDC performs all required sewer tests quarterly, and the Audit Staff has included a \$376 annualized level for sewer testing expense in order to reflect a full year of costs associated with sewer testing requirements.

Missouri Department of Natural Resources Fees and Lab Sampling

The Missouri Clean Water Law requires that all sewer utilities pay an annual operating permit fee to the MDNR for each wastewater treatment plant that discharges to the waters of the State, with that permit fee normally being based on the design flow of

each particular treatment facility. Gladlo is assessed \$225 annually for this permit fee based on the design flow of its wastewater treatment facility. The Audit Staff included in its cost of service calculation a \$225 annualized level for this MDNR operating permit fee.

Bank Service Fees

Gladlo uses Phelps County Bank for all of its banking needs. Phelps County Bank charges Gladlo a monthly service charge of \$15. Gladlo also is charged a non-sufficient funds fee of \$25 for coverage of any overdrafts made on the bank account. Staff has removed all non-sufficient funds fees that occurred during the test year because these fees are non-recurring and they result from issues with cash management. Staff has included an annualized bank service charge expense amount of \$180 allocated equally between the water and sewer systems.

Postage Expense

Heartland Utilities charges Gladlo for postage costs as a separate item on its management invoices. The Audit Staff included an annualized total company postage expense level of \$471, which is based on actual billing and other mailing needs as well as a three-year (3-year) average of the number of certified letters that Gladlo has sent to its customers. Staff annualized this expense at the new postage fees that were recently implemented by the United States Postal Service during January 2013, and then Staff allocated postage fees associated with billing based on customer counts and allocated equally all other postage fees to the water and sewer systems.

Uncollectibles

Gladlo generally writes off balances when a customer is no longer a resident, such as when an account has been terminated and that customer cannot be forced to pay through disconnection, or after a period of time has elapsed for collection services to attempt to collect the debt. Gladlo provided Staff with uncollectible data for the years 2010, 2011, and 2012. Staff reviewed this data and has included a level of uncollectibles in the Cost of Service equivalent to no more than 1% of base annualized revenues, which

is the position traditionally held by the Staff. An amount of \$177 for water and \$135 for sewer was included in the cost of service, based on 1% of each system's base annualized revenues.

Rate Case Expense

Heartland Utilities has requested a total company inclusion of \$5,198 for rate case expense based upon an estimated level of 31.5 hours at a \$165 per hour consulting fee. This level of rate case expense represents 36% of Gladlo's overall water and sewer rate increase request. Staff reviewed the invoices related to rate case related work performed by Heartland Utilities thus far in this rate case. Staff has included an annualized amount of rate case expense of \$1,463 normalized over a three-year (3-year) period and allocated evenly between the water and sewer systems. Staff's annualized amount is based on the costs Heartland Utilities has had to pay to Phelps County Bank for copies of bank statements to provide to the Staff, postage related to two required mailings of customer notices in this rate case, as well as the current number of hours that Heartland Utilities has spent on this case at this time. Jason Williamson has relayed to Staff that he is billed out at a different hourly rate than his secretary Kay Reynolds. Staff included 31.5 hours that Jason has reported to date at an hourly rate of \$35 and also 15.75 hours reported by Kay at an hourly rate of \$17.50. This is based upon the Staff's review of management salaries at other similar small water and sewer utilities as well as a review of similar positions on the MERIC website. Staff contends that the \$35 and \$17.50 hourly rate is more reasonable and appropriate than the \$165 per hour consulting fee that is requested by Mr. Williamson.

Insurance Expense

During Gladlo's previous rate case, Staff included an annualized level of general liability and property insurance. Subsequent to the last case, Heartland Utilities did not actually acquire insurance on Gladlo even though Staff had built an annualized level in the cost of service. Staff still recommends that Heartland Utilities purchase general liability and property insurance for Gladlo. Staff contacted Naught-Naught Insurance Agency, which serves many other regulated utilities, for an updated insurance quote.

Based on this quote, Staff has included an annualized level of insurance coverage of \$555 allocated equally between Gladlo's water and sewer systems.

Miscellaneous Expense

Gladlo incurred expense during the test year for delivery of automated messages to Gladlo's water utility customers to notify them of problems that existed with regard to their water service. As indicated previously in this Memorandum, Gladlo experienced persistent problems with its well pump motor in recent years and most recently four (4) pump failures throughout the calendar year 2012. Gladlo indicated to Staff that it believes it has solved this problem with the installation of the phase protecting sub-monitor. Staff asserts that this is a legitimate expense, but Staff also asserts that this expense may not be needed on an annual basis. Therefore, Staff proposes to normalize over two years the \$25 expense that was incurred for automated messaging for inclusion in the cost of service calculation for the water system.

Secretary of State Fees (SOS)

During the test year, Heartland Utilities filed a biennial Missouri Secretary of State report that covered not only 2012 but also 2013. A change of agent report was also filed for a total test year expense of \$50. Staff included the \$40 expense for the biennial report amortized over 2 years for an annualized expense level of \$20 spread evenly over both systems. Staff did not include costs associated with the change of agent because the Staff maintains that this cost is non-recurring.

RECOMMENDATIONS

1. The Audit Staff recommends that the Commission grant Gladlo a \$4,749 increase in water revenue requirement and a \$9,690 increase in sewer revenue requirement as calculated and described earlier in this memorandum.
2. The Audit Staff recommends that the Company replace the master meter within 120 days of the effective date of rates in this rate proceeding and to notify Staff at the time of the installation of the new master meter.

3. The Audit Staff recommends the Company record master meter readings on a monthly basis in a master meter log, and that the Company make available the master meter log for review upon Staff's request.
4. The Audit Staff recommends the Company purchase general liability and property insurance to protect against risk and to provide financial protection within 30 days of the effective date of rates in this rate proceeding.
5. The Audit Staff recommends the Company provide the Staff with an amended signed contract with A-1 Pump Company detailing all fees that Gladlo will pay in connection with the new disinfection chamber within 30 days of the effective date of rates in this rate proceeding.

Agreement Attachment I

EMSU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

File Nos. SR-2013-0258 and WR-2013-0259

Gladlo Water and Sewer Company

Gary Bangert

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 Gladlo Water and Sewer Company (“Gladlo” or “Company”) in the Whispering Pines Subdivision near Rolla, Missouri, in November 2012. The review was performed in response to the Company’s request for a rate increase in File Nos. SR-2013-0258 and WR-2013-0259, which was filed on November 2, 2012. The Company is requesting increases of \$5,281 in its annual sewer system operating revenues and \$9,186 in its annual water system operating revenues. This request represents increases of approximately 37.19% to the Company’s annual sewer system operating revenues and 49.39% to the Company’s annual water operating revenues.

The EMSU staff examined the Company’s tariffs, annual reports, 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 and conducted interviews with Company personnel. The EMSU staff’s review of the Company resulted in the following two recommendations:

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Implement a written agreement with all outside contractors utilized by the Company on a regular and consistent basis. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0258 and WR-2013-0259.
2. Incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees. Provide at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7). This recommendation should be

completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0258 and WR-2013-0259.

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

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

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

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

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

History

The EMSU staff previously performed a customer service review of the Company in 2009 in Case Nos. WR-2009-0418 and SR-2009-0419. This review resulted in a written report and included recommendations for improvement in the areas of business operations, customer billing, and customer communications. The EMSU staff conducted follow-up work associated with these recommendations and determined that the Company's implementation actions satisfied the intent of the recommendations.

Overview

Gladlo Water and Sewer Company was certificated by the Commission to provide water and sewer service in Missouri in June 1997. In the spring of 2008, the owner of Gladlo effectively abandoned the water and sewer system. On March 6, 2009, the Phelps County Circuit Court issued an order appointing Heartland Utilities, LLC, (“Heartland Utilities”) as receiver. The Company provides water and sewer service to approximately sixty-one (61) customers, water-only service to nine (9) customers, and sewer-only service to five (5) customers in the Whispering Pines Subdivision near the city of Rolla, Missouri. There has been minimal change in the number of customers over the past three years and little growth is anticipated. The business office for Heartland Utilities is located in Denver, Colorado. Business office hours are 9:00 a.m. to 5:00 p.m., Monday through Friday, Mountain time. Emergency and business office telephone numbers are provided on customer bills, which give customers 24-hour, 7-day-a-week access to Company personnel.

The Gladlo Water and Sewer Company has no employees; and, therefore, Heartland Utilities performs all business office functions and outside contractors have responsibilities for outside plant operations. Business office functions include taking new written service applications, entering meter readings, preparing and mailing customer bills, maintaining customer account records, posting customer bill payments, making bank deposits, and paying bills. Business office personnel also respond to customer inquiries and complaints. Gladlo Water and Sewer Company owns no vehicles. Heartland Utilities has agreements with two individuals that live in the vicinity of Gladlo’s service territory to perform all outside plant functions. The agreement with one individual is a written document and the other agreement is verbal. Outside plant responsibilities include plant operation, meter reading, daily system checks, chlorination, routine maintenance, construction activity, and responding to customer emergency calls.

Meter Reading

An outside contractor reads the Company’s water meters between the 5th and 9th dates of each month. The meter readings are subsequently returned electronically to Heartland Utilities. The contractor attempts to read all water meters on a monthly basis. Heartland Utilities management asserts that meter readings are estimated very infrequently. A meter would be

estimated if a meter reading is not reasonable, and it is not possible to re-read the meter prior to billing. The estimation is based on the previous few months of service or the same period in the prior year, if applicable. Theft of water service has not been documented, although the Company is aware of one situation where it appears that a customer with discontinued service has picked the lock on his meter and reconnected his water service.

Customer Billing

The Company's tariffs provide the rates for water and sewer service. Customers' water bills are based on a monthly minimum customer charge of \$8.28 and a usage charge of \$3.13 per 1,000 gallons over 1,000 gallons of usage. Sewer customers pay a flat fee of \$18.42 per month.

Heartland Utilities uses QuickBooks software for accounting, billing, and to maintain customer records. Meter reading data is imported into the billing program of Quickbooks which calculates and prints the customers' bills. Heartland Utilities verifies the accuracy of bills through visual inspection when the bills are produced. Heartland Utilities management represented that customer account information is backed up daily and the backup files are stored off-site. Other hard-copy customer information is stored in a locked file cabinet. Customer bills are mailed by the 10th of the month, and customer bills are considered delinquent and subject to late penalties 21 days later. The Company's water and sewer tariffs indicate that late fees can range from \$3.00 to \$9.00, although the \$3.00 amount has always been used when late fees have been applied.

Payment Remittance

Customer payment options include check and money order. Most customers mail their check or money order payments to the Heartland Utilities business office in Denver, Colorado. However, customers may also remit payments at three locations in Rolla, Missouri, and two locations in St. James, Missouri. Heartland Utilities management asserted that approximately 80% of the payments are received in the mail and 20% are made at the pay locations in Rolla and St. James. Of the mailed payments, management indicates that approximately one-third (1/3) are initiated electronically through some online bill payment service. Bill payments are processed and recorded daily in QuickBooks. Heartland Utilities management asserts that bank deposits are usually made every day.

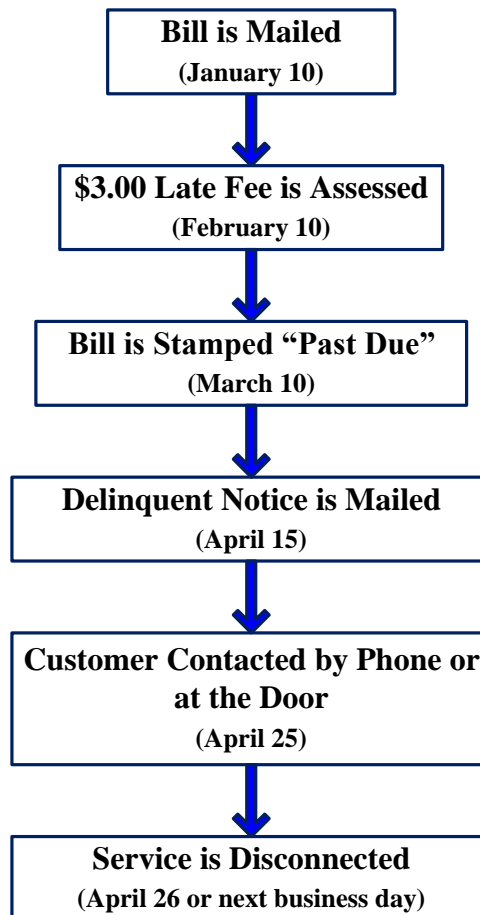
Credit and Collections

Customers requesting service are required to complete a written application. Heartland Utilities management indicated they do not require a security deposit as a condition for providing water or sewer service.

Heartland Utilities management asserted that returned checks are an infrequent problem. There have been no returned checks since April 2009. In the event of a returned check, the Company's tariff provides for a \$25 returned check fee.

The Company has an established procedure for handling delinquent accounts. The following illustration shows the actions that the Company would take on an account that remains unpaid if the bill was mailed to the customer on January 10.

Delinquent Account Actions



Source: Heartland Utilities Management Interview Information

Company reports indicate that an average of 20 customers is delinquent each month. Heartland Utilities management represented that these delinquent customers generally pay prior to discontinuance of service for nonpayment. An average of 5 or 6 customers' services is discontinued each year for nonpayment. No sewer-only customers' services have been discontinued for nonpayment. If a customer's service were discontinued for nonpayment for water and sewer customers with Gladlo water service, then the Company's tariff provides for a \$15.00 disconnect fee and a \$15.00 reconnect fee. For customers without Gladlo water service, the Company's tariff states that sewer customers will be billed for the actual cost of disconnection and reconnection. The Company has a contract with a collection agency to pursue the collection of amounts owed to Gladlo. This contract specifies that the collection agency will retain a 30% fee on accounts it collects unless legal action is taken. A 50% fee applies after full payment of legal expenses in these situations. No accounts have been assigned to the collection agency since three uncollectible accounts totaling \$463.14 were submitted in 2010. Based on the Company's 2010 Annual Report, water utility accounts totaling \$589.99 were written off and sewer utility accounts totaling \$534.02 were written off. The Company's 2011 Annual Reports indicated that water utility accounts totaling \$1,129.50 were written off and sewer utility accounts totaling \$551.80 were written off.

Complaints and Inquiries

Customers with questions or concerns may call the Heartland Utilities contact number, which appears on their bill. An emergency contact telephone number is also provided on customer bills. Emergency calls are immediately routed to the contract operator, who carries a phone with him 24/7. Other questions are handled by Heartland Utilities' personnel. In the event that the operator or other personnel are not available to answer the phone, then the customer may leave a message and an e-mail is generated containing an attached voice mail from the customer. Customer contacts are noted in the customer note section for each customer account. A record is also kept of e-mail correspondence. A review of Commission complaint/inquiry records since 2010 showed five (5) complaints and four (4) inquiries from water customers. Most customer contacts related to outages and high bill concerns. There have been no complaints or inquiries from sewer customers since 2010.

Customer Communication

Customer bills are the primary means of communicating with customers. The billing statements provide limited space to include information for customers. Customer letters are used to provide notice of rate increase requests, tariff information, applications for service, and information about rights and responsibilities of customers. Heartland Utilities management also indicated that it is attempting to obtain e-mail addresses of Gladlo customers in order to convey pertinent information.

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 two issues that require the Company management's attention:

- Contracts for Outside Services
- Delinquent Date Bill Information

Contracts for Outside Services

The Company does not have written agreements with all contractors who provide ongoing services. Written agreements have been prepared and signed with one outside plant contractor and the collection agency, but there is no written agreement with the second outside plant contractor.

The lack of written contracts raises the possibility of a misunderstanding regarding the services that are provided and the basis of charges for these services. Written contracts would document rights and responsibilities and enable Company management to verify the legitimacy of charges incurred and the duties that are performed.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement a written agreement with all outside contractors utilized by the Company on a regular and consistent basis. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0258 and WR-2013-0259.

Delinquent Date Bill Information

Customer bills do not state the correct date that account payments will be delinquent and subject to a late payment fee. Information included on customer bills states that accounts are considered delinquent and subject to late fees 21 days after bills are mailed. While Heartland Utilities management asserted that late fees are not assessed until at least 26 days after mailing, the information communicated on each bill is in violation of Commission Rule 4 CSR 240-13.020(7). This rule states, “A monthly-billed customer shall have at least twenty-one (21) days ... from the rendition of the bill to pay utility charges.” Therefore, a bill payment should not be considered delinquent until the 22nd day after rendition or mailing. Incorporating the correct description of the delinquent date on customer bills would ensure that the communication provided to customers is consistent with Commission rules.

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees. Provide at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0258 and WR-2013-0259.

Implementation Review

The EMSU staff will conduct a review of the Company’s progress regarding the implementation of the two recommendations made in this report.

Agreement Attachment J

Summary of Case Events

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Steve Loethen – Water & Sewer Department

Lisa Ferguson-Auditing Department

Arthur Rice – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI


AFFIDAVIT OF JAMES M. RUSSO

In the Matter of a Request for Increases in)
Annual Sewer and Water System Operating)
Revenues for Gladlo Water and Sewer)
Company, Inc.)

File No. SR-2013-0258

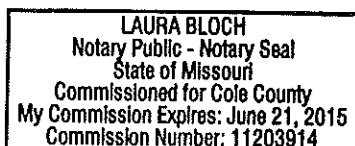
STATE OF MISSOURI)
) SS
COUNTY OF COLE)

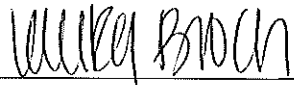
COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is a Rate & Tariff Examination Supervisor in the Missouri Public Service Commission's Water and Sewer Unit ; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Partial Agreement Regarding Disposition of Small Sewer 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 3rd day of April, 2013.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF STEVE LOETHEN

In the Matter of a Request for Increases in)
Annual Sewer and Water System Operating)
Revenues for Gladlo Water and Sewer)
Company, Inc.)

File No. SR-2013-0258

STATE OF MISSOURI)
) SS
COUNTY OF COLE)


COMES NOW Steve Loethen, 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 Partial Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Steve Loethen
Utilities Operation Specialist
Water & Sewer Unit

Subscribed and sworn to before me this 3rd day of April, 2013.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF LISA M. FERGUSON

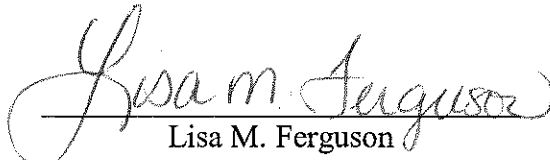
In the Matter of a Request for Increases in)
Annual Sewer and Water System Operating)
Revenues)

File No. SR-2013-0258

File No. WR-2013-0259

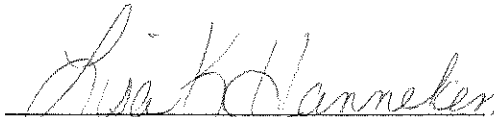
STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS) ss.

COMES NOW Lisa M. Ferguson , being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing 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 Company Revenue Increase Request* ("Company/Staff Agreement"); (4) that she was responsible for the preparation of Attachments B, C, and H to the Company/Staff Agreement; (5) that she has knowledge of the matters set forth in Attachments B, C, and H to the Company/Staff Agreement; and (6) that the matters set forth in Attachments B, C, and H to the Company/Staff Agreement are true and correct to the best of her knowledge, information, and belief.


Lisa M. Ferguson
Utility Regulatory Auditor IV
Auditing Unit

Subscribed and sworn to before me this 2nd day of April, 2013.

LISA K. HANNEKEN
Notary Public - Notary Seal
State of Missouri
Commissioned for Franklin County
My Commission Expires: April 27, 2014
Commission Number: 10967138


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ARTHUR W. RICE, PE

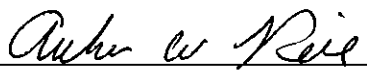
In the Matter of a Request for Increases in)
Annual Sewer and Water System Operating)
Revenues)

File No. SR-2013-0258

File No. WR-2013-0259

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

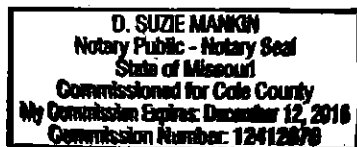
COMES NOW Arthur W. Rice, PE, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Engineer in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate increase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



Arthur W. Rice, PE

Utility Regulatory Engineer
Engineering & Management
Services Unit

Subscribed and sworn to before me this 2nd day of April, 2013.




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF GARY BANGERT

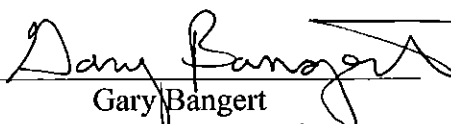
In the Matter of a Request for Increases in)
Annual Sewer and Water System Operating)
Revenues)

File No. SR-2013-0258

File No. WR-2013-0259

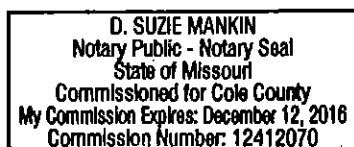
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

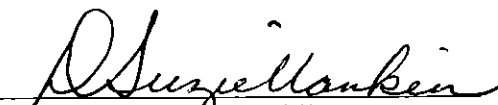
COMES NOW Gary Bangert, being of lawful age, and on his oath states the following: (1) that he is a Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate increase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



Gary Bangert
Utility Management Analyst III
Engineering & Management
Services Unit

Subscribed and sworn to before me this 3rd day of April, 2013.





Notary Public