

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

In the Matter of the Small Company Rate       )  
Increase Request of Roy-L Utilities Inc.       )

Case No. WR-2008-0304

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

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Notice of Agreement Regarding Disposition of Small Company Rate Increase Request ("Agreement Notice") states the following to the Missouri Public Service Commission ("Commission").

1. On March 20, 2008, Roy-L Utilities, Inc. ("Company") submitted to the Commission revised tariff sheets to implement increases in its water service rates and charges, and other tariff changes, and the instant case was established.

2. As is noted in the Company's tariff filing transmittal letter, the changes contained in the subject revised tariff sheets are based upon a *Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request* ("Company/Staff Agreement") entered into the Company and the Staff. As is also noted in the Company's tariff filing transmittal letter, the Disposition Agreement pertains to the small company rate increase request that the Company submitted to the Commission on October 23, 2007 (Tracking File No. QW-2008-0002).

3. Included in Appendix A attached hereto is a copy of the above-referenced Company/Staff Agreement. Various documents related to the Company/Staff Agreement are also included in Appendix A as attachments to the agreement. Additionally, affidavits from the Staff members that participated in the investigation of the Company's Request are included in Appendix A.

4. Consistent with established internal operating procedures pertaining to small company rate increase requests, the Staff intends to file its recommendation in this case no later than the end of business on April 25, 2008.

**WHEREFORE**, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case.

Respectfully Submitted,

/s/ **Keith R. Krueger**

Keith R. Krueger  
Deputy General Counsel  
Missouri Bar No. 23857

Attorney for the Staff of the  
Missouri Public Service Commission

P.O. Box 360  
Jefferson City, MO 65102  
573-751-4140 (telephone)  
573-751-9285 (facsimile)  
[keith.krueger@psc.mo.gov](mailto:keith.krueger@psc.mo.gov) (e-mail)

#### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of this Agreement Notice and the attached Appendix has been provided, either by first-class mail, by electronic mail, by facsimile transmission or by hand-delivery, to each attorney and/or party of record for this case on this 27th day of March 2008.

/s/ **Keith R. Krueger**

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2008-0304

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

Guy Gilbert – Engineering & Management Services Department

Nila Hagemeyer – Engineering & Management Services Department

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

**AFFIDAVIT OF JAMES M. RUSSO**

STATE OF MISSOURI     )

) SS

CASE NO. WR-2008-0304

COUNTY OF COLE     )

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



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

Subscribed and sworn to before me this 20<sup>th</sup> day of March, 2008.

  
Notary Public

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

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF DANA E. EAVES**

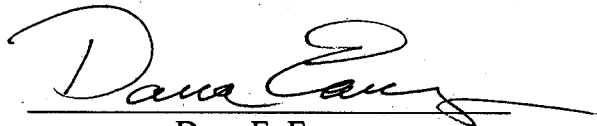
STATE OF MISSOURI

ss.

COUNTY OF COLE

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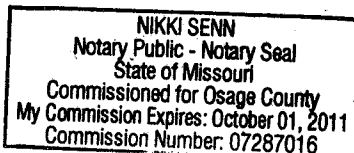
**COMES NOW** Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Dana E. Eaves

Utility Regulatory Auditor III  
Auditing Department

Subscribed and sworn to before me this 27<sup>th</sup> day of March 2008.



Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT GUY C. GILBERT**

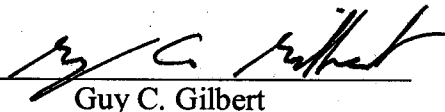
STATE OF MISSOURI

ss.

COUNTY OF COLE

)  
) Case No. WR-2008-0304  
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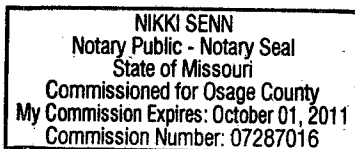
**COMES NOW** Guy C. Gilbert, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Engineer II in the Missouri Public Service Commission's Engineering and Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Unanimous Agreement Regarding Disposition of Small Water and Sewer Company Rate Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Guy C. Gilbert

Utility Regulatory Engineer II  
Engineering and Management Services Department

Subscribed and sworn to before me this 25<sup>th</sup> day of March 2008.

  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

**AFFIDAVIT OF NILA S. HAGEMEYER**

STATE OF MISSOURI

ss.

COUNTY OF COLE

)  
)  
)  
)  
Case No. WR-2008-0304

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

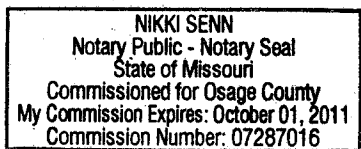
*Nila S. Hagemeyer*

Nila S. Hagemeyer

Utility Management Analyst III

Engineering and Management Services Department

Subscribed and sworn to before me this 25<sup>th</sup> day of March 2008.



*Nikki Senn*

Notary Public



# Company/Staff Disposition Agreement

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

**ROY-L UTILITIES, INC.**

**MO PSC TRACKING FILE NO. QW-2008-0002**

**BACKGROUND**

Roy-L Utilities, Inc. (Company) initiated a small company revenue increase request (Request) for water service that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure (Small Company Procedure). In its letter, received on October 23, 2007, the Company set forth its request for an increase of \$20,000 in its total annual water service operating revenues. In its request, the Company also acknowledged that the design of its customer rates, service charges, customer service practices, general business practices and general tariff provisions would be reviewed during the Commission Staff's (Staff) review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 61 residential customers.

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

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

**Resolution of the Company's Rate Increase Request**

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as

Attachment A, with those proposed tariff revisions bearing an effective date of May 5, 2008.

(2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$13,624 needed to recover the Company's cost of service.

(3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 88.12% equity for the Company and a pre-tax return on equity of 8.88%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.

(4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company and are just and reasonable.

(5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.

(6) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.

(7) That the Company will install a master meter on the well by September 30, 2008, read the master meter daily and record the meter reading on a meter reading log kept in the well house.

(8) That the Company will refund the overcharges that occurred from July 2001 through June 2006 with accrued interest as set out below:

- (a) For overcharges collected prior to April 1, 2003, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the first billing period after the effective date of the tariff revisions resulting from this Agreement.
- (b) For overcharges collected during the period of April 1, 2003 through December 31, 2004, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the thirteenth billing period after the effective date of the tariff revisions resulting from this Agreement.

- (c) For overcharges collected after December 31, 2004,, the Company will return the overcharges and accrued interest as monthly bill credits over a one-year period, starting with the twenty-fifth billing period after the effective date of the tariff revisions resulting from this Agreement.

(9) That within ninety (90) days of the effective date of the tariff revisions resulting from this Agreement, the Company will provide the Staff and the OPC documentation that supports the amounts of overcharges and accrued interest that will be returned to its customers in accordance with item (xx) above. At a minimum, this documentation will include the following: customer name, amount of overcharge to be refunded, interest owed and total amount owed.

(10) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than July 18, 2008.

(11) That no later than March 26, 2008, the Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill, and will invite the customers to submit comments on the proposed tariff changes to the Staff and OPC within twenty (20) days after the date of the notice. When the Company mails the notice to its customers, it will also send a copy to the Staff and the Staff will file a copy in the subject case file.

(12) That the Company acknowledges that the OPC has the right to request that the Commission hold a local public hearing regarding the provisions of this Disposition Agreement (Agreement) and the provisions of the proposed tariff revisions that the Company will be filing as a result of this agreement.

(13) That the Company acknowledges that it may be necessary for the proposed tariff revisions resulting from this Agreement to be suspended if the OPC requests a local public hearing and the Commission grants that request. Further, the Company agrees that it will not object to a suspension of the subject tariff revisions to allow sufficient time for a local public hearing to be held, so long as the suspension does not exceed 45 days.

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

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

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

### **ADDITIONAL MATTERS**

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

The Company acknowledges that the Staff will be filing this Agreement, including the attachments, in the case that will be opened when the Company files the proposed tariff revisions called for in the Agreement. The Company also acknowledges that the Staff will be making another filing in that case that will include the following: (a) the Staff's recommendation for approval of the subject proposed tariff revisions, and any related recommendations; (b) background information regarding the Company's Request and the Staff's investigation thereof; (c) information regarding the status of the Company's payment of its Commission assessments; (d) information regarding the status of the Company's submission of its Commission annual reports; (e) information regarding the status of the Company's submission of its Commission annual statement of operating revenues; (f) information regarding any other cases that the Company may have before the Commission; (g) information regarding any recent Notices of Violations that the Department of Natural Resources has issued to the Company; and (h) the status of the Company's corporate standing with the Secretary of State.

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

**EFFECTIVE DATE AND SIGNATURES**

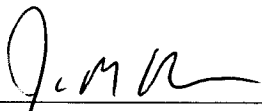
This Disposition Agreement shall be considered effective as of the date that the Company files the proposed tariff revisions required herein with the Commission.

Agreement Signed and Dated:



Marie Rock  
Secretary  
Roy-L Utilities, Inc.

3.14.08  
Date



James M. Russo  
Rate and Tariff Examination Supervisor  
Water & Sewer Department  
Missouri Public Service Commission Staff

3/18/08  
Date

**List of Attachments**

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

## Agreement Attachment A

### Example Tariff Sheets

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

# Rules Governing Rendering of Water Service

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Sheet No.

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| 2. | Map of Service Area               |
| 3. | Legal Description of Service Area |
| 4. | Schedule of Rates                 |
| 5. | Schedule of Service Charges       |

Rule No.

- |     |     |  |
|-----|-----|--|
| 6.  | 1.  | Definitions  |
| 8.  | 2.  | General Rules and Regulations                      |
| 9.  | 3.  | Company Employees and Customer Relations           |
| 10. | 4.  | Applications for Service                           |
| 11. | 5.  | Inside Piping and Customer Water Service Lines     |
| 13. | 6.  | Improper or Excessive Use                          |
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| 18. | 9.  | Interruptions in Service                           |
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\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address



Montgomery County, Missouri

+Indicates change

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

### Rules Governing Rendering of Water Service

#### Legal Description of Service Area

The northeast fourth of the northwest quarter of Section 28 except approximately 3 acres described as follows: Beginning at a point on the south line of the public road 298 feet west of the northeast corner of said northeast fourth of the northwest quarter, thence south 155 feet, thence west parallel with said road 444 feet, thence north 155 feet, thence east along south line of said road 444 feet to the point of beginning; the southeast quarter of Section 8, the northeast one-fourth of the northeast quarter of Section 17; the south one-half of the northeast quarter of Section 17; the southeast quarter of the northwest quarter of Section 17; the east one-half of the southwest quarter of Section 17; the south one-half of the southeast quarter of Section 17; the northeast quarter of Section 20; the north east quarter of the northwest quarter of Section 20; the north one-half of the southeast quarter of Section 20; all of Section 16; the north one-half of Section 21; the southeast quarter of Section 21; the east one-half of the southwest quarter of Section 21; the northwest one-fourth of the southwest quarter of Section 21; the north one-half of the north-west quarter of Section 22; the southwest quarter of Section 15; the west one-half of the southeast quarter of Section 15; except 15.34 acres, part of the northwest fourth of the southeast quarter of Section 15 described as follows: Beginning at the center of said Section 15, thence east along the east-west center line 1357.34 feet to the center of the County road, thence 16' 30" west along the center of said road 492.82 feet, thence west 1354.42 feet, thence north 3' 50" west 492.82 feet to the point of beginning; the west half of the northwest quarter of Section 15; 14.934 acres part of the southeast fourth of the northwest quarter of Section 15, described as follows: Commencing at the center of said Section 15, run thence west along the east-west center line of said Section 815 feet to the point of beginning, thence continuing west along said east-west center line 492.82 feet, thence north 32' 30" west 1320 feet, thence east 492.82 feet, thence south 32' 30" west 1320 feet to the point of beginning. All in Township 48 of Range 4 West of the Fifth Principal Meridian in Montgomery County, Missouri.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day YearDATE EFFECTIVE May 5, 2008  
Month Day YearISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

### Rules Governing Rendering of Water Service

#### Rate Schedule W-1 -- General Service

##### Availability:

These rates are available to any water customer on Company's mains for supplying water service requested.

##### Monthly Flat Rate:

Full-time Customer	\$28.49
--------------------	---------

Part-time Customer	\$22.94
--------------------	---------

##### Taxes:

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

##### Late Charges:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

##### Schedule of Service Charges

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day Year

DATE EFFECTIVE May 5, 2008  
Month Day Year

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

### Rules Governing Rendering of Water Service

Returned Check Charge:

A returned check charge of \$25 per check will be paid by customers on all checks returned from the bank.

Disconnect/Reconnection Charge:

With shut off valve:	\$ 25.00
Without shut off valve (includes installation of meter and accessories):	\$360.00

Temporary Turn-off /Turn-On Charge

When customer has a shut off valve and for customer's convenience:  
     \$25.00 during 8:00 am to 5 pm, and  
     \$35.00 before 8:00 am and after 5 pm.

Meter Installation Fee:

This fee is applicable for installation of meter pit, ring, lid, yoke, fittings and other parts for existing customers:	\$360.00
---	----------

New Service Connection Fee:

This fee is applicable for installation of a new service line, from the Company's main to the customer's property line:

Actual cost not to exceed \$900.00

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE <u>March 20, 2008</u>	DATE EFFECTIVE <u>May 5, 2008</u>
Month Day Year	Month Day Year

ISSUED BY <u>Marie Rock Secretary</u>	<u>366 Highway F High Hill MO 63350</u>
Name of Officer Title	Address

## Canceling all Previous Tariffs

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

## Rules Governing Rendering of Water Service

## Rule 1 DEFINITIONS

- (a) An "APPLICANT" is a person, firm, corporation, governmental body, or other entity which has applied for service; two or more APPLICANTS may make one application for a main extension.
- (b) The "COMPANY" is Roy-L Utilities Inc., acting through its officers, managers, or other duly authorized employees or agents.
- (c) 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.
- (d) The "DATE OF CONNECTION" shall be the date of the permit for installation and connection issued by the company. In the event no permit is taken and a connection is made, the date of connection may be the date of commencement of construction of the building upon the property.
- (e) 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.
- (f) "DISCONTINUANCE OF SERVICE" is the intentional cessation of service by the company not requested by the customer.
- (g) A "FULL-TIME CUSTOMER" shall be defined as a Residential Customer occupying the unit served for a period of at least one hundred and eighty (180) days of the calendar year.
- (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.
- (i) The "METER" is a device used to measure and record the quantity of water that flows through the service line, and is installed in the meter setting.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008      DATE EFFECTIVE May 5, 2008  
Month Day Year                                      Month Day Year

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
 Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

### Rules Governing Rendering of Water Service

- (j) The "METER SETTING" includes the meter box, meter yoke, lid, and appurtenances, all of which shall be owned and maintained by the company.
- (k) A "PART-TIME CUSTOMER" shall be defined as a Residential Customer occupying the unit served for a period of less than one hundred and eighty (180) days of the calendar year.
- (l) The "SERVICE CONNECTION" is the pipeline connecting the main to the customer's water service line, or outdoor meter setting including all necessary appurtenances. This service connection will be installed, owned, and maintained by the company. If the property line is in a street, the said service connection shall be deemed to end at the edge of the street abutting the customer's property.
- (m) 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.
- (n) "TERMINATION OF SERVICE" is cessation of service requested by the customer.
- (o) 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.
- (p) 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 or outdoor meter setting, including the connection to the 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.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008  
Month Day Year

DATE EFFECTIVE May 5, 2008  
Month Day Year

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

### Rules Governing Rendering of Water Service

#### Rule 2 GENERAL

- (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 and rules.
- (b) The company's rules 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.
- (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 in accordance with the statutes of the State of Missouri and of the Public Service Commission of Missouri. 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.

\*Indicates new rate or text

+Indicates change

DATE OF ISSUE March 20, 2008 DATE EFFECTIVE May 5, 2008

Month Day Year

Month Day Year

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350

Name of Officer Title

Address

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

<b>Rules Governing Rendering of Water Service</b>
<p>Rule 3 <u>COMPANY EMPLOYEES AND CUSTOMER RELATIONS</u></p> <p>(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.</p> <p>(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.</p> <p style="margin-top: 200px;">*Indicates new rate or text +Indicates change</p>


DATE OF ISSUE March 20, 2008  
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ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address



Service Area:      Golden Eagle Reserve                      Montgomery County, Missouri

## 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. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.
- (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 according to the company's rule for extension of water mains.
- (c) When, in order to provide the service requested, a main extension or other unusual construction or equipment expense is required, the company shall 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.

+Indicates change

ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
Name of Officer Title Address

Name of Utility: Roy-L Utilities, Inc.

Service Area:      Golden Eagle Reserve              Montgomery County, Missouri

## Rules Governing Rendering of Water Service

## Rule 5 INSIDE PIPING AND WATER SERVICE LINES

- (a) The company will provide water service at the outdoor meter, or at the property line. Separate buildings shall be served through separate water service lines.
- (b) The service connection from the water main to the customer's property line, the meter installation and setting shall be constructed, owned and maintained by the company. Water service line construction and maintenance from the property line or meter setting, including the connection to the meter setting, to the building shall be the responsibility of the customer, and is subject to inspection by the company. Customers shall be responsible for the cost of repairing any damage to the company's mains, meters, and meter installations caused by the customer, his agent, or tenant.
- (c) Existing water service lines 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.
- (d) The water service line shall be brought to the unit at a depth of not less than 36 inches and have a minimum inside diameter of 3/4 inch. 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.
- (e) 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 160 psi (pounds per square inch) working pressure.
- (f) The company will not install a service connection to a vacant lot.
- (g) Any change in the location of an existing service connection requested by the customer shall be made at his expense.
- (h) The company shall have the right to enter the customer's premises for the purposes of inspection to ensure compliance to these rules. Company personnel shall identify themselves and make these inspections only at reasonable hours.

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Name of Utility: Roy-L Utilities, Inc.

Service Area:      Golden Eagle Reserve              Montgomery County, Missouri

## Rules Governing Rendering of Water Service

- (i) Neither water service lines nor service connections may be extended along public streets or roadways or through property of others in connecting with the company's mains. The service connection may, however, extend through the water main easement and roadway easement as necessary in order to be connected to a main located across and adjacent to a street in front of the customer's living unit. The service connection and service line must be laid in a straight line and at right angles to the main and the face of the structure or as nearly so as possible. Any deviation from this because of physical obstruction will be at the discretion of the company.
- (j) Any customer having a plumbing arrangement, or a water-using device that could allow backflow 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, 10 CSR 60 - 11, 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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## Canceling all Previous Tariffs

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

## Rules Governing Rendering of Water Service

## Rule 6 IMPROPER OR EXCESSIVE USE

- (a) No customer shall be wasteful of the water supplied to the unit by his 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 customers or the company's facilities.
- (c) The customer shall not make or cause to be made a connection to a device that will result in excessive water demand or excessive shock, such as water-hammer, to the company's mains.
- (d) The customer shall not tamper with, remove, or willfully damage a water meter or attempt to operate the shutoff cock on the meter yoke, or allow any such action.
- (d) The customer shall not attempt to take un-metered 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 water company.

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ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
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Service Area:      Golden Eagle Reserve                      Montgomery County, Missouri

## Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

- (a) The company may discontinue service for any of the following reasons:
  - (1) Nonpayment of a delinquent account not in dispute.
  - (2) Failure to post a security deposit or guarantee acceptable to the utility.
  - (3) Unauthorized interference, diversion or use of the utility service situated or delivered on or about the customer's premises.
  - (4) Failure to comply with the terms and conditions of a settlement agreement.
  - (5) Refusal to grant access at reasonable times to equipment installed upon the premises of the customer for the purpose of inspection, meter reading, maintenance or replacement.
  - (6) Violation of any of these rules on file with and approved by the 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.
  - (7) Non payment of a sewer bill issued by the company, or by a sewer utility requesting discontinuance of water service by an approved agreement between the company and such sewer utility. When water service is discontinued for this reason, any service charges for turn on/off or disconnection/reconnection within these rules shall not apply, and notice to the customer shall be provided by rules and procedure applicable to the customer's sewer service in lieu of notification required by these rules.
- (b) The company may discontinue service after notice by first class mail is sent to the customer at least ten (10) days prior to the date of the proposed discontinuance. If written notice is hand delivered to the customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the company intends to discontinue service to a multi-tenant dwelling, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance. Service of notice by mail is complete upon mailing. Discontinuance shall not occur more than eleven (11)

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ISSUED BY Marie Rock Secretary 366 Highway F High Hill MO 63350  
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Montgomery County, Missouri

### Rules Governing Rendering of Water Service

business days after the date given as the discontinuance date.

- (c) The company shall make reasonable effort to communicate with the customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reasons(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 effort to inform such occupant(s).
- (d) The company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to 21 days, and the company may require proof of a medical emergency.
- (e) Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to disconnect service, or leave a conspicuous notice of the disconnect.
- (f) The provisions of paragraphs (c) and (e) above may be waived if safety of company personnel while at the premises is a consideration.
- (g) Discontinuance of service to a unit for any reason shall not prevent the company from pursuing any lawful remedy by action at law or otherwise for the collection of monies due from the customer.
- (h) In case the company discontinues its service for any violation of these rules, then any monies due the company shall become immediately due and payable.
- (i) The company has the right to refuse or to discontinue service to any unit to protect itself against fraud or abuse.
- (j) The company shall deal with customers and handle customer accounts in accordance with the Public Service Commission's Utility Billing Practices, 4 CSR 240 - 13.

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## Rule 8 TERMINATION OF 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 termination of service for any length of time for his own convenience; however, the customer shall still be charged for service at three fourths the monthly flat fee for customers without meters and the customer charge for customers with meters during the time the service is turned off. In addition, turn off and turn on charges are specified in the schedule of service charges.

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### Canceling all Previous Tariffs

Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

## Rules Governing Rendering of Water Service

## Rule 9 INTERRUPTIONS IN SERVICE

- (a) The company reserves the right to discontinue water in its mains at any time, without notice, for making emergency repairs to the water system.
- (b) Whenever service is interrupted for repairs, all customers affected by such interruptions will be notified in advance whenever it is possible to do so. Every effort will be made to minimize interruption of service.
- (c) No refunds of charges for water service will be made for interruptions of service unless due to willful misconduct of the company.
- (d) In order to avoid service problems when extraordinary conditions exist, the company reserves the right, at all times, to determine the limit of and regulate in a reasonable and non-discriminatory manner, and where practical, the maximum amounts of water drawn from the company mains.

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Name of Utility: Roy-L Utilities, Inc.

Service Area: Golden Eagle Reserve

Montgomery County, Missouri

### Rules Governing Rendering of Water Service

#### Rule 10 BILLS FOR SERVICE

- (a) The charges for water service shall be at the rates specified in the rate schedules on file with the Missouri Public Service Commission. Other service charges, such as for turn-off or turn-on, are set forth in the Schedule of Service Charges in these rules.
- (b) A customer who has made application for water service to a unit shall be responsible for payment for all water service provided to him at said unit from the date of connection until the date requested by the customer by proper notification to the company to terminate service.
- (c) Each customer is responsible for furnishing the company with the correct address. Failure to receive bills will not be considered an excuse for non-payment nor reason to permit an extension of the date when the account would be considered delinquent. Bills and notices relating to the company or its business will be mailed or delivered to the mailing address entered in the customer's application unless the company is notified in writing by the customer of a change of address.
- (d) Payments shall be made at the office of the company or at such other places conveniently located as may be designated by the company or by ordinary mail. However, payment must be received by the close of business on the date due.
- (e) Neither the company nor the customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- (f) A separate bill shall be rendered for each customer with itemization of all water service charges. All bills for service shall state the due date. The company shall have the right to render bills monthly.
- (g) 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. The company shall not be required to restore or connect any new service for such delinquent customers until

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Montgomery County, Missouri

## Rules Governing Rendering of Water Service

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 minimum plus an amount based on the water used at the commodity (water usage) rate or one-half (1/2) of the flat rate if applicable.
- (i) The company may require a security deposit or other guarantee as a condition of new service if the customer: still has an unpaid account with a utility providing the same type of service accrued within the last five years; or has diverted or interfered with the same type of service in an unauthorized manner within the last five (5) years; or is unable to establish a credit rating with the company. Adequate credit rating for a residential customer shall be established if the customer: owns or is purchasing a home; or is and has been regularly employed full time for at least one year; or has an adequate and regular source of income; or can provide credit references from a commercial credit source.
- (j) The company may require a security deposit or other guarantee of payment as a condition of continued service if: the water service of the customer has been discontinued for non-payment of a delinquent account not in dispute; or the utility service to the unit has been diverted or interfered with in an unauthorized manner; or the customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods, or two (2) out of four (4) consecutive quarterly billing periods.
- (k) The amount of a security deposit shall not exceed utility charges applicable to one (1) billing period plus thirty (30) days, computed on estimated or actual annual usage.
- (l) Interest at the rate of 6% per annum compounded annually shall be payable on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest may be credited to the customer's account.
- (m) After a customer has paid proper and undisputed utility bills by the due dates, for a period not to exceed one year, credit shall be established or re-established, and the

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deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.

(n) The utility shall give a receipt for deposits received, but shall also keep accurate records of deposits, including customer name, service address, amounts, interest, attempts to refund and dates of every activity regarding the deposit.

(o) All billing matters shall be handled in accordance with the Public Service Commission's Utility Billing Practices, 4 CSR 240-13.

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Montgomery County, Missouri

### Rules Governing Rendering of Water Service

#### Rule 11 METERS AND METER INSTALLATIONS

- (a) All permanent service connections shall be metered. The company's installed meter shall be the standard for measuring water used to determine the bill.
- (b) All meters and meter installations shall be furnished, installed, maintained and removed by the company and shall remain its property.
- (c) The company shall have the right to determine on the basis of the customer's flow requirements the type and size of meter to be installed and location of same. If flow requirements increase or decrease subsequent to installation and a larger or smaller meter is requested by the customer, the cost of installing such meter shall be paid by the customer.
- (d) Service to any one customer shall be furnished through a single metering installation. Where a building is occupied by more than one tenant, the building shall be served by one meter. 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.
- (e) The meters and meter installations furnished by the company shall remain its property, and the owners of premises wherein they are located shall be held responsible for their safekeeping. For failure to protect same against damage, the company may refuse to supply water until the company is paid for 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.
- (f) The meter will be installed at or near the customer's property line; it shall be placed in a meter box vault constructed by the company in accordance with its specifications. The company shall furnish and install suitable metering equipment for each customer except where installation in a special setting is necessary, in which case the excess cost of installation shall be paid by the customer.
- (g) The customer shall promptly notify the company of any defect in, or damage to, the meter setting.
- (h) Any change in the location of any existing meter or meter setting at the request of the

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## Rules Governing Rendering of Water Service

customer shall be made at the expense of the customer, and with the approval of the company.

- (i) If an existing basement meter location is determined inadequate or inaccessible by the company, the customer must provide for the installation of a meter to be located at or near the customer's property line. The customer shall obtain from the company, or furnish the necessary meter installation appurtenances conforming to the company's specifications, and said appurtenances and labor shall be paid by the customer.
- (j) 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 apply. If a customer refuses to provide an accessible location for a meter as determined by the company, the company will notify the Executive Secretary of the Public Service Commission before ultimately refusing service or proceeding to discontinue service.

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Montgomery County, Missouri

Rules Governing Rendering of  
Water Service

Rule 12 METER TESTS AND TEST FEES

- (a) Any customer may request the company to make a special test of the accuracy of the meter through which water is supplied to him. This test will be made in accordance with water industry test procedures, and to check for accuracy as required by regulations of the 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 his duly authorized representative, except for tests of meters larger than two (2) inch 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 shall show an average error of more than five percent (5%), billings shall be adjusted as provided by these Rules.

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## Rules Governing Rendering of Water Service

## Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

- (a) Whenever any test by the company of a meter while in service or upon its removal from service shall show such meter to have an average error of more than five percent (5%) on the test streams prescribed by the 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.
  - (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 concerned 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 faster than allowable, the company shall refund to the customer concerned any overcharge caused thereby during the period of inaccuracy as above defined. Said refund may, at the company's option, be in the form of a credit to the customer's bill.

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## Rules Governing Rendering of Water Service

## 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. Applicable income tax cost will be added to this estimate calculated at the maximum rate.
- (c) Applicant(s) 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 (b) above, plus any applicable customer connection fee. The contract may allow the customer to contract with an independent contractor for the installation and supply of material, except that mains of 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 an applicant or applicants connecting to a main extension contributed by other applicant(s) shall be as follows:
  - (1) For single-family residential applicants that are applying for service in a platted subdivision, the company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.
  - (2) For single-family residential applicants that are applying for service in areas that are un-platted in subdivision lots, the applicants' cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times 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)

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Montgomery County, Missouri

### Rules Governing Rendering of Water Service

or d(2) above multiplied times 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 contributions shall be made to applicant(s) as follows:
- (1) Should the actual cost of the extension 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 main extension is completed, the company will refund to the applicant(s) who paid for the extension moneys 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 contribution 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

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Agreement Attachment B

Ratemaking Income Statement

# Roy-L Utilities, Inc.

## Rate Making Income Statement-Water

### Operating Revenues at Current Rates

		Full-time	Part-time
1 Tariffed Rate Revenues *	\$ 4,465	\$ 1,537	\$ 2,928
2 Other Operating Revenues *	\$ -	\$ -	\$ -
3 <b>Total Operating Revenues</b>	<b>\$ 4,465</b>	<b>\$ 1,537</b>	<b>\$ 2,928</b>
4 * See "Revenues - Current Rates" for Details			

### Cost of Service

Item	Amount		
1 Pumping Equipment-Purchased Power	\$ 2,476	\$ 1,227.85	\$ 1,248.15
2 Water Treatment Expense-Chemicals	\$ 203	\$ 100.67	\$ 102.33
3 Water Treatment -Testing/Laboratory Fees	\$ 784	\$ 388.79	\$ 395.21
4 Operations-Supervision	\$ 2,919	\$ 1,004.90	\$ 1,914.10
5 Operations-Contract Services	\$ 4,800	\$ 1,652.46	\$ 3,147.54
6 Maintenance of Parts/Equipment	\$ 2,453	\$ 1,216.45	\$ 1,236.55
7 Maintenance Expense-Outside Services	\$ 319	\$ 158.19	\$ 160.81
8 Administration & General - Salaries	\$ -	\$ -	0
9 Vehicle Expense-Mileage	\$ 608	\$ 209.31	\$ 398.69
10 Billing and Collection Expense	\$ 1,119	\$ 385.23	\$ 733.77
11 Office Supplies Expense	\$ 136	\$ 46.82	\$ 89.18
12 Postage	\$ 188	\$ 64.72	\$ 123.28
13 Insurance	\$ 264	\$ 90.89	\$ 173.11
14 Outside Services-Accounting	\$ 77	\$ 26.51	\$ 50.49
15 Rent	\$ 612	\$ 210.69	\$ 401.31
16 MO DNR Fees	\$ 200	\$ 68.85	\$ 131.15
17 Regulatory Commission Expense	\$ 36	\$ 12.39	\$ 23.61
18 Secretary of State-Corporate Registration	\$ 10	\$ 3.44	\$ 6.56
19 Miscellaneous General Expenses	\$ 12	\$ 4.13	\$ 7.87
20 <b>Sub-Total Operating Expenses</b>	<b>\$ 17,216</b>	<b>\$ 6,872</b>	<b>\$ 10,344</b>
21 Property Taxes	\$ 100	\$ 49.59	\$ 50.41
22 MO Franchise Taxes	\$ -		
23 Employer FICA Taxes	\$ -		
24 Federal Unemployment Taxes	\$ -		
25 State Unemployment Taxes	\$ -		
26 State & Federal Income Taxes	\$ 75	\$ 25.82	\$ 49.18
27 <b>Sub-Total Taxes</b>	<b>\$ 175</b>	<b>\$ 75</b>	<b>\$ 100</b>
28 Depreciation Expense	\$ 360	\$ 178.52	\$ 181.48
29 Amortization of Utility Plant (computer system)	\$ -		
30 <b>Sub-Total Depreciation/Amortization</b>	<b>\$ 360</b>	<b>\$ 179</b>	<b>\$ 181</b>
31 <b>Return on Rate Base</b>	<b>\$ 338</b>	<b>\$ 167.61</b>	<b>\$ 170.39</b>
32 <b>Total Cost of Service</b>	<b>\$ 18,089</b>	<b>\$ 7,294</b>	<b>\$ 10,795</b>
33 <b>Overall Revenue Increase Needed</b>	<b>\$ 13,624</b>	<b>\$ 5,757</b>	<b>\$ 7,867</b>

# Agreement Attachment C

## Audit Workpapers

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Revenue Requirement

Line	8.88% Return
(A)	(B)
1 Net Orig Cost Rate Base (Sch 2)	\$ 3,808
2 Rate of Return	8.88%
*****	
3 Net Operating Income Requirement	\$ 338
4 Net Income Available (Sch 8)	\$ (13,211)
*****	
5 Additional NOIBT Needed	\$ 13,549
6 Income Tax Requirement (Sch 10)	
7 Required Current Income Tax	\$ 75
8 Test Year Current Income Tax	\$ 0
*****	
9 Additional Current Tax Required	\$ 75
10 Required Deferred ITC	\$ 0
11 Test Year Deferred ITC	\$ 0
*****	
12 Additional Deferred ITC Required	\$ 0
*****	
13 Total Additional Tax Required	\$ 75
*****	
14 Gross Revenue Requirement	\$ 13,624
*****	

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Rate Base

Line Description		Amount
(A)	(B)	
1 Total Plant in Service (Sch 3)	\$	4,471
Subtract from Total Plant		
2 Depreciation Reserve (Sch 6)	\$	663
		-----
3 Net Plant in Service	\$	3,808
Add to Net Plant in Service		
4 Cash Working Capital (Sch )	\$	0
5 Materials and Supplies-Exempt		0
6 Prepaid Insurance		0
Subtract from Net Plant		
7 Federal Tax Offset 0.0000 %	\$	0
8 State Tax Offset 0.0000 %		0
9 City Tax Offset 0.0000 %		0
10 Interest Expense Offset 0.0000 %		0
11 Customer Advances for Construction		0
12 Contribution in Aid of Construction		0
13 CIAC Depreciation		0
14 Customer Deposits		0
		-----
15 Total Rate Base	\$	3,808
		=====

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
<b>Intangible Plant</b>							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 P-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 P-2	0
3	303.000	Miscellaneous Intangible Plant	0	0	100.0000	0 P-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
<b>Source of Supply</b>							
5	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-4	\$ 0
6	311.000	Structures & Improvements	500	0	100.0000	0 P-5	500
7	312.000	Collecting & Impounding Reservoirs	0	0	100.0000	0 P-5	0
8	313.000	Lake, River & Other Intakes	0	0	100.0000	0 P-6	0
9	314.000	Wells & Springs	0	0	100.0000	0 P-7	0
10	315.000	Infiltration Galleries & Tunnels	0	0	100.0000	0 P-8	0
11	316.000	Supply Mains	0	0	100.0000	0 P-9	0
12	325.000	Electric Pumping Equipment	845	0	100.0000	0 P-10	845
13	328.000	Other Plant & Miscellaneous Exp	0	0	100.0000	0 P-11	0
14		Total	\$ 1,345	\$ 0		\$ 0	\$ 1,345
<b>Pumping Plant</b>							
15	320.000	Land & Land Rights-PP	\$ 0	\$ 0	100.0000	\$ 0 P-12	\$ 0
16	321.000	Structures & Improvements - PP	450	0	100.0000	0 P-13	450
17	322.000	Boiler Plant Equipment	0	0	100.0000	0 P-14	0
18	323.000	Other Power Production Plant	0	0	100.0000	0 P-15	0
19	325.000	Electric Pumping Equipment	0	0	100.0000	0 P-16	0
20	328.000	Other Pumping Equipment	0	0	100.0000	0 P-17	0
21		Total	\$ 450	\$ 0		\$ 0	\$ 450
<b>Water Treatment Plant</b>							
22	330.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-18	\$ 0
23	331.000	Structures & Improvements	0	0	100.0000	0 P-19	0
24	332.000	Water Treatment Equipment	2,019	0	100.0000	0 P-20	2,019
25		Total	\$ 2,019	\$ 0		\$ 0	\$ 2,019



RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Total Plant in Service

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Transmission & Distribution Plant							
26	340.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-21	\$ 0
27	341.000	Structures & Improvements	200	0	100.0000	0 P-22	200
28	342.000	Distribution Reservoirs & Standpipe	0	0	100.0000	0 P-23	0
29	343.000	Transmission & Distribution Mains	0	0	100.0000	0 P-24	0
30	343.000	C.I	0	0	100.0000	0 P-25	0
31	345.000	Services	0	0	100.0000	0 P-26	0
32	346.000	Meters	0	0	100.0000	0 P-27	0
33	347.000	Meter Installation	0	0	100.0000	0 P-28	0
34	348.000	Hydrants	0	0	100.0000	0 P-29	0
35	349.000	Other Plant & Miscellaneous Equip	0	0	100.0000	0 P-30	0
36		Total	\$ 200	\$ 0		\$ 0	\$ 200
General Plant							
37	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 P-31	\$ 0
38	390.000	Structures & Improvements	0	0	100.0000	0 P-32	0
39	391.000	Office Furniture & Equipment	0	0	100.0000	0 P-33	0
40	391.100	Office Equipment - Computers	201	0	51.0000	0 P-34	103
41	393.000	Stores Equipment	0	0	100.0000	0 P-35	0
42	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0 P-36	0
43	395.000	Laboratory Equipment	300	0	100.0000	0 P-37	300
44	396.000	Power Operated Equipment-Lawn	105	0	51.0000	0 P-38	54
45	397.000	Communication Equipment	0	0	100.0000	0 P-39	0
46	398.000	Miscellaneous Equipment	0	0	100.0000	0 P-40	0
47	399.000	Other Tangible Plant	0	0	100.0000	0 P-41	0
48		Total	\$ 606	\$ 0		\$ 0	\$ 457
49		Total Plant In Service	\$ 4,620	\$ 0		\$ 0	\$ 4,471

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

## Adjustments to Total Plant

Adj		Total Co	Mo Juris
No	Description	Adjustment	Adjustment

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Intangible Plant					
1	301.000	Organization	\$ 0	0.0000	\$ 0
2	302.000	Franchises	0	0.0000	0
3	303.000	Miscellaneous Intangible Plant	0	0.0000	0
4		Total	\$ 0		\$ 0
Source of Supply					
5	310.000	Land & Land Rights	\$ 0	0.0000	\$ 0
6	311.000	Structures & Improvements	500	2.5000	13
7	312.000	Collecting & Impounding Reservoirs	0	0.0000	0
8	313.000	Lake, River & Other Intakes	0	0.0000	0
9	314.000	Wells & Springs	0	2.0000	0
10	315.000	Infiltration Galleries & Tunnels	0	0.0000	0
11	316.000	Supply Mains	0	0.0000	0
12	325.000	Electric Pumping Equipment	845	10.0000	85
13	328.000	Other Plant & Miscellaneous Exp	0	0.0000	0
14		Total	\$ 1,345		\$ 98
Pumping Plant					
15	320.000	Land & Land Rights-PP	\$ 0	0.0000	\$ 0
16	321.000	Structures & Improvements - PP	450	2.5000	11
17	322.000	Boiler Plant Equipment	0	0.0000	0
18	323.000	Other Power Production Plant	0	0.0000	0
19	325.000	Electric Pumping Equipment	0	0.0000	0
20	328.000	Other Pumping Equipment	0	0.0000	0
21		Total	\$ 450		\$ 11
Water Treatment Plant					
22	330.000	Land & Land Rights	\$ 0	0.0000	\$ 0
23	331.000	Structures & Improvements	0	0.0000	0
24	332.000	Water Treatment Equipment	2,019	10.0000	202
25		Total	\$ 2,019		\$ 202

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Depreciation Expense

Line No	Acct	Description	Adjusted Jurisdictional	Depreciation Rate	Depreciation Expense
		(A)	(B)	(C)	(D)
Transmission & Distribution Plant					
26	340.000	Land & Land Rights	\$ 0	0.0000	\$ 0
27	341.000	Structures & Improvements	200	2.5000	5
28	342.000	Distribution Reservoirs & Standpipe	0	2.5000	0
29	343.000	Transmission & Distribution Mains	0	2.0000	0
30	343.000	C.I	0	2.0000	0
31	345.000	Services	0	2.9000	0
32	346.000	Meters	0	10.0000	0
33	347.000	Meter Installation	0	2.9000	0
34	348.000	Hydrants	0	2.9000	0
35	349.000	Other Plant & Miscellaneous Equip	0	0.0000	0
-----					
36		Total	\$ 200		\$ 5
General Plant					
37	389.000	Land & Land Rights	\$ 0	0.0000	\$ 0
38	390.000	Structures & Improvements	0	2.5000	0
39	391.000	Office Furniture & Equipment	0	5.0000	0
40	391.100	Office Equipment - Computers	103	20.0000	21
41	393.000	Stores Equipment	0	0.0000	0
42	394.000	Tools, Shop & Garage Equipment	0	5.0000	0
43	395.000	Laboratory Equipment	300	5.0000	15
44	396.000	Power Operated Equipment-Lawn	54	14.3000	8
45	397.000	Communication Equipment	0	5.0000	0
46	398.000	Miscellaneous Equipment	0	0.0000	0
47	399.000	Other Tangible Plant	0	2.5000	0
-----					
48		Total	\$ 457		\$ 44
*****					
49		Total Depreciation Expense	\$ 4,471		\$ 360
*****					

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
	(A)		(B)	(C)	(D)	(E)	(F)
Intangible Plant							
1	301.000	Organization	\$ 0	\$ 0	100.0000	\$ 0 R-1	\$ 0
2	302.000	Franchises	0	0	100.0000	0 R-2	0
3	303.000	Other Plant & Miscellaneous Equip	0	0	100.0000	0 R-3	0
4		Total	\$ 0	\$ 0		\$ 0	\$ 0
Source of Supply							
5	310.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-4	\$ 0
6	311.000	Structures & Improvements	25	0	100.0000	0 R-5	25
7	312.000	Collecting & Impounding Reservoirs	0	0	100.0000	0 R-6	0
8	313.000	Lake, River & Other Intakes	0	0	100.0000	0 R-7	0
9	314.000	Wells & Springs	0	0	100.0000	0 R-8	0
10	315.000	Infiltration Galleries & Tunnels	0	0	100.0000	0 R-9	0
11	316.000	Supply Mains	0	0	100.0000	0 R-10	0
12	325.000	Electric Pumping Equipment	148	0	100.0000	0 R-11	148
13	328.000	Other Supply & Pumping Plant	0	0	100.0000	0 R-12	0
14		Total	\$ 173	\$ 0		\$ 0	\$ 173
Pumping Plant							
15	320.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-10	\$ 0
16	321.000	Structures & Improvements	23	0	100.0000	0 R-11	23
17	322.000	Boiler Plant Equipment	0	0	100.0000	0 R-12	0
18	323.000	Other Power Production Plant	0	0	100.0000	0 R-13	0
19	325.000	Electric Pumping Equipment	0	0	100.0000	0 R-14	0
20	328.000	Other Pumping Equipment	0	0	100.0000	0 R-15	0
21		Total	\$ 23	\$ 0		\$ 0	\$ 23
Water Treatment Plant							
22	330.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-15	\$ 0
23	331.000	Structures & Improvements	0	0	100.0000	0 R-16	0
24	332.000	Water Treatment Equipment	418	0	100.0000	0 R-17	418
25		Total	\$ 418	\$ 0		\$ 0	\$ 418

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Depreciation Reserve

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Transmission & Distribution Plant							
26	340.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-18	\$ 0
27	341.000	Structures & Improvements	10	0	100.0000	0 R-19	10
28	342.000	Distribution Reservoirs & Standpipe	0	0	100.0000	0 R-20	0
29	343.000	Transmission & Distribution Mains	0	0	100.0000	0 R-21	0
30	344.000	Fire Mains	0	0	100.0000	0 R-22	0
31	345.000	Services	0	0	100.0000	0 R-23	0
32	346.000	Meters	0	0	100.0000	0 R-24	0
33	347.000	Meter Installations	0	0	100.0000	0 R-25	0
34	349.000	Other Plan & Miscellaneous Equip	0	0	100.0000	0 R-26	0
35	Total		\$ 10	\$ 0		\$ 0	\$ 10
General Plant							
36	389.000	Land & Land Rights	\$ 0	\$ 0	100.0000	\$ 0 R-27	\$ 0
37	390.000	Structures & Improvements	0	0	100.0000	0 R-28	0
38	391.000	Office Furniture & Equipment	0	0	100.0000	0 R-29	0
39	391.100	Office Equipment- Computers	10	0	51.0000	0 R-30	5
40	393.000	Stores Equipment	0	0	100.0000	0 R-31	0
41	394.000	Tools, Shop & Garage Equipment	0	0	100.0000	0 R-32	0
42	395.000	Laboratory Equipment	30	0	100.0000	0 R-33	30
43	396.000	Power Operated Equipment-Lawn	7	0	51.0000	0 R-34	4
44	397.000	Communication Equipment	0	0	100.0000	0 R-35	0
45	398.000	Miscellaneous Equipment	0	0	100.0000	0 R-36	0
46	399.000	Other Tangible Plant	0	0	100.0000	0 R-37	0
47	Total		\$ 47	\$ 0		\$ 0	\$ 39
48	Total Depreciation Reserve		\$ 671	\$ 0		\$ 0	\$ 663

Accounting Schedule: 7

Eaves

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RoyL Utilities Inc

Case: QW-08-002

Year ending October 31, 2007

Adjustments to Depreciation Reserve

-----			
Adj		Total Co	Mo Juris
No	Description	Adjustment	Adjustment
-----			

Accounting Schedule: 7-1

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
Operating Revenues							
1	460.000	Unmetered Sales to Customers	\$ 4,465	\$ 0	100.0000	\$ 0 S-1	\$ 4,465
2	460.200	Unmetered Sales to Commercial Cus	0	0	100.0000	0 S-2	0
3	471.000	Miscellaneous Service Revenues	0	0	100.0000	0 S-3	0
4	474.000	Other Water Revenues	0	0	100.0000	0 S-4	0
5		Total	\$ 4,465	\$ 0		\$ 0	\$ 4,465
Operation & Maintenance Expense							
6		Operation Supervision & Engineering	\$ 0	\$ 5,724	51.0000	\$ 0 S-5	\$ 2,919
7		Operators & Contract Services	0	4,800	100.0000	0 S-6	4,800
8		Water Testing Expenses	784	0	100.0000	0 S-7	784
9		Purchase Power Pumping Plant	2,604	(128)	100.0000	0 S-8	2,476
10		Chemicals (Chlorine)	203	0	100.0000	0 S-9	203
11		MAINTENANCE EXPENSES:	0	0	0.0000	0	0
12		Outside Services Employed	169	150	100.0000	0 S-11	319
13		Materials & Supplies	0	0	100.0000	0 S-12	0
14		System Maintenance	6,809	(4,356)	100.0000	0 S-13	2,453
15		ADMINISTRATIVE & GENERAL EXPENSES:	0	0	0.0000	0	0
16		Administrative & General Salary	0	0	51.0000	0 S-15	0
17		Vehical Expense - Mileage	812	380	51.0000	0 S-16	608
18		Billing & Collection Expense	0	2,195	51.0000	0 S-17	1,119
19		Office Supplies Expense	267	0	51.0000	0 S-18	136
20		Postage	164	204	51.0000	0 S-19	188
21		General Insurance	166	351	51.0000	0 S-20	264
22		Outside Services - Accounting	150	0	51.0000	0 S-21	77
23		Misc. Expense	53	(39)	51.0000	0 S-22	7
24		Rent	0	1,200	51.0000	0 S-23	612
25		Misc. General Expense-Banking Fee	10	0	51.0000	0 S-24	5
26		OTHER OPERATING EXPENSES:	0	0	0.0000	0	0
27		MO DNR Fees	1,200	(1,000)	100.0000	0 S-25	200
28		PSC Assessment	1,427	(1,391)	100.0000	0 S-26	36
29		Corporate Registration	20	0	51.0000	0 S-27	10
30		Primacy Fees	533	(533)	100.0000	0 S-28	0
31		TAXES OTHER THAN INCOME:	0	0	0.0000	0	0
32		Real & Personal Property	0	100	100.0000	0 S-29	100
33		Payroll Taxes	0	0	100.0000	0 S-30	0
34		Misc. Taxes	0	0	100.0000	0 S-31	0
35		Total	\$ 15,371	\$ 7,657		\$ 0	\$ 17,316



RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

## Income Statement

Line No	Acct	Description	Total Company	Total Co Adjustment	Alloc Factor	Jurisdictional Adjustment	Adjusted Jurisdictional
		(A)	(B)	(C)	(D)	(E)	(F)
		Depreciation Expense					
36		Depreciation Expense	\$ 0	\$ 0	100.0000	\$ 360 S-60	\$ 360
37		Total	\$ 0	\$ 0		\$ 360	\$ 360
38		Other Operating Expenses	\$ 0	\$ 0		\$ 0	\$ 0
39		Total Operating Expenses	\$ 15,371	\$ 7,657		\$ 360	\$ 17,676
40		Net Income Before Taxes	\$ (10,906)	\$ (7,657)		\$ (360)	\$ (13,211)
		Current Income Taxes					
41		Current Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
42		Total	\$ 0	\$ 0		\$ 0	\$ 0
		Deferred Income Taxes					
43		Deferred Income Taxes	\$ 0	\$ 0	100.0000	\$ 0	\$ 0
44		Total	\$ 0	\$ 0		\$ 0	\$ 0
45		Total Income Taxes	\$ 0	\$ 0		\$ 0	\$ 0
46		Net Operating Income	\$ (10,906)	\$ (7,657)		\$ (360)	\$ (13,211)

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Adjustments to Income Statement

Adj No Description	Total Co Adjustment	Mo Juris Adjustment
*****		
Operation Supervision & Engineering S-5	\$ 5,724	
*****		
1. To reflect annualized level of compensation for services provided by Marie Rock. (Eaves)	\$ 6,000	
2. Adjustment amount for rate case and mowing hours in the test year. (Eaves)	\$ (276)	
*****		
Operators & Contract Services S-6	\$ 4,800	
*****		
1. To reflect expense for Certified Water Operator Contract in test year. (Eaves)	\$ 4,800	
*****		
Purchase Power Pumping Plant S-8	\$ (128)	
*****		
1. To reflect annualized level of Electric Expense. (Eaves)	\$ (128)	
*****		
Outside Services Employed S-11	\$ 150	
*****		
1. To reflect annualized level salary for Jack White outside contractor for checking well and pressure tank. (Eaves)	\$ 150	
*****		
System Maintenance S-13	\$ (4,356)	
*****		
1. To reflect lawn mowing expense. (Eaves)	\$ 130	

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Adjustments to Income Statement

Adj No	Description	Total Co Adjustment	Mo Juris Adjustment
2.	To reflect capital expenditures relating to water supply. (Eaves)	\$ (4,525)	
3.	To reflect recategorization of maintenance expense. (Eaves)	\$ 39	
*****			
	Vehical Expense - Mileage S-16	\$ 380	
*****			
1.	To reflect vehical expense reimbursed at current allowance. (Eaves)	\$ 380	
*****			
	Billing & Collection Expense S-17	\$ 2,195	
*****			
1.	To reflect annualized level of compensation for services provided with Jean Longstreet. (Eaves)	\$ 3,000	
2.	Adjustment amount for rate case and mowing hours in the test year. (Eaves)	\$ (805)	
*****			
	Postage S-19	\$ 204	
*****			
1.	To reflect increase in postage expense for proposed monthly billing and annualized postage expense. (Eaves)	\$ 204	
*****			
	General Insurance S-20	\$ 351	
*****			
1.	To reflect the ongoing level of insurance expense. (Eaves)	\$ 351	

## Adjustments to Income Statement

Accounting Schedule: 9-3

Eaves

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RoyL Utilities Inc

Case: QW-08-002

Year ending October 31, 2007

## Adjustments to Income Statement

Adj		Total Co	Mo Juris
No	Description	Adjustment	Adjustment
*****			
	Real & Personal Property		
	S-29	\$ 100	
*****			
1.	To reflect recategorization of office expense.	\$ 100	
	(Eaves)		
*****			
	Depreciation Expense		
	S-60	\$ 360	
*****			
1.	(Eaves)		\$ 360

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Income Tax

Line		Test Year	8.88% Return
(A)		(B)	
*****			
1	Net Income Before Taxes (Sch 8)	\$ (13,211)	\$ 413
*****			
	Add to Net Income Before Taxes		
2	Book Depreciation Expense	\$ 360	\$ 360
		-----	-----
3	Total	\$ 360	\$ 360
	Subtr from Net Income Before Taxes		
4	Interest Expense 0.9500 %	\$ 36	\$ 36
5	Book Depreciation	360	360
		-----	-----
6	Total	\$ 396	\$ 396
*****			
7	Net Taxable Income	\$ (13,247)	\$ 377
*****			
	Provision for Federal Income Tax		
8	Net Taxable Income	\$ (13,247)	\$ 377
9	Deduct Missouri Income Tax 100.0 %	\$ 0	\$ 22
10	Deduct City Income Tax	0	0
11	Federal Taxable Income	(13,247)	355
		-----	-----
12	Total Federal Tax	\$ 0	\$ 53
	Provision for Missouri Income Tax		
13	Net Taxable Income	\$ (13,247)	\$ 377
14	Deduct Federal Income Tax 50.0 %	\$ 0	\$ 27
15	Deduct City Income Tax	0	0
16	Missouri Taxable Income	(13,247)	351
		-----	-----
17	Total Missouri Tax	\$ 0	\$ 22

RoyL Utilities Inc  
Case: QW-08-002  
Year ending October 31, 2007

Income Tax

Line		Test Year	8.88% Return
	(A)	(B)	
	Provision for City Income Tax		
18	Net Taxable Income	\$ (13,247)	\$ 377
19	Deduct Federal Income Tax	\$ 0	\$ 53
20	Deduct Missouri Income Tax	0	22
21	City Taxable Income	(13,247)	302
		-----	-----
22	Total City Tax	\$ 0	\$ 0
	Summary of Provision for Income Tax		
23	Federal Income Tax	\$ 0	\$ 53
24	Missouri Income Tax	0	22
25	City Income Tax	0	0
		-----	-----
26	Total	\$ 0	\$ 75
	Deferred Income Taxes		
27	Deferred Investment Tax Credit	\$ 0	\$ 0
28	Deferred Repair Allowance	0	0
29	Deferred Tax Depreciation	0	0
30	Amort of Deferred Tax Depreciation	0	0
31	Amort of Repair Allowance	0	0
32	Amort of Deferred ITC	0	0
33	Deferred Unbilled	0	0
		-----	-----
34	Total	\$ 0	\$ 0
*****			
35	Total Income Tax	\$ 0	\$ 75
*****			

Agreement Attachment D

Rate Design Worksheet



## Roy-L Utilities, Inc.

### Development of Tariffed Rates-Water

Revenues Generated by Current Tariffed Rates	\$ 4,465
Agreed-Upon Overall Revenue Increase	\$ 13,624
Overall Percentage Increase Needed	305.111%
Percentage Increase for Full-time Customer	374.489%
Percentage Increase for Part-time Customer	268.687%

#### Customer Rates

Customer Type	Current Quarterly Service Charge	Proposed Monthly Service Charge
Full-time	\$ 18.30	\$ 28.94
Part-time	\$ 18.30	\$ 22.49

Customers are currently billed quarterly. Proposed rate design changes quarterly billing to monthly billings and creates a part-time customer rate.

Agreement Attachment E

Billing Comparison Worksheet

# Roy-L Utilities, Inc.

## Residential Customer Bill Comparison-Water

### Rates for Full-time Customer

<u>Current Quarterly Customer Charge</u>	<u>Proposed Monthly Customer Charge</u>
\$18.30	\$28.94

### MONTHLY BILL COMPARISON

#### FULL-TIME CUSTOMER

	<u>Effective Current Monthly Rate</u>
Customer Charge	\$ 6.10
Usage Charge	\$ -
Total Bill	\$ 6.10

	<u>Proposed Monthly Rates</u>
Customer Charge	\$ 28.94
Usage Charge	\$ -
Total Bill	\$ 28.94

### Proposed Increase

#### Customer Charge

\$ Increase	\$ 22.84
% Increase	374.49%

## Agreement Attachment F

### Schedule of Depreciation Rates

**Roy-L Utilities, Inc.**  
**DEPRECIATION RATES**

(WATER)

QW-2008-0002

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATES %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>
314	Wells & Springs	2.0%	50
321	Structures & Improvements	2.5%	40
325	Electric Pumping Equipment	10.0%	10
331	Structures & Improvements	2.5%	40
332	Water Treatment Equipment	10.0%	10
341	Structures & Improvements	2.5%	40
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
345	Services	2.5%	40
346	Meters	10.0%	10

## Agreement Attachment G

### EMSD Report

# **REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW**

## **Engineering & Management Services Department**

### **Small Company Rate Increase Request**

**Tracking File Nos. QS-2008-0001 and QW-2008-0002**

#### **Roy-L Utilities, Inc.**

The Engineering & Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices at Roy-L Utilities, Inc. (Roy-L or Company) on November 16, 2007. The review was performed in conjunction with a small company rate increase request submitted by Roy-L on October 22, 2007, and given Tracking Nos. QS-2008-0001 and QW-2008-0002. In the course of its review, the EMSD staff examined Company tariffs, Annual Reports for the past four years, Commission complaint and inquiry records, and other documentation provided by the Company in relation to its customer service operations.

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

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

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

- Administrative Matters
- Customer Billing
- Credit and Collections
- Complaint and Inquiry Handling and Recording

- Customer Communications
- Document Storage
- Security

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

### **Overview**

On November 1, 1967, Roy-L applied to the Missouri Public Service Commission for a certificate of convenience and necessity to own and operate a water and sewer system and furnish water and sewer service to users in the Golden Eagle Reserve Subdivision located near High Hill in Montgomery County. The Commission granted the Company this authority on August 27, 1968, in Case Nos. 16,379 and 16,380, respectively.

Roy-L currently provides water and sewer service to approximately 60 customers in the Golden Eagle Reserve Subdivision. All customers are residential; the Company serves no commercial or industrial customers. Of the customers noted above, 21 are full-time residents, while the rest visit for weekends or vacations. The Company has experienced minimal growth in the number of water customers since 2003, and the number of sewer customers has remained constant.

The potential for customer growth exists, as land that would hold a maximum of 17 homes was sold a few years ago. However, the Company stated that the new land owner only intends to build 5 homes on the property. No construction is planned in the near future.

The Company's system has a 97,000 gallon-per-day capacity. After examining the Company's water and sewer system, the Department of Natural Resources (DNR) informed the manager/secretary on November 29, 2007, that Roy-L's system could adequately accommodate 640 persons, a number much higher than they are presently serving.

The Company implemented DNR's requirement to chlorinate the water about a year ago. In the short-term, the Company plans to refurbish or replace the pressure tank, hire a certified water operator, install a master meter and a draw-down gauge, and build a fence around the lagoon. Long-term plans include replacing water lines, installing water



lines around the perimeter of a field, chlorinating and de-chlorinating the lagoon effluent, and eventually installing meters.

All activities associated with Company day-to-day operations are performed by the owner and the manager/secretary. Both the owner and manager/secretary are responsible for day-to-day operations of the Company and responding to customer inquiries and complaints. The manager/secretary is responsible for most business office functions, which include preparation of customer bills, maintenance of customer records, and preparation of customer correspondence. The owner is responsible for collection of customer payments and bank deposits. Subcontractors are hired to make repairs as necessary and to mow the area around the lagoon. The Company also hires an accountant to prepare the annual tax returns.

According to the manager/secretary, the owner collects water samples on a monthly basis and sends them to DNR for testing. A routine water sample was taken October 23, 2007. A radiological analysis was performed November 7, 2007.

### **Administrative Matters**

Chapter 13 of the Commission Rules (4 CSR 240-13) pertain to electric, gas, and water utilities, while Chapters 60 and 61 relate to sewer utilities. These rules were not readily available at the Company's office, so EMSD staff left the most recent copy of the rules with the manager/secretary.

Customers do not currently complete applications for service before receiving water and/or sewer service. Since the owner has a first right of refusal when property in the Golden Eagle Reserve Subdivision is sold, the owner is alerted when property is for sale and can watch for new homeowners. New customers presently contact the Company to have service transferred to their names. No brochure is currently available to customers explaining the rights and responsibilities of the utility and its customers.

### **Customer Billing**

Customers are charged flat rates of \$18.30 for water and \$16.80 for sewer service per quarter in advance of providing service. These rates have been in effect since February 1982; however, for a period of time customers were previously improperly

charged a higher rate. The refunding of these over-payments will be addressed in the Disposition Agreement with the Company, Staff, and the Office of the Public Counsel, if a party to the Agreement. A random check of customer accounts showed that customers are currently being billed for quarterly usage fees in accordance with Company's tariffs. Once new tariffs are approved, customers will be billed monthly instead of quarterly.

The manager/secretary uses QuickBooks software to print bills and maintain customer accounts and also keeps a handwritten ledger of customer names and payments. Customer bills are mailed between the 1st and 3rd day of each quarter. A recent billing was performed on October 1 for service to be received during 4<sup>th</sup> Quarter 2007. Each bill contains the Company name, address, owner's telephone number, description of charges, rate, and amount due. The lower section of the bill contains a remittance stub to be returned with the customer's payment noting the customer's name, address, invoice number, and total amount due. The manager/secretary stated that payments are due upon receipt; however, neither the due date nor a delinquent date appears on the bill.

### **Credit and Collections**

The manager/secretary stated that approximately 99% of customers make their check or cash payments by mail. Only one customer makes use of a lockbox located near the owner's residence for payments.

When payments arrive at the Company office, the owner writes the customer's check number on the remittance invoice stub, then creates a bank deposit ticket, noting the date, Company's bank account number, and each customer's name and payment amount. Deposits are made as customer payments are received. Deposits of customer payments were made on July 6, 21, and 25, and August 1, 10, and 27. The owner then staples the invoice remittance stubs to a copy of the deposit ticket. The manager/secretary then refers to the remittance stubs when posting customers' payments to their account records in QuickBooks. This software program enables the manager/secretary to instantly access a customer's account to find the current balance due, as well as payment history.

Customer accounts are considered delinquent when payment has not been received by the time the next quarter's bill is mailed. The manager/secretary estimated

that approximately five customers are delinquent with their payments each quarter. As of November 16, 2007, eight customers have delinquent account balances for a total arrearage of \$408.22. Since this is a small company, the manager/secretary personally knows the majority of the customers and their situations, e.g., late payments due to health problems. When customers are delinquent by one or more quarters, the manager/secretary hand-writes a delinquent notice on the next invoice. No separate late payment notices are currently mailed to customers with delinquent accounts. On rare occasions, when customers have not made a payment for two or more quarters and no communication has occurred with the customer as to the reason for nonpayment, the manager/secretary telephones or visits the customer in an attempt to collect payment.

The manager/secretary stated that Roy-L has received no insufficient funds checks for at least the last two years. Current tariffs do not contain provisions for returned check and late payment penalty fees. Staff from the Commission's Water and Sewer Department reviewed miscellaneous charges included in the Company's tariff as part of the small company informal rate case process and will be recommending appropriate changes.

Roy-L does not require security deposits and has not disconnected water or sewer service for failure to pay. According to the manager/secretary, no bad-debt write-offs have occurred in the last 2 ½ years. Roy-L does not currently use the services of a collection agency.

#### **Complaint and Inquiry Handling and Recording**

To enable access to the Company, Roy-L's office address and telephone number appear on each bill. Customers are generally able to contact the owner or leave a message 24 hours per day, seven days a week. To date, the Company has received no emergency calls. If an emergency occurs, the manager/secretary stated that most customers have the owner's cell phone number or can contact the local handyman, who lives in the subdivision, or the plumber that makes repairs to the system. The manager/secretary recently acquired a cell phone specifically for conducting Company business, and that cell phone number will be added to the Company's next set of customer bills.

The owner and manager/secretary respond to customer complaints and inquiries. They have recently started maintaining a complaint/inquiry log and a folder for customer comments and letters. The owner stated that minimal calls are received, but the rate increase request has generated a few comments. From January 1, 2003, through November 30, 2007, the Commission's Electronic Filing and Information System indicated that Roy-L has had no complaints.

### **Customer Communications**

The owner indicated that a letter detailing the proposed rate increase was mailed to customers on October 31, 2007. Customers are notified via a special note on their regular bill of the availability of the Consumer Confidence Report (CCR), a yearly report regarding the Company's water quality. The CCR is also posted on the well house door and copies are available to customers upon request. The manager/secretary attended a November 17, 2007, Board meeting of the Golden Eagle Reserve Homeowner's Association to explain the reasons for the rate increase request.

Other than the customer calls to the owner or manager/secretary, no indication of the customers' satisfaction level with their service has been determined.

### **Document Storage**

Some Company records are kept at the owner's home, while computerized account records are kept at the manager/secretary's home. No fireproof safe for record storage is currently available.

### **Security**

Roy-L has placed a lock on the well house door. No other security measures have been implemented.

## **Findings, Conclusions and Recommendations**

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

- Applications for Service
- Customer Brochure
- Customer Bills
- Late Payment Notice
- Document Storage

### **Applications for Service**

The Company does not currently require a signed application when customers request service. Most new customers currently telephone Roy-L to initiate service. Company's tariff, Rule 4, (Sheet No. 10) states:

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. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

In addition to being required by the tariff, a signed and dated application by the customer requesting service would give Roy-L more leverage to collect monies owed should the need arise. Present customers will not be required to sign applications after the fact.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Have all new customers sign and date an application for service, as required by the Company's tariff.*

### **Customer Brochure**

The Company has not prepared a brochure detailing the rights and responsibilities of the Company and its customers. The development of such a brochure and its

prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states in part:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. . . This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

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.

Since most of the Company's customers request service by telephone, this brochure could be mailed along with the service application form. In addition, providing a copy of the brochure to current customers would educate them as to the rights and responsibilities of the Company, as well as its customers.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Develop and distribute to all current and future customers a brochure detailing the rights and responsibilities of the utility and its customers.*

### **Customer Bills**

No due date and/or delinquent date is currently being noted on the customer bills. The Company stated that currently, payments are due upon receipt and considered delinquent when customers have not paid by the date the next quarter's invoice is rendered. Commission Rule 4 CSR 240-13.020(9) notes: "Every bill for residential utility service shall clearly state – (B) The date when the bill will be considered due and the date when it will be delinquent, if different." In addition, Commission Rule 4 CSR 240-13.020(7) notes:

A monthly billed customer shall have at least twenty-one (21) days and a quarterly billed customer shall have at least sixteen (16) days from the rendition of the bill to pay the utility charges, unless a customer has

selected a preferred payment date in accordance with a utility's preferred payment date plan. . .

An exact due date and/or delinquent date listed on the bills would remind customers of their obligation to pay by the due date, as well as provide management an exact delinquent date when encountering customers who have failed to pay.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Note the due date and delinquent date on customer bills. Once monthly billing is implemented, ensure that customers have at least 21 days to pay before their accounts become delinquent.*

### **Late Payment Notice**

The Company does not mail a separate late payment notice to customers with delinquent accounts. As noted previously, the manager/secretary hand-writes a notice on subsequent customer bills with delinquent accounts. Mailing a separate late payment notice should remind customers with delinquent accounts to immediately render payment.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Create and mail late payment notices to customers with delinquent accounts.*

### **Document Storage**

The Company does not currently store its customer account records, customer payments, or pertinent Company information in a fireproof safe. Some Company records are currently stored at the owner's residence and other Company records are stored at the manager/secretary's residence.

The lack of fireproof storage has several detrimental effects. In the event of a disaster, the documents and information maintained in the office could be lost or destroyed. It would be difficult for the Company to re-create its records and nearly impossible to have an accurate record of delinquent amounts owed to the Company.

Securing the Company's materially relevant documents, such as customer applications for service, customer account data, customer payments, and other pertinent Company information in a fireproof safe would minimize the risk of loss and the cost and

labor-intensive process required to re-create customer data, should a disaster occur. Until a fireproof safe is obtained, the Company should run a backup computer disk of customer account records and keep it in a separate location from the computer to minimize risk of loss of data. Having a backup set of customer account records would provide a reasonably recent set of customer account data should it become necessary.

*THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:*

*Maintain an electronic backup of customer account data in an alternative location.*

*Store the Company's applications for service, customer account data, customer payments, and any other materially relevant Company documents in a fireproof safe.*

### **Follow-Up**

The EMSD staff will be conducting a follow-up of these recommendations in approximately three months from the effective date of the approved tariff sheets resulting from this case.