STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

At a hearing of the Public Service Commission, held at Jefferson City, Missouri, on the 17th day of January, ... 1979.

CASE NO. WA-79-112

In the matter of the application of STONESHIRE WATER CO., for a certificate of convenience and necessity authorizing it to construct, install, operate and maintain a water system and to supply and render water service to the public located in an unincorporated area in Christian County, Missouri.

BEFORE:

C. GENE FEE, Presiding,

HEARING EXAMINER.

REPORTED BY:

JUDI JOHNSTON

1

APPEARANCES:

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3 ANTHONY McCONNELL, Attorney at Law,
P. O. Box 158,
4 Ozark, Missouri 65721,

5 FOR: APPLICANT,
STONESHIRE WATER CO.

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GARY W. DUFFY, Assistant General Counsel,
7 Missouri Public Service Commission,
P. O. Box 360,
8 Jefferson City, Missouri 65102,

9 FOR: STAFF OF THE MISSOURI PUBLIC SERVICE
COMMISSION.

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BE IT REMEMBERED, at a hearing of the Public Service Commission, held at the time and place mentioned on the title page hereof, the following proceedings were had:

(Written Entries of Appearance filed.)

EXAMINER FEE: The hearing will come to order. At this time, will Counsel make their entries of appearance, both written and oral.

MR. McCONNELL: Anthony McConnell, Attorney at Law, Ozark, Missouri. I represent Stoneshire Water Co.

MR. DUFFY: Gary W. Duffy, Assistant General Counsel, appearing for the Staff of the Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

EXAMINER FEE: Does the Applicant have any desire to make an opening statement?

MR. McCONNELL: I don't believe so. We will waive the opening statement.

EXAMINER FEE: Call your first witness.

(Witness sworn.)

1 APPLICANT'S EVIDENCE:

2 DON D. ANDERSON, called as a

3 witness in behalf of the APPLICANT, being

4 duly sworn, testified as follows:

5 DIRECT EXAMINATION BY MR. McCONNELL:

6 Q. State your name, please.

7 A. Don D. Anderson.

8 Q. Your address.

9 A. 5425 Southwood, Springfield, Missouri.

10 Q. Mr. Anderson, are you acquainted with

11 Stoneshire Water Co.?

12 A. Yes, I am.

13 Q. How are you acquainted with it?

14 A. I am the owner and developer.

15 Q. Do you and your wife own the shares of stock

16 of Stoneshire Water Co.?

17 A. Jointly, yes, sir.

18 Q. Now, as a part of this file, we have presented

19 to the Court a feasibility study, dated November, 1978;

20 is that correct?

21 A. That's correct.

22 Q. At this time we would like to offer some

23 oral amendments to this feasibility study that we have worked

24 out with the Commission Staff; is that correct?

25 A. That is correct.

1 Q The amendments to the feasibility study will
2 begin with Table No. 1; is that correct?
3 A That's correct.
4 Q In Table No. 1, we have proposed a proposed
5 water rate, and we would like to amend that proposed water
6 rate to show a fixed cost of $4.21 for a minimum charge for
7 no water; is that correct?
8 A That is correct.
9 Q And that the rate would thereafter be $1.28
10 per thousand gallons used; is that correct?
11 A That is correct, a total of $7.71.
12 Q No. It would be--for 6,000 gallons, it would
13 be $11.92.
14 A For 6,000, yes.
15 Q On Table No. 3, we would like to delete under
16 "Transmission and Distribution," we would like to delete
17 "10 Meters and Accessories $1,000" and amend the subtotal
18 to $54,000, the total to $59,186, to the grand total of
19 $60,186; is that correct?
20 A Yes.
21 Q On Table 6 of said Exhibit No. 1, we would
22 like to delete the caption of "Uncollectible Accounts" for
23 the first year, second year, third year, fourth year and
24 fifth year, so that the uncollectible accounts are not
25 reflected in the exhibit; and that the Total Operating

1 Expense for the first year would be reduced by $10 to
2 reflect a $1,600 expense; the second year would be
3 reduced by $20 to show a $1,800 expense; the third year
4 to be reduced by $30 to show $2,000; the fourth year by $40
5 to show $2,220; and the fifth year to be reduced by $50
6 to show $2,500; is that correct?
7 A. That is correct.
8 Q. Now, as a part of your rate schedule, you
9 are asking for a hookup charge to be shown on Table No. 1
10 of the feasibility report of $160; is that correct?
11 A. Yes.
12 Q. The $160 will represent the cost of the
13 meter, the meter loop, the housing for the meter and the
14 meter loop, the lid and the installation; is that correct?
15 A. Yes.
16 Q. That will remain the property of the Company;
17 is that correct?
18 A. Yes.
19 Q. Now, continuing with your rate structure, will
20 you agree to accept the Commission's Staff's method of
21 depreciation of rates on the equipment that we actually
22 use?
23 A. Yes, I do.
24 Q. Now, according to the feasibility study,
25 Mr. Anderson, Stoneshire Water Co., during the first four

1 years of its operation, will have a cash, net cash loss;
2 is that correct?
3 A. Yes.
4 Q. What is your proposal about--are you, as the
5 developer of Stoneshire Subdivision, do you agree, as
6 developer of that subdivision, to guarantee the water company
7 sufficient cash with which to operate during the first four
8 years of operation?
9 A. Yes, I do.
10 Q. Now, is it your present plan to file with the
11 Commission a tariff within 60 days for their approval?
12 A. That is correct.
13 Q. You are aware and you have been made aware
14 that Stoneshire Water Co. cannot borrow money for a long-term
15 debt without Commission approval; is that correct?
16 A. So informed.
17 Q. Before Stoneshire Water Co. makes such a
18 debt, you will seek Commission approval; is that correct?
19 A. True.
20 Q. And you agree to do so?
21 A. Yes.
22 Q. Now, in the method of maintaining the records
23 of the Company, their records will be maintained, and will
24 it be the Uniform System of Accounts, will that be the
25 method used?

A. Yes.

Q. You will keep continuing property records; is that correct?

A. Yes.

Q. Now, there's quite a large area that we're asking for a certificate from the Commission on, and what is the reason we're asking for so much territory?

A. Because I own all that land.

Q. The shareholders of the water company actually own that real estate?

A. Yes, the wife and I.

Q. Will you agree to give service to customers who buy land within that territory?

A. Yes, I do.

Q. Now, who is going to be responsible for the day-to-day operation of the water company?

A. I will.

Q. Do you have a son-in-law that lives at or near this area?

A. Presently residing on the property now.

Q. Okay. Do you agree to furnish the customers with his telephone number and with your telephone number, so that they can call in case there's a breakdown in the equipment or in case the supply is--

A. Yes, I have and both my home phones, both

1 of the home phones and the office phone.
2 Q. You will supply that to the customers in
3 writing; is that correct?
4 A. That is correct.
5 Q. Where will the customers pay their bills?
6 A. It would be easiest until we're in full
7 operation to pay it at my daughter's home right on the
8 premises.
9 Q. Will you prefer them to mail in forms where
10 they can actually mail--
11 A. Yes.
12 Q. Now, what will be the address where they will
13 send their bills at this point in time?
14 A. Their payments?
15 Q. Yes.
16 A. Box 163, Highlandville, Missouri, Stoneshire
17 Water Co.
18 Q. What is the Company's telephone number?
19 A. It's area code 417-587-3503.
20 Q. Now, will you seek approval and furnish the
21 Commission a letter of approval from the Department of
22 Natural Resources?
23 A. Yes.
24 Q. Now, in our discussions with the engineers
25 of the Commission, they made us aware of certain engineering

1 data concerning the number of customers and the size of
2 our proposed pump and well; is that correct?
3 A. Yes.
4 Q. And they've estimated for the first 75 customers
5 that we should have approximately a 70-gallon per minute
6 pump and well; is that correct?
7 A. That is true.
8 Q. Not knowing exactly what the head pressure
9 and the depth of the well will be, they're estimating that
10 it will take a 15 to 20 horse pump to handle that service;
11 is that correct,--
12 A. That is true.
13 Q. --using a 10,000-gallon pressure tank.
14 A. That is true.
15 Q. Now, if the customers in the addition would
16 exceed 75 customers, you would be willing to obtain ground
17 storage for the system so that it might serve up to 300
18 customers?
19 A. Yes, sir.
20 Q. But, whatever you do will be dependent upon
21 the approval of the Department of Natural Resources; is that
22 correct?
23 A. Yes.
24 Q. At this point in time, the water company is
25 going to make an initial investment and install approximately

10,000 feet of PVC pipe; is that correct,--

A. That is correct.

Q. --which is going to be about $20,500 or $20,600; is that correct?

A. Yes.

Q. The total of these two figures as shown on Table 3 of the feasibility study?

A. Yes.

Q. Thereafter, how is the water company going to expand?

A. The developer will be out the initial cost of the development of the said lines, and the water company will reimburse as customers are obtained.

MR. McCONNELL: I have no further questions.

CROSS-EXAMINATION BY MR. DUFFY:

Q. Mr. Anderson, can you give the Commission a brief description of what is physically in your subdivision now: How many houses are there; how fast the area is developing? Just give us an idea of what the place looks like.

A. I own 2,160 acres, and we've got--we got our first plat recorded in May of '78, and we sold, oh, around 20 lots are sold. And there's seven--there's one home on the premise that has been remodeled, and my daughter is residing in that. And at the present time, we have a

bath house, combination office, and pump room and swimming pool under construction, and approximately seven homes under various stages of construction. Those are one-family dwellings. And when I say in various stages, I'm talking about two of them are just excavated.

Q. What is the average lot size?

A. Three acres is what all of them will be, the very smallest that we're developing the tracts into.

Q. How are sewerage facilities--

A. These are septic tanks on each individual lot in compliance with the Clean Water. The electric power is serviced by overhead and permission was granted by the PSC for that. And we've got approximately 52 lots platted, I think it is, 52 lots platted at this time.

MR. DUFFY: That's all the questions I have.

EXAMINER FEE: Any redirect?

MR. McCONNELL: No.

EXAMINER FEE: Thank you. The witness may be excused.

(Witness excused.)

* * * * *

(Witness sworn.)

1 HERBERT TYLER, called as a
2 witness in behalf of the APPLICANT, being
3 duly sworn, testified as follows:
4 DIRECT EXAMINATION BY MR. McCONNELL:
5 Q. State your name, please.
6 A. Herbert Tyler.
7 Q. Are you employed?
8 A. Yes.
9 Q. Who are you employed by?
10 A. Bane and Rosenbaum, an engineering firm.
11 Q. They are in Springfield?
12 A. Yes.
13 Q. Have they been employed by Stoneshire Water
14 Co. to prepare a feasibility study?
15 A. Yes.
16 Q. I hand you a copy of the feasibility study,
17 marked Exhibit No. 1, and ask you if you can identify this
18 as a copy of that study?
19 A. Yes, it is.
20 Q. Now, Bane and Rosenbaum are engineers; is
21 that correct?
22 A. Yes.
23 Q. And do represent the water company and have
24 prepared this report based on certain information submitted
25 by Mr. Don Anderson; is that correct?

A. That is correct.

Q. Without going into detail, sir, could you tell me whether or not, in your opinion, the amendments that the Commission Staff and you and Mr. Anderson have worked out in Tables 1 and the other tables that we've amended, will that materially affect the feasibility study as proposed?

A. No, I don't think so.

MR. McCONNELL: I have no further questions.

CROSS-EXAMINATION BY MR. DUFFY:

Q. Mr. Tyler, do I understand that you are not an engineer?

A. That's right, I'm not.

Q. Can you explain why the engineer who prepared this report is not here today?

A. He's in the hospital.

Q. But, you are familiar with the report, so you are testifying as to its accuracy?

A. Yes, sir.

MR. DUFFY: That's all I have.

EXAMINER FEE: The witness may be excused, and if there is no objection to Exhibit 1, it will be received in evidence.

(AT THIS TIME APPLICANT'S EXHIBIT NO. 1 WAS RECEIVED IN EVIDENCE AND MADE A PART OF THIS RECORD.)

(Witness excused.)

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MR. DUFFY: Staff calls Jim Merciel.

(Witness sworn.)

STAFF'S EVIDENCE:

JAMES MERCIEL, called as a witness in behalf of the STAFF, being duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. DUFFY:

Q. State your name, please.

A. My name is Jim Merciel.

Q. By whom are you employed?

A. I am employed by the Staff of the Public Service Commission.

Q. In what capacity?

A. I'm an engineer in the Water and Sewer Department.

Q. How long have you been employed in that capacity?

A. I've been here for about two years.

Q. Have you participated in rate cases and certificate cases for water and sewer companies in that time?

A. Yes, I have.

Q. Have you reviewed the engineering feasibility report submitted by the Applicant, Stoneshire Water Co?

A. Yes, I have reviewed it.

Q. Have you also been in discussions with the company--

A. Yes.

Q. --previous to this hearing?

A. Well, yes, previous to the hearing.

Q. Do you have any objections to the feasibility report as it has been amended in this hearing?

A. I have reviewed the feasibility study. As amended, I think it's acceptable. I have reviewed the map and the legal description, which is part of that. It all checks out okay. The service area appears to be reasonable. We do agree with everything as amended, including the new rate structure.

Q. Do you have any objections to the Commission issuing a certificate of public convenience and necessity to Stoneshire Water Co.?

A. We have no objection to this company receiving a certificate. Although, we would like a few conditions on here. The water system needs an approval by the Department of Natural Resources. What we would recommend is that the company submit the plans to that agency within 60 days and submit evidence to the Commission that they have submitted the plans. And, then, whenever the Department of Natural Resources gives their final approval, the company also submit evidence of that, of that act.

Q. So, you're asking the Commission to issue a conditional certificate, conditioned upon the approval of the water system by the Department of Natural Resources?

A. That's correct.

Q. Do you have any objections to the rates as they have been proposed or to the connection fee, as it has been proposed?

A. The rates, as amended, and the feasibility report look reasonable as to the connection fees.

Q. Is it the Staff's position that the rates and the connection fees should be implemented on an interim basis?

A. Yes. They should be interim, probably for 18 months. And we will at that time review the Company's operations and their financial status at that time, at the end of the 18 months, and adjust the rates accordingly.

Q. Are there any other recommendations of the Staff?

A. I think that's all we would--I think, other than what I have just mentioned, this water company looks reasonable.

MR. DUFFY: That's all I have. I tender the witness for cross.

MR. McCONNELL: No cross. No questions.

EXAMINER FEE: Do you contemplate that after the 18 months' operating experience that the Commission Staff

would make a recommendation that the rates either be revised or if they appear to be acceptable, that those rates be established on a permanent basis without any kind of a complicated proceeding?

WITNESS MERCIEL: Yes. If we go through an audit and review the Company's operations, and do an audit, if they look reasonable, I don't see why they couldn't go on a permanent basis.

EXAMINER FEE: The witness may be excused.

(Witness excused.)

* * * * *

EXAMINER FEE: Is there anything further to be offered?

MR. DUFFY: No, Your Honor.

EXAMINER FEE: If the Applicant is willing to waive compliance with Section 536.080 of the Statutes concerning the reading of the transcript, please execute a written waiver.

This matter will be ruled on by Order of the Commission, and the hearing stands adjourned.

WHEREUPON, the hearing of this case was concluded.

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I N D E X

E X H I B I T S

* Marked off the record.

ENGINEERING FEASIBILITY REPORT

FOR

STONESHIRE WATER CO.

CHRISTIAN COUNTY, MISSOURI

November 1978

Applicant's Exhibit No. 1
Date 1-17-79 Case No. WA-79-112
Reporter JJ

BANE and ROSENBAUM
LAND SURVEYORS AND ENGINEERS

OFFICE PHONE 883-2562
3863A SOUTH CAMPBELL AVE.
SPRINGFIELD, MISSOURI 65807

October 23, 1978

Stoneshire Water Co.
c/o Mr. Don D. Anderson
5425 Southwood
Springfield, Missouri 65804

Gentlemen:

Enclosed is our Engineering Feasibility Report for your proposed water company. This report pertains to your application to the Public Service Commission of Missouri for a certificate of convenience and necessity to provide water service to the area designated in the report.

The present population of the area does not warrant water service for the area, therefore, the proposed initial development of the area was used as the basis for this report.

Based on my findings as shown in the report, the construction and operation of a water system to serve the area is feasible.

Sincerely,

F. K. Bane

Bane and Rosenbaum

jg

Enclosure

STATE OF MISSOURI
F. K.
BANE
NUMBER
E-3198
REGISTERED PROFESSIONAL ENGINEER

I N D E X

Tables and Exhibits

S T O N E S H I R E W A T E R C O.

I. PURPOSE:

The purpose of this engineering report is to determine the economic feasibility of constructing and operating a new water supply system serving a 2,160 acre subdivision, and adjoining areas, as shown on attached Exhibit "A".

The proposed area to be served is located in Christian County, Missouri, approximately 2 miles south of the Highlandville Area and described as follows:

Beginning at the NW Corner of SW 1/4 of Section 6, Township 25, Range 21 Christian County, Missouri, thence East to the NE Corner of said SW 1/4, thence South to the NE Corner of the SE 1/4 SW 1/4 said Section thence East along the North line of the SW 1/4 SE 1/4 said Section to the NE Corner of said SW 1/4 SE 1/4, thence South to the Southeast corner of said SW 1/4 SE 1/4, being the North line of Section 7, Township 25, Range 21, thence East along the Section line of said Section 7 to the Northeast corner of said Section 7, thence South to the Northeast Corner of the SW 1/4 of said Section 7, thence East to the Northeast Corner of the West Half of the SW 1/4 of Section 8, Township 25, Range 21, thence South to the Northeast Corner of SW 1/4 SW 1/4 of said Section 8, thence East to the Northeast Corner of the SW 1/4 SE 1/4 of said Section 8, thence South to the South section line of said Section 8, thence East along the South section line of said Section 8, and along the North section line of Section 16, Township 25, Range 21 to the Northeast Corner of said Section 16, thence South to the Southeast Corner of said Section 16, thence West along the South line of said Section 16, to the Southwest Corner of the SE 1/4 of said Section 16, thence North to the NW Corner of the S 1/2 of SE 1/4 of said Section 16, thence West along the North line of the S 1/2 of SE 1/4 of said Section 16, to the East Section line of Section 17, Township 25, Range 21, thence South to the Southeast Corner of said Section 17, thence West along the South line of said Section 17, to the SW Corner of said Section 17, thence North along the West line of said Section 17, to the Northwest Corner of said Section 17, thence West along the South line of the SE 1/4 SE 1/4 of Section 7, Township 25, Range 21, to the SW Corner of said SE 1/4 SE 1/4 Section 7, thence North to the NW Corner of said SE 1/4 SE 1/4, thence West to the West Section line of said Section 7 and continuing West to the SW Corner of the NE 1/4 SE 1/4 Section 12, Township 25, Range 22, thence North to the NW Corner of said NE 1/4 SE 1/4 Section 12, thence East to the West Section line of Section 7, Township 25, Range 21, thence North along the West Section lines of said Section 7 and 6 to the point of beginning.

II. AREA SERVED:

Exhibit "A" shows the boundaries of the areas to be served. There are very few residences within the area at the present time. There is one sub-division within the area which has been platted. The sub-division consists of 54 residential lots platted at present, Exhibits "B" and "C", and 1,960 acres to be platted.

The area is primarily gently rolling to hilly grazing land. The area is served by U. S. Routes 160 and 65 Highways and State Route "HH" which provides excellent transportation facilities. The area is located approximately 18 miles south of Springfield and should be a desirable area for the proposed development. The current trend in development of Springfield is in a southerly direction toward the area under study and the tri-lake area.

The initial phase of this project concerns the Stoneshire Sub-division plus those existing residences along the connecting route.

III. WATER SUPPLY:

The Stoneshire Water Co. expects to drill a well which will be a drilled well to a depth of approximately 1245 feet and capable of producing an estimated 150 G.P.M. The well will be a State Health Department approved well. It is not anticipated that treatment of the water will be required and no cost for treatment has been considered.

With the anticipated growth of the area under study, it is estimated that no new source of water will be required to the fifth year of operation. This is based on the estimated production of the proposed well and a maximum operating time of 12 hours per day.

IV. MATERIALS AND CONSTRUCTIONS PROCEDURE:

The materials specified for construction of the water supply and distribution system and related appurtenances will comply with the requirements of the Missouri Division of Health, American Water Works Association, and for plastic pipe the National Sanitation Foundation. An economical and safe working factor of safety will be utilized in the design of the piping with well thicknesses capable of withstanding internal pressure of 200 psi.

All pipe will be P.V.C. (Polyvinyl Chloride) plastic pipe. All pipes will have a minimum of 30" cover in non-traffic areas and 36" in traffic areas.

The water service to be provided consists of a tap, corporation cock, meter, meter yoke, meter box, 3/4" P.V.C. service pipe to users property line.

No fire protection will be provided.

V. PHYSICAL PROPERTIES OF SYSTEM:

The initial water facilities will consist of a 1245 foot well, a 10,000 gallon pressure tank with a 150 pound P.S.I. pressure test, a 30 H.P. pump, and approximately 10,000 feet of 3" P.V.C. pipe. Table #3 shows the detailed investment estimate which is based on the anticipated initial growth of the area and current contract price for materials and labor. All of the initial investment is assumed to be built prior to the first year of operation. Subsequent investments during the fourth and fifth years are assumed to occur in the middle of the year and will be required to serve the expanding area.

VI. FINANCIAL STATISTICS:

Stoneshire Water Co. has been formed and construction of the facilities will be financed by long-term loan at an interest rate of 10% with a 20 year loan life. The following Tables #1 through #9 contain the estimated investments, revenues, operating expenses, and net incomes for the first five years of operation. The financial statistics are based on full development of Stoneshire Sub-division over a ten-year period.

TABLE #1 is the proposed initial maximum rate schedule for water sold to the various users within the area served.

TABLE #2 is the basis used in designing and estimating the various items considered.

TABLE #3 is the estimated initial utility plant investment. The investment estimate includes all organization expenses in addition to the plant investment. No cost for right-of-way has been included since none is anticipated.

TABLE #4 is the estimated investment by year for the first five years of operation, including the normal water line extensions. In estimating the future investments, the current estimating figures were extended to allow for increasing cost of materials and labor.

It should be noted that after the first year the major investments of a well and storage tank will have been made and the remaining investments through the tenth year will require only line extensions until complete development of the first phase is obtained.

TABLE #5 is the estimated number of users, water use and gross income for the first five years of operation.

TABLE #6 is the estimated operating expense of the company.

TABLE #7 is the estimated operating statement. The estimated revenue, operating expense, depreciation and net cost rate base were included in previous tables. Interest on long term debt is based on a 10% interest and a 20 year loan for the initial investment. Interest during the following years is based on additional invest-

ments being made in the middle of that year and only 6 months interest. Income taxes are calculated at a 25% rate of net income before taxes. The percent return on cost rate base is calculated from the total operating income and the net cost rate base and varies from 0% the first year to 7.90% during the fifth year.

TABLE #8 is the estimated earned surplus statement from operation during the first five years. During the fifth year, a loss of (24,582) has accumulated.

TABLE #9 is the estimated cash flow of the Stoneshire Water Co. for the first five years of operation. The table shows a negative cash flow. Shown are the items which constitute the cash situation at the end of each year of operation.

VII. CONCLUSION:

The present population of the area can not justify the construction of water lines and other water investments. However, with the development of the new sub-division the project can be economically feasible, if the whole area is developed into the proposed 150 residential lots.

The study is based on the development of the Stoneshire Subdivision and the initial investment has been kept to a minimum.

It should be noted that after the first year, the water company will have made all of the required major investments (well, pump, and storage tank). In the remaining years the company would be required to expand the system with additional lines but no major investment.

As other areas within the boundaries of or adjacent to the proposed system develop, these areas could be served from the present proposed facilities.

TABLE #1

STONESHIRE WATER CO.

Water Rates

0 to 6,000 gal. per month	$4.21 $10.00 (Minimum)	
next 3,000 gal. per month	$1.28 1.00 per 1,000 gal.	
next 5,000 gal. per month	.75 per 1,000 gal.	
all over 14,000 gal. per month	.60 per 1,000 gal.	

hook up chg. $160

TABLE #2

BASIS OF ESTIMATION

95,812.5 gal/yr./lot
$143.00 per/yr./lot

Service provided consists of:

tap, corporation cock, meter, meter yoke, meter box, 3/4" P.V.C. service pipe to users' property line and installation

Depreciation - 2% of investment

Interest on long term loan - 10%, 20 years

Income Tax - 25% of net income before income tax

Property Tax - 1% of total investment at beginning of year

SIZE OF SYSTEM

Design based on:

95,812.5 gal/yr./lot

3.5 persons/lot

75 gal/day/capita

20 psi minimum pressure

54 gal/lot minimum storage

TABLE #3

INITIAL UTILITY PLANT INVESTMENT

Transmission and Distribution:

1,245 foot well	$ 16,500.00
10,000 gallon pressure tank	7,570.00
30 H.P. Pump	4,120.00
9,466 feet 3" P.V.C. pipe	19,580.00
550 feet 2" P.V.C. pipe	1,100.00
Lot placement cost	1,000.00
Well house, footings for tank, etc.	3,000.00
~~10 Meters and Accessories~~	~~1,000.00~~
Pump Installation	1,450.00
	54,000.00
SUB-TOTAL	$ 55,320.00
Engineering and Supervision	2,000.00
Contingencies @ 5%	2,866.00
	59,186.00
TOTAL	$ 60,186.00

Intangible:

Legal and Administrative	1,000.00
TOTAL	$ 1,000.00
	60,186.00
GRAND TOTAL	$ 61,186.00

TABLE #4

STONESHIRE WATER CO.

Estimated Investment In Water Property

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
1. Investment at beginning of year	$ 61,186	$ 61,186	$ 61,186	$ 61,186	$ 71,186
2. Additional investment during year	-0-	-0-	-0-	10,000	10,000
3. Total investment at end of year	61,186	61,186	61,186	71,186	81,186
4. Depreciation @ 2%	1,223	1,223	1,223	1,424	1,624
5. Depreciation Reserve	1,223	2,446	3,669	5,093	6,717
6. Net cost rate base	59,963	58,740	57,517	66,093	74,469

TABLE #5

STONESHIRE WATER CO.

Estimated Revenue Statement

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
1. Number of users, beginning of year	2	6	16	36	66
2. Number of users added during year	4	10	20	30	20
3. Total users at end of year	6	16	36	66	86
4. Total 1,000 gallons sold	383.2	1,053.8	2,490.8	4,885.8	7,280.8
5. Gross income	$ 572	$ 1,573	$ 3,718	$ 7,293	$ 10,868

TABLE #5

STONESHIRE WATER CO.

Estimated Revenue Statement

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
1. Number of users, beginning of year	2	6	16	36	66
2. Number of users added during year	4	10	20	30	20
3. Total users at end of year	6	16	36	66	86
4. Total 1,000 gallons sold	383.2	1,053.8	2,490.8	4,885.8	7,280.8
5. Gross income	$ 572	$ 1,573	$ 3,718	$ 7,293	$ 10,868

TABLE #6

STONESHIRE WATER CO.

Estimated Operating Expense

Description	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Salaries and Wages	$ 1,200	$ 1,260	$ 1,320	$ 1,390	$ 1,460
Office Supplies	50	70	100	130	160
Maintenance	150	200	250	300	350
~~Uncollectible Accounts~~	~~10~~	~~20~~	~~30~~	~~40~~	~~50~~
Pumping Power Cost	40	60	80	100	120
Insurance	100	130	150	180	270
Miscellaneous General Expense	60	80	100	120	140
TOTAL OPERATING EXPENSE	$ 1,610 $1,600	$ 1,820 $ 1,850	$ 2,030 $2,000	$ 2,260 $2,220	$ 2,550 $2,500

TABLE #7

STONESHIRE WATER CO.

Estimated Operating Statement

Description	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Revenue	$ 572	$ 1,573	$ 3,718	$ 7,293	$10,868
Operating Expense	1,610	1,820	2,030	2,260	2,550
Depreciation Expense	1,223	1,223	1,223	1,424	1,624
Taxes, other than income	611	611	611	712	812
Income Tax	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING INCOME	($ 2,872)	($ 2,081)	($ 146)	$ 2,897	$ 5,882
Net Cost Rate Base	$59,963	$58,740	$57,517	$66,093	$74,469
Precent Return on Cost Rate Base	-0-	-0-	-0-	4.38%	7.90%
Interest on Long Term Debt	$ 3,000	$ 2,850	$ 2,700	$ 3,050	$ 2,900
Net Income Before Taxes	($ 5,872)	($ 4,911)	($ 2,846)	($ 153)	($10,800)*
Net Income AFter Taxes	($ 5,872)	($ 4,911)	($ 2,846)	($ 153)	($10,800)

* Negative net income after taxes in previous years is carried forward and deducted from current net income before taxes.

TABLE #8

STONESHIRE WATER CO.

Estimated Earned Surplus Statement

	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Net Income	($5,872)	($4,911)	($2,846)	($ 153)	($10,800)
Earned Surplus					
1. Unappropriated earned surplus at beginning of period	-0-	($5,872)	($10,783)	($13,629)	($13,782)
2. Balance transferred from income	($5,872)	($4,911)	($2,846)	($ 153)	($10,800)
TOTAL	($5,872)	($10,783)	($13,629)	($13,782)	($24,582)

TABLE #9

STONESHIRE WATER CO.

Estimated Cash Flow

Source of Funds	First Year	Second Year	Third Year	Fourth Year	Fifth Year
1. Net Income	($5,872)	($4,911)	($2,846)	($ 153)	($10,800)
2. Depreciation	$1,223	$1,223	$1,223	$1,424	$ 1,624
TOTAL	($4,649)	($3,688)	($1,623)	$1,271	($ 9,176)
3. Increase or decrease in cash during year	($4,649)	($3,688)	($1,623)	$1,271	($ 9,176)
4. Cash at beginning of year	-0-	($4,649)	($8,337)	($9,960)	($ 8,689)
5. Cash at end of year	($4,649)	($8,337)	($9,960)	($8,689)	($17,865)

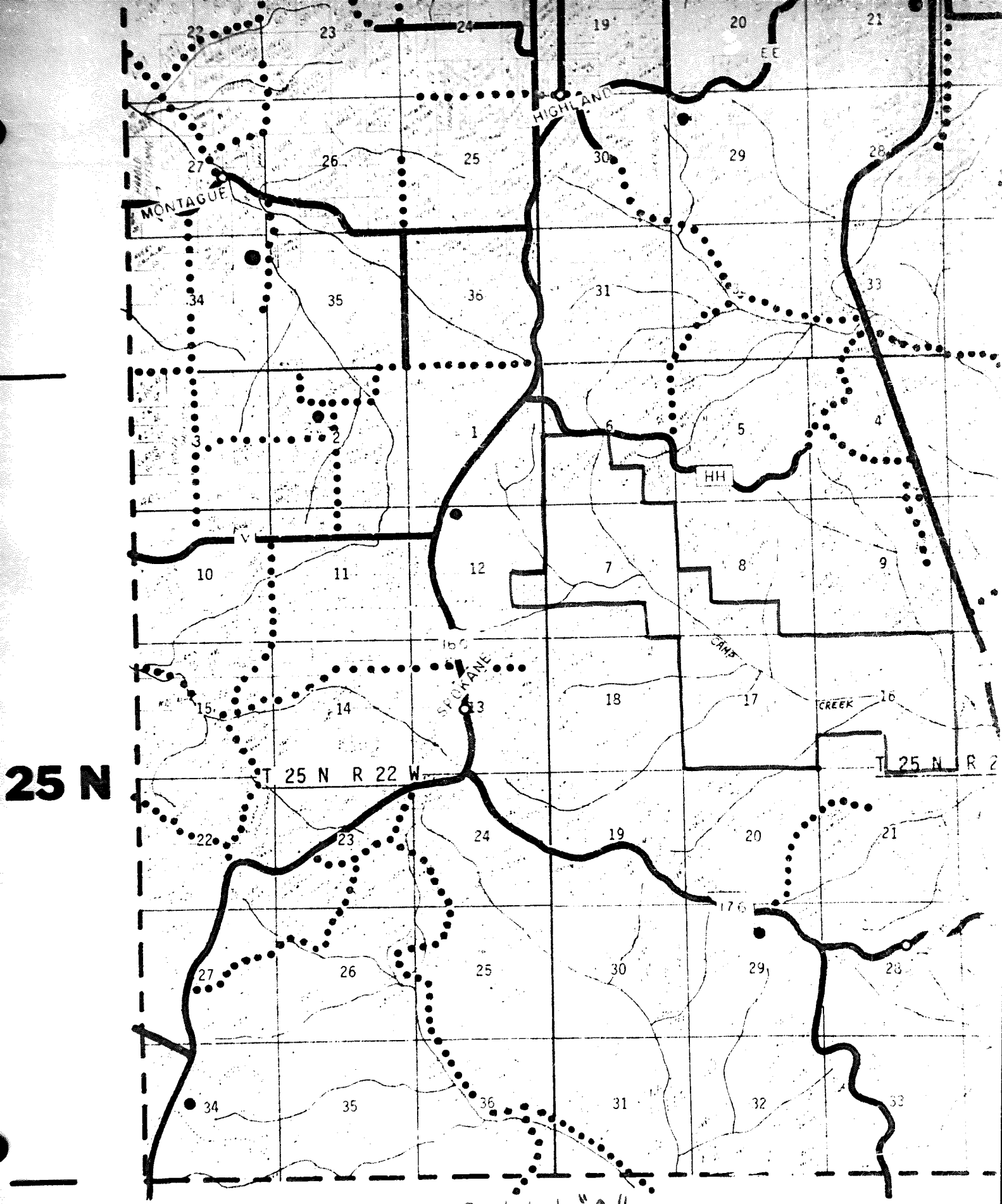
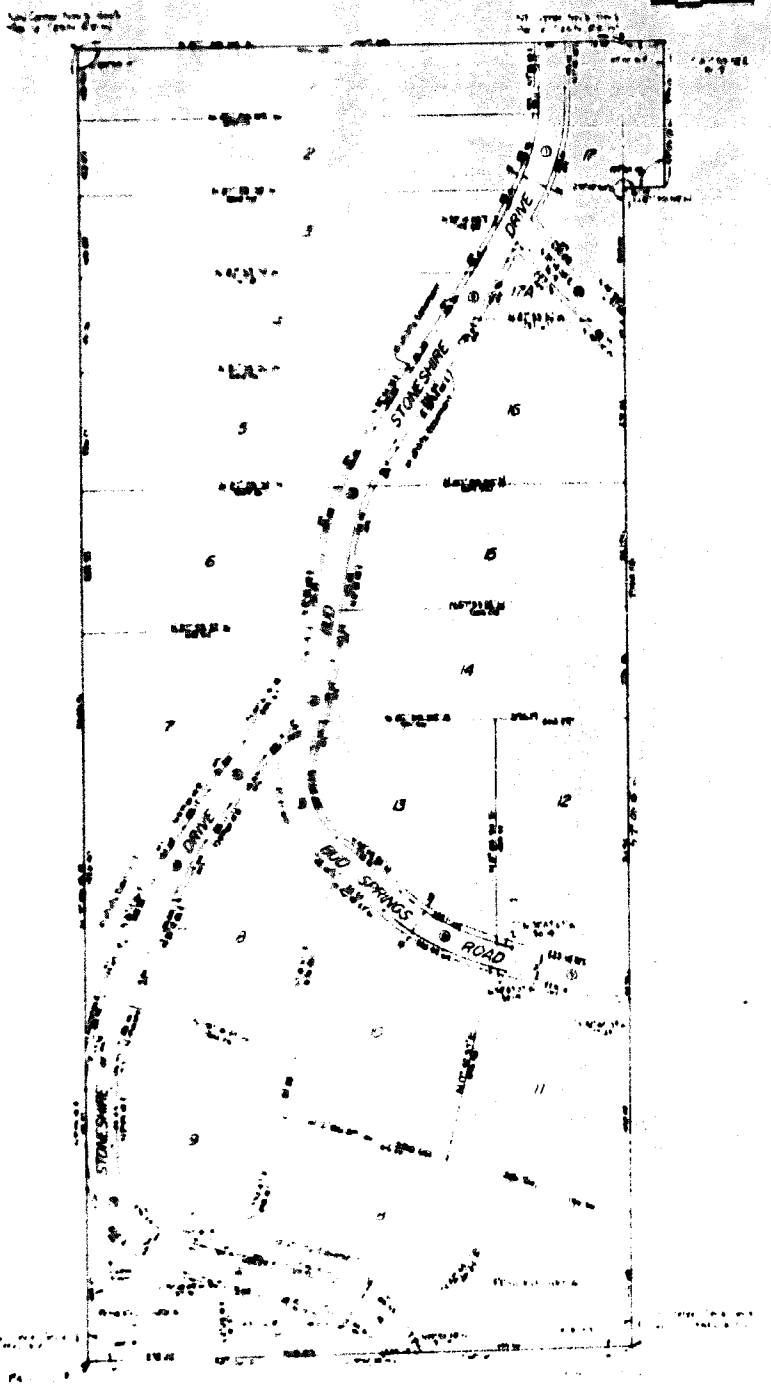

HIGHLAND
MONTAGUE
HH
SPOKANE
CAMP
CREEK
T 25 N R 22 W
T 25 N R 2
25 N
R 22 W
R 21

Exhibit "A"

STONESHIRE



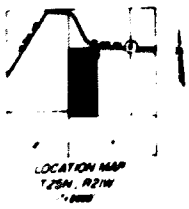


Exhibit "B"

FINAL PLAT

STONESHIRE 1st ADDITION

A SUBDIVISION IN CHRISTIAN COUNTY, MISSOURI

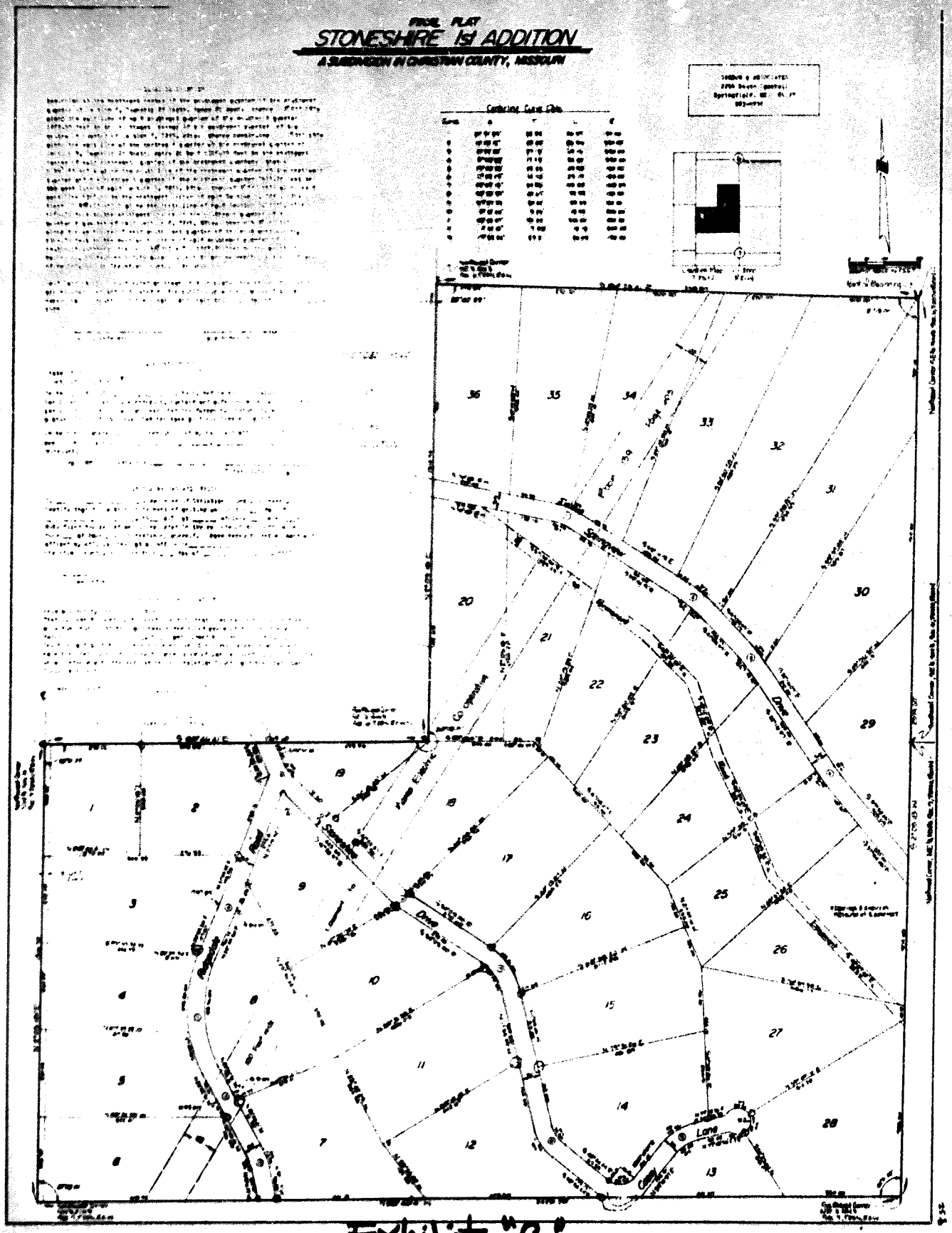


Exhibit "C"