

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

In the Matter of the Request for an)	
Increase in Water and Sewer)	<u>Case No. WR-2013-0259</u>
Operating Revenues)	

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

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

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

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

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

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

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

6. The *Company/Staff Agreement* provides for an increase of 25.50% or \$ 4,749 in operating revenues for the water system.

7. In addition, the *Company/Staff Agreement* provides the agreed-upon net rate base of \$ 20,294 in the Company's water operating system.

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

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

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

Respectfully submitted,

/s/ Tanya K. Alm

Tanya K. Alm

Missouri Bar No. 62721

Legal Counsel

Attorney for the Staff of the
Missouri Public Service Commission

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CERTIFICATE OF SERVICE

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

/s/ Tanya K. Alm

APPENDIX A

CASE No. WR-2013-0259

STAFF/COMPANY DISPOSITION AGREEMENT WITH ATTACHMENTS AND STAFF AFFIDAVITS

Table of Contents

Company/Staff Disposition Agreement

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

Staff Participant Affidavits

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

Company/Staff Disposition Agreement

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

GLADLO WATER & SEWER COMPANY, INC.

MO PSC FILE NO. WR-2013-0259

BACKGROUND

Gladlo Water & Sewer Company, Inc. ("Gladlo" or "Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on November 2, 2012, the Company set forth its request for an increase of \$9,186 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices, and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 65 residential customers in Phelps County, Missouri.

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

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and Public Counsel's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements:

- (1) The agreed upon revenue requirement increase of \$4,749 (25.50% increase) added to the level of previous revenues of \$18,620, which results in overall revenues of \$23,369. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statement found in Attachment A, incorporated by reference herein;
- (2) The Auditing Unit conducted a full and complete audit of the Company's books and records using the 12-month period ending December 31, 2012 and updated through February 28, 2013, as the basis for the revenue requirement determined above. The audit findings can be found in Attachment B, incorporated by reference herein;
- (3) The agreed upon net rate base is \$20,294. The development of this amount is shown on the rate base worksheet that is found in Attachment C, incorporated by reference herein. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes 49.75 % equity for the Company and a return on that equity of 10.21%;
- (5) The schedule of depreciation rates in Attachment D, incorporated by reference herein, includes the depreciation rates used by Staff in its revenue requirement analysis, shall be the prescribed schedule of water plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment E, incorporated by reference herein are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on Attachment F, also attached and incorporated by reference herein;
- (7) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached as Attachment E. The proposed tariff revisions will bear an effective date of May 24, 2013;
- (8) The current PSC MO Number 2 tariff will be cancelled and replaced by PSC MO Number 3, which is included in the example tariff described above;

(9) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendation contained in the Auditing Unit Report attached hereto as Attachment H and incorporated by reference herein, and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:

- (a) The Company will attempt to purchase general liability and property insurance;

(10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Engineering & Management Services Unit ("EMSU") Report attached hereto as Attachment I and incorporated by reference herein, and provide proof of implementing the recommendation to the Manager of the Commission's EMSU Unit:

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

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

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

(12) Within one hundred twenty (120) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations contained in the Auditing Unit Report attached hereto as Attachment H and incorporated by reference herein and provide proof of implementing the recommendations to the Manager of the Commission's Auditing Unit:

- (a) The Company will replace the master meter; and

- (b) The Company will record actual master meter readings on a monthly basis;

(13) Within one hundred eighty (180) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company shall implement the recommendations Water & Sewer Unit Memorandum attached hereto as Attachment G and incorporated by reference herein, and provide proof of

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

- (a) The Company will investigate another source of supply; and
 - (b) The Company will investigate the rehabilitation of its existing storage and/or the need for additional storage;
- (14) The Company shall file a water and sewer rate case, no later than 24-months after the effective date of the Order approving rates in this proceeding.
- (15) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Company/Staff Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (16) Staff may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement;
- (17) Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement;
- (18) The Company agrees that they have read the foregoing Company/Staff Disposition Agreement; that facts stated therein are true and accurate to the best of the Company's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this Disposition Agreement; and
- (19) The above agreements satisfactorily resolve all issues identified by Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

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


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

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

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

SIGNATURES

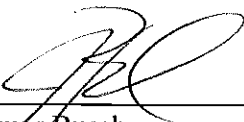
Agreement Signed and Dated:



Jason Williamson
Receiver
Gladlo Water & Sewer Company, Inc.

4/3/13

Date



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

4/3/13

Date

List of Attachments

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

Agreement Attachment A

Ratemaking Income Statement

GLADLO WATER & SEWER COMPANY, INC.

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$	17,696
2	Other Operating Revenues *	\$	924
3	Total Operating Revenues	\$	18,620
4	* See "Revenues - Current Rates" for Details		

Cost of Service

Item	Amount
1 Contractual Services-Operator's Expense	\$ 4,320
2 Electricity-Pumping	\$ 1,957
3 System Repairs Maintenance	\$ 2,225
4 Outside Services-Accounting Fees	\$ 388
5 Outside Services-Management Fees	\$ 5,561
6 Bank Service Fees	\$ 90
7 Postage	\$ 247
8 Rate Case Expense	\$ 244
9 Property & Liability Insurance	\$ 278
10 Miscellaneous General Expenses	\$ 12
11 Uncollectibles	\$ 177
12 MO DNR Fees	\$ 200
13 Regulatory Commission Expense	\$ 197
14 Secretary of State	\$ 10
15 Sub-Total Operating Expenses	\$ 15,906
16 Property Taxes	\$ 119
17 MO Franchise Taxes	\$ -
18 Employer FICA Taxes	\$ -
19 Federal Unemployment Taxes	\$ -
20 State Unemployment Taxes	\$ -
21 State & Federal Income Taxes	\$ 257
22 Sub-Total Taxes	\$ 376
23 Depreciation Expense	\$ 5,423
24 Interest Expense	\$ 633
25 Amortization of Utility Plant	\$ -
26 Sub-Total Depreciation/Interest/Amortization	\$ 6,056
27 Return on Rate Base	\$ 1,031
28 Total Cost of Service	\$ 23,369
29 Overall Revenue Increase Needed	\$ 4,749

Agreement Attachment B

EMS Run



MISSOURI PUBLIC SERVICE COMMISSION

Regulatory Review Division

Utility Services

STAFF ACCOUNTING SCHEDULES

GLADLO WATER AND SEWER COMPANY

CASE NO. WR-2013-0259

St. Louis, MO

Jan-13

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Rate Design Schedule - Water

A		B	C	D	E	F
Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$17,696			
Rev-3	Miscellaneous Revenues	(1)	\$924			
Rev-4	TOTAL ANNUALIZED REVENUES		\$18,620			
1	OPERATIONS EXPENSES	(2)				
2	Contractual Services - Operator's Expense		\$4,320	\$0	\$4,320	0.00%
3	Electricity-(Pumping)		\$1,957	\$0	\$1,957	0.00%
4	TOTAL OPERATIONS EXPENSE		\$6,277	\$0	\$6,277	
5	MAINTENANCE EXPENSES					
6	System Maintenance & Repairs		\$2,225	\$0	\$2,225	0.00%
7	TOTAL MAINTENANCE EXPENSE		\$2,225	\$0	\$2,225	
8	ADMINISTRATIVE & GENERAL EXPENSES					
9	Outside Services - Accounting Fees		\$388	\$0	\$388	0.00%
10	Outside Services - Management Fees		\$5,561	\$0	\$5,561	0.00%
11	Bank Service Fees		\$90	\$0	\$90	0.00%
12	Postage		\$247	\$0	\$247	0.00%
13	Rate Case Expense		\$244	\$0	\$244	0.00%
14	General Liability & Property Insurance		\$278	\$0	\$278	0.00%
15	Other Miscellaneous Expenses		\$12	\$0	\$12	0.00%
16	Uncollectibles		\$177	\$0	\$177	0.00%
17	TOTAL ADMINISTRATIVE AND GENERAL		\$6,997	\$0	\$6,997	
18	OTHER OPERATING EXPENSES					
19	MO DNR Laboratory Testing Fees		\$200	\$0	\$200	0.00%
20	PSC Assessment		\$197	\$0	\$197	0.00%
21	SOS Fees		\$10	\$0	\$10	0.00%
22	Depreciation		\$5,423	\$0	\$5,423	0.00%
23	TOTAL OTHER OPERATING EXPENSES		\$5,830	\$0	\$5,830	
24	TAXES OTHER THAN INCOME					
25	Real & Personal Property Taxes		\$119	\$0	\$119	0.00%
26	TOTAL TAXES OTHER THAN INCOME		\$119	\$0	\$119	
27	TOTAL OPERATING EXPENSES		\$21,448	\$0	\$21,448	
28	Interest Expense	(3)	\$633	\$0	\$633	0.00%
29	Return on Equity	(3)	\$1,031	\$0	\$1,031	0.00%
30	Income Taxes	(3)	\$257	\$0	\$257	0.00%
31	TOTAL INTEREST RETURN & TAXES		\$1,921	\$0	\$1,921	
32	TOTAL COST OF SERVICE		\$23,369	\$0	\$23,369	
33	Less: Miscellaneous Revenues		\$924	\$0	\$924	0.00%
34	COST TO RECOVER IN RATES		\$22,445	\$0	\$22,445	
35	INCREMENTAL INCREASE IN RATE REVENUES		\$4,749			
36	PERCENTAGE OF INCREASE		25.50%			
37	REQUESTED INCREASE IN REVENUES		\$9,186			

(1) From Revenue Schedule

(2) From Expense Schedule

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Rate Design Schedule - Water

Line Number	A Description	B Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
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(3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Rate Base Required Return on Investment Schedule - Water

Line Number	A Rate Base Description	B Dollar Amount	
1	Plant In Service	\$61,459	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$25,159	From Depreciation Reserve Schedule
3	Net Plant In Service	\$36,300	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$16,603	
	CIAC Depreciation	\$597	
5	Total Rate Base	\$20,294	
6	Total Weighted Rate of Return Including Income Tax	9.46%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$1,921	

Gladjo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Rate of Return Including Income Tax - Water

	A	B	formulas
1 State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2 Federal Income Tax Rate Statutory / Effective	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3 Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4 Equity Tax Factor		1.2490	$1 / (1 - B3)$
5 Recommended Weighted Rate of Return on Equity - Common and Preferred		5.08%	From Capital Structure Schedule
6 Weighted Rate of Return on Equity Including Income Tax		6.34%	$B4 \times B5$
7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.12%	From Capital Structure Schedule
8 Total Weighted Rate of Return Including Income Tax		9.46%	$B6 + B7$

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

N

To Rate Base Schedule

Equity Income Required \$1,213
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$1,213	\$182
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$1,213	\$182
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Capital Structure Schedule - Water

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$10,096	49.75%	10.21%	5.079%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$10,198	50.25%	6.21%	3.121%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	<u>\$20,294</u>	<u>100.00%</u>		<u>8.200%</u>

To PreTax Return Rate Schedule

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

Gladio Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$1,000			100.00%	\$1,000
3		TOTAL INTANGIBLE PLANT	\$1,000		\$0		\$1,000
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$2,400			100.00%	\$2,400
6	311.000	Structures & Improvements - SSP	\$4,974	P-6	\$4,449	100.00%	\$9,423
7	314.000	Wells and Springs	\$7,376			100.00%	\$7,376
8		TOTAL SOURCE OF SUPPLY PLANT	\$14,750		\$4,449		\$19,199
9		PUMPING PLANT					
10	325.000	Electric Pumping Equipment	\$14,107	P-10	\$7,605	100.00%	\$21,712
11		TOTAL PUMPING PLANT	\$14,107		\$7,605		\$21,712
12		WATER TREATMENT PLANT					
13		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
14		TRANSMISSION & DISTRIBUTION PLANT					
15	343.000	Transmission & Distribution Mains	\$16,361			100.00%	\$16,361
16	346.000	Meters	\$1,979	P-16	\$1,208	100.00%	\$3,187
17		TOTAL TRANS. & DISTRIBUTION PLANT	\$18,340		\$1,208		\$19,548
18		GENERAL PLANT					
19		TOTAL GENERAL PLANT	\$0		\$0		\$0
20		TOTAL PLANT IN SERVICE	\$48,197		\$13,262		\$61,459

To Rate Base & Depreciation Schedules

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Schedule of Adjustments for Plant in Service - Water

<u>A</u> Plant Adjustment Number	<u>B</u> Plant In Service Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
P-6	Structures & Improvements - SSP	311.000		\$4,449
	1. To include new well house roof on 10/1/11 as well as a new door replacement on the well house on 3/15/11. (Ferguson)		\$2,640	
	2. To retire the old well house roof by using half the cost of the new roof. (Robinett)		-\$1,104	
	3. To include construction of new well house on 11/15/12. (Ferguson)		\$7,618	
	4. To retire original cost of old well house structure with the exception of the concrete foundation. (Robinett)		-\$5,510	
	5. To include 1" rock on the road to the wellhouse. (Ferguson)		\$805	
P-10	Electric Pumping Equipment	325.000		\$7,605
	1. To include \$1723 for well motor refurbishment at August 31, 2009 plus \$3,953 of financing costs associated with projects to be offset with CIAC surcharge collections. (Ferguson)		\$5,676	
	2. To retire an estimate of the well motor. (Robinett)		-\$2,600	
	3. To include replacement of well motor installed on March 15, 2010. (Ferguson)		\$3,403	
	4. To retire well motor installed on 3/15/2010. (Ferguson)		-\$3,403	
	5. To include replacement well motor installed on 4/30/12. (Ferguson)		\$4,680	
	6. To retire well motor installed on 4/30/2012. (Ferguson)		-\$4,680	

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	7. To include replacement well motor installed 6/7/2012. (Ferguson)		\$6,050	
	8. To retire well motor installed on 6/7/2012. (Ferguson)		-\$6,050	
	9. To include replacement well motor installed on 6/15/2012 and submonitor. (Ferguson)		\$6,212	
	10. To retire well motor installed on 6/15/2012 and submonitor. (Ferguson)		-\$6,212	
	11. To include replacement well motor installed on 12/24/2012. (Ferguson)		\$2,879	
	12. To include replacement submonitor installed on 12/24/2012. (Ferguson)		\$1,650	
P-16	Meters	346.000		\$1,208
	1. To include meter installation at July 15, 2009. (Ferguson)		\$202	
	2. To include meter installations on February 15, 2010; October 31, 2010; and June 30, 2010. (Ferguson)		\$315	
	3. To include meter installations on 11/15/11. (Ferguson)		\$616	
	4. To include a new meter installed on 9/15/2012. (Ferguson)		\$75	
Total Plant Adjustments				\$13,262

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2013-0259
Test Year Ending 12-31-2012
Depreciation Expense - Water

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$1,000	0.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$1,000		\$0
4		SOURCE OF SUPPLY PLANT			
5	310.000	Land & Land Rights	\$2,400	0.00%	\$0
6	311.000	Structures & Improvements - SSP	\$9,423	10.00%	\$942
7	314.000	Wells and Springs	\$7,376	0.00%	\$0
8		TOTAL SOURCE OF SUPPLY PLANT	\$19,199		\$942
9		PUMPING PLANT			
10	325.000	Electric Pumping Equipment	\$21,712	10.00%	\$2,171
11		TOTAL PUMPING PLANT	\$21,712		\$2,171
12		WATER TREATMENT PLANT			
13		TOTAL WATER TREATMENT PLANT	\$0		\$0
14		TRANSMISSION & DISTRIBUTION PLANT			
15	343.000	Transmission & Distribution Mains	\$16,361	2.00%	\$327
16	346.000	Meters	\$3,187	3.30%	\$105
17		TOTAL TRANS. & DISTRIBUTION PLANT	\$19,548		\$432
18		GENERAL PLANT			
19		TOTAL GENERAL PLANT	\$0		\$0
20		Total Depreciation	\$61,459		\$3,545

Gladjo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Accumulated Depreciation Reserve - Water

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
4		SOURCE OF SUPPLY PLANT					
5	310.000	Land & Land Rights	\$0			100.00%	\$0
6	311.000	Structures & Improvements - SSP	\$4,974	R-6	-\$7,548	100.00%	-\$2,574
7	314.000	Wells and Springs	\$7,376	R-7	\$62	100.00%	\$7,438
8		TOTAL SOURCE OF SUPPLY PLANT	\$12,350		-\$7,486		\$4,864
9		PUMPING PLANT					
10	325.000	Electric Pumping Equipment	\$600	R-10	\$3,809	100.00%	\$4,409
11		TOTAL PUMPING PLANT	\$600		\$3,809		\$4,409
12		WATER TREATMENT PLANT					
13		TOTAL WATER TREATMENT PLANT	\$0		\$0		\$0
14		TRANSMISSION & DISTRIBUTION PLANT					
15	343.000	Transmission & Distribution Mains	\$11,939	R-15	\$1,199	100.00%	\$13,138
16	346.000	Meters	\$1,854	R-16	\$894	100.00%	\$2,748
17		TOTAL TRANS. & DISTRIBUTION PLANT	\$13,793		\$2,093		\$15,886
18		GENERAL PLANT					
19		TOTAL GENERAL PLANT	\$0		\$0		\$0
20		TOTAL DEPRECIATION RESERVE	\$26,743		-\$1,584		\$25,159

To Rate Base Schedule

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
R-6	Structures & Improvements - SSP	311.000		-\$7,548
	1. To include reserve on well house structures through 11/30/2009. (Ferguson)		\$52	
	2. To include reserve on well house structures through 12/31/09. (Ferguson)		\$10	
	3. To retire old well house roof estimated at half the price of the new well house roof. (Robinett)		-\$1,104	
	4. To retire old well house structure with the exception of \$1,000 for the remaining concrete pad. (Robinett)		-\$5,510	
	5. To include the cost of removal for the old well house structure. (Robinett)		-\$1,150	
	6. To include reserve on well house structures through 2/28/13. (Ferguson)		\$154	
R-7	Wells and Springs	314.000		\$62
	1. To include reserve on wells and springs through 11/30/2009. (Ferguson)		\$62	
R-10	Electric Pumping Equipment	325.000		\$3,809
	1. To include reserve on well pump and motor installed in May 2009 through 11/30/2009. (Ferguson)		\$631	
	2. To include reserve on well pump and motor installed in May 2009 through 12/31/2009. (Ferguson)		\$165	

Gladlo Water and Sewer Company

Informal Case/Rate Case

WR-2013-0259

Test Year Ending 12-31-2012

Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
	3. To include reserve on well pump and motor installed in May 2009 through 12/31/2010. (Ferguson)		\$1,718	
	4. To retire well pump installed in May 2009. (Robinett)		-\$2,600	
	5. To include reserve on replacement well motor installed 3/15/2010. (Ferguson)		\$241	
	6. To include reserve on replacement well pump installed in May 2009 through 12/31/2011. (Ferguson)		\$1,718	
	7. To include reserve on replacement well motor installed on 3/15/2010 through 12/31/2011. (Ferguson)		\$340	
	8. To include reserve on replacement well pump installed in May 2009 through 12/31/2012. (Ferguson)		\$1,718	
	7. To include reserve on replacement well motor installed on 3/15/2010 through 4/30/2012. (Ferguson)		\$113	
	8. To retire well motor installed on 3/15/2010. (Ferguson)		-\$3,403	
	9. To include reserve on replacement well motor installed on 4/30/2012 through 6/7/2012. (Ferguson)		\$49	
	10. To retire well motor installed on 4/30/2012. (Ferguson)		-\$4,680	
	11. To include reserve on replacement well motor installed on 6/7/2012 through 6/15/2012. (Ferguson)		\$13	
	12. To retire well motor installed on 6/7/2012. (Ferguson)		-\$6,050	

Gladjo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
	13. To include reserve on replacement well motor and submonitor installed on 6/15/2012 through 12/24/2012. (Ferguson)		\$336	
	14. To retire well motor and submonitor installed on 6/15/2012. (Ferguson)		-\$6,212	
	15. To include reserve on replacement well motor and submonitor installed on 12/24/2012 through 12/31/2012. (Ferguson)		\$9	
	16. To include salvage for submonitor installed on 6/15/12 into reserve. (Robinett)		\$1,650	
	17. To remove stranded reserve for Account 325 Pumping Equipment to be amortized over 5 years. (Robinett and Ferguson)		\$17,691	
	16. To include reserve on replacement well motor and submonitor installed on 12/24/2012 through 2/28/2013. (Ferguson)		\$362	
R-15	Transmission & Distribution Mains	343.000		\$1,199
	1. To include reserve on transmission and distribution mains through 11/30/2009. (Ferguson)		\$136	
	2. To include reserve on transmission and distribution mains through 12/31/2009. (Ferguson)		\$27	
	3. To include reserve on transmission and distribution mains through 12/31/2010. (Ferguson)		\$327	
	4. To include reserve on transmission and distribution mains through 12/31/2011. (Ferguson)		\$327	

Gladlo Water and Sewer Company

Informal Case/Rate Case

WR-2013-0259

Test Year Ending 12-31-2012

Schedule of Adjustments for Accumulated Depreciation Reserve - Water

<u>A</u> Reserve Adjustment Number	<u>B</u> Accumulated Depreciation Reserve Adjustments Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment Amount
	5. To include reserve on transmission and distribution mains through 12/31/2012. (Ferguson)		\$327	
	6. To include reserve on transmission and distribution mains through 2/28/2013. (Ferguson)		\$55	
R-16	Meters	346.000		\$894
	1. To include reserve on meters through 11/30/2009. (Ferguson)		\$24	
	2. To include reserve on meters through 12/31/2009. (Ferguson)		\$5	
	3. To include reserve on meters through 12/31/2010. (Ferguson)		\$234	
	4. To include reserve on meters through 12/31/2011. (Ferguson)		\$257	
	5. To include reserve on meters through 12/31/2012. (Ferguson)		\$321	
	6. To include reserve on meters through 2/28/2013. (Ferguson)		\$53	
Total Reserve Adjustments				<u><u>-\$1,584</u></u>

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Revenue Schedule - Water

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$17,330	Rev-2	\$366	100.00%	\$17,696
Rev-3		Miscellaneous Revenues	\$924	Rev-3	\$0	100.00%	\$924
Rev-4		TOTAL ANNUALIZED REVENUES	\$18,254		\$366		\$18,620

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Revenue Adjustment Schedule - Water

<u>A</u> Revenue Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
Rev-2	Annualized Rate Revenues			\$366
	1. To Annualize Rate Revenues		\$366	
Rev-3	Miscellaneous Revenues			\$0
	1. To Annualize Miscellaneous Revenues		\$0	
Total Revenue Adjustments				<u>\$366</u>

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2013-0259
Test Year Ending 12-31-2012
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	65		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	780		0	
5	Current Customer Charge	<u>\$8.28</u>		<u>\$0.00</u>	
6	Annualized Customer Charge Revenues		\$6,458		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	4,370,494		0	
9	Less: Base Gallons Included In Customer Charge	<u>780,000</u>		<u>0</u>	
10	Commodity Gallons	3,590,494		0	
11	Block 1, Commodity Gallons per Block	3,590,494		0	
12	Block 1, Number of Commodity Gallons per Unit	<u>1,000</u>		<u>0</u>	
13	Block 1, Commodity Billing Units	3,590.49		0.00	
14	Block 1, Existing Commodity Charge	<u>\$3.13</u>		<u>\$0.00</u>	
15	Block 1, Annualized Commodity Charge Rev.		\$11,238		\$0
16	Total Annualized Water Rate Revenues		<u>\$17,696</u>		<u>\$0</u>

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2013-0259
Test Year Ending 12-31-2012
Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		E Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	65	
3	Bills Per Year		
4	Customer Bills Per year	780	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$6,458
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	4,370,494	
9	Less: Base Gallons Included In Customer Charge	780,000	
10	Commodity Gallons	3,590,494	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$11,238
16	Total Annualized Water Rate Revenues		\$17,696

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Gladlo Water and Sewer Company
Informal Case/Rate Case
WR-2013-0259
Test Year Ending 12-31-2012
Miscellaneous Revenues Feeder - Water

Line Number	<u>A</u> Description	<u>B</u> Amount
1	Late Fees	\$774
2	Disconnect/Reconnect Fees	\$150
3	Total Miscellaneous Revenues	<u>\$924</u>

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Expense Schedule - Water

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Contractual Services - Operator's Expense	\$2,475	W-2	\$1,845	100.00%	\$4,320
3		Electricity-(Pumping)	\$1,920	W-3	\$37	100.00%	\$1,957
4		TOTAL OPERATIONS EXPENSE	\$4,395		\$1,882		\$6,277
5		MAINTENANCE EXPENSES					
6		System Maintenance & Repairs	\$2,225			100.00%	\$2,225
7		TOTAL MAINTENANCE EXPENSE	\$2,225		\$0		\$2,225
8		ADMINISTRATIVE & GENERAL EXPENSES					
9		Outside Services - Accounting Fees	\$388			100.00%	\$388
10		Outside Services - Management Fees	\$6,559	W-10	-\$998	100.00%	\$5,561
11		Bank Service Fees	\$126	W-11	-\$36	100.00%	\$90
12		Postage	\$0	W-12	\$247	100.00%	\$247
13		Rate Case Expense	\$10	W-13	\$234	100.00%	\$244
14		General Liability & Property Insurance	\$0	W-14	\$278	100.00%	\$278
15		Other Miscellaneous Expenses	\$25	W-15	-\$13	100.00%	\$12
16		Uncollectibles	\$794	W-16	-\$617	100.00%	\$177
17		TOTAL ADMINISTRATIVE AND GENERAL	\$7,902		-\$905		\$6,997
18		OTHER OPERATING EXPENSES					
19		MO DNR Laboratory Testing Fees	\$200			100.00%	\$200
20		PSC Assessment	\$278	W-20	-\$81	100.00%	\$197
21		SOS Fees	\$0	W-21	\$10	100.00%	\$10
22		Depreciation	\$0	W-22	\$5,423	100.00%	\$5,423
23		TOTAL OTHER OPERATING EXPENSES	\$478		\$5,352		\$5,830
24		TAXES OTHER THAN INCOME					
25		Real & Personal Property Taxes	\$119			100.00%	\$119
26		TOTAL TAXES OTHER THAN INCOME	\$119		\$0		\$119
27		TOTAL OPERATING EXPENSES	\$15,119		\$6,329		\$21,448

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Expense Adjustment Schedule - Water

<u>A</u> Expense Adj Number	<u>B</u> Adjustment Description	<u>C</u> Account Number	<u>D</u> Adjustment Amount	<u>E</u> Total Adjustment
W-2	Contractual Services - Operator's Expense			\$1,845
	1. To annualize operating expense for ongoing expense level. (Ferguson)		\$1,845	
W-3	Electricity-(Pumping)			\$37
	1. To annualize electric pumping expense for ongoing expense level. (Ferguson)		\$37	
W-10	Outside Services - Management Fees			-\$998
	1. To annualize management fees. (Ferguson)		-\$998	
W-11	Bank Service Fees			-\$36
	1. To remove non-sufficient funds charges. (Ferguson)		-\$36	
W-12	Postage			\$247
	1. To annualize postage expense for billing and payables. (Ferguson)		\$247	
W-13	Rate Case Expense			\$234
	1. To normalize rate case expense assuming a case is filed every 3 years. (Ferguson)		\$234	
W-14	General Liability & Property Insurance			\$278
	1. To include liability and property insurance. (Ferguson)		\$278	
W-15	Other Miscellaneous Expenses			-\$13
	1. To remove non-recurring expenses. (Ferguson)		-\$13	

Gladlo Water and Sewer Company
 Informal Case/Rate Case
 WR-2013-0259
 Test Year Ending 12-31-2012
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-16	Uncollectibles			-\$617
	1. To annualize uncollectibles at a level not to exceed 1% of annualized base revenue. (Ferguson)		-\$617	
W-20	PSC Assessment			-\$81
	1. To annualize PSC assessment to on-going levels. (Ferguson)		-\$81	
W-21	SOS Fees			\$10
	1. To annualize Missouri Secretary of State Fees. (Ferguson)		\$10	
W-22	Depreciation			\$5,423
	1. To Annualize Depreciation		\$3,545	
	2. To remove CIAC Amortization expense. (Ferguson)		-\$1,660	
	3. To amortize stranded reserve for Account 325 Pumping Equipment over 5 years. (Ferguson)		\$3,538	
Total Expense Adjustments				<u>\$6,329</u>

Agreement Attachment C

Rate Base Worksheet

Water

Plant In Service	\$ 61,459
Accumulated Depreciation Reserve	<u>\$ 25,159</u>
Net Plant in Service	\$ 36,300
Other Rate Base Items:	
Contributions in Aid of Construction	\$ (16,603)
CIAC Depreciation	<u>\$ 597</u>
Total Rate Base	<u><u>\$ 20,294</u></u>

Agreement Attachment D

Schedule of Depreciation Rates

Gladlo Water & Sewer Company
SCHEDULE of DEPRECIATION RATES (Dated 3/4/2013)
(WATER Class C & D)
WR-2013-0259

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
311	Structures & Improvements, (See Note 1)	10.0%	44	-10%
314	Wells & Springs	0.0%	fully depreciated	
325	Electric Pumping Equipment,(See Note 2)	10.0%	12	-20%
342	Distribution Reservoirs and Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
346	Meters	3.3%	30	0%
379	Other General Equipment	10.0%	8.7	13%

Note 1 This 10% depreciation rate for this rate case is intended to allow recovery of deficient reserves. The 44 year average service life with the -10% salvage rate shown would otherwise result in a 2.5% depreciation rate.

Note 2 This 10% depreciation rate for account 325 applies if the amortization of deficient reserves from the multiple event retirements in 2012 are approved as a separate amortization. If the separate amortization is not approved, the depreciation rate recommendation is 20%.

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

Agreement Attachment E

Example Tariff Sheets

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

Service Area: Phelps County, Missouri

Rules & Regulations Governing Rendering of
Water Service

INDEX

Sheet No.

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

Rule No.	Rule Title
6	1. Definitions
9	2. General Rules and Regulations
10	3. Company Employees and Customer Relations
11	4. Applications for Service
12	5. Inside Piping and Water Service Lines
15	6. Improper or Excessive Use
16	7. Discontinuance of Service by Company
19	8. Termination of Water Service at Customer's Request
20	9. Interruptions in Service
21	10. Bills for Service
25	11. Meters and Meter Installations
28	12. Meter Tests and Test Fees
29	13. Bill Adjustments Based on Meter Tests
30	14. Extension of Water Mains

* Indicates new rate or text

+ Indicates change

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

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

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

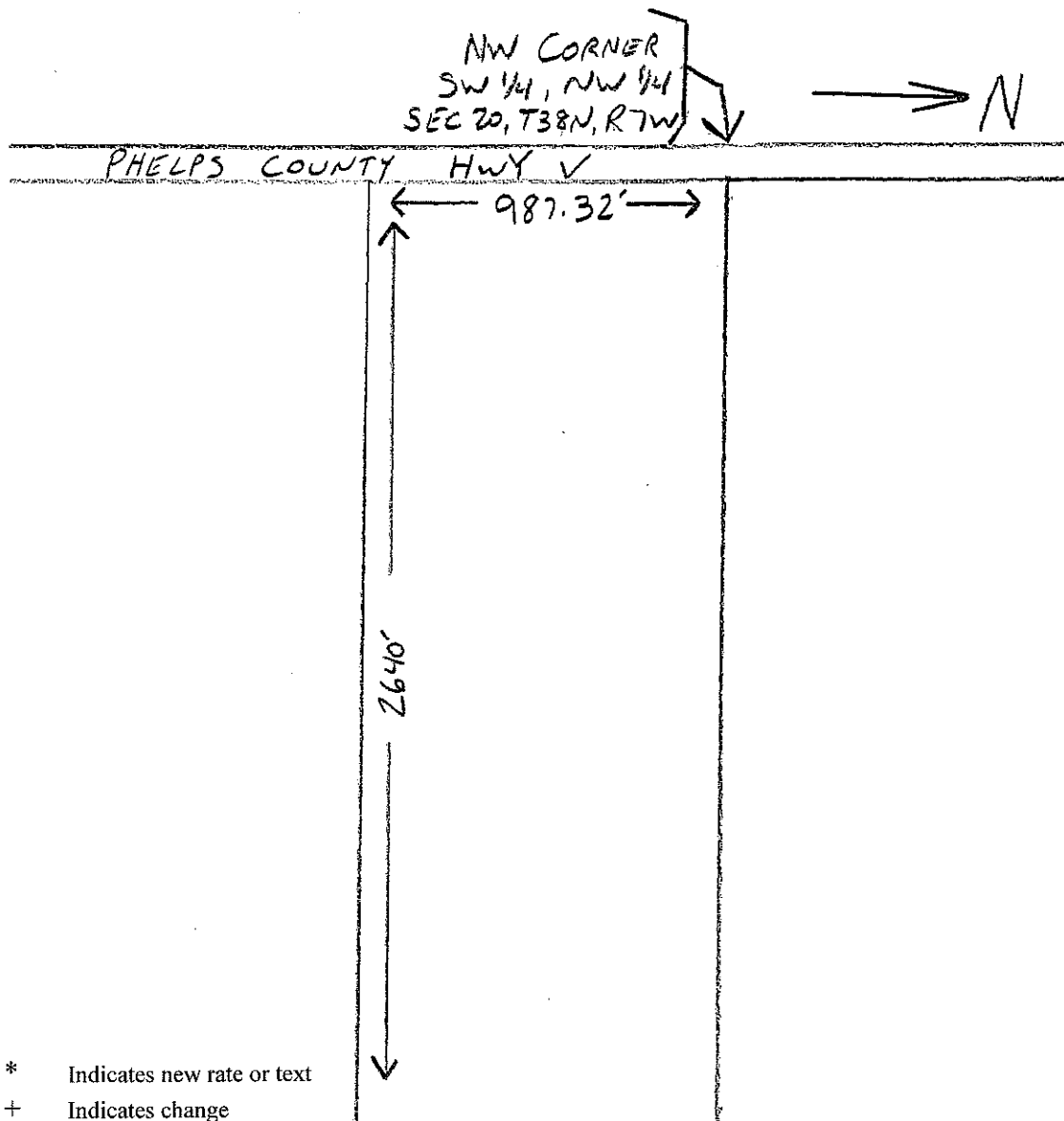
6825 E. Tennessee Ave. Suite 547 Denver, CO 80224
Company mailing address

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

Service Area: Phelps County, Missouri

Rules & Regulations Governing Rendering of
Water Service

Map of Service Area



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

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

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

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

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

Rules & Regulations Governing Rendering of
Water Service

Legal Description of Service Area

A fractional part of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West more particularly described as follows: Beginning at the Northwest corner of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West, Thence South 88 degrees 32 minutes East 30 feet to the point of beginning of the tract herein described; thence South 88 degrees 32 minutes East along the North line of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West 2,644.93 feet to the Northeast corner of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West; thence South 0 degrees 03 minutes West along the East line of the South 1/2 of the NW 1/4 of Section 20, Township 38 North, Range 7 West 1,006.32 feet; thence North 88 degrees 32 minutes West 2,644.93 feet to the East ROW of Phelps County Highway "V"; thence North 0 degrees 03 minutes East along the East ROW of Phelps County Highway "V" 1,006.32 feet to the point of beginning; all in Phelps County, Missouri.

- * Indicates new rate or text
- + Indicates change

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

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

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

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

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

Rules & Regulations Governing Rendering of
Water Service

Schedule of Rates

Availability:

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

Rates:

Minimum Monthly Charge (First 1,000 gallons or less)	\$10.50
Water Usage Charge (All over 1,000 gallons)	\$3.97 per 1,000 gallons

Taxes:

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

- * Indicates new rate or text
- + Indicates change

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

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

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

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

Rules & Regulations Governing Rendering of
Water Service

Schedule of Rates

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- * Indicates new rate or text
- + Indicates change

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

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

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

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

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

Rules & Regulations Governing Rendering of
Water Service

Schedule of Service Charges

Discontinuance of Service for Non-Payment of Bill

For Customers with Gladlo water service:

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

For Customers without Gladlo water service:

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

New Service Connection

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

Late Charge

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

Returned Check Charge

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

- * Indicates new rate or text
+ Indicates change

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

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

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

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

Rules & Regulations Governing Rendering of
Water Service

Rule 1 DEFINITIONS

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

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Name & Title of Issuing Officer Company mailing address

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

Rules & Regulations Governing Rendering of
Water Service

Rule 1 continued

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 1 continued

includes resubdivision thereof.

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 2 GENERAL RULES & REGULATIONS

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 3 COMPANY EMPLOYEES AND CUSTOMER RELATIONS

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 4 APPLICATIONS FOR SERVICE

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 5 INSIDE PIPING AND WATER SERVICE LINES

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 5 continued

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 5 continued

at least one hundred sixty (160) psi working pressure.

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

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 7 DISCONTINUANCE OF SERVICE BY COMPANY

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 7 continued

Regulations.

- B. The Company may discontinue service after notice by first class mail is sent to the Customer at least ten (10) days prior to the date of the proposed discontinuance. Service of notice by mail is complete upon mailing. If written notice is hand delivered to the Customer, it shall be done at least ninety-six (96) hours prior to discontinuance. If the Company intends to discontinue service to a multi-tenant dwelling, a notice shall also be conspicuously posted in the building ten (10) days prior to the proposed discontinuance. Discontinuance shall not occur more than eleven (11) business days after the date given as the discontinuance date.
- C. The Company shall make reasonable efforts to contact the Customer, at least twenty-four (24) hours prior to any discontinuance, regarding the reason(s) for discontinuance of service, and the resolution. If discontinuance of service would affect an occupant who is not the Company's Customer, or is not responsible for payment of the bill, then the Company shall make reasonable efforts to inform such occupant(s).
- D. The Company shall postpone the discontinuance if personnel will not be available to restore service the same day, or if personnel will not be available to restore service the following day. The Company also shall postpone discontinuance if a medical emergency exists on the premises, however the postponement may be limited to twenty-one (21) days, and the Company may require proof of a medical emergency.
- E. The Company shall have the right to enter the Customer's premises for purposes of discontinuance of service in compliance with these Rules and Regulations. Discontinuance of service will be made during reasonable hours. Company personnel shall identify themselves and announce the intention to discontinue service, or leave a conspicuous notice of the discontinuance.

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Rules & Regulations Governing Rendering of
Water Service

Rule 7 continued

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 8 TERMINATION OF WATER SERVICE AT CUSTOMER'S REQUEST

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 9 INTERRUPTIONS IN SERVICE

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 BILLS FOR SERVICE

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 continued

- 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 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:
1. Still has an unpaid account with a utility providing the same type of service accrued within the last five (5) years; or,
 2. Has diverted or interfered with the same type of service in an unauthorized manner within the last five (5) years; or,
 3. Is unable to establish a credit rating with the Company. Adequate credit rating for a residential Customer shall be established if the Customer:
 - a. Owns or is purchasing a home; or,
 - b. Is and has been regularly employed full time for at least one (1) year; or,
 - c. Has an adequate and regular source of income; or

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Rules & Regulations Governing Rendering of
Water Service

Rule 10 continued

- d. 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:
 - 1. The water service of the Customer has been discontinued for non-payment of a delinquent account not in dispute; or,
 - 2. The utility service to the unit has been diverted or interfered with in an unauthorized manner; or,
 - 3. The Customer has failed to pay undisputed bills before the delinquency date for five (5) billing periods out of twelve (12) consecutive monthly billing periods.
- 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 shall be payable annually on all deposits, but shall not accrue after the utility has made reasonable effort to return the deposit. Interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the *Wall Street Journal* for the last business day of the preceding calendar year, plus one (1) percentage point. 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 (1) year, credit shall be established or re-established, and the deposit and any interest due shall be refunded. The utility may withhold full refund of the deposit pending resolution of a disputed matter.

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Rules & Regulations Governing Rendering of
Water Service

Rue 10 continued

- 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 Missouri Public Service Commission's Rules and Regulations regarding Utility Billing Practices.

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Rules & Regulations Governing Rendering of
Water Service

Rule 11 METERS AND METER INSTALLATIONS

- A. All permanent service connections shall be metered. The Company shall furnish and install a suitable meter for each Customer, and the Company's installed meter shall be the standard for measuring water used to determine the bill.
- 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. Domestic water service to any one Customer at a single premises shall be furnished through a single service connection. Individual units of a multi-unit building may have separate connections and meter installations only if each unit has separate plumbing, ground-level space, an individual service connection and meter installation location, and frontage to a Company-owned main. For multi-unit buildings with one service connection and meter installation, the inside piping may be rearranged at the Customer's own expense so as to separate the units and meter tenants, then divide the bill accordingly.
- E. The owners of premises wherein meters are located shall be held responsible for the safekeeping of the Company's meters and metering appurtenances, and are required to keep meters located within their property accessible to the Company for reading and for meter changeouts. If a Customer limits accessibility, or fails to protect a meter against damage, the Company may discontinue service and/or refuse to supply water until accessibility is restored and the Company is paid for any such damage. The amount of the charge shall be the cost of the necessary replacement parts and the labor cost necessary to make the repair.

* Indicates new rate or text

+ Indicates change

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

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

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

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

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

Service Area: Phelps County, Missouri

Rules & Regulations Governing Rendering of
Water Service

Rule 11 continued

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

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Rules & Regulations Governing Rendering of
Water Service

Rule 11 continued

for a meter as determined by the Company, the Company will notify the Staff of the Water and Sewer Unit of the Missouri Public Service Commission before ultimately refusing service or proceeding to discontinue service.

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

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Service Area: Phelps County, Missouri

Rules & Regulations Governing Rendering of
Water Service

Rule 12 METER TESTS AND TEST FEES

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

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+ Indicates change

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

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

Rules & Regulations Governing Rendering of
Water Service

Rule 13 BILL ADJUSTMENTS BASED ON METER TESTS

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

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

Service Area: Phelps County, Missouri

Rules & Regulations 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. The estimate will not include unanticipated costs such as rock excavation.
- C. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company 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 twelve inches (12") or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.
- D. The cost to single-family residential applicant(s) connecting to a main extension contributed by other applicant(s) shall be as follows:
 - 1. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.
 - 2. For single-family residential applicant(s) applying for service in areas that are unplatted in subdivision lots, an applicant(s) cost shall be equal to the total cost of the main extension divided by the total length of the main extension in

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

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

Rules & Regulations Governing Rendering of
Water Service

Rule 14 continued

feet times one hundred (100) feet.

3. For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs D.1. or D.2. above, multiplied by the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:

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

E. Refunds of 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 to the applicant(s) as soon as the actual cost has been ascertained.
2. During the first ten (10) years after the main extension is completed, the Company will refund to the applicant(s) who paid for the extension the money collected from applicant(s) in accordance with paragraph D. above. The refund shall be paid within a reasonable time after the money is collected.
3. The sum of all refunds to any applicant shall not exceed the total contribution which the applicant(s) has paid.

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Month/Day/Year

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

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

Rules & Regulations Governing Rendering of
Water Service

Rule 14 continued

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

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

Agreement Attachment F

Billing Comparison Worksheet

GLADLO WATER & SEWER COMPANY, INC.

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$8.28	\$10.50	\$3.13	\$3.97

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 8.28
Usage Charge	\$ 18.78
Total Bill	\$ 27.06

Proposed Rates

Customer Charge	\$ 10.50
Usage Charge	\$ 23.82
Total Bill	\$ 34.32

INCREASES

Customer Charge

\$ Increase	\$2.22
% Increase	26.83%

Usage Charge

\$ Increase	\$5.04
% Increase	26.83%

Total Bill

\$ Increase	\$7.26
% Increase	26.83%

Agreement Attachment G

Water & Sewer Unit Memorandum

REPORT OF WATER AND SEWER UNIT
FIELD OPERATIONS AND TARIFF REVIEW

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

Introduction

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

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

Facilities

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

Water and Sewer Staff findings and commendations:

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

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

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

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

Water and Sewer Staff findings and commendations:

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

Operations and maintenance

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

Water and Sewer Staff findings and commendations:

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

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

Tariff Review

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

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

Rate Design

Staff reviewed the current rate design in its investigation. The current sewer rate design is a flat monthly service charge. The current water rate design is a monthly service charge that includes the first 1,000 gallons of water and a monthly commodity charge per 1,000 gallons of water usage over what is included in the monthly service charge. Staff is not making any recommendations to change the Company's current rate design in this case, but plans to revisit the rate design in any future rate case proceeding. Staff recommends that this current rate design remain in place. (Russo)

Recommendations

THE WATER AND SEWER UNIT STAFF RECOMMENDATIONS:

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

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

Agreement Attachment H

Auditing Unit Recommendation Memorandum

MEMORANDUM

TO: Jim Russo
Water and Sewer Department, Case Coordinator

FROM: Lisa Ferguson
Auditing Unit, Staff

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

DATE: April 2, 2013

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

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

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

Heartland Utilities, LLC Serving as Receiver of Gladlo

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

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

RATE OF RETURN AND CAPITAL STRUCTURE

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

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

RATE BASE

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

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

DEPRECIATION AND AMORTIZATION

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

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

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

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

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

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

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

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

REVENUES

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

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

OPERATING EXPENSES

Contractual Service-Management and Operations Supervision

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

Contractual Service-Maintenance and Operations

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

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

System Repairs and Maintenance

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

Purchased Power Expense

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

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

Master Meter Reads

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

Contractual Services – Accounting Fees

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

PSC Assessment

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

Property Taxes

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

Water and Sewer Testing

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

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

Missouri Department of Natural Resources Fees and Lab Sampling

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

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

Bank Service Fees

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

Postage Expense

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

Uncollectibles

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

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

Rate Case Expense

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

Insurance Expense

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

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

Miscellaneous Expense

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

Secretary of State Fees (SOS)

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

RECOMMENDATIONS

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

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

Agreement Attachment I

EMSU Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Unit

Small Company Rate Increase Request

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

Gladlo Water and Sewer Company

Gary Bangert

The Engineering and Management Services Unit (EMSU) staff of the Missouri Public Service Commission (“Commission”) initiated an informal review of the customer service and business processes, procedures, and practices of Gladlo Water and Sewer Company (“Gladlo” or “Company”) in the Whispering Pines Subdivision near Rolla, Missouri, in November 2012. The review was performed in response to the Company’s request for a rate increase in File Nos. SR-2013-0258 and WR-2013-0259, which was filed on November 2, 2012. The Company is requesting increases of \$5,281 in its annual sewer system operating revenues and \$9,186 in its annual water system operating revenues. This request represents increases of approximately 37.19% to the Company’s annual sewer system operating revenues and 49.39% to the Company’s annual water operating revenues.

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

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

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

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

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

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

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

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

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

History

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

Overview

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

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

Meter Reading

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

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

Customer Billing

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

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

Payment Remittance

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

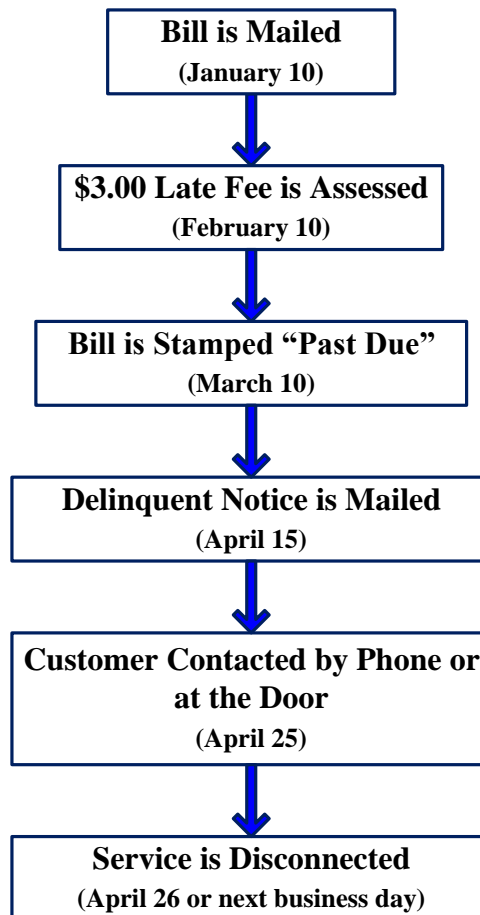
Credit and Collections

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

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

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

Delinquent Account Actions



Source: Heartland Utilities Management Interview Information

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

Complaints and Inquiries

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

Customer Communication

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

Findings, Conclusions, and Recommendations

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

- Contracts for Outside Services
- Delinquent Date Bill Information

Contracts for Outside Services

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

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

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

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

Delinquent Date Bill Information

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

THE EMSU STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

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

Implementation Review

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

Agreement Attachment J

Summary of Case Events

Company
Case #WR-2013-0259
Summary of Case Events

Date Filed	November 2, 2012
Day 150	April 1, 2013
Extension?	No
If yes, why?	N/A
Amount Requested	\$7,143
Amount Agreed Upon	\$4,749
Item(s)/Dollar(s) Driving Rate Increase	Plant investment
Number of Customers	65
Rate of Return	8.20%
Return on Equity	10.21%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	SR-2013-0258
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Steve Loethen – Water & Sewer Department

Lisa Ferguson-Auditing Department

Arthur Rice – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

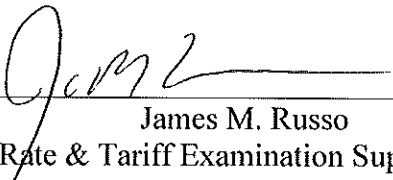
AFFIDAVIT OF JAMES M. RUSSO

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

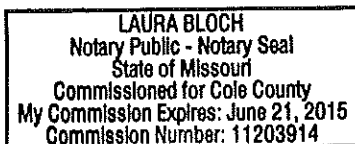
File No. WR-2013-0259


STATE OF MISSOURI)
) SS
COUNTY OF COLE)

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


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

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




Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF STEVE LOETHEN

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

File No. WR-2013-0259

STATE OF MISSOURI)
) SS
COUNTY OF COLE)

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



Steve Loethen
Utilities Operation Specialist
Water & Sewer Unit

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



Notary Public

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

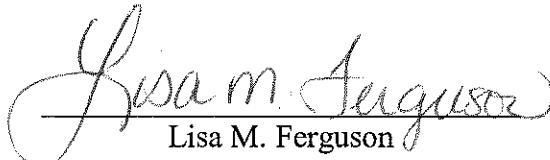
In the Matter of a Request for Increases in)
Annual Sewer and Water System Operating)
Revenues)

File No. SR-2013-0258

File No. WR-2013-0259

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

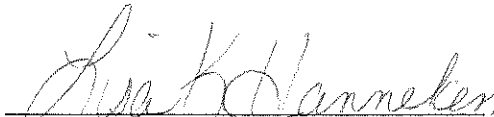
COMES NOW Lisa M. Ferguson , being of lawful age, and on her oath states the following: (1) that she is a Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing Unit; (2) that she participated in the Staff's investigation of the small company rate increase request that is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



Lisa M. Ferguson
Utility Regulatory Auditor IV
Auditing Unit

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

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



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF ARTHUR W. RICE, PE

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

File No. SR-2013-0258

File No. WR-2013-0259

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

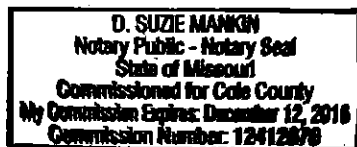
COMES NOW Arthur W. Rice, PE, being of lawful age, and on his oath states the following: (1) that he is a Utility Regulatory Engineer in the Missouri Public Service Commission's Engineering & Management Services Unit; (2) that he participated in the Staff's investigation of the small company rate increase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



Arthur W. Rice, PE

Utility Regulatory Engineer
Engineering & Management
Services Unit

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




Notary Public

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

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

File No. SR-2013-0258

File No. WR-2013-0259

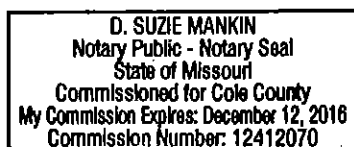
STATE OF MISSOURI)
)
COUNTY OF COLE) ss.


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



Gary Bangert
Utility Management Analyst III
Engineering & Management
Services Unit

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





Notary Public