

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

In the Matter of the Request	)	
For an Increase in Annual Sewer and	)	<u>Case No. SR-2017-0130</u>
Water System Operating Revenues for	)	
Gladlo Water & Sewer Company, Inc.	)	

NOTICE OF UNANIMOUS DISPOSITION AGREEMENT

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Notice of Unanimous Disposition Agreement*, states the following:

1. On October 28, 2016, the Missouri Public Service Commission (“Commission”) received a Rate Increase Request Letter (“Request”) from the Receiver for Gladlo Water & Sewer Company Inc. (“Company”), setting forth its request for an increase in its total annual water and sewer service operating revenues pursuant to Rule 4 CSR 240-3.050.

2. In its request letter, the Company set forth its request (“Request”) for an increase of \$3,655 in its total annual sewer service operating revenues and \$6,678 in its total annual water service operations.¹ The Company provides service to approximately 69 water customers and 65 sewer customers near the City of Rolla, in Phelps County, Missouri.

3. Upon completion of Staff’s investigation of the Company’s Request, Staff provided the Company and the Office of Public Counsel (“OPC”) with materials related to Staff’s investigation, as well as Staff’s initial recommendation for the resolution of the request.

¹ The Company filed two letters, one requesting an increase for sewer service revenues (SR-2017-0130), and the other for water service revenues (WR-2017-0130). The Commission consolidated those cases at the request of Staff, on November 22, 2016. See, Case No. SR-2017-0130, EFIS Item 4.

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

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

6. The *Unanimous Agreement* provides for an increase of \$310 (1.40%) for the water system. When added to the previous level of water revenues of \$22,192, the increase in water operations results in overall annual revenues of \$22,502.

7. The *Unanimous Agreement* further provides for an increase of \$7,154 (31.49%) for the sewer system. When added to the previous level of sewer revenues of \$22,721, the increase in sewer operations results in overall annual revenues of \$29,875.

8. The *Unanimous Agreement* provides that the agreed-upon net sewer rate base is \$15,972, and the water rate base is \$23,573.

9. Pursuant to Rule 4 CSR 240-3.050 (13), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed by the utility, the staff and the public counsel, the utility shall file new and/or revised tariff

sheets, bearing an effective date that is not fewer than thirty (30) days after they are filed, to implement the agreement.” The Company will file revised tariff sheets seeking to implement the terms of the *Unanimous Agreement*.

10. The Company is current on the filing of its annual report and the payment of all of its annual assessments.

WHEREFORE, Staff submits this *Notice of Unanimous Disposition Agreement* 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 parties and contained herein.

Respectfully submitted,

/s/ Jacob T. Westen

Jacob T. Westen
Deputy Counsel
Missouri Bar No. 65265
Attorney for the Staff of the
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102
573-751-5472 (Voice)
573-526-6969 (Fax)
jacob.westen@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and or counsel of record on this 27th day of March, 2017.

/s/ Jacob T. Westen

**UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST**

GLADLO WATER & SEWER COMPANY, INC.

MO PSC FILE NO. SR-2017-0130 & WR-2017-0131

BACKGROUND

Heartland Utilities, Court-Appointed Receiver, on behalf of Gladlo Water & Sewer Company, Inc. ("Company") initiated a small company revenue increase request ("Request") for sewer and water service, which is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number, by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, received by the Commission on October 28, 2016, the Company set forth its request for an increase of \$3,655 in its total annual sewer service operating revenues and \$6,678 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff's recommendations. The Company provides sewer service to approximately 65 residential customers, and water service to approximately 69 residential customers.

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, Public Counsel and the Company hereby state the following agreements:

- (1) The agreed upon sewer revenue requirement increase of \$7,154 (31.49% increase) added to the level of previous revenues of \$22,721 results in overall annual revenues of \$29,875. The agreed upon water revenue requirement increase of \$310 (1.40% increase) added to the level of previous revenues of \$22,192 results in overall annual revenues of \$22,502. These revenue requirements are just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachments A and B, incorporated by reference herein;
- (2) The Auditing Department conducted a full and complete audit of the Company's books and records using the 12-month period ended September 30, 2016, updated to December 31, 2016, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment C, incorporated by reference herein;
- (3) The agreed upon net sewer rate base is \$15,972, and the water rate base is \$23,573. The development of this amount is shown on the rate base worksheet found in Attachments D and E, and 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 Attachments N and O is the agreed upon capital structure of 45.26% long term debt and 54.74% common equity, overall weighted cost of capital should be 7.838% when using a common equity return of 9.63%;
- (5) The schedule of depreciation rates in Attachments F and G, incorporated by reference herein, include the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of 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 in Attachments H and I, 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 in Attachment J and K, also 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 Attachments H and I. The proposed tariff sheets with revisions will bear an effective date of May 18, 2017;

(8) The current PSC MO Number 3 and 4 tariffs will be cancelled and replaced by PSC MO Numbers 5 and 6, which are included in the example tariffs described above;

(9) The Company agrees to implement the recommendations contained in the CMAU Report attached hereto as Attachment L and incorporated by reference herein, as well as provide proof of implementing the recommendation to the Manager of the Commission's Consumer and Management Analysis Unit:

- (a) Within thirty (30) days of the effective date of the Commission order approving this Disposition Agreement, the Company will revise and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3)(J)(K).
- (b) The Company will ensure that it adheres to Commission Rule 4 CSR 240-13.020(2)(C) prior to estimating any customer bills.
- (c) The Company will evaluate the benefits of charging and refunding customer deposits consistent with Commission Rule 4 CSR 240-13.030 and the Company's tariffs.

(10) 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 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's Case Coordinator who will file a copy in this case;

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

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

(13) The Company, Public Counsel and Staff agree that they have read the foregoing 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 parties; and that the Company freely and voluntarily enters into this Disposition Agreement; and

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

ADDITIONAL MATTERS

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

There were approximately four (4) customers accepting water service that were located just outside of the Company's approved service area. These customers are along a private road extending to the West of Highway V, whereas the service area is to the east of Highway V. Staff recommends that, in this case, the Commission approve a service area expansion that will include these existing water customers. This change is reflected in the example tariff sheets attached hereto as Attachments H and I.

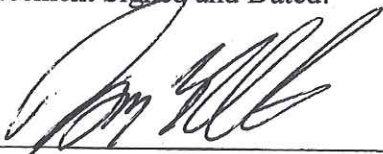
Staff has completed a Summary of Case Events and has included that summary as Attachment P to this Disposition Agreement.

The Company, Public Counsel and Staff acknowledge that Staff will be filing this Unanimous Disposition Agreement and the attachments hereto in the existing case, and that the Company will file the proposed tariff revisions called for in the agreement. The Company and Public Counsel also acknowledge that Staff may make other filings in this case.

Additionally, the Company and Public Counsel agree that subject to the rules governing practice before the Commission, Staff shall have the right to provide whatever oral explanation the Commission may request regarding this 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 Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

Agreement Signed and Dated:



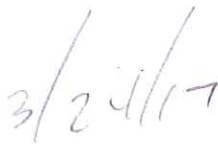
Jason Williamson
Heartland Utilities
Court-Appointed Receiver
Gladlo Water & Sewer Company, Inc.



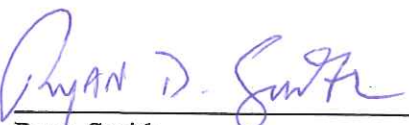
Date



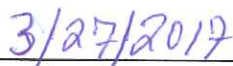
James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff



Date



Ryan Smith
Senior Counsel
Office of the Public Counsel



Date

List of Attachments

Attachment A – Sewer Ratemaking Income Statement

Attachment B – Water Ratemaking Income Statement

Attachment C – Auditing Department Memo

Attachment D – Sewer Rate Base Worksheet

Attachment E – Water Rate Base Worksheet

Attachment F – Sewer Schedule of Depreciation Rates

Attachment G – Water Schedule of Depreciation Rates

Attachment H – Example Sewer Tariff

Attachment I – Example Water Tariff

Attachment J – Sewer Billing Comparison Worksheet

Attachment K – Water Billing Comparison Worksheet

Attachment L – CMAU Report

Attachment M – Water and Sewer Department Report

Attachment N – Sewer EMS

Attachment O – Water EMS

Attachment P – Summary of Events

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

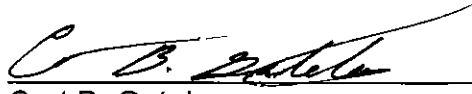
In the Matter of the Request for an)
Increase in Annual Sewer and Water)
System Operating Revenues for)
Gladlo Water & Sewer Company, Inc.) Case No. SR-2017-0130

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT OF CURT B. GATELEY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

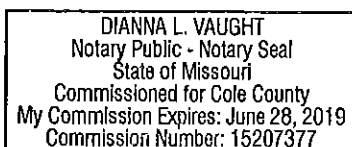
Curt B. Gateley, of lawful age, on his oath states: (1) that he is a Utility Policy Analyst II in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Disposition Agreement*; (3) that information in this *Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Disposition Agreement*; and (5) that such matters set forth in the *Disposition Agreement* are true and correct to the best of his knowledge, information and belief.



Curt B. Gateley

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 24th day of March, 2017.





NOTARY PUBLIC

My commission expires: June 28, 2019

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

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

Case No. SR-2017-0130

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT OF PAUL R. HARRISON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

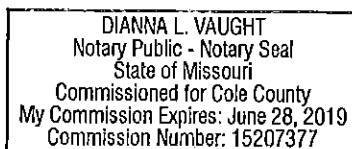
Paul R. Harrison of lawful age, on his oath states: (1) that he is a Utility Regulatory Auditor IV in the Auditing Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Disposition Agreement*; (3) that information in this *Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Disposition Agreement*; and (5) that such matters set forth in the *Disposition Agreement* are true and correct to the best of his knowledge, information and belief.

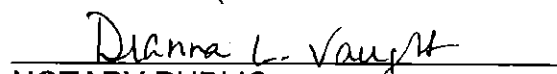


Paul R. Harrison

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of March, 2017.





NOTARY PUBLIC

My commission expires: June 28, 2019

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

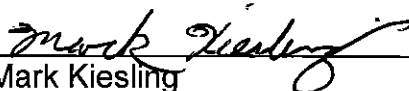
In the Matter of the Request for an)
Increase in Annual Sewer and Water)
System Operating Revenues for)
Gladlo Water & Sewer Company, Inc.) Case No. SR-2017-0130

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT OF MARK KIESLING

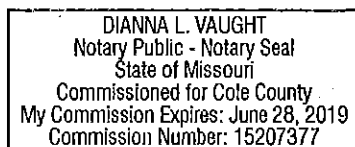
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

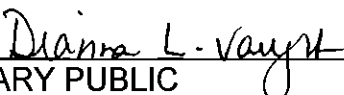
Mark Kiesling, of lawful age, on his oath states: (1) that he is a Utility Management Analyst II in the Consumer and Management Analysis Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Disposition Agreement*; (3) that information in this *Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Disposition Agreement*; and (5) that such matters set forth in the *Disposition Agreement* are true and correct to the best of his knowledge, information and belief.


Mark Kiesling

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of March, 2017.




NOTARY PUBLIC

My commission expires: June 28, 2019

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

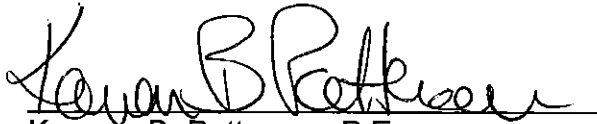
In the Matter of the Request for an)
Increase in Annual Sewer and Water)
System Operating Revenues for)
Gladlo Water & Sewer Company, Inc.)
Case No. SR-2017-0130

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT OF KEENAN B. PATTERSON. P.E.

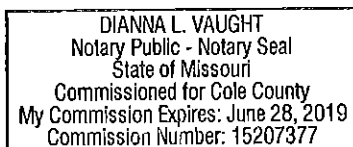
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

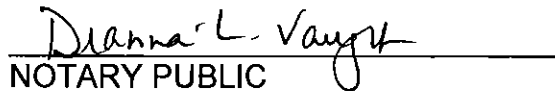
Keenan B. Patterson, P.E., of lawful age, on his oath states: (1) that he is a Utility Regulatory Engineer I in the Engineering Analysis Unit of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Disposition Agreement*; (3) that information in this *Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Disposition Agreement*; and (5) that such matters set forth in the *Disposition Agreement* are true and correct to the best of his knowledge, information and belief.


Keenan B. Patterson, P.E.

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 27th day of March, 2017.




NOTARY PUBLIC

My commission expires: June 28, 2019

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

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

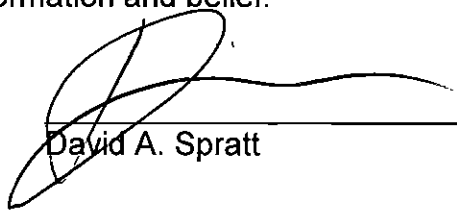
Case No. SR-2017-0130

State of Missouri)
) ss.
County of Cole)

AFFIDAVIT OF DAVID A. SPRATT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

David A. Spratt, of lawful age, on his oath states: (1) that he is a Utility Operations Technical Specialist II in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Disposition Agreement*; (3) that information in this *Disposition Agreement* was provided by him; (4) that he has knowledge of matters set forth in the *Disposition Agreement*; and (5) that such matters set forth in the *Disposition Agreement* are true and correct to the best of his knowledge, information and belief.



David A. Spratt

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 24th day of March, 2017.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377



NOTARY PUBLIC

My commission expires: June 28, 2019

Disposition Agreement Attachment A
Sewer Ratemaking Income Worksheet

Gladlo Water & Sewer Company

SR-2017-0130

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	22,230
2	Other Operating Revenues *	\$	491
3	Total Operating Revenues	\$	22,721
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
5 Operations Expenses	\$ 9,633
6 Maintenance Expenses	\$ 8,740
7 Administration & General Expenses	\$ 7,515
8 Other Operating Expenses	\$ 563
9 Sub-Total Operating Expenses	\$ 26,451
10 Property Taxes	\$ 206
11 Sub-Total Taxes	\$ 206
12 Depreciation Expense	\$ 1,756
13 Interest Expense	\$ 410
14 Income Tax	\$ 210
15 Sub-Total Depreciation/Interest/Amortization	\$ 2,376
16 Return on Equity	\$ 842
17 Total Cost of Service	\$ 29,875
18 Cost to recover in rates	\$ 29,384
19 Overall Revenue Increase Needed**	\$ 7,154

**Because 'other operating revenues' are highly volatile and are not anticipated to represent a consistent source of revenue, they are not counted for the purposes of ratemaking.

Disposition Agreement Attachment B

Water Ratemaking Income Worksheet

Gladlo Water & Sewer Company

Rate Making Income Statement-Water

Operating Revenues at Current Rates			Customer Charge		Commodity	
1	Tariffed Rate Revenues *	\$ 21,532	\$	8,255	\$	13,277
2	Other Operating Revenues *	\$ 660	\$	330	\$	330
3	Total Operating Revenues	\$ 22,192	\$	8,585	\$	13,607
4	* See "Revenues - Current Rates" for Details					
Cost of Service						
Item		Amount				
5	Operator's Expense	\$ 3,200	0.80	\$ 2,560	\$	640
6	Chemicals	\$ 727	0.00	\$ -	\$	727
7	Testing	\$ 120	1.00	\$ 120	\$	-
8	Electricity (Pumping)	\$ 1,367	0.00	\$ -	\$	1,367
9	System Repairs Maintenance	\$ 1,105	0.50	\$ 553	\$	553
10	Contract Services - Other	\$ 147	1.00	\$ 147	\$	-
11	Accounting Fees	\$ 425	1.00	\$ 425	\$	-
12	Management Fees	\$ 6,424	0.50	\$ 3,212	\$	3,212
13	Bank Service Fees	\$ 145	1.00	\$ 145	\$	-
14	Office Expense	\$ 19	1.00	\$ 19	\$	-
15	Rate Case Expense	\$ 217	0.50	\$ 109	\$	109
16	Miscellaneous General Expenses	\$ 33	1.00	\$ 33	\$	-
17	Uncollectibles	\$ 215	1.00	\$ 215	\$	-
18	DNR Lab Testing Fees	\$ 200	1.00	\$ 200	\$	-
19	PSC Assessment	\$ 204	1.00	\$ 204	\$	-
20	Corporate Admin Fees	\$ 43	1.00	\$ 43	\$	-
21	A1 Pump Amortization Fees	\$ 2,360	0.50	\$ 1,180	\$	1,180
22	Intrest Expense	\$ 605	1.00	\$ 605	\$	-
23	Sub-Total Operating Expenses	\$ 17,556		\$ 9,769	\$	7,787
24	Property Taxes	\$ 134		\$ 134		
25	Income Taxes	\$ 309		\$ 210	\$	99
26	Sub-Total Taxes	\$ 443		\$ 344	\$	99
27	Depreciation Expense	\$ 3,260	1.00	\$ 3,260	\$	-
28	Sub-Total Depreciation/Interest/Amortization	\$ 3,260		\$ 3,260	\$	-
29	Return on Equity	\$ 1,243	1.00	\$ 1,243		
30	Total Cost of Service	\$ 22,502		\$ 14,616	\$	7,886
31	Cost to recover in rates	\$ 21,842		\$ 14,286	\$	7,556
32	Overall Revenue Increase Needed**	\$ 310				

**Because 'other operating revenues' are highly volatile and are not anticipated to represent a consistent source of revenue, they are not counted for the purposes of ratemaking.

Disposition Agreement Attachment C

Auditing Department Memorandum

M E M O R A N D U M

TO: **Curtis Gately**
Water and Sewer Department, Case Coordinator

FROM: Paul R. Harrison
Auditing Unit, Staff

SUBJECT: Gladlo Water & Sewer Company, Inc.,
Informal Rate Increase Request
Case Nos. WR-2017-0131 & SR- 2017-0130

DATE: **March 13, 2017**

On October 28, 2016, 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 \$6,678 in its water revenues and an annual increase of \$3,655 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 August 15, 2013, as a result of Case Nos. WR-2013-0259 and SR-2013-0258. As part of those rate cases, Gladlo received a \$3,619 increase in annual water revenues and a \$7,381 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 69 metered water customers and 65 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 \$9.97 for the first 1,000 gallons of usage, and \$3.77 for each additional 1,000 gallons of usage thereafter. Gladlo’s current sewer rate is a flat rate of \$28.50 per month. The Audit Staff conducted an investigation of the Company’s books and records and based upon the twelve-month test year ending September 30, 2016, updated through December 31, 2016, and determined that an increase of \$310 in annual water revenues and an increase of \$7,154 in annual sewer revenues are necessary. Staff’s proposed revenues would represent a (1.40%) increase and a (31.49%) increase in water and sewer revenues, respectively. These numbers are subject to change as Staff receives additional information.

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

Jeffrey Smith, of the Commission’s Financial Analysis Unit, provided the Audit Staff with a weighted cost of capital and rate of return calculation. Mr. Smith’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. Smith determined that the capital components consisted of 54.74% common equity and 45.26% long term debt. He determined that an overall weighted cost of capital should be 7.82% when using a common equity return of 9.63%.

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 and in service based upon Staff’s review of actual invoices and payments made by the Company since Gladlo’s last rate proceeding. Since the time of the last rate proceeding, Gladlo completed capital improvement projects pertaining to the manholes, sewer mains, testing equipment, fencing and chlorination-dechlorination for its wastewater treatment system. Staff also included a five-year amortization for engineering costs of \$2,000 associated with the Gladlo-Whispering Pines WWTP for the MDNR compliance issue to meet the new ammonia limits set for January 1, 2020. This amount was booked into plant Account 301, Organization as a place holder. Once the improvements are made to the WWTP, these engineering costs need to be removed from Account 301 and reclassified into the proper account for the WWTP.

DEPRECIATION AND AMORTIZATION

The Audit Staff incorporated in its cost of service calculation all depreciation rates that were supplied by Keenan Patterson of the Commission’s Engineering Analysis Unit. Based upon these depreciation rates, the Audit Staff included a \$2,031 annualized level of depreciation expense on the water system and a \$1,756 annualized level for the sewer system. The Audit Staff also included in its cost of service calculations various retirements and reserve adjustments, provided by Mr. Patterson that assigned retirement values and cost of removal for various capital projects completed by Gladlo.

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 69 water customers for the twelve (12)

months ending December 31, 2016. The Staff's annualized level of sewer revenue was determined by multiplying the Company's current tariff rate of \$28.50 by its 65 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, 2014 through December 31, 2016.

OPERATING EXPENSES

Contractual Service-Management and Operations Supervision

Gladlo has a contract with Heartland Utilities, the Court-appointed Receiver, to provide all management, operations and 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. In this case, the receiver requested that the monthly fee be increased from \$13 to \$15 per customer. Since Heartland Utilities has been managing and operating this system since 2009, Staff concurs with this request. Based on the current customer count, Staff included a \$12,844 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 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 is now 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. The receiver requested mowing expense to be increased from \$250 to \$400 for each time the property is mowed and expects the property to be mowed six times per year. This represents a 60% increase for mowing expense. Staff believes that this is an extremely large increase for this expense. Staff reviewed the operating agreement and it still states \$250 for each time the property is mowed. Staff has included a normalized level for mowing expense in its cost of service based on actual expenditures paid to Mr. Guill. Staff has requested additional information concerning mowing and when we receive that information; we will make a determination if the mowing expense warrants an increase. Staff has received the additional information from the Company and has incorporated it into Staff's cost of service.

System Repairs and Maintenance

Staff included in the cost of service calculation the test year levels of \$1,105 and \$7,058 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 last rate case. Included in this expense is a normalized level of \$2,800 for uncovering 10 manholes that were paved over by the county. Gladlo has approximately 10 manholes that need to be covered and expects to be able to uncover two per year and this normalized level of expense will provide the funds for the receiver to perform this function.

Purchased Power Expense

The Audit Staff included a \$1,449 level of electricity expense in its cost of service calculation based on a three-year average of actual electric bills paid to Intercounty Electric Cooperative. 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.

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 \$850 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 \$204 for the water utility and \$220 for the sewer utility for the fiscal year 2017 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 the last three years by Heartland Utilities. Staff has included a \$134 annualized level of property tax expense for the water operations and a \$206 annualized level for the sewer operations, which represent the most recent property tax bills for the 2016 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. Gladlo utilizes PDC Laboratories, Inc. (PDC) for sewer testing. PDC performs all required sewer tests quarterly and Mr. Guill performs all required water testing. The Audit Staff has included a \$120 and \$376 annualized level for water and sewer testing expense in order to reflect a full year of costs associated with the water and 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 \$300 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 \$300 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. In addition, Gladlo uses Automated Clearing House (ACH) services to allow its customers to electronically pay their bills through the bank. There was approximately \$95 of ACH charges included in Gladlo's bank charges for the test year. Audit Staff recommends that this cost be included in Gladlo's tariff. Staff has included an annualized bank service charge expense amount of \$290 allocated equally between the water and sewer systems.

Uncollectible Expense

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 calendar year (CY) 2014, but there were no data provided for calendar year 2015 and 2016. Staff requested the uncollectable data from the Company for CY 2015 and 2016 and received this data on January 24, 2017. As of December 31, 2016, Gladlo has an accumulated total of \$850 for water and \$1,157 for sewer of bad debt on their books. This amount is approximately 4% for water and over 5% for sewer of Gladlo's current annualized revenue level. One contributing factor to the Company's current high level of bad debt expense may be the fact that Gladlo customer deposit collections. The Audit Staff is making an adjustment to decrease bad debt expense for Gladlo Water & Sewer by \$1,570 to allow for a more reasonable level of this expense in this case. Audit Staff also recommends that, on a going forward basis, Gladlo consider collecting customer deposits consistent with the provisions permitted by 4 CSR 240 13-13.030 and evaluate the benefits of charging customers deposits that meet the customer deposit criteria defined in Commission rules.

Interest Expense Amortization

One of the reasons listed by the Company for the rate increase by Gladlo's was "Gladlo has been unable to pay down trade debt from equipment purchases made prior to the last rate case (2012) and is accruing interest costs at nearly \$200 per month. This request includes request for a temporary surcharge to payoff this debt." Staff's analysis shows that the amount of debt incurred by Gladlo from Guill A1 Pump is approximately \$11,798.68. While Staff is not recommending a surcharge to pay off this debt, Staff is recommending and including a five-year amortization in its cost of service to allow the receiver to pay off this debt. If we do not provide the funds for the receiver to pay off this debt it will just keep accumulating and eventually will take longer to payoff. The amortized amount included in Staff's cost of service for Gladlo is \$2,360.

Rate Case Expense

Staff received data concerning rate case expense from Gladlo's last rate case, but had not received data concerning the current rate case. Therefore, Staff requested rate case expense from the Company for the current rate case and received this data on January 24, 2017 updated on March 13, 2017. The Company has incurred \$1,596.56 for rate case expense as of this date for Mr. Williamson's time, travel and meals, and for administration costs to process this rate case. Mr. Williamson charged \$50 per hour for himself and \$25 per hour for his administrator. Based upon costs charged by other receivers in Missouri, Staff believes this cost should be approximately \$40 for the receiver and \$20 for the administrator. Therefore, Staff made adjustment to remove \$295 of Mr. Williamson and his administrator costs from rate case expense. Staff included the entire \$231.56 for travel and meals. Staff included a three year amortized amount of \$433.60 for rate case expense in the current cost of service.

Insurance Expense

During Gladlo's previous rate cases, 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, but until they do Staff will eliminate this expense from its cost of service for Gladlo.

Miscellaneous Expense

Gladlo incurred expense during the calendar years 2014, 2015 and 2016 for miscellaneous items (i.e. incorporate annual fees, postage PDC, lien recordings, paints & brushes, etc.). Staff developed a normalized level of this expense of \$33 and \$82 for water and sewer respectively.

Corporate Administration Expense

During calendar year 2014 and the test year, Heartland Utilities recorded registered agent fees of \$43 dollars for the water and \$43 for sewer systems. Therefore Staff included this expense in its cost of service for Gladlo Water and Sewer.

RECOMMENDATIONS

1. The Audit Staff recommends that the Commission grant Gladlo a \$310 increase in water revenue requirement and a \$7,154 increase in sewer revenue requirement as calculated and described earlier in this memorandum.
2. The Audit Staff recommends that Gladlo use the amortized amount of \$2,360 that Staff included in its cost of service to pay off the Guill A1 Pump debt to include interest.
3. The Audit Staff recommends that the Company use the annualized amount of \$2,800 that Staff included in Gladlo's cost of service to uncover the manholes that were paved over by the County Highway Department. This annualized amount should allow the Company to uncover two manholes per year. It is Staff understands that there are 10 manholes that need to be uncovered.
4. Audit Staff also recommends that, on a going forward basis, Gladlo consider collecting customer deposits consistent with the provisions permitted by 4 CSR 240 13-13.030 and

evaluate the benefits of charging customers deposits that meet the customer deposit criteria defined in Commission rules in order to decrease its bad debt.

Disposition Agreement Attachment D

Sewer Rate Base Worksheet

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Rate Base Required Return on Investment Schedule - Sewer

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$55,706 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$39,980</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$15,726
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	\$0
	Materials & Supplies	\$246
	CIAC Depreciation	\$0
5	Total Rate Base	<u>\$15,972</u>
6	Total Weighted Rate of Return Including Income Tax	<u>9.15%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,462</u></u>

Disposition Agreement Attachment E

Water Rate Base Worksheet

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$54,595	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$20,009	From Depreciation Reserve Schedule
3	Net Plant In Service	\$34,586	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$12,252	
	CIAC Depreciation	\$1,239	
5	Total Rate Base	\$23,573	
6	Total Weighted Rate of Return Including Income Tax	9.15%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$2,157	

Gladlo Water & Sewer Company
SCHEDULE of DEPRECIATION RATES
SEWER
SR-2017-0130

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

Gladlo Water & Sewer Company
SCHEDULE of DEPRECIATION RATES
WATER
SR-2017-0130

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
311	Structures & Improvements	10.0%	44	-10%
314	Wells & Springs, (Over Accrued)	0.0%	50	0%
325	Electric Pumping Equipment	10.0%	12	-20%
342	Distribution Reservoirs and Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
346	Meters	3.3%	30	0%
379	Other General Equipment	10.0%	8.7	13%

Disposition Agreement Attachment H

Example Sewer Tariff

Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules Governing Rendering of Sewer Service <u>INDEX</u>		
Sheet No.		
1 Index		
2 Map of Service Area		
3 Legal Description of Service Area		
4 Schedule of Rates		
5 Schedule of Service Charges		
<u>Sheet Number</u>	<u>Rule Number</u>	<u>Rule Subject</u>
6	1	Definitions
11	2	General Matters
12	3	Limited Authority of Company Employees
13	4	Applications for Sewer Service
15	5	Inside Piping and Customer Service Sewer
19	6	Improper or Excessive Use
22	7	Discontinuance of Service
28.	8	Termination of Service
29	9	Interruptions in Service
30	10	Bills for Service
32	11	Extension of Collecting Sewers
36	12	Deposits
* Indicates new rate or text		
+ Indicates change		

DATE OF ISSUE April 3, 2017
Month Day Year

DATE EFFECTIVE May 18, 2017
Month Day Year

ISSUED BY Jason Williamson, Receiver PO Box 200595, Denver, CO 80220
name of officer title address

Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules Governing Rendering of
Sewer Service
Map of Service Area



- * Indicates new rate or text
- + Indicates change

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ISSUED BY Jason Williamson, Receiver
name of officer title

PO Box 200595, Denver, CO 80220
address

Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding 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 2,644.93 feet to the Northeast corner of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West; thence South 0 degrees 03 minutes West along the East line of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West 1,006.32 feet; thence North 88 degrees 32 minutes West 2,644.93 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" 1,006.32 feet to the point of beginning; all in Phelps County, Missouri.

Adding

A fractional part of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West, and a fractional part of the South 1/2 of the NE 1/4 of Section 19, 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, thence South 0 degrees 03 minutes West along the East ROW of Phelps County Highway "V" 1,006.32 feet to the point of beginning of the tract herein described; thence North 88 degrees 32 minutes West 700 feet to a point that is in Section 19, Township 38 North, Range 7 West; thence North 0 degrees 03 minutes East 345 feet to a point; thence South 88 degrees 32 minutes East 700 feet to a point on the East ROW of Phelps County Highway "V"; thence South 0 degrees 03 minutes West along the East ROW of Phelps County Highway "V" 345 feet to the point of beginning; all in Phelps County, Missouri.

The entire service area contains approximately 66.65 acres.

* Indicates new rate or text

+ Indicates change

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Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules Governing Rendering of Sewer Service <u>Schedule of Rates</u>	
<u>Availability:</u> Available to any sewer Customer located on Company's collecting sewer suitable for supplying the service requested. <u>Rate:</u> The charge for sewer service is \$37.67 per month or portion thereof for each sewer service. <u>Taxes:</u> 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	

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Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules Governing Rendering of Sewer Service	
<u>Schedule of Service Charges</u>	
<u>Discontinuance of Service for Non-Payment of Bill</u>	
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.	
<u>New Service Connection</u>	
Tap-on	Actual Cost
Inspection of service connection	\$25
<u>Late Charge</u>	
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.	
<u>Returned Check Charge</u>	
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	
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Service Area: Whispering Pines Subdivision and Surrounding 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.
- 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 tees, 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 tees, wyes, 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.
- 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, and

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Rules Governing Rendering of
Sewer Service

except for a guarantor is responsible for payment for 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, or may be the date of commencement of construction of the building upon the property.
- 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 6 - Improper 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, below 7.0 acid, and above 7.0 alkaline; more technically

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Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules Governing Rendering of Sewer Service	
defined as the logarithm of the reciprocal of the hydrogen ion concentration.	
M. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.	
N. A "SADDLE" is a fitting that connects the Customer's Service Sewer to the collecting sewer whether it be a gravity collecting sewer or a pressure collecting sewer; the saddle clamps around the collecting sewer pipeline into which pipeline a hole is cut, and the Service Sewer is connected to the Saddle thereby connecting it to the collecting sewer.	
O. A "SERVICE CONNECTION" is the connection of a service sewer to the Company's collecting sewer either at the bell of a tee branch or wye branch, or the bell of a saddle placed on the barrel of the collecting sewer.	
P. 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 tees, 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.	
Q. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes re-subdivision thereof.	
* Indicates new rate or text	
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- R. 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.
- S. "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.
- T. 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.
- U. 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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Rule 2 - General Matters

- A. Every applicant, upon signing an application for sewer service or any Customer accepting service rendered by the Company, shall be considered to have expressed consent to be bound by these Rates, Rules and Regulations.
- B. The Company's Rules and Regulations governing rendering of service are set forth in the numbered sheets of this tariff. The rates applicable to appropriate class of service in particular service areas 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, Rules or Regulations or to alter existing Rates, Rules or Regulations as it may from time-to-time deem necessary or proper.
- D. After the effective date of these rules, all new facilities, construction contracts and written agreements shall conform to these Rules and Regulations, in accordance with the statutes of the State of Missouri, and the Rules and Regulations of the Missouri Public Service Commission. Pre-existing facilities that do not conform with these Rules and Regulations may remain, if said facilities do not cause any service problems or improper use, and reconstruction is impractical.
- E. The point of sewer service provided by the Company shall be at the service connection.
- F. 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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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 and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the letter or intent of these Rules and Regulations.
- C. The Company shall not be responsible for damages due to 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 because of any interruption of sewer service, or for damages caused by defective piping, fittings, fixtures or appliances on the Customer's premises and not owned by the Company.
- E. 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 three (3) business days in advance stating the street, house number, name of the applicant, name of the property owner, and the time, at which connection is to be made.
- B. 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.
- C. 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.
- D. If the Customer is a tenant, the Company shall notify the owner of the property or owner's property manager or other agent, if known to the Company, that such owner or property manager may be responsible for payment of the sewer service bill associated with the application.
- E. 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

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pretreatment facility, the Customer will also be so advised.	
F. 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. G. 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 future purpose and a service sewer may be constructed to serve the Customer's premises in a reasonable manner. H. A new service connection shall be authorized when all conditions in the above paragraphs, and Rule 5 – Inside Piping and Customer Service Sewer, regarding application, construction and inspection provisions, are met. I. 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, with the approval of the Company. 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 tee branch, 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 these Rules and Regulations, 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.

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2. When two or more buildings are a part of a complex that cannot be subdivided.
- E. The gravity service sewer shall be constructed using ductile iron pipe, polyvinyl chloride pipe (PVC), ASTM specification or equal; or other suitable material approved by the Company. Only those jointing materials and methods that are approved by the Company may be used. Joints shall be tight and waterproof. Any part of the service sewer that is located within ten (10) feet of a water main or water service pipe shall be constructed of ductile iron or PVC pressure pipe. The pipe shall be bedded according to the manufacturer's specifications and on undisturbed earth or fill compacted to at least ninety-five percent (95%) proctor density. Fill may be non-organic soil or aggregate.
- F. The size and slope of the gravity 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 gravity sewer 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 except where the service sewer enters the building area. 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

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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 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 tee branch or 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 tee branch or wye branch at a suitable location, such a branch shall be furnished and installed by the Customer at a location specified by the Company and by an installation method approved 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 shall be furnished installed by the Customer to which the service sewer will be connected. The invert of the service sewer at the point of connection shall be at the centerline or higher elevation of the collecting sewer. The connection shall be secure and watertight. The wye branch, tee branch, or saddle shall become a part of the Company's collecting sewer and owned by the Company after installation. 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. Except, the Company will work on Customer-owned Pump Units as provided for within these Rules and Regulations. N. The Company shall have the right to enter the Customer's premises, after * Indicates new rate or text + Indicates change	

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reasonable notice, for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours. O. Customer Service Sewers may not be extended along public streets or roadways or through property of others in connecting with the Company's collecting sewers. The service sewer may, however, extend through the collecting sewer easement and roadway easement as necessary in order to be connected to a collecting sewer located across and adjacent to a street in front of the Customer's living unit. The service sewer must be laid in a straight line and at right angles to the collecting sewer and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the Company.	
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Rule 6 – Improper Waste or Excessive Use

- A. In the event that the Customer to be served proposes to discharge, or actually consistently discharges, 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.
- B. 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.
- C. The Customer shall not tamper with, by-pass, remove, or willfully damage a water meter that is used for calculation of sewer bills, or allow any such action.
- D. The Customer shall not attempt to discharge sewage either by an unauthorized service connection or direct unauthorized connection to a service sewer.
- E. Customers will not be permitted to allow discharge in any way from premises other than the service address, nor to permit the use of their drains or connections

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to the service sewer for waste discharge by others, without permission from the Company.	
F. Except as may be provided in paragraph A.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: 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. * Indicates new rate or text + Indicates change	

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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

A. The Company may discontinue service for any of the following reasons:

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

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apply, and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

B. Discontinuance of service may be accomplished by, but not limited to, physical disconnection or turn-off 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 by physical disconnection or turn-off, or 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. Reconnection of any Customer after discontinuance of service by authority of this rule will be made subject to payment of the cost of reconnection.

D. 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.

E. None of the following shall constitute sufficient cause for the Company to discontinue service:

1. The failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility

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service provided by the Company; or	
2. The failure of the Customer to pay for service received at a separate point of service, residence, or location. In the event of discontinuance or termination of service at a separate residential point of service, residence, or location in accordance with these rules, the Company may transfer and bill any unpaid balance to any other residential service account of the Customer and may discontinue service after twenty-one (21) days after rendition of the combined bill, for nonpayment, in accordance with this rule; or	
3. The failure of the customer to pay for a different class of service received at the same or different location. The placing of more than one (1) service connection at the same location for the purpose of billing the usage of specific devices under operational rate schedules or provisions is not construed as a different class of service for the purpose of this rule; or	
4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or	
5. The failure of a previous owner or occupant of the premises to pay an unpaid or delinquent bill except where the previous occupant remains an occupant of the living unit; or	
6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.	
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	
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than the Customer and if known by the Company. If the Company intends to discontinue service to a multi-tenant dwelling with occupants who are not customers, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day. 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.

G. A discontinuance notice provided to a customer shall include:

1. The name and address of the Customer, the service address if different than the Customer's address; and
2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
3. How the customer may avoid the discontinuance; and
4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and
5. A telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.

H. The Company shall make reasonable efforts to contact the Customer, at least

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twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s). I. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency. J. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with the Missouri Public Service Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account. K. The provisions of paragraphs I. and K., above, may be waived if safety of Company personnel while at the premises is a consideration. L. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer. M. In case the Company discontinues its service for any violation of these Rules and * Indicates new rate or text + Indicates change	

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Regulations, then any monies due the Company shall become immediately due and payable. N. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse. O. The Company shall deal with Customers and handle Customer accounts in accordance with the Missouri Public Service Commission's Utility Billing Practices. P. Applicable Turn-off and turn-on charges are specified in the Schedule of Service Charges.	
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Rule 8 – TERMINATION OF SERVICE

- A. 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.
- B. A Customer may request temporary turn-off of water service or sewer service by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. A Customer who requests termination of sewer service, but returns to the premises and requests sewer service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules Governing Rendering of
Sewer Service

Rule 9 – 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.
- D. In order to avoid service problems when extraordinary conditions exist, the Company reserves the right, at all times, to determine the limit of and regulate sewage discharge in a reasonable and non-discriminatory manner.

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Rules Governing Rendering of
Sewer Service

Rule 10 – Bills for Service

- A. The charges for sewer service shall be at the rates specified in the Schedule of Rates in these Rules and Regulations. Service charges for connection or disconnection are set forth in the Schedule of Service Charges.
- B. A Customer who has made application for, or 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, by ordinary mail, or by electronic methods employed by the Company. Payment must be received by the close of business on the date due, unless the date due falls on a non-business day in which case payment must be received by the next business day.
- E. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- F. 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.
- G. The Company may 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. Bills will be rendered net, bearing the last date

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Rules Governing Rendering of Sewer Service	
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. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 8. Delinquent bills may be subject to a late charge as provided in the Schedule of Service Charges. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.	
H. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be 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.	
I. Customers terminating after taking service for less than one month shall pay not less than the monthly minimum. The owner of the property served will be held responsible for ultimate payment of a bill. If the customer is a tenant of rental property, copies of all notices of violations of the rules, or of disconnection of service shall also be sent to the owner of the property if the owner is known to the Company.	
J. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices, 4 CSR 240-13.	
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Rules Governing Rendering of
Sewer Service

Rule 11 – Extension Of Collecting Sewers

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

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Rules Governing Rendering of
Sewer Service

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,

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Rules Governing Rendering of Sewer Service	
including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded. 2. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet. 3. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in E (1) above or E (2) above, as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1. 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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Rules Governing Rendering of Sewer Service	
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.	
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Rules Governing Rendering of
Sewer Service

Rule 12 – Deposits

- A. The Company may require a deposit as a condition of new residential service if –
1. The applicant has a past-due bill, which accrued within the last five (5) years and, at the time of the request for service, remains unpaid and not in dispute with a utility for the provision of the same type of service;
 2. The applicant has, in an unauthorized manner, within the last five (5) years prior to applying for service, interfered with or diverted the service of a utility in the provision of the same type of service; or
 3. The applicant's Equifax Advanced Energy Risk Score (EAER Score) is 699 or below. If the applicant has insufficient credit history to determine a credit score, then the applicant shall be deemed to have established an acceptable credit rating if the customer meets any of the following criteria:
 - a. Owns or is purchasing a home;
 - b. Is and has been regularly employed on a full-time basis for at least one (1) year;
 - c. Has a regular source of income; or
 - d. Can provide adequate credit references from a commercial credit source.

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Rules Governing Rendering of Sewer Service	
B. The Company may require a deposit as a condition of continuing or re-establishing residential service if— 1. The service of the customer has been discontinued by the utility for nonpayment of a delinquent account not in dispute; or 2. The customer has interfered with, diverted or, in an unauthorized manner, used utility service delivered to the customer's premises; or; 3. The customer has failed to pay an undisputed bill on or before the delinquent date for five (5) billing periods out of twelve (12) consecutive monthly billing periods, or two (2) quarters out of four (4) consecutive quarters. Prior to requiring a customer to post a deposit under this subsection, the Company shall send the customer a written notice explaining the utility's right to require a deposit or include such explanation with each written discontinuance notice. C. A deposit shall be subject to the following terms: 1. It shall not exceed four (4) times the average bill for utility charges actually incurred by the customer during the most proximate twelve (12)-month period at the service location or, in the case of a new customer, who is assessed a deposit under this rule, one-sixth (1/6) of the estimated annual bill for monthly billed customers for utility charges at the requested service location; * Indicates new rate or text + Indicates change	

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Rules Governing Rendering of
Sewer Service

2. It shall bear interest at the rate specified below, which shall be credited annually to the account of the customer or paid upon the return of the deposit to the customer, whichever occurs first. Interest shall not accrue on any deposit after the date on which a reasonable effort has been made to return it to the customer. The Company shall make all reasonable efforts to return a deposit to its customer when the customer is entitled to the return of their deposit and shall keep records of efforts to return a deposit. This rule shall not preclude a utility from crediting interest to each service account during one (1) billing cycle annually;
3. Upon discontinuance or termination other than for a change of service address, it shall be credited, with accrued interest, to the Company's charges stated on the final bill and the balance, if any, shall be returned to the customer within twenty-one (21) days of the rendition of the final bill;
4. Upon satisfactory payment of all undisputed utility charges during the last twelve (12) billing months, it shall be promptly refunded or credited, with accrued interest, against charges stated on subsequent bills. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute. The Company may withhold refund of a deposit pending the resolution of a dispute with respect to charges secured by the deposit;

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Rules Governing Rendering of
Sewer Service

5. Each customer posting a security deposit shall receive, in writing, at the time of tender of deposit or with the first bill a receipt as evidence of deposit, unless the Company shows the existence or nonexistence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:
 - a. Name of customer;
 - b. Date of payment;
 - c. Amount of payment;
 - d. Identifiable name, signature, and title of the utility employee who received the payment; and
 - e. Statement of the terms and conditions governing the payment, retention, and return of deposits.
6. The Company shall not deprive a customer of a deposit return within five (5) years following the date that the customer is due for a deposit return, even though the customer may be unable to produce the original receipt; provided that the customer can produce adequate identification;
7. No deposit or guarantee or additional deposit or guarantee shall be required by the Company because of race, sex, creed, national origin, marital status, age, number of dependents, source of income, disability, or geographical area of residence; and

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Rules Governing Rendering of
Sewer Service

8. The Company shall permit an applicant or customer required to make a deposit to pay the deposit in installments unless the utility can show –
- a. Applicant has in an unauthorized manner, interfered with, or diverted the same type of service within the last five (5) years; or
 - b. If a customer has in an unauthorized manner interfered with, diverted, or used the service of the utility situated on or about or delivered to the customer's premises; or
 - c. A likelihood that the customer does not intend to pay for the service.

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Disposition Agreement Attachment I

Example Water Tariff

Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules and Regulations Governing Rendering of
Water Service

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Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules and Regulations Governing Rendering of
Water Service

Map of Service Area



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Rules and Regulations Governing Rendering of
Water 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 2,644.93 feet to the Northeast corner of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West; thence South 0 degrees 03 minutes West along the East line of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West 1,006.32 feet; thence North 88 degrees 32 minutes West 2,644.93 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" 1,006.32 feet to the point of beginning; all in Phelps County, Missouri.

Adding

A fractional part of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West, and a fractional part of the South 1/2 of the NE 1/4 of Section 19, 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, thence South 0 degrees 03 minutes West along the East ROW of Phelps County Highway "V" 1,006.32 feet to the point of beginning of the tract herein described; thence North 88 degrees 32 minutes West 700 feet to a point that is in Section 19, Township 38 North, Range 7 West; thence North 0 degrees 03 minutes East 345 feet to a point; thence South 88 degrees 32 minutes East 700 feet to a point on the East ROW of Phelps County Highway "V"; thence South 0 degrees 03 minutes West along the East ROW of Phelps County Highway "V" 345 feet to the point of beginning; all in Phelps County, Missouri.

The entire service area contains approximately 66.65 acres.

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Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules and Regulations Governing Rendering of
Water Service

Schedule of Rates

Availability:

Available to any Customer located in the customer's service area

Rates:

Minimum Monthly Charge (First 1,000 gallons or less) \$17.25

Water Usage Charge (All over 1,000 gallons) \$3.77 per 1,000 gallons

Taxes:

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

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Rules and Regulations Governing Rendering of Water Service	
<u>Schedule of Service Charges</u>	
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	\$25.00
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.	
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Rules and Regulations Governing Rendering of
Water Service

Rule 1 DEFINITIONS

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

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Rules and Regulations Governing Rendering of
Water Service

- I. The "METER" is a device, owned by the Company, used to measure and record the quantity of water that flows through the service line, and is installed in the outdoor meter setting, or inside the Customer's building where the water service line enters through a foundation wall.
- J. The "METER SETTING" is a place either in the service connection or building plumbing for a water meter to be installed. An outdoor meter setting is located at or near the property line, and includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the Company. Indoor meter settings are located inside the Customer's premises where the water service line enters the foundation wall either installed directly in the piping or in a meter yoke.
- K. A "RETURNED CHECK" is a check that is returned to the Company from any bank unpaid for any reason.
- L. A "SEASONAL CUSTOMER" is a Customer who is absent from the premises and may turn off, or request the Company turn off, water service temporarily. All Rates, Rules and Regulations within this tariff continue to apply to "Seasonal Customers" during periods of seasonal absence or turn-off.
- M. The "SERVICE CONNECTION" is the pipeline connecting the main to the Customer's water service line and includes the curb stop, or outdoor meter setting and all necessary appurtenances located at or near the property line, or at the property line if there is no curb stop or outdoor meter setting. If the property line is in a street, and if the curb stop or meter setting is not located near the edge of the street abutting the Customer's property, the service connection shall be deemed to end at the edge of the street abutting the Customer's property. The service connection shall be owned and maintained by the Company.
- N. A "SUBDIVISION" is any land in the state of Missouri which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.

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Rules and Regulations Governing Rendering of
Water Service

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

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ISSUED BY Jason Williamson, Receiver PO Box 200595, Denver, CO 80220
Name and Title of Issuing Officer Mailing Address

Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules and Regulations Governing Rendering of
Water Service

Rule 2 GENERAL RULES & REGULATIONS

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

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Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

- A. Employees or agents of the Company are expressly forbidden to demand or accept any compensation for any services rendered to its Customers except as covered in the Company's Rules and Regulations.
- B. No employee or agent of the Company shall have the right or authority to bind it by any promise, agreement or representation contrary to the intent of these Rules and Regulations.
- C. The Company shall not be responsible for damages caused by any failure to maintain water pressure or water quality, 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 due to, or interruptions caused by, defective piping, fittings, fixtures and appliances on the Customer's premises and not owned by the Company.
- E. The Company shall not be liable for damages due to Acts of God, civil disturbances, war, government actions, or other uncontrollable occurrences.

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Rule 4 APPLICATIONS FOR SERVICE

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

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Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- A. The Company will provide water service at the outdoor meter, at the curb stop if an indoor meter setting is utilized; or at the property line if neither an outdoor meter nor a curb stop exists at or near the property line, or at the edge of the street if such property line is in the street. Separate buildings shall be served through separate water service lines if they are not on one lot that cannot be subdivided.
- B. The service connection from the water main to the Customer's property line shall be owned and maintained by the Company. Construction of the service connection, outdoor meter setting and curb stop shall be accomplished in one of the following ways at the Customer's option:
1. The Company will construct the service connection, outdoor meter setting and curb stop, as necessary, and make the connection to the main, within three (3) business days of an application for service, or within the time period specified in an application for service (See Rule 4). The Customer shall be responsible for payment of the New Service Connection Fee, as specified by or provided for in the Schedule of Service Charges; or,
 2. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and make the connection to the main, subject to prior approval of the Company; or,
 3. The Customer may install, or have installed by a professional contractor or plumber, the service connection from the water main to the meter setting, and the Company will tap the main and connect the service connection. The Customer shall be responsible for payment of a New Service Connection Fee as specified by or provided for in the Schedule of Service Charges.

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- C. A service connection installation constructed by the Customer as provided for in paragraphs B. 2. or 5 B. 3., above, is subject to inspection by the Company. The Service Connection Inspection Fee as specified in the Schedule of Service Charges shall apply if the Company must make a trip solely to conduct an inspection of a service connection constructed by the Customer, and shall not apply if the inspection of a service connection is accomplished at the same time as a tap is made for the Customer, or the same time as an inspection of the water service line as provided for in paragraph D., below, or if the Company installs the service connection as provided in 5 B. 1., above.
- D. Water service line construction and maintenance from the property line, curb stop or meter setting, including the connection to the curb stop or meter setting, to the building shall be the responsibility of the Customer, and is subject to inspection by the Company. The Customer shall be responsible for any applicable fees as listed in the Schedule of Service Charges. Customers shall be responsible for the cost of repairing any damage to the Company's mains, curb stops, valve boxes, meters, and meter installations caused by the Customer, Customer's agent, or tenant.
- E. Existing water service lines and service connections may be used in connecting with new buildings only when they are found by examination and testing not to constitute a hazard to the health and safety of any Customer or the Company's facilities.
- F. The water service line shall be brought to the unit at a depth of not less than thirty-six inches (36") and have a minimum inside diameter of three-quarters inch (3/4"). The Customer is responsible for the determination of whether or not a larger size is needed to provide adequate flow to the unit. A valve must be installed in the service line where it enters the unit. This valve must be kept in good repair in order to shut off the water supply and drain the inside plumbing, if necessary.
- G. Water service lines and inside piping shall be of material conforming to recognized standards for potable water service and shall have a pressure rating of at least one hundred sixty (160) psi working pressure.

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- H. The Company will not install a service connection to a vacant lot if such lot is not intended and recognized by the Company to be for intermittent use such as camping or picnic activity in a recreational subdivision, and the Customer installs a frost-free lockable hydrant at any point of use.
- I. Any change in the location of an existing service connection requested by the Customer shall be made by the Company or with the Company's approval, at the Customer's expense.
- J. The Company shall have the right to enter the Customer's premises, after reasonable notice, for the purposes of inspection to ensure compliance with these Rules and Regulations. Company personnel shall identify themselves and make these inspections only at reasonable hours.
- K. Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the Company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the Customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction, landlocked property, or a clear impossibility to construction a future main extension for further subdivision development or additional future customers, will be at the discretion of the Company.
- L. Any Customer having a plumbing arrangement, or a water-using device that could allow backsiphonage of any chemical, petroleum, process water, water from a questionable supply, or other substance that could create a health hazard or damage to the water system; or, any Customer's plumbing classified as an actual or potential backflow hazard in the Regulations of the Missouri Department of Natural Resources shall be required to install and maintain a backflow prevention device. This rule may also apply to Customers on whose premises it is impossible or impractical for the Company to perform a cross connection survey. The device, installation, location and maintenance program shall be approved by the Company.

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Rule 6 IMPROPER OR EXCESSIVE USE

- A. No Customer shall be wasteful of the water supplied to the unit by the Customer's willful action or inaction. It shall be the responsibility and duty of each Customer to maintain all piping and fixtures at the unit in a good and efficient state of repair at all times.
- B. No Customer shall make or cause to be made a cross connection between the potable water supply and any source of chemical or bacterial contamination or any other water supply. The Company shall deny or discontinue service where Customer's water service line or inside piping may, in the opinion of the Company, cause a cross-connection with non-potable water or otherwise jeopardize the health and safety of other Customer's or the Company's facilities.
- C. The Customer shall not make or cause to be made a connection to a device that will result in excessive water demand or excessive shock, such as water-hammer, to the Company's mains.
- D. The Customer shall not tamper with, remove, or willfully damage a water meter or attempt to operate the shutoff cock on the service connection or meter yoke, or allow any such action. Licensed plumbers may operate such valves in order to work on the Customer's premises and to test their work, but must leave such valves open or closed as found.
- E. The Customer shall not attempt to take unmetered water from the Company mains either by an unauthorized tap or direct connection to service connection nor by connection to a fire hydrant.
- F. Customers will not be permitted to supply water in any way to premises other than the service address, nor to permit others to use their hose or attachments, nor leave them exposed to use by others without permission from the Company.

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Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

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

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apply, and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of notification required by these Rules and Regulations.

B. None of the following shall constitute sufficient cause for the Company to discontinue service:

1. The failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility service provided by the Company; or
2. The failure of the Customer to pay for service received at a separate metering point, residence, or location. In the event of discontinuance or termination of service at a separate residential metering point, residence, or location in accordance with these Rules and Regulations, the Company may transfer and bill any unpaid balance to any other residential service account of the Customer and may discontinue service after twenty-one (21) days after rendition of the combined bill, for nonpayment, in accordance with this rule; or
3. The failure of the customer to pay for a different class of service received at the same or different location. The placing of more than one (1) meter at the same location for the purpose of billing the usage of specific devices under operational rate schedules or provisions is not construed as a different class of service for the purpose of this rule; or
4. The failure to pay the bill of another customer, unless the customer whose service is sought to be discontinued received substantial benefit and use of the service billed to the other customer; or
5. The failure of a previous owner or occupant of the premises to pay an unpaid or delinquent bill except where the previous occupant remains an occupant of the living unit; or

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6. The failure to pay a bill correcting a previous underbilling, whenever the customer claims an inability to pay the corrected amount, unless a utility has offered the customer a payment arrangement equal to the period of underbilling.
- C. The Company may discontinue service after notice by first class mail is sent to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant dwelling with occupants who are not customers, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance, along with information pertaining to how one or more of the tenants may apply to become customers. Discontinuance shall occur within thirty (30) calendar days after the date given as the discontinuance date, shall occur between the hours of 8:00 a.m. and 4:00 p.m., and shall not occur on a day when the Company will not be available to reconnect service or on a day immediately preceding such a day.
- D. A discontinuance notice provided to a customer shall include:
 1. The name and address of the Customer, the service address if different than the Customer's address; and
 2. A statement of the reason for the proposed discontinuance of service and the cost for reconnection; and
 3. How the customer may avoid the discontinuance; and
 4. The possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and
 5. A telephone number the Customer may call from the service location

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without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the customer may make an inquiry.

- E. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- F. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- G. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance. The Company shall have the right to communicate with the owner of the Customer's Unit for purposes of gaining access to the property for discontinuance of service in accordance with the Missouri Public Service Commission's billing practices, but any extra costs for arranging such access shall not be charged to the Customer's account.
- H. The provisions of paragraphs C. and E. above may be waived if safety of Company personnel while at the premises is a consideration.
- I. Discontinuance of service to a unit for any reason shall not prevent the Company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the Customer.

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- J. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
- K. The Company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- L. The Company shall deal with Customers, handle Customer accounts, and manage discontinuance of service procedures in accordance with the Missouri Public Service Commission's Utility Billing Practices.
- M. Applicable Turn-off and turn-on charges are specified in the Schedule of Service Charges.

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Rule 8 TERMINATION OF WATER SERVICE AT CUSTOMER'S REQUEST

- A. Service will be terminated at the Customer's request, by giving not less than twenty-four (24) hours notice to the Company during its regular office hours. The Company shall, on the requested day, read the Customer's meter and charges for water service rendered up to and including the time of termination shall be computed and will become due and payable immediately.
- B. A Customer may request temporary turn-off by the Company for the Customer's own convenience; however, the Customer shall still be charged for service at the appropriate rate as specified in the Schedule of Rates during the time the service is turned off.
- C. Turn-off and turn-on charges shall apply, and are specified in the Schedule of Service Charges.
- D. A Customer who requests termination of service, but returns to the premises and requests water service within nine (9) months of such termination, at the Company's discretion may be deemed to have been a seasonal customer, and applicable charges incurred during the period of absence may apply.

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Rule 9 INTERRUPTIONS IN SERVICE

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

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Rule 10 BILLS FOR SERVICE

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

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- G. Monthly bills shall be due twenty-one (21) calendar days from the date of rendition, unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due date shall be extended to the next business day. Bills unpaid after the stated due date will be delinquent and the Company shall have the right to discontinue service in accordance with Rule 7. Delinquent bills may be subject to a late charge as provided in the Schedule of Service Charges. The Company shall not be required to restore or connect any new service for such delinquent Customers until the unpaid account due the Company under these Rules and Regulations has been paid in full or arrangements satisfactory to the Company have been made to pay said account.
- H. When bills are rendered for a period of less than a complete billing period due to the connection or termination of service, the billing shall be the monthly or quarterly minimum plus an amount based on the water used at the commodity (water usage) rate or one-half (1/2) of the flat rate if applicable.
- I. All billing matters shall be handled in accordance with the Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices, 4 CSR 240-13.

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Rule 11 METERS AND METER INSTALLATIONS

- A. When water meters are utilized for billing, the Company shall furnish and install a suitable meter for each Customer, and the Company's installed meter shall be the standard for measuring water used to determine the bill. All meters shall be furnished, installed, maintained and removed by the Company and shall remain its property.
- B. The Company shall have the right to determine, on the basis of the Customer's flow requirements, the type and size of meter to be installed and location of same. No meter size selection will be based solely on the size of the Customer's service line. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the Customer, the cost of installing such larger or smaller meter shall be paid by the Customer.
- C. Domestic water service to any one Customer at a single premises shall be furnished through a single service connection. Individual units of a multi-unit building may have separate connections and meter installations only if each unit has separate plumbing, ground-level space, an individual service connection and meter installation location, and frontage to a Company-owned main. For multi-unit buildings with one service connection and meter installation, the inside piping may be rearranged at the Customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.
- D. The owners of premises wherein meters are located shall be held responsible for the safekeeping of the Company's meters and metering appurtenances, and are required to keep meters located within their property accessible to the Company for reading and for meter changeouts. If a Customer limits accessibility, or fails to protect a meter against damage, the Company may discontinue service and/or refuse to supply water until accessibility is restored and the Company is paid for any such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.

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

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Name and Title of Issuing Officer Mailing Address

Name of Utility: Gladlo Water & Sewer Company, Inc.

Service Area: Whispering Pines Subdivision and Surrounding Area, Phelps County, Missouri

Rules and Regulations Governing Rendering of Water Service	
apply. If a Customer refuses to provide an accessible location for a meter as determined by the Company, the Company will notify the Staff of the Water and Sewer Unit of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service. H. The Customer shall promptly notify the Company of any defect in, or damage to, the meter setting. I. Any change in the location of any existing meter or meter setting at the request of the Customer shall be made at the expense of the Customer, and with the approval of the Company. * Indicates new rate or text + Indicates change	

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Rules and Regulations Governing Rendering of
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Rule 12 METER TESTS AND TEST FEES

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

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Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

- A. Whenever any test by the Company of a meter while in service or upon its removal from service shall show such meter to have an average error of more than five percent (5%) on the test streams prescribed by the Missouri Public Service Commission, the Company shall adjust the Customer's bills by the amount of the actual average error of the meter and not the difference between the allowable error and the error as found. The period of adjustment on account of the under-registration or over-registration shall be determined as follows:
1. Where the period of error can be shown, the adjustment shall be made for such period; or
 2. Where the period of error cannot be shown, the error found shall be considered to have existed for three (3) months preceding the test.
- B. If the meter is found on any such test to under-register, the Company may render a bill to the Customer for the estimated consumption not covered by bills previously rendered during the period of inaccuracy as above outlined. Such action shall be taken only when the Company was not at fault for allowing the inaccurate meter to remain in service.
- C. If the meter is found on any such test to over-register, the Company shall refund to the Customer any overcharge caused during the period of inaccuracy as above defined. The refund shall be paid within a reasonable time and may be in the form of a bill credit.

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Rule 14 EXTENSION OF WATER MAINS

- A. This rule shall govern the extension of mains by the Company within its certified area where there are no water mains.
- B. Upon receipt of a written application for a main extension, the Company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping. The estimate will not include unanticipated costs such as rock excavation.
- C. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company the amount determined in paragraph B. above. Any applicable New Service Connection Fee will become due after the cost incurred by the Company has been ascertained, as per Rule 5 B. 1. or 3., and as specified in the Schedule of Service Charges. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that mains of twelve inches (12") or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.
- D. The cost to single-family residential applicant(s) connecting to a main extension for which other applicant(s) paid an amount determined in paragraph B., above, subject to subsequent adjustments for actual cost, shall be as follows:
1. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.

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2. For single-family residential applicant(s) applying for service in areas that are unplatted in subdivision lots, an applicant(s) cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times one hundred (100) feet.
3. For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs D.1. or D.2. above, multiplied by the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:

<u>Meter Size</u>	<u>Flow Factor</u>
5/8"	1
1"	2.5
1 1/2"	5
2"	8
3"	15
4"	25

- E. Refunds of funds paid by applicant(s) for any estimated costs or actual costs of a main extension shall be made to such applicant(s) as follows:
1. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference to the applicant(s) as soon as the actual cost has been ascertained.
 2. During the first ten (10) years after the main extension is completed, the Company will refund to the applicant(s) who paid for the extension the money collected from applicant(s) in accordance with paragraph D. above. The refund shall be paid within a reasonable time after the money is collected.
 3. The sum of all refunds to any applicant shall not exceed the total amount

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- which the applicant(s) has paid.
- F. Extensions made under this rule shall be and remain the property of the Company.
- G. The Company reserves the right to further extend the main and to connect mains on intersecting streets and easements. Connecting new Customers to such further extensions shall not entitle the applicant(s) paying for the original extension to a refund for the connection of such Customers.
- H. Extensions made under this rule shall be of Company-approved pipe sized to meet water service requirements. If the Company chooses to size the extension larger in order to meet the Company's overall system requirements, the additional cost caused by the larger size of pipe shall be borne by the Company.
- I. No interest will be paid by the Company of payments for the extension made by the applicant(s).
- J. If extensions are required on private roads, streets, through private property, or on private property adjacent to public right-of-way, a proper deed of easement must be furnished to the Company without cost to the Company, before the extension will be made.

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Rule 15 – Deposits

A. The Company may require a deposit as a condition of new residential service if –

The applicant has a past-due bill, which accrued within the last five (5) years and, at the time of the request for service, remains unpaid and not in dispute with a utility for the provision of the same type of service;

The applicant has, in an unauthorized manner, within the last five (5) years prior to applying for service, interfered with or diverted the service of a utility in the provision of the same type of service; or

The applicant's Equifax Advanced Energy Risk Score (EAER Score) is 699 or below. If the applicant has insufficient credit history to determine a credit score, then the applicant shall be deemed to have established an acceptable credit rating if the customer meets any of the following criteria:

Owns or is purchasing a home;

Is and has been regularly employed on a full-time basis for at least one (1) year;

Has a regular source of income; or

Can provide adequate credit references from a commercial credit source.

B. The Company may require a deposit as a condition of continuing or re-establishing residential service if—

The service of the customer has been discontinued by the utility for nonpayment of a delinquent account not in dispute; or

The customer has interfered with, diverted or, in an unauthorized manner, used utility service delivered to the customer's premises; or;

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The customer has failed to pay an undisputed bill on or before the delinquent date for five (5) billing periods out of twelve (12) consecutive monthly billing periods, or two (2) quarters out of four (4) consecutive quarters. Prior to requiring a customer to post a deposit under this subsection, the Company shall send the customer a written notice explaining the utility's right to require a deposit or include such explanation with each written discontinuance notice.

C. A deposit shall be subject to the following terms:

1. It shall not exceed four (4) times the average bill for utility charges actually incurred by the customer during the most proximate twelve (12)-month period at the service location or, in the case of a new customer, who is assessed a deposit under this rule, one-sixth (1/6) of the estimated annual bill for monthly billed customers for utility charges at the requested service location;
2. It shall bear interest at the rate specified below, which shall be credited annually to the account of the customer or paid upon the return of the deposit to the customer, whichever occurs first. Interest shall not accrue on any deposit after the date on which a reasonable effort has been made to return it to the customer. The Company shall make all reasonable efforts to return a deposit to its customer when the customer is entitled to the return of their deposit and shall keep records of efforts to return a deposit. This rule shall not preclude a utility from crediting interest to each service account during one (1) billing cycle annually;
3. Upon discontinuance or termination other than for a change of service address, it shall be credited, with accrued interest, to the Company's

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charges stated on the final bill and the balance, if any, shall be returned to the customer within twenty-one (21) days of the rendition of the final bill;

4. Upon satisfactory payment of all undisputed utility charges during the last twelve (12) billing months, it shall be promptly refunded or credited, with accrued interest, against charges stated on subsequent bills. Payment of a charge is satisfactory if received prior to the date upon which the charge becomes delinquent provided it is not in dispute. Payment of a disputed bill shall be satisfactory if made within ten (10) days of resolution or withdrawal of the dispute. The Company may withhold refund of a deposit pending the resolution of a dispute with respect to charges secured by the deposit;
5. Each customer posting a security deposit shall receive, in writing, at the time of tender of deposit or with the first bill a receipt as evidence of deposit, unless the Company shows the existence or nonexistence of a deposit on the customer's bill, in which event the receipt shall not be required unless requested by the customer. The receipt shall contain the following minimum information:
 - a. Name of customer;
 - b. Date of payment;
 - c. Amount of payment;
 - d. Identifiable name, signature, and title of the utility employee who received the payment; and
 - e. Statement of the terms and conditions governing the payment, retention, and return of deposits.
6. The Company shall not deprive a customer of a deposit return within five (5) years following the date that the customer is due for a deposit return, even

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though the customer may be unable to produce the original receipt; provided that the customer can produce adequate identification; 7. No deposit or guarantee or additional deposit or guarantee shall be required by the Company because of race, sex, creed, national origin, marital status, age, number of dependents, source of income, disability, or geographical area of residence; and 8. The Company shall permit an applicant or customer required to make a deposit to pay the deposit in installments unless the utility can show – a. Applicant has in an unauthorized manner, interfered with, or diverted the same type of service within the last five (5) years; or b. If a customer has in an unauthorized manner interfered with, diverted, or used the service of the utility situated on or about or delivered to the customer's premises; or c. A likelihood that the customer does not intend to pay for the service. * Indicates new rate or text + Indicates change	

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Disposition Agreement Attachment J

Sewer Bill Comparison Worksheet

Gladlo Water & Sewer Company

Residential Customer Bill Comparison-Sewer

Proposed Base Customer Charge
<u>\$37.67</u>

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 28.50
Usage Charge	\$ -
Total Bill	<u>\$ 28.50</u>

Proposed Rates

Customer Charge	\$ 37.67
Usage Charge	\$ -
Total Bill	<u>\$ 37.67</u>

INCREASES

Customer Charge

\$ Increase	\$9.17
% Increase	32.18%

Usage Charge

\$ Increase	\$0.00
% Increase	N/A

Total Bill

\$ Increase	\$9.17
% Increase	32.18%

Disposition Agreement Attachment K

Water Bill Comparison Worksheet

Gladlo Water & Sewer Company

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

Customer	Current Base Customer Charge	Proposed Base Customer Charge	Current Usage Rate	Proposed Usage Rate
Full Time, 5/8" Meter	\$ 9.97	\$ 17.25	\$ 3.77	\$ 2.15

current service charge is a monthly charge, and includes the first 1,000 gallons of water
usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

Full Time average 5,000 gallons/month usage

Full Time, 5/8" Meter

Current Rates

Customer Charge	\$ 9.97
Usage Charge	\$ 15.08
Total Bill	\$ 25.05

Proposed Rates

Customer Charge	\$ 17.25
Usage Charge	\$ 8.58
Total Bill	\$ 25.84

INCREASES

Customer Charge

\$ Increase	\$7.28
% Increase	73.06%

Usage Charge

\$ Increase	(\$6.50)
% Increase	-43.09%

Total Bill

\$ Increase	\$0.79
% Increase	3.14%

Disposition Agreement Attachment L

CMAU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Consumer and Management Analysis Unit

Small Company Rate Increase Request

Case Nos. SR-2017-0130 and WR-2017-0131

Gladlo Water and Sewer Company, Inc.

Mark Kiesling and Lisa Kremer

The Consumer and Management Analysis Unit (CMAU) 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”) in the Whispering Pines Subdivision near Rolla, Missouri. The review was performed in response to the Company’s request for a rate increase in Case Nos.SR-2017-0130 and WR-2017-0131, which was filed on October 28, 2016. Gladlo is requesting increases of \$3,655 in its annual sewer system operating revenues and \$6,678 in its annual water system operating revenues. This request represents increases of approximately 17.25% to Gladlo’s annual sewer system operating revenues and 33.6% to Gladlo’s annual water operating revenues.

The CMAU staff examined Gladlo’s tariffs, annual reports, Commission complaint and inquiry records, and other documentation related to Gladlo’s customer service and business operations. In preparation of this report, the CMAU staff submitted data requests to Gladlo and conducted interviews with Heartland Utility personnel. The CMAU staff’s review of Gladlo resulted in the following three recommendations:

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Revise and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3)(J)(K). This recommendation should be completed within thirty (30) days of the effective date of the Commission order that resolves Case Nos.SR-2017-0130 and WR-2017-0131.
2. Ensure that Gladlo adheres to Commission Rule 4 CSR 240-13.020(2)(C) prior to estimating any customer bills.
3. Evaluate the benefits of charging and refunding customer deposits consistent with Commission Rule 4 CSR 240-13.030 (1)(2)(4)(6) and the Company’s tariffs, particularly in Gladlo Water and Sewer Company Inc. service territory. This recommendation

should be completed within ninety (90) days of the effective date of any Commission order issued in Case Nos.SR-2017-0130 and WR-2017-0131.

The purpose of the CMAU is to promote and encourage efficient and effective utility management decisions. This purpose contributes to the Commission's overall mission to ensure that Missourians receive safe and reliable utility service at just, reasonable and affordable rates.

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

History

The CMAU staff previously performed a customer service review of Gladlo in 2013 in Case Nos. WR-2013-0259 and SR-2013-0258. This review resulted in a written report and included recommendations for improvement in the areas of business operations, customer billing, and customer communications. The CMAU staff conducted follow-up work associated with these recommendations and determined that Gladlo'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. Gladlo Water and Sewer Company provides water and sewer service to approximately sixty-nine (69) water customers, and sixty-five sewer (65) 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.

Gladlo Water and Sewer Company have no employees; and, therefore, Heartland Utilities performs all business office functions. 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. Heartland Utilities contracts with A1 Pump Company in Rolla, MO to handle all the outside plant operations. Outside plant responsibilities include plant operation, meter reading, daily system checks, chlorination, routine maintenance, construction activity, and responding to customer emergency calls. Gladlo Water and Sewer Company owns no vehicles.

Meter Reading

A1 Pump Company reads the water meters on the 1st 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.

Customer Billing

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. The bills are generated on or around the 8th of the month. Heartland Utilities verifies the accuracy of bills through visual inspection when the bills are produced. Customer bills are mailed by the 10th of the month, and they are considered delinquent and subject to late penalties 21 days later. Heartland Utilities, current bills shows a due date 15 days from rendition, but the bill has language below the due date stating that late fees will not be assessed to any account until 21 days from the 10th of the month to be in compliance with Commission Rule 4 CSR 240-13.020. CMAU has spoken with Heartland Utilities and it has indicated it will change the due date to reflect 21 days from the 10th to strengthen the clarity of the length of time the customer has to pay their bill before a late fee is applied. Gladlo's water and sewer tariffs indicate that late fees are \$3.00 a month per service, and cannot exceed a three months total of \$18.00. Heartland Utilities management represented that customer account information is backed-up daily and the backed up files are stored off-site. Other hard-copy customer information is stored in a locked file cabinet.

Payment Remittance

Methods of payment include check, auto-withdrawal (ACH), or in-person at the local Phelps County Bank branches. Phelps County Bank has three branch locations in Rolla, Missouri, and two locations in St. James, Missouri. Most customers mail their payments to the Heartland Utilities business office in Denver, Colorado. Heartland Utilities management asserted that approximately 80% of the payments are received in the mail and 20% are made at the bank 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.

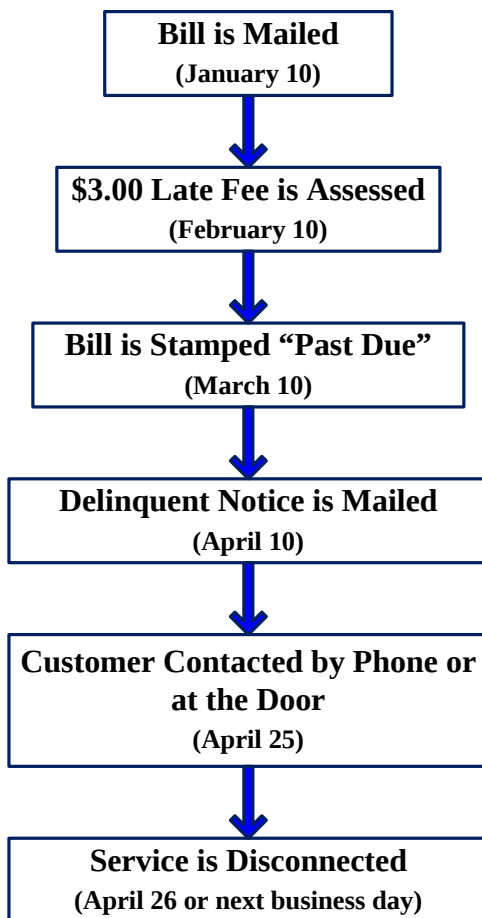
Credit and Collections

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

Heartland Utilities management asserted that returned checks aren't a major problem. There have been only three returned checks over the last two years. In the event of a returned check, Gladlo's tariff provides for a \$25 returned check fee.

Heartland Utilities has an established procedure for handling delinquent accounts. The following illustration shows the actions that Heartland Utilities 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

Heartland Utilities reports indicate that an average of 20 customers are 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 have their water service discontinued each year for nonpayment. No sewer-only customers' services have been discontinued for nonpayment. If a customer's water service were discontinued for nonpayment for water and sewer customers with Gladlo, their tariff provides for a \$15.00 disconnect fee and a \$15.00 reconnect fee. For customers with only sewer service, Gladlo's tariff states that sewer customers will be billed for the actual cost of disconnection and reconnection. Heartland Utilities does not use a collection agency to pursue the collection of amounts owed to Gladlo. Heartland Utilities writes-off any bad debit at the end of the year. Heartland Utilities indicated that it does not have any write offs in 2015, but anticipates on having some for 2016.

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 show there have not been any complaints or inquiries from customers since the last rate case in 2013.

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.

Findings, Conclusions, and Recommendations

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

- Customer Brochure
- Billing Estimation Procedures
- Customer Deposits

Customer Brochure

Heartland Utilities has developed a letter detailing the rights and responsibilities of Gladlo Water and Sewer Company and its customers, but the letter does not include all the requirements of Commission Rule 4 CSR 240-13.040 (3). The subparts under CSR 240-13.040 (3) that still need to be included in Heartland Utilities letter consist of:

(j) The telephone number and address of a customer services office of the Missouri Public Service Commission, the commission's toll-free telephone number, and the statement that the company is regulated by the Missouri Public Service Commission; (k) the address and telephone number of the Office of Public Counsel (OPC) and OPC's toll-free telephone number, and a statement of the function of that office.

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

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Revise and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 4 CSR 240-13.040(3)(J)(K). This recommendation

should be completed within thirty (30) days of the effective date of the Commission order that resolves Case No's.SR-2017-0130 and WR-2017-0131.

Billing Estimation Procedures

Gladlo indicated that it has not historically estimated bills. Circumstances beyond Gladlo's control could occur in the future that could force Gladlo to estimate bills.

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Ensure that Gladlo adheres to Commission Rule 4 CSR 240-13.020(2)(C) prior to estimating any customer bills.

Customer Deposits

While there is no current provision for customer deposits in any of Gladlo's tariffs, such provisions are proposed by the Commission Staff in the Company's present rate case. CMAU staff recommends that the Company evaluate collecting customer deposits consistent with Commission Rule 4 CSR 240-13.030, as this may mitigate the amount of bad-debt write-offs which are ultimately included in rates paid by the balance of the Company's rate payers.

THE CMAU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the benefits of charging and refunding customer deposits consistent with Commission Rule 4 CSR 240-13.030 (1)(2)(4)(6) and the Company's tariffs, particularly in Gladlo Water and Sewer Company Inc service territory. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case Nos.SR-2017-0130 and WR-2017-0131.

Implementation Review

The CMAU staff will conduct a future review of Gladlo's progress regarding the implementation of the three recommendations made in this report.

Disposition Agreement Attachment M

Water and Sewer Department Report

REPORT OF WATER AND SEWER DEPARTMENT FIELD OPERATIONS AND TARIFF REVIEW

**Water and Sewer Department
Case No. SR-2017-0130 and WR-2017-0131
Gladlo Water & Sewer Co., Inc.**

Introduction

This Report was prepared jointly by Staff members Jon Dallas, David Spratt, and Curt Gateley.

Gladlo Water & Sewer Co., Inc. (Gladlo or Company) received its certificate of convenience and necessity from the Missouri Public Service Commission (Commission) in October 1972 to provide water and sewer service in Case Nos. 17,458 and 17,459. Heartland Utilities, LLC (Heartland Utilities) is the current court-appointed receiver for Gladlo, and Heartland Utilities has been managing the Gladlo operations as receiver since March 2009 as ordered in Phelps County Circuit Court, Case #09PHCV00116. The Company provides service to approximately sixty-nine (69) water customers, and sixty-five sewer (65) customers in the Whispering Pines Subdivision near the city of Rolla, Missouri. The Commission's Water and Sewer Department Staff (Staff) performed an inspection of the water and sewer systems on November 23, 2016. Observations and suggested improvements are listed below.

Facilities

The water system is a one-well system that does not require chlorination. The well pump was replaced in September of 2014. It has a 7.5 horsepower motor and pumps approximately fifty (50) gallons per minute. The water system has a 1,000 gallon pneumatic tank to normalize distribution system water pressure. The distribution system consists of two-inch PVC mains, and five-eighths water meters on each of the customer water service lines.

The Company currently does not have adequate water storage, since the volume of usable water in the pneumatic tank is negligible. The Missouri Department of Natural Resources (DNR) recommends that a water system have enough storage to provide water for one average-day to its customers without the well in service. With customers using an average of 160 gallons per day of water per home, the amount of usable storage needed would be approximately 11,000 gallons of water. If the Company were to rehabilitate the present concrete ground storage tank, or construct a replacement ground storage tank, it would also need electric-powered high service pumps to provide water at adequate pressure to the distribution system. If the water system were out of electric power, the water in storage would not be accessible without a generator to provide power to the high service pumps.

The sewer system is comprised of a three-cell lagoon with a design flow of 23,680 gallons per day. At the time of Staff's inspection, the water level of the first cell had been lowered to perform maintenance on the influent pipe to prevent blockages in the pipe which cause the last manhole prior to the lagoon to overflow. The Company believes that extending the pipe further out into the lagoon and changing the slope of the pipe will prevent the blockages and overflows. The Company will need treatment facility upgrades by December 31, 2019, to meet revised

effluent limits by the terms of its permit issued by DNR on January 1, 2016. Gladlo has contracted with an engineer to perform an evaluation of possible solutions to upgrade the sewer facility to meet future limits by 2020.

The collecting sewer system is an all-gravity system consisting of about 4,500 feet of eight-inch clay tile. There are approximately 16 concrete prefabricated manholes. Many of the manholes in the collection system are located in the streets and were paved over with asphalt when the county repaved 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 inspections of the manhole structure, routine maintenance of the collection system, and to unblock clogged collecting sewers. Failure to have access to manholes means that routine maintenance of the sewer lines cannot be conducted, such as removing grease and debris from sewer lines, cutting out root intrusions, identifying collapsed sewer lines, etc. Without routine maintenance blockages of sewer lines will occur, and have occurred in this subdivision. Blockages cause sewage to back-up into homes, which can in turn cause extensive property damage, health issues, and pollution issues. The Company has excavated two of the buried manholes by removing pavement, installing a riser to bring the lid up to street surface grade, and repairing remaining pavement.

Improvements since the last rate case

- The Company had two well pump failures in a short period of time that were a result of three-phase electrical supply issues. The electric utility for this area installed a new transformer at the request of the Company which appears to have remedied the outage situation.
- The Company has a ground storage tank with adequate water volume, but it has not been in service for a number of years. The Company explored some options regarding storage and determined that it would be more cost-effective to install a new ground storage tank rather than to rehab the existing concrete ground storage tank. At this time it is cost prohibitive for the receiver to install additional water storage.
- The Company has studied alternatives to electrical supply reliability and determined that it would be more cost-effective to provide a generator for the water system in the event of an electrical outage rather than providing a second source of electrical supply. At this time it is cost prohibitive for the receiver to install a permanent generator.
- Another alternative to the electrical and storage issues would be to seek a different source of water supply from another water utility, to obtain wholesale service.
- A fence has been installed around the lagoon.
- The Company has installed disinfection and dechlorination at the lagoon outfall, in accordance with DNR requirements and a PSC recommendation from Case No. SR-2013-0258.
- The Company has implemented a manhole inspection program in accordance with PSC regulation 4 CSR 240-60.020(8), and a recommendation from Case No. SR-2013-0258. The Company has identified manholes that are below the street surface pavement and are currently inaccessible. It has corrected two of them by excavating and installing risers on them to bring the manhole lids to street level. The Company does not have good maps of

the sewer system but believes that there are approximately eight additional manholes buried under pavement.

The Company has hired an engineer to explore the options available options to comply with the requirements within the current DNR wastewater discharge permit. The permit will require the facility to be able to remove ammonia by December 31, 2019. Lagoons are not designed to remove the amount of ammonia required by DNR from wastewater.

Service Area

There are at present approximately four (4) customers taking water service that are located just outside of the Company's approved service area. They are along a road extending to the West of Highway V, whereas the service area is to the east of Highway V. Staff will recommend that, in this case, the Commission approve a service area expansion that will include these existing water customers. Staff and the Company will be able to work together to draft a description, and prepare a map, during the course of this case.

Tariff Review

Staff routinely works with utilities to update water and/or sewer tariffs of the individual companies using a generic tariff that is modified for specific operations of the individual companies as they file rate cases with the Commission. Because both the water and sewer tariffs for this company were last revised in 2013, little change is necessary. The sheets with rate schedules (sheet 4 in both tariffs) will be revised with updated rates.

Rate Design

Staff also reviewed the Company's current rate design in its investigation. The current rate structure consists of a monthly service and a commodity charge for water service, and a monthly service charge for sewer service. Staff proposes to maintain the same rate structure, updated based on the results of the new cost-of-service studies performed as part of this rate case.

Recommendations

1. Company investigates another source of water supply and/or increased reliable electrical 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.
2. 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.
3. The current PSC MO No 4 sewer tariff will be canceled and replaced by PSC MO No 5.
4. The current PSC MO No 3 water tariff, will be canceled and replaced by PSC MO No 4.

5. 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. Options for alternative funding for these expenses could include a surcharge, or including an amount in rates to provide capital costs, either to be justified by a contract.

Disposition Agreement Attachment N

Sewer EMS

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Rate Design Schedule - Sewer

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$22,230			
Rev-3	Miscellaneous Revenues	(1)	\$491			
Rev-4	TOTAL ANNUALIZED REVENUES		<u>\$22,721</u>			
1	OPERATIONS EXPENSES	(2)				
2	Contractual Services - Operator's Expense		\$8,475	\$0	\$8,475	0.00%
3	Contractual Services - Testing Fees		\$522	\$0	\$522	0.00%
4	Chlorination/Dechlorination Chemicals		\$636	\$0	\$636	0.00%
5	TOTAL OPERATIONS EXPENSE		<u>\$9,633</u>	<u>\$0</u>	<u>\$9,633</u>	
6	MAINTENANCE EXPENSES					
7	System Repairs and Maintenance		\$7,058	\$0	\$7,058	0.00%
8	Contract Services - Other		\$1,682	\$0	\$1,682	0.00%
9	TOTAL MAINTENANCE EXPENSE		<u>\$8,740</u>	<u>\$0</u>	<u>\$8,740</u>	
10	ADMINISTRATIVE & GENERAL EXPENSES					
11	Outside Services - Accounting Fees		\$425	\$0	\$425	0.00%
12	Outside Services - Management Fees		\$6,424	\$0	\$6,424	0.00%
13	Bank Service Charges		\$145	\$0	\$145	0.00%
14	Office Expense		\$0	\$0	\$0	0.00%
15	Rate Case Expense		\$217	\$0	\$217	0.00%
16	General Liability & Property Insurance		\$0	\$0	\$0	0.00%
17	Misc. Expense		\$82	\$0	\$82	0.00%
18	Uncollectibles		\$222	\$0	\$222	0.00%
19	TOTAL ADMINISTRATIVE AND GENERAL		<u>\$7,515</u>	<u>\$0</u>	<u>\$7,515</u>	
20	OTHER OPERATING EXPENSES					
21	MO DNR Permit Fees		\$300	\$0	\$300	0.00%
22	PSC Assessment		\$220	\$0	\$220	0.00%
23	Corporate Administration Fees		\$43	\$0	\$43	0.00%
24	Depreciation		\$1,756	\$0	\$1,756	0.00%
25	TOTAL OTHER OPERATING EXPENSES		<u>\$2,319</u>	<u>\$0</u>	<u>\$2,319</u>	
26	TAXES OTHER THAN INCOME					
27	Real & Personal Property Taxes		\$206	\$0	\$206	0.00%
28	TOTAL TAXES OTHER THAN INCOME		<u>\$206</u>	<u>\$0</u>	<u>\$206</u>	
29	TOTAL OPERATING EXPENSES		<u>\$28,413</u>	<u>\$0</u>	<u>\$28,413</u>	
30	Interest Expense	(3)	\$410	\$0	\$410	0.00%
31	Return on Equity	(3)	\$842	\$0	\$842	0.00%
32	Income Taxes	(3)	\$210	\$0	\$210	0.00%
33	TOTAL INTEREST RETURN & TAXES		<u>\$1,462</u>	<u>\$0</u>	<u>\$1,462</u>	
34	TOTAL COST OF SERVICE		\$29,875	\$0	\$29,875	
35	Less: Miscellaneous Revenues		<u>\$491</u>	<u>\$0</u>	<u>\$491</u>	0.00%
36	COST TO RECOVER IN RATES		<u>\$29,384</u>	<u>\$0</u>	<u>\$29,384</u>	
37	INCREMENTAL INCREASE IN RATE REVENUES		<u>\$7,154</u>			
38	PERCENTAGE OF INCREASE		<u>31.49%</u>			
39	REQUESTED INCREASE IN REVENUES		\$3,655			

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Rate Design Schedule - Sewer

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

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

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2017-0130
 Test Year Ending 9-30-2016, Updated to 12-31-2016
 Rate Base Required Return on Investment Schedule - Sewer

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount
1	Plant In Service	\$55,706 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$39,980</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$15,726
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	\$0
	Materials & Supplies	\$246
	CIAC Depreciation	\$0
5	Total Rate Base	<u>\$15,972</u>
6	Total Weighted Rate of Return Including Income Tax	<u>9.15%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$1,462</u></u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Rate of Return Including Income Tax - Sewer

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	15.04% (1) & (2)	14.17%	(1 - B1) x A2
3 Composite Effective Income Tax Rate		19.97%	B1 + B2
4 Equity Tax Factor		1.2496	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.27%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.59%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		2.57%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		9.15%	B6+B7

To Rate Base Schedule

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

N

Equity Income Required \$991
& Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$991	\$149
\$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
			\$991	\$149
			Consolidated Tax Rate:	
			Average Tax Rate:	0.1504

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2017-0130
 Test Year Ending 9-30-2016, Updated to 12-31-2016
 Capital Structure Schedule - Sewer

<u>A</u>		<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$28,446	54.74%	9.63%	5.272%
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	\$23,519	45.26%	5.67%	2.566%
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>\$51,965</u>	<u>100.00%</u>		<u>7.838%</u>

To PreTax Return Rate Schedule

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
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	\$3,000			100.00%	\$3,000
3		TOTAL INTANGIBLE PLANT	\$3,000		\$0		\$3,000
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$2,400			100.00%	\$2,400
6	311.000	Structures & Improvements	\$6,483			100.00%	\$6,483
7		TOTAL SOURCE OF SUPPLY PLANT	\$8,883		\$0		\$8,883
8		COLLECTION PLANT					
9	352.200	Collection Sewers - Gravity	\$17,216			100.00%	\$17,216
10		TOTAL COLLECTION PLANT	\$17,216		\$0		\$17,216
11		PUMPING PLANT					
12		TOTAL PUMPING PLANT	\$0		\$0		\$0
13		TREATMENT & DISPOSAL PLANT					
14	372.000	Oxidation Lagoon	\$19,271			100.00%	\$19,271
15		Treatment & Disposal Equipment	\$7,041			100.00%	\$7,041
16		TOTAL TREATMENT & DISPOSAL PLANT	\$26,312		\$0		\$26,312
17		GENERAL PLANT					
18	393.000	Other General Equipment	\$295			100.00%	\$295
19		TOTAL GENERAL PLANT	\$295		\$0		\$295
20		TOTAL PLANT IN SERVICE	\$55,706		\$0		\$55,706

To Rate Base & Depreciation Schedules

Gladlo Water and Sewer Company

Informal Rate/Certification Case

SR-2017-0130

Test Year Ending 9-30-2016, Updated to 12-31-2016

Schedule of Adjustments for Plant in Service - Sewer

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

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
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>\$3,000</u>	0.00%	<u>\$0</u>
3		TOTAL INTANGIBLE PLANT	<u>\$3,000</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>\$6,483</u>	4.00%	<u>\$259</u>
7		TOTAL SOURCE OF SUPPLY PLANT	<u>\$8,883</u>		<u>\$259</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		Treatment & Disposal Equipment	<u>\$7,041</u>	5.00%	<u>\$352</u>
16		TOTAL TREATMENT & DISPOSAL PLANT	<u>\$26,312</u>		<u>\$1,123</u>
17		GENERAL PLANT			
18	393.000	Other General Equipment	<u>\$295</u>	10.00%	<u>\$30</u>
19		TOTAL GENERAL PLANT	<u>\$295</u>		<u>\$30</u>
20		Total Depreciation	<u><u>\$55,706</u></u>		<u><u>\$1,756</u></u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$0			100.00%	\$0
6	311.000	Structures & Improvements	\$194			100.00%	\$194
7		TOTAL SOURCE OF SUPPLY PLANT	\$194		\$0		\$194
8		COLLECTION PLANT					
9	352.200	Collection Sewers - Gravity	\$16,179			100.00%	\$16,179
10		TOTAL COLLECTION PLANT	\$16,179		\$0		\$16,179
11		PUMPING PLANT					
12		TOTAL PUMPING PLANT	\$0		\$0		\$0
13		TREATMENT & DISPOSAL PLANT					
14	372.000	Oxidation Lagoon	\$22,147			100.00%	\$22,147
15		Treatment & Disposal Equipment	\$1,310			100.00%	\$1,310
16		TOTAL TREATMENT & DISPOSAL PLANT	\$23,457		\$0		\$23,457
17		GENERAL PLANT					
18	393.000	Other General Equipment	\$150			100.00%	\$150
19		TOTAL GENERAL PLANT	\$150		\$0		\$150
20		TOTAL DEPRECIATION RESERVE	\$39,980		\$0		\$39,980

To Rate Base Schedule

Gladlo Water and Sewer Company

Informal Rate/Certification Case

SR-2017-0130

Test Year Ending 9-30-2016, Updated to 12-31-2016

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>\$0</u>

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
 SR-2017-0130
 Test Year Ending 9-30-2016, Updated to 12-31-2016
 Revenue Schedule - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1	ANNUALIZED REVENUES						
Rev-2	Annualized Rate Revenues		\$0	Rev-2	\$22,230	100.00%	\$22,230
Rev-3	Miscellaneous Revenues		\$0	Rev-3	\$491	100.00%	\$491
Rev-4	TOTAL ANNUALIZED REVENUES		\$0		\$22,721		\$22,721

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Revenue Adjustment Schedule - Sewer

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$22,230
	1. To Annualize Rate Revenues		\$22,230	
	2. Description		\$0	
	3. Description		\$0	
Rev-3	Miscellaneous Revenues			\$491
	1. To Annualize Miscellaneous Revenues		\$491	
	2. Description		\$0	
Total Revenue Adjustments				<u>\$22,721</u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
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	65		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	780		0	
5	Current Customer Charge	<u>\$28.50</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$22,230		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	<u>0</u>		<u>0</u>	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>0</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	<u>\$0.00</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		<u><u>\$22,230</u></u>		<u><u>\$0</u></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-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	65	
3	Bills Per Year		
4	Customer Bills Per year	780	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$22,230
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		\$22,230

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
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Test Year Ending 9-30-2016, Updated to 12-31-2016
Miscellaneous Revenues Feeder - Sewer

<u>A</u>		<u>B</u>
Line Number	Description	Amount
1	Late Fees	\$456
2	Sewer Disconnect/Reconnect Fees	<u>\$35</u>
3	Total Miscellaneous Revenues	<u><u>\$491</u></u>

Gladlo Water and Sewer Company
Informal Rate/Certification Case
SR-2017-0130
Test Year Ending 9-30-2016, Updated to 12-31-2016
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	\$9,090	S-2	-\$615	100.00%	\$8,475
3		Contractual Services - Testing Fees	\$510	S-3	\$12	100.00%	\$522
4		Chlorination/Dechlorination Chemicals	\$636	S-4	\$0	100.00%	\$636
5		TOTAL OPERATIONS EXPENSE	\$10,236		-\$603		\$9,633
6		MAINTENANCE EXPENSES					
7		System Repairs and Maintenance	\$10,682	S-7	-\$3,624	100.00%	\$7,058
8		Contract Services - Other	\$0	S-8	\$1,682	100.00%	\$1,682
9		TOTAL MAINTENANCE EXPENSE	\$10,682		-\$1,942		\$8,740
10		ADMINISTRATIVE & GENERAL EXPENSES					
11		Outside Services - Accounting Fees	\$400	S-11	\$25	100.00%	\$425
12		Outside Services - Management Fees	\$5,572	S-12	\$852	100.00%	\$6,424
13		Bank Service Charges	\$137	S-13	\$8	100.00%	\$145
14		Office Expense	\$0	S-14	\$0	100.00%	\$0
15		Rate Case Expense	\$0	S-15	\$217	100.00%	\$217
16		General Liability & Property Insurance	\$0	S-16	\$0	100.00%	\$0
17		Misc. Expense	\$112	S-17	-\$30	100.00%	\$82
18		Uncollectibles	\$0	S-18	\$222	100.00%	\$222
19		TOTAL ADMINISTRATIVE AND GENERAL	\$6,221		\$1,294		\$7,515
20		OTHER OPERATING EXPENSES					
21		MO DNR Permit Fees	\$300			100.00%	\$300
22		PSC Assessment	\$220	S-22	\$0	100.00%	\$220
23		Corporate Administration Fees	\$43	S-23	\$0	100.00%	\$43
24		Depreciation	\$0	S-24	\$1,756	100.00%	\$1,756
25		TOTAL OTHER OPERATING EXPENSES	\$563		\$1,756		\$2,319
26		TAXES OTHER THAN INCOME					
27		Real & Personal Property Taxes	\$206	S-27	\$0	100.00%	\$206
28		TOTAL TAXES OTHER THAN INCOME	\$206		\$0		\$206
29		TOTAL OPERATING EXPENSES	\$27,908		\$505		\$28,413

Gladlo Water and Sewer Company
Informal Rate/Certification Case
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Test Year Ending 9-30-2016, Updated to 12-31-2016
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			-\$615
	1. To annualize operating expense for ongoing expense level. (Harrison)		-\$615	
S-3	Contractual Services - Testing Fees			\$12
	1. To annualize sewer testing fees. (Harrison)		\$12	
S-4	Chlorination/Dechlorination Chemicals			\$0
	1. To annualize chlorination/Dechlorination tablets for the new system. (Harrison)		\$0	
S-7	System Repairs and Maintenance			-\$3,624
	To annualize Repair & Maintenance Expense (Harrison)		-\$3,624	
S-8	Contract Services - Other			\$1,682
	1. To annualize Contract - Other Expense. (Harrison)		\$1,682	
S-11	Outside Services - Accounting Fees			\$25
	To update Accounting fees. (Harrison)		\$25	
S-12	Outside Services - Management Fees			\$852
	1. To annualize management fees. (Harrison)		\$852	
S-13	Bank Service Charges			\$8
	1. To normalize bank service charges. (Harrison)		\$8	
S-14	Office Expense			\$0

Gladlo Water and Sewer Company
Informal Rate/Certification Case
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Test Year Ending 9-30-2016, Updated to 12-31-2016
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
	1. To annualize postage expense for billing and payables. (Harrison)		\$0	
S-15	Rate Case Expense			\$217
	1. To include rate case expense with the assumption that a rate case will be filed every 3 years. (Harrison)		\$217	
S-16	General Liability & Property Insurance			\$0
	1. To include liability and property insurance. (Harrison)		\$0	
S-17	Misc. Expense			-\$30
	To annualize misc. expense. (Harrison)		-\$30	
S-18	Uncollectibles			\$222
	1. To annualize uncollectibles at a level not to exceed 1% of annualized base revenue. (Harrison)		\$222	
S-22	PSC Assessment			\$0
	1. To annualize PSC assessment for ongoing expense levels. (Harrison)		\$0	
S-23	Corporate Administration Fees			\$0
	1. To annualize Missouri Secretary of State Fees. (Harrison)		\$0	
S-24	Depreciation			\$1,756
	1. To Annualize Depreciation		\$1,756	
S-27	Real & Personal Property Taxes			\$0

Gladlo Water and Sewer Company
 Informal Rate/Certification Case
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 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
	1. To annualize real and property taxes. (Harrison)		\$0	
Total Expense Adjustments				\$505

Disposition Agreement Attachment O

Water EMS

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Rate Design Schedule - Water

A		B	C	D	E	E
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$21,532			
Rev-3	Miscellaneous Revenues	(1)	\$660			
Rev-4	TOTAL ANNUALIZED REVENUES		\$22,192			
1	OPERATIONS EXPENSES	(2)				
2	Contractual Services - Operator's Expense		\$3,200	\$0	\$3,200	0.00%
3	Contrac Services - Chemicals		\$727	\$0	\$727	0.00%
4	Contract Services - Testing		\$120	\$0	\$120	0.00%
5	Electricity-(Pumping)		\$1,367	\$0	\$1,367	0.00%
6	TOTAL OPERATIONS EXPENSE		\$5,414	\$0	\$5,414	
7	MAINTENANCE EXPENSES					
8	System Maintenance & Repairs		\$1,105	\$0	\$1,105	0.00%
9	Contract Services - Other		\$147	\$0	\$147	0.00%
10	TOTAL MAINTENANCE EXPENSE		\$1,252	\$0	\$1,252	
11	ADMINISTRATIVE & GENERAL EXPENSES					
12	Outside Services - Accounting Fees		\$425	\$0	\$425	0.00%
13	Outside Services - Management Fees		\$6,424	\$0	\$6,424	0.00%
14	Bank Service Fees		\$145	\$0	\$145	0.00%
15	Office Expense		\$19	\$0	\$19	0.00%
16	Rate Case Expense		\$217	\$0	\$217	0.00%
17	General Liability & Property Insurance		\$0	\$0	\$0	0.00%
18	Miscellaneous Expenses		\$33	\$0	\$33	0.00%
19	Uncollectibles		\$215	\$0	\$215	0.00%
20	TOTAL ADMINISTRATIVE AND GENERAL		\$7,478	\$0	\$7,478	
21	OTHER OPERATING EXPENSES					
22	MO DNR Laboratory Testing Fees		\$200	\$0	\$200	0.00%
23	PSC Assessment		\$204	\$0	\$204	0.00%
24	Corporate Administration Fees		\$43	\$0	\$43	0.00%
25	A1 Pump Amortization Expense		\$2,360	\$0	\$2,360	0.00%
26	Depreciation		\$3,260	\$0	\$3,260	0.00%
27	TOTAL OTHER OPERATING EXPENSES		\$6,067	\$0	\$6,067	
28	TAXES OTHER THAN INCOME					
29	Real & Personal Property Taxes		\$134	\$0	\$134	0.00%
30	TOTAL TAXES OTHER THAN INCOME		\$134	\$0	\$134	
31	TOTAL OPERATING EXPENSES		\$20,345	\$0	\$20,345	
32	Interest Expense	(3)	\$605	\$0	\$605	0.00%
33	Return on Equity	(3)	\$1,243	\$0	\$1,243	0.00%
34	Income Taxes	(3)	\$309	\$0	\$309	0.00%
35	TOTAL INTEREST RETURN & TAXES		\$2,157	\$0	\$2,157	
36	TOTAL COST OF SERVICE		\$22,502	\$0	\$22,502	
37	Less: Miscellaneous Revenues		\$660	\$0	\$660	0.00%
38	COST TO RECOVER IN RATES		\$21,842	\$0	\$21,842	
39	INCREMENTAL INCREASE IN RATE REVENUES		\$310			
40	PERCENTAGE OF INCREASE		1.40%			
41	REQUESTED INCREASE IN REVENUES		\$6,678			

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2017-0131
Test Year Ending 9-30-2016, Update 12-31-2016
Rate Design Schedule - Water

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

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

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Rate Base Required Return on Investment Schedule - Water

Line Number	<u>A</u> Rate Base Description	<u>B</u> Dollar Amount	
1	Plant In Service	\$54,595	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$20,009	From Depreciation Reserve Schedule
3	Net Plant In Service	\$34,586	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$12,252	
	CIAC Depreciation	\$1,239	
5	Total Rate Base	\$23,573	
6	Total Weighted Rate of Return Including Income Tax	9.15%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$2,157	

Gladlo Water and Sewer Company
 Informal Case/Rate Case
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 Test Year Ending 9-30-2016, Update 12-31-2016
 Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	(1 - (B2 x .5)) x A1
2 Federal Income Tax Rate Statutory / Effective	14.98% (1) & (2)	<u>14.11%</u>	(1 - B1) x A2
3 Composite Effective Income Tax Rate		19.92%	B1 + B2
4 Equity Tax Factor		1.2487	1 / (1-B3)
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		<u>5.27%</u>	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.58%	B4 x B5
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		<u>2.57%</u>	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		<u><u>9.15%</u></u>	B6+B7

To Rate Base Schedule

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

N

Equity Income Required **\$1,462**
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$1,462	\$219
\$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
			<u>\$1,462</u>	<u>\$219</u>
			Consolidated Tax Rate:	
			Average Tax Rate:	0.1498

Gladlo Water and Sewer Company
 Informal Case/Rate Case
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 Capital Structure Schedule - Water

<u>A</u>		<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$29,445	54.74%	9.63%	5.272%
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	\$24,345	45.26%	5.67%	2.566%
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	\$53,790	100.00%		7.838%

To PreTax Return Rate Schedule

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

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,000			100.00%	\$1,000
3		TOTAL INTANGIBLE PLANT	\$1,000		\$0		\$1,000
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$2,400			100.00%	\$2,400
6	311.000	Structures & Improvements - SSP	\$10,228			100.00%	\$10,228
7	314.000	Wells and Springs	\$7,376			100.00%	\$7,376
8		TOTAL SOURCE OF SUPPLY PLANT	\$20,004		\$0		\$20,004
9		PUMPING PLANT					
10	325.000	Electric Pumping Equipment	\$14,043			100.00%	\$14,043
11		TOTAL PUMPING PLANT	\$14,043		\$0		\$14,043
12		WATER TREATMENT PLANT					
13		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
14		TRANSMISSION & DISTRIBUTION PLANT					
15	343.000	Transmission & Distribution Mains	\$16,361			100.00%	\$16,361
16	346.000	Meters	\$3,187			100.00%	\$3,187
17		TOTAL TRANS. & DISTRIBUTION PLANT	\$19,548		\$0		\$19,548
18		GENERAL PLANT					
19		TOTAL GENERAL PLANT	\$0		\$0		\$0
20		TOTAL PLANT IN SERVICE	\$54,595		\$0		\$54,595

To Rate Base & Depreciation Schedules

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2017-0131
Test Year Ending 9-30-2016, Update 12-31-2016
Schedule of Adjustments for Plant in Service - Water

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

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	<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	\$2,400	0.00%	\$0
6	311.000	Structures & Improvements - SSP	\$10,228	10.00%	\$1,023
7	314.000	Wells and Springs	<u>\$7,376</u>	2.00%	<u>\$148</u>
8		TOTAL SOURCE OF SUPPLY PLANT	<u>\$20,004</u>		<u>\$1,171</u>
9		PUMPING PLANT			
10	325.000	Electric Pumping Equipment	<u>\$14,043</u>	10.00%	<u>\$1,404</u>
11		TOTAL PUMPING PLANT	<u>\$14,043</u>		<u>\$1,404</u>
12		WATER TREATMENT PLANT			
13		TOTAL WATER TREATMENT PLANT	<u>\$0</u>		<u>\$0</u>
14		TRANSMISSION & DISTRIBUTION PLANT			
15	343.000	Transmission & Distribution Mains	\$16,361	2.00%	\$327
16	346.000	Meters	<u>\$3,187</u>	3.30%	<u>\$105</u>
17		TOTAL TRANS. & DISTRIBUTION PLANT	<u>\$19,548</u>		<u>\$432</u>
18		GENERAL PLANT			
19		TOTAL GENERAL PLANT	<u>\$0</u>		<u>\$0</u>
20		Total Depreciation	<u><u>\$54,595</u></u>		<u><u>\$3,007</u></u>

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$0			100.00%	\$0
6	311.000	Structures & Improvements - SSP	\$1,477			100.00%	\$1,477
7	314.000	Wells and Springs	\$7,438			100.00%	\$7,438
8		TOTAL SOURCE OF SUPPLY PLANT	\$8,915		\$0		\$8,915
9		PUMPING PLANT					
10	325.000	Electric Pumping Equipment	-\$6,522			100.00%	-\$6,522
11		TOTAL PUMPING PLANT	-\$6,522		\$0		-\$6,522
12		WATER TREATMENT PLANT					
13		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
14		TRANSMISSION & DISTRIBUTION PLANT					
15	343.000	Transmission & Distribution Mains	\$14,447			100.00%	\$14,447
16	346.000	Meters	\$3,169			100.00%	\$3,169
17		TOTAL TRANS. & DISTRIBUTION PLANT	\$17,616		\$0		\$17,616
18		GENERAL PLANT					
19		TOTAL GENERAL PLANT	\$0		\$0		\$0
20		TOTAL DEPRECIATION RESERVE	\$20,009		\$0		\$20,009

To Rate Base Schedule

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2017-0131
Test Year Ending 9-30-2016, Update 12-31-2016
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

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

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Revenue Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	
Line Number	Account Number (Optional)	Revenue Description	Company/ Test Year Amount	Adjustment Number	Jurisdictional Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
Rev-1	ANNUALIZED REVENUES						
Rev-2	Annualized Rate Revenues		\$0	Rev-2	\$21,532	100.00%	\$21,532
Rev-3	Miscellaneous Revenues		\$0	Rev-3	\$660	100.00%	\$660
Rev-4	TOTAL ANNUALIZED REVENUES		\$0		\$22,192		\$22,192

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2017-0131
 Test Year Ending 9-30-2016, Update 12-31-2016
 Revenue Adjustment Schedule - Water

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$21,532
	1. To Annualize Rate Revenues		\$21,532	
Rev-3	Miscellaneous Revenues			\$660
	1. To Annualize Miscellaneous Revenues		\$660	
Total Revenue Adjustments				<u>\$22,192</u>

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2017-0131
Test Year Ending 9-30-2016, Update 12-31-2016
Rate Revenue Feeder Schedule - Water

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	69		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	828		0	
5	Current Customer Charge	<u>\$9.97</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$8,255		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	4,445,660		0	
9	Less: Base Gallons Included In Customer Charge	<u>924,000</u>		<u>0</u>	
10	Commodity Gallons	3,521,660		0	
11	Block 1, Commodity Gallons per Block	3,521,660		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	3,521.66		0.00	
14	Block 1, Existing Commodity Charge	<u>\$3.77</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$13,277		\$0
16	Total Annualized Water Rate Revenues		<u><u>\$21,532</u></u>		<u><u>\$0</u></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 Case/Rate Case
WR-2017-0131
Test Year Ending 9-30-2016, Update 12-31-2016
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	69	
3	Bills Per Year		
4	Customer Bills Per year	828	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$8,255
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	4,445,660	
9	Less: Base Gallons Included In Customer Charge	924,000	
10	Commodity Gallons	3,521,660	
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.		\$13,277
16	Total Annualized Water Rate Revenues		\$21,532

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
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Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u>	<u>B</u>
	Description	Amount
1	Late Fees	\$423
2	Disconnect/Reconnect Fees	\$179
3	Other Income	\$54
4	Primacy Fee (2%)	\$4
5	Total Miscellaneous Revenues	<u>\$660</u>

Gladlo Water and Sewer Company
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Expense Schedule - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>
Line Number	Account Number (Optional) Expense Description	Company/ Test Year Amount	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1	OPERATIONS EXPENSES					
2	Contractual Services - Operator's Expense	\$2,880	W-2	\$320	100.00%	\$3,200
3	Contrac Services - Chemicals	\$727			100.00%	\$727
4	Contract Services - Testing	\$120			100.00%	\$120
5	Electricity-(Pumping)	\$1,449	W-5	-\$82	100.00%	\$1,367
6	TOTAL OPERATIONS EXPENSE	\$5,176		\$238		\$5,414
7	MAINTENANCE EXPENSES					
8	System Maintenance & Repairs	\$1,105			100.00%	\$1,105
9	Contract Services - Other	\$85	W-9	\$62	100.00%	\$147
10	TOTAL MAINTENANCE EXPENSE	\$1,190		\$62		\$1,252
11	ADMINISTRATIVE & GENERAL EXPENSES					
12	Outside Services - Accounting Fees	\$400	W-12	\$25	100.00%	\$425
13	Outside Services - Management Fees	\$5,572	W-13	\$852	100.00%	\$6,424
14	Bank Service Fees	\$137	W-14	\$8	100.00%	\$145
15	Office Expense	\$19	W-15	\$0	100.00%	\$19
16	Rate Case Expense	\$0	W-16	\$217	100.00%	\$217
17	General Liability & Property Insurance	\$0	W-17	\$0	100.00%	\$0
18	Miscellaneous Expenses	\$78	W-18	-\$45	100.00%	\$33
19	Uncollectibles	\$0	W-19	\$215	100.00%	\$215
20	TOTAL ADMINISTRATIVE AND GENERAL	\$6,206		\$1,272		\$7,478
21	OTHER OPERATING EXPENSES					
22	MO DNR Laboratory Testing Fees	\$200			100.00%	\$200
23	PSC Assessment	\$204	W-23	\$0	100.00%	\$204
24	Corporate Administration Fees	\$0	W-24	\$43	100.00%	\$43
25	A1 Pump Amortization Expense	\$0	W-25	\$2,360	100.00%	\$2,360
26	Depreciation	\$0	W-26	\$3,260	100.00%	\$3,260
27	TOTAL OTHER OPERATING EXPENSES	\$404		\$5,663		\$6,067
28	TAXES OTHER THAN INCOME					
29	Real & Personal Property Taxes	\$134			100.00%	\$134
30	TOTAL TAXES OTHER THAN INCOME	\$134		\$0		\$134
31	TOTAL OPERATING EXPENSES	\$13,110		\$7,235		\$20,345

Gladlo Water and Sewer Company
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Expense Adjustment Schedule - Water

<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
W-2	Contractual Services - Operator's Expense			\$320
	1. To annualize operating expense for ongoing expense level. (Harrison)		\$320	
W-5	Electricity-(Pumping)			-\$82
	1. To annualize electric pumping expense for ongoing expense level. (Harrison)		-\$82	
W-9	Contract Services - Other			\$62
	Annualized sewer contractual services (Harrison)		\$62	
W-12	Outside Services - Accounting Fees			\$25
	To update Accounting fees. (Harrison)		\$25	
W-13	Outside Services - Management Fees			\$852
	1. To annualize management fees. (Harrison)		\$852	
W-14	Bank Service Fees			\$8
	1. To normalize bank service charges. (Harrison)		\$8	
W-15	Office Expense			\$0
	1. To annualize postage expense for billing and payables. (Harrison)		\$0	
W-16	Rate Case Expense			\$217
	1. To normalize rate case expense assuming a case is filed every 3 years. (Harrison)		\$217	

Gladlo Water and Sewer Company
Informal Case/Rate Case
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Expense Adjustment Schedule - Water

<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
W-17	General Liability & Property Insurance			\$0
	1. To include liability and property insurance. (Harrison)		\$0	
W-18	Miscellaneous Expenses			-\$45
	1. To normilize misc. expenses. (Harrison)		-\$45	
W-19	Uncollectibles			\$215
	1. To annualize uncollectibles at a level not to exceed 1% of annualized base revenue. (Harrison)		\$215	
W-23	PSC Assessment			\$0
	1. To annualize PSC assessment to on-going levels. (Harrison)		\$0	
W-24	Corporate Administration Fees			\$43
	1. To annualize Corporate Admin Fees. (Harrison)		\$43	
W-25	A1 Pump Amortization Expense			\$2,360
	To include 5-yr amortization esxpense for A1 pump supply. (Harrison)		\$2,360	
W-26	Depreciation			\$3,260
	1. To Annualize Depreciation		\$3,007	
	2. To remove CIAC Amortization expense. (Harrison)		-\$976	
	3. To amortize the unamortized stranded reserve amount for Account 325 pimping equipment that was established in rate case No. WR-2013-0259 over 3 verars		\$1,229	

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2017-0131
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Expense Adjustment Schedule - Water

<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
Total Expense Adjustments				<u>\$7,235</u>

Disposition Agreement Attachment P

Summary of Case Events

Raccoon Creek Utilities, Inc.
Case #SR-2016-0202
Summary of Case Events

Date Filed:	October 28, 2016
Day 150:	March 27, 2017
Extension? If yes, why?	No
Amount Requested:	\$3,655 for Sewer, \$6,678 for Water
Amount Agreed Upon:	\$7,154 for Sewer, \$310 for Water
Item(s) Driving Rate Increase:	Increases in operating expenses
Number of Customers:	65 sewer, 69 water
Return on Equity:	9.63%
Assessment Current:	Yes
Annual Reports Filed:	Yes
Other Open Cases before Commission:	No
Status with Secretary of State:	Good Standing
DNR Violations:	Currently in Compliance
Significant Service/Quality Issues:	None