

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2008-0266

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.

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Lisa Hanneken – Auditing Department

Guy Gilbert – Engineering & Management Services Department

Randall Cole – Engineering & Management Services Department

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF JAMES M. RUSSO

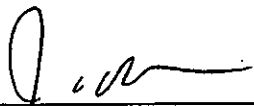
STATE OF MISSOURI

ss.

COUNTY OF COLE

)
) Case No. WR-2008-0266
)
)

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



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

Subscribed and sworn to before me this 10th day of July 2008.



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



Notary Public

AFFIDAVIT OF RANDALL COLE, III

COUNTY OF COLE

Roll 66TH

Subscribed and sworn to before me this 8th day of July 2008.



Ruthi Senn

Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GUY C. GILBERT, MS, PE, RG

STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. WR-2008-0266

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

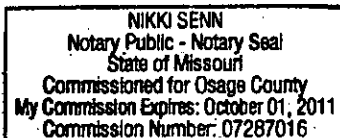


Guy C. Gilbert, MS, PE, RG

Utility Regulatory Engineer II

Engineering and Management Services Department

Subscribed and sworn to before me this 8th day of July 2008.



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF LISA K. HANNEKEN

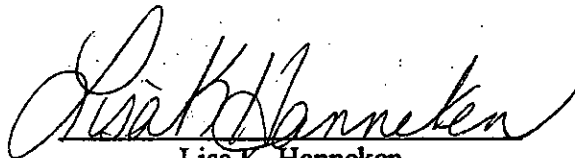
STATE OF MISSOURI

ss.

COUNTY OF COLE

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Case No. WR-2008-0266

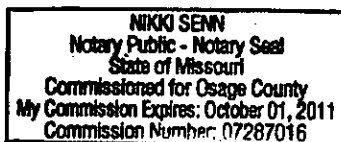
COMES NOW Lisa K. Hanneken, being of lawful age, and on her oath states the following: (1) that she is a(n) Utility Regulatory Auditor IV in the Missouri Public Service Commission's Auditing Department; (2) that she participated in the Staff's investigation of the small company rate increase request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



Lisa K. Hanneken

Utility Regulatory Auditor IV
Auditing Department

Subscribed and sworn to before me this 9th day of July 2008.


Notary Public

Company/Staff Disposition Agreement

COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST

AQUA MISSOURI, INC (C/U)

MO PSC CASE NO. WR-2008-0266

BACKGROUND

Aqua Missouri, Inc. (C/U) (Company) initiated the small company revenue increase request (Request) for sewer service that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking file by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure (Small Company Procedure). In its request letter, which was received at the Commission's offices on December 7, 2007, the Company set forth its request for an increase of \$63,331 in its total annual sewer service operating revenues for the affected service areas. In its request letter, 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 445 customers in the affected service areas, the vast majority of which are residential customers.

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

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

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

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

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of August 18.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$15,088 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 46.77% equity for the Company and a return on equity of 10.1%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by the Staff in its revenue requirement analysis, should be the prescribed schedule of water plant depreciation rates for the Company.
- (8) That the Company will maintain records at the Jefferson City office of all new construction connections and develop written procedures to enter this information into the Company's customer billing system daily. These records will at a minimum include the customer name, address, date of connection, dollar amount of

tap-on fees, CIAC charges, connection fees and inspection fees. The Company will provide written documentation of this process to Staff by November 30, 2008.

(9) That the Company will develop a process to ensure that new customer information is promptly entered into the billing system for all new construction customers connecting to the sewer system and all customers that purchase an existing home already connected to the sewer system. Part of this process will include running a monthly exception report which will document move-ins, move-outs and final bill customers. This report will be used by the local office to verify the status change of the listed customers. The Company will provide written documentation of this process to Staff by November 30, 2008.

(10) That the Company will maintain and update customers counts on a going forward basis and provide these updated counts to the Managers of the Auditing and Water & Sewer Departments of Staff by April and November 15th of each year.

(11) That the Company will immediately notify Staff of any substantial conversions in its billing system that could impact customer bills and of any other substantial billing problems that occur in the future. This notification will be made to the managers of the Commission's Consumer Services and Water and Sewer Departments.

(12) That the Company will initiate a task force to address timely meter reading within the 26 to 35 day window per Missouri regulations. The Company will provide quarterly reports on the number of reads outside the 26 to 35 day window for the next 18 months with the goal of reducing estimated reads and the pro-ration of bills.

(13) That the Company will modify its employee time sheets to distinguish time spent on capital improvement projects versus operation and maintenance expense. The Company will continue to track employee's time by district. The Company will provide copies of the new time sheets to Staff by November 30, 2008.

(14) That the Company will make adjustments to its books and records regarding the plant-in-service, depreciation reserve, and CIAC balances necessary to reflect the amounts used by the Staff in the calculation of the Company's overall cost of service calculation at December 31, 2007. The Company agrees these balances will be used as the starting point for entries subsequent to that date.

(15) That the Company will develop Continuing Property Records and maintain these records regarding utility plant-in-service, depreciation reserves, CIAC, operating revenues and operating expenses in a manner sufficient to allow the Staff to conduct district specific cost-of-service analyses for future rate increase requests. The Company will provide copies of these records by November 30, 2008.

(16) That the Company will record plant retirements at the time the replacement plant items are put into service and confirm that the retirement corresponds to the actual item being placed in service.

- (17) That the Company will maintain all of its financial records in accordance with the Commissions Uniform System of Accounts.
- (18) That the Company will maintain detailed time records for the skid loader that at a minimum includes hours spent using the loader, the project worked on, the district location and all supporting documentation.
- (19) That the Company will develop formal written procedures for all capital construction work orders that at a minimum include all individual's responsibilities in the process, establish procedures for authorization of purchases, identify procedures for proper tracking of all purchases, including district separation, and ensure that all projects are closed in a timely manner.
- (20) That the Company maintain by district a log of elder valves and water meters that includes when each item was purchased, when it is removed from inventory, where it was installed and identify the type of use (new, replacement of defective part or part of a meter replacement program).
- (21) That the Company will develop written procedures to process accounts payable that will eliminate duplicate payments and late fees. Copies of these procedures will be provided to Staff by November 30, 2008.
- (22) That the Company will develop and provide to Staff for Staff's review written procedures for the processing of the credit card purchases made by employees. Copies of these written procedures will be provided to Staff by November 30, 2008.
- (23) That the Company will develop written procedures to ensure the proper assignment of costs to each of its districts. Copies of these procedures will be provided to Staff by November 30, 2008.
- (24) That the Company will keep a tank painting log which will include information on each tank, the date of inspection, date last painted, who painted, warranty, and an estimate when the tank will need to be painted again.
- (25) That the Company will maintain a record of its meters pursuant to 4 CSR 240-10.030 section 2. This record will be developed by December 31, 2008.
- (26) That the Company's employees will investigate to determine the cause of lost water and take prudent and cost effective steps to correct the problems identified at Riverside, Lake Carmel and Ozark Mountain water systems by April 30, 2009.
- (27) That the Company will implement the recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment G no later than November 30, 2008.
- (28) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within 15 days of entry of the Commission approved Order. The notice will 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 will also send a copy to the Staff and the Staff will file a copy in the subject case file.

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

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

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

ADDITIONAL MATTERS

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

The Company and the Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached because of problems with the Company providing customer and billing information due to a computer conversion in May 2007

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

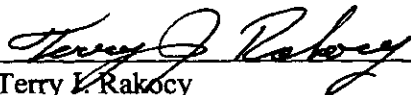
Natural Resources has issued to the Company; and (h) the status of the Company's corporate standing with the Secretary of State.

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

EFFECTIVE DATE AND SIGNATURES


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

Agreement Signed and Dated:



Terry L. Rakocy
President
Aqua Missouri

JULY 3, 2008
Date



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

7/3/2008
Date

List of Attachments

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

Agreement Attachment A

Example Tariff Sheets

FORM NO. 13 P.S.C. MO. No. 1

2rd (Revised) SHEET No. WR1

Canceling P.S.C. MO. No. 1

1st (Revised) SHEET No. WR1

AQUA MISSOURI, INC – JEFFERSON CITY AREA For Missouri Certificated Service Area
Name of Issuing Corporation

Water Division

Rules and Regulations

Governing Rendering of Service

SCHEDULE OF RATES

A. Application – The following monthly water service charges will be in effect for Customers of Aqua Missouri –**Jefferson City Area**, located within the Company's Pettis and Cole Counties, Missouri service area.

Monthly Service Charge - The following minimum monthly service charge must be paid regardless of the quantity of water used.

| <u>Meter Size</u> | <u>Customer Charge</u> |
|-------------------|------------------------|
| 5/8" | \$ 5.13 + |
| 3/4" | 7.72 + |
| 1" | 12.85 + |
| 1-1/2" | 25.73 + |
| 2" | 41.15 + |
| 3" | 77.16 + |

Commodity Charge-

| | |
|---------------------------|------------------------------------|
| Residential | \$ 2.53 / 1,000 gallons of usage + |
| Commercial/ Industrial | \$ 4.02 / 1,000 gallons of water + |

All applicable Federal, State and local taxes shall be added in addition to the above charges.

* Indicates new rate or text

+ Indicates change

DATE OF ISSUE July 3, 2008

DATE EFFECTIVE August 18, 2008

| | | | |
|-----------|---------------------|------------------|---|
| ISSUED BY | <u>Terry Rakocy</u> | <u>President</u> | <u>5400 Business Highway 50, Jefferson City, MO</u> |
| | Name of Officer | Title | Address |

FORM NO.13 P.S.C. MO. No. 1
Canceling P.S.C. Mo. No. 1

2nd Revised SHEET No. WR 2
1st Revised
~~Original~~ SHEET No. WR 2

Aqua Missouri, Inc. – Jefferson City Area
Name of Issuing Corporation

For Missouri Certified Service Area
Community, Town or City

Water Division

Rules and Regulations Governing
Rendering of Water Service

SCHEDULE OF SERVICE CHARGES *

Turn-On & Turn-Off Fees

| | |
|-----------------|----------|
| Turn-on Charge | \$ 20.00 |
| Turn-off Charge | \$ 20.00 |
| After hours | \$ 30.00 |

Reconnection Fee

*Reconnection Fee \$300.00

* This reconnection fee shall be charged to any existing customer for which service was discontinued/disconnected for reason of non-payment which required excavation to install a Company owned meter or valve installation. The fee may be collected by the Company a single time for each service location that is applicable.

Discontinuance of Service for Non-payment of bill.

| | |
|------------------------------|---------|
| Reconnection turn-off charge | \$20.00 |
| Reconnection turn-on charge | \$20.00 |

Disconnection at Customer's Request

Service may be temporarily disconnected at the Customer's written request for periods up to six (6) calendar months without nullifying the existing contract at these charges:

| | |
|-------------------------|---------------------------------------|
| Monthly Minimum charge: | Per Tariff for each service territory |
| Turn-off Charge: | \$20.00 |
| Turn-on Charge: | \$20.00 |

Delayed Payment Clause

Bills shall be considered delinquent after twenty-one days from the date the bill is rendered. If not paid prior to the delinquent date, a one-time late payment charge equal to five dollars (\$5.00) or ten percent of the delinquent amount, whichever is greater, shall be added to the unpaid balance.

Service Connection Charge – Metered System

Connection Fee: \$300 per connection

Availability

Any potential or existing metered Customer adjacent to the Company's service connection mains requesting or using standard water services that does not require a water main extension as in Rule 14.

Meter Testing

The cost to each Customer for a meter test requested by said Customer in accordance with Rule No. 12 hereafter shall be \$25.00.

"Service Calls"

Repairs or maintenance made by the Company as a result of damage or misuse of Company property, or Customer property, when requested by the Customer, shall be paid by the Customer based upon the actual cost of labor and materials for said repairs or maintenance, but in no event shall be less than \$40.00. The cost of each Customer for "turn-off" or "turn-on" pursuant to the rules shall be \$20.00, or \$30.00 after hours.

Connection Inspection Fee

The cost to each customer for inspection of the connection of the customer water service lines to the Company service lines shall be accordance with Rule 5 and shall be \$25.00

* Indicates new rate or text

+ Indicates change

Issue Date: July 3, 2008

Effective Date: August 18, 2008

Issued By: Terry Rakocy
Name of Officer

President
title

5400 Business Highway 50, Jefferson City, MO
address

Agreement Attachment B

Ratemaking Income Statement

AQUA MISSOURI C/U-WATER

Rate Making Income Statement-Water

Operating Revenues at Current Rates

| | | | |
|---|--|-----------|----------------|
| 1 | Tariffed Rate Revenues * | \$ | 132,652 |
| 2 | Other Operating Revenues * | \$ | 450 |
| 3 | Total Operating Revenues | \$ | 133,102 |
| 4 | * See "Revenues - Current Rates" for Details | | |

Cost of Service

| Item | Amount |
|---|-------------------|
| 1 Pumping Equipment-Purchased Power | \$ 7,187 |
| 2 Water Treatment Expense-Chemicals | \$ 1,345 |
| 3 Water Treatment -Testing/Laboratory Fees | \$ 400 |
| 4 Maintenance Expense-Supplies | \$ 3,554 |
| 5 Maintenance Expense-Outside Labor | \$ 10,491 |
| 6 Administration & General - Salaries | \$ 28,416 |
| 7 Employee Pensions & Benefits | \$ 5,091 |
| 8 Accounting | \$ 725 |
| 9 Computer Services | \$ 230 |
| 10 Managemetn Fees | \$ 12,902 |
| 11 Leases | \$ 1,382 |
| 12 Transportation | \$ 5,273 |
| 13 Insurance | \$ 1,513 |
| 14 Tank Painting Expense | \$ 3,824 |
| 15 Uncollectible Accounts | \$ 1,326 |
| 16 Rate Case Expense | \$ 2,330 |
| 17 Regulatory Commission Expense | \$ 658 |
| 18 Other General Expenses | \$ 14,138 |
| 19 Sub-Total Operating Expenses | \$ 100,785 |
| 20 Property Taxes | \$ 2,683 |
| 21 MO Franchise Taxes | \$ - |
| 22 Employer FICA Taxes | \$ 2,293 |
| 23 Federal Unemployment Taxes | \$ - |
| 24 State Unemployment Taxes | \$ - |
| 25 State & Federal Income Taxes | \$ 7,794 |
| 26 Sub-Total Taxes | \$ 12,770 |
| 27 Depreciation Expense | \$ 22,543 |
| 28 CIAC-Depreciation Expense | \$ (8,659) |
| 29 Interest Expense | \$ 8,242 |
| 30 Sub-Total Depreciation/Amortization | \$ 22,126 |
| 31 Return on Rate Base | \$ 12,509 |
| 32 Total Cost of Service | \$ 148,190 |
| 33 Overall Revenue Increase Needed | \$ 15,088 |

Agreement Attachment C

Audit Workpapers

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Expense Schedule - Water

Schedule: 1
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:13 AM

| Line Number | Account Number (Optional) | Expense Description | Company/ Test Year Amount | Adjustment Number | Adjustments | Jurisdictional Allocation | Adjusted Jurisdictional |
|-------------|---------------------------|--|---------------------------|-------------------|------------------|---------------------------|-------------------------|
| 1 | | OPERATIONS EXPENSES | | | | | |
| 2 | | Salaries and Wages | \$30,499 | W-2 | -\$2,083 | 100.00% | \$28,416 |
| 3 | | Employee Pensions and Benefits | \$8,081 | W-3 | -\$2,990 | 100.00% | \$5,091 |
| 4 | | Electricity-(Pumping) | \$7,114 | W-4 | \$73 | 100.00% | \$7,187 |
| 5 | | Chemicals | \$1,345 | | | 100.00% | \$1,345 |
| 6 | | TOTAL OPERATIONS EXPENSE | \$47,039 | | -\$5,000 | | \$42,039 |
| 7 | | MAINTENANCE EXPENSES | | | | | |
| 8 | | Outside Services Employed | \$4,628 | W-8 | \$5,863 | 100.00% | \$10,491 |
| 9 | | Supplies | \$10,170 | W-9 | -\$6,616 | 100.00% | \$3,554 |
| 10 | | TOTAL MAINTENANCE EXPENSE | \$14,798 | | -\$753 | | \$14,045 |
| 11 | | CUSTOMER ACCOUNT EXPENSE | | | | | |
| 12 | | Uncollectible Accounts | \$2,050 | W-12 | -\$724 | 100.00% | \$1,326 |
| 13 | | TOTAL CUSTOMER ACCOUNT EXPENSE | \$2,050 | | -\$724 | | \$1,326 |
| 14 | | ADMINISTRATIVE & GENERAL EXPENSES | | | | | |
| 15 | | Accounting | \$725 | | | 100.00% | \$725 |
| 16 | | Lab Testing | \$400 | | | 100.00% | \$400 |
| 17 | | Computer Services | \$230 | | | 100.00% | \$230 |
| 18 | | Management Fees | \$12,317 | W-18 | \$585 | 100.00% | \$12,902 |
| 19 | | Leases | \$1,646 | W-19 | -\$264 | 100.00% | \$1,382 |
| 20 | | Transportation | \$13,122 | W-20 | -\$7,849 | 100.00% | \$5,273 |
| 21 | | Insurance | \$3,149 | W-21 | -\$1,636 | 100.00% | \$1,513 |
| 22 | | Other Expenses | \$17,479 | W-22 | -\$3,341 | 100.00% | \$14,138 |
| 23 | | TOTAL ADMINISTRATIVE AND GENERAL | \$49,068 | | -\$12,505 | | \$36,563 |
| 24 | | OTHER OPERATING EXPENSES | | | | | |
| 25 | | Tank painting | \$0 | W-25 | \$3,824 | 100.00% | \$3,824 |
| 26 | | CIAC Depreciation Expense | \$0 | W-26 | -\$8,659 | 100.00% | -\$8,659 |
| 27 | | Rate Case Expense | \$4,428 | W-27 | -\$2,098 | 100.00% | \$2,330 |
| 28 | | PSC Regulatory Fees | \$987 | W-28 | -\$329 | 100.00% | \$658 |
| 29 | | Depreciation | \$20,668 | W-29 | \$1,875 | 100.00% | \$22,543 |
| 30 | | TOTAL OTHER OPERATING EXPENSES | \$26,083 | | -\$5,387 | | \$20,696 |
| 31 | | TAXES OTHER THAN INCOME | | | | | |
| 32 | | Property Taxes | -\$174 | W-32 | \$2,857 | 100.00% | \$2,683 |
| 33 | | Payroll Taxes | \$2,540 | W-33 | -\$247 | 100.00% | \$2,293 |
| 34 | | TOTAL TAXES OTHER THAN INCOME | \$2,366 | | \$2,610 | | \$4,976 |
| 35 | | TOTAL OPERATING EXPENSES | \$141,404 | | -\$21,759 | | \$119,645 |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Water

Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:13 AM

| A Expense Adj Number | B Adjustment Description | C Account Number | D Adjustment Amount | E Total Adjustment |
|----------------------------|---|------------------------|---------------------------|--------------------------|
| W-2 | Salaries and Wages | | | -\$2,083 |
| | Staff annualization of payroll (Hanneken) | | \$445 | |
| | Staff normalization of overtime (Hanneken) | | -\$430 | |
| | To remove stock options and bonuses | | -\$2,098 | |
| W-3 | Employee Pensions and Benefits | | | -\$2,990 |
| | Staff annualization of benefits (Hanneken) | | -\$2,990 | |
| W-4 | Electricity (Pumping) | | | \$73 |
| | Staff annualization of electricity (Cassidy) | | \$79 | |
| | Staff annualization of water utilities (Cassidy) | | -\$6 | |
| W-8 | Outside Services Employed | | | \$5,863 |
| | Staff annualization of contract services (Hanneken) | | \$5,863 | |
| W-9 | Supplies | | | -\$6,616 |
| | Staff annualization of supplies (Hanneken) | | -\$6,616 | |
| W-12 | Uncollectible Accounts | | | -\$724 |
| | Staff annualization of bad debts (Cassidy) | | -\$724 | |
| W-18 | Management Fees | | | \$585 |
| | To disallow certain Sundry items (Hanneken) | | -\$748 | |
| | To remove IL customer services replaced by Meritage (Hanneken) | | -\$1,394 | |
| | To annualize Meritage expense (Hanneken) | | \$2,727 | |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Expense Adjustment Schedule - Water

Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:13 AM

| A Expense Adj Number | B Adjustment Description | C Account Number | D Adjustment Amount | E Total Adjustment |
|----------------------------|--|------------------------|---------------------------|--------------------------|
| W-19 | Leases | | | -\$264 |
| | Staff annualization of leases other than vehicles (Hanneken) | | -\$264 | |
| W-20 | Transportation | | | -\$7,849 |
| | Staff annualization of GE Fleet lease and maint (Hanneken) | | -\$7,849 | |
| W-21 | Insurance | | | -\$1,636 |
| | To annualize insurance (Hanneken) | | -\$1,636 | |
| W-22 | Other Expenses | | | -\$3,341 |
| | Staff annualization of telephone (Hanneken) | | \$386 | |
| | Removal of late fees (Hanneken) | | -\$50 | |
| | Staff annualization of postage (Hanneken) | | \$198 | |
| | Staff annualization of office supplies and misc. other (Hanneken) | | \$198 | |
| | Removal of accruals (Hanneken) | | -\$523 | |
| | Removal of non-ongoing (Hanneken) | | -\$457 | |
| | Removal of items annualized elsewhere (Hanneken) | | -\$3,093 | |
| W-25 | Tank painting | | | \$3,824 |
| | Staff normalization of tank painting (Hanneken) | | \$3,824 | |
| W-26 | CIAC Depreciation Expense | | | -\$8,659 |
| | Staff annualization of CIAC amortization (Hanneken) | | -\$8,659 | |
| W-27 | Rate Case Expense | | | -\$2,098 |

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Expense Adjustment Schedule - Water

Schedule: 2
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:13 AM

| A Expense Adj Number | B Adjustment Description | C Account Number | D Adjustment Amount | E Total Adjustment |
|----------------------------|---|------------------------|---------------------------|--------------------------|
| | To normalize rate case expense (Hanneken) | | -\$2,334 | |
| | To normalize current rate case expense (Hanneken) | | \$236 | |
| W-28 | PSC Regulatory Fees | | | -\$329 |
| | Removal of PSC accruals (Hanneken) | | -\$550 | |
| | Staff annualization of PSC assessment (Hanneken) | | \$221 | |
| W-29 | Depreciation | | | \$1,875 |
| | To Annualize Depreciation | | \$1,875 | |
| W-32 | Property Taxes | | | \$2,857 |
| | Staff annualization of property taxes (Cassidy) | | \$2,857 | |
| W-33 | Payroll Taxes | | | -\$247 |
| | Staff annualization of payroll taxes (Hanneken) | | -\$247 | |
| | Total Expense Adjustments | | | -\$21,759 |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Water

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 11:12 AM

| Line Number | A Description | Residential 5/8" - Lake Carmel | | Residential 5/8" - Maplewood | |
|----------------|--|-----------------------------------|-----------------|---------------------------------|-----------------|
| | | B Amount | C Amount | D Amount | E Amount |
| 1 | <u>Customer Charge Revenues:</u> | | | | |
| 2 | Customer Number | 49 | | 390 | |
| 3 | Bills Per Year | 12 | | 12 | |
| 4 | Customer Bills Per year | 588 | | 4,680 | |
| 5 | Current Customer Charge | \$4.61 | | \$4.61 | |
| 6 | Annualized Customer Charge Revenues | | \$2,711 | | \$21,575 |
| 7 | <u>Commodity Charge Revenues:</u> | | | | |
| 8 | Total Gallons Sold | 3,285,902 | | 19,711,956 | |
| 9 | Less: Base Gallons Included In Customer Charge | - | | - | |
| 10 | Commodity Gallons | 3,285,902 | | 19,711,956 | |
| 11 | Block 1, Commodity Gallons per Block | 3,285,902 | | 19,711,956 | |
| 12 | Block 1, Number of Commodity Gallons per Unit | 1,000 | | 1,000 | |
| 13 | Block 1, Commodity Billing Units | 3,285.90 | | 19,711.96 | |
| 14 | Block 1, Existing Commodity Charge | \$2.27 | | \$2.27 | |
| 15 | Block 1, Annualized Commodity Charge Rev. | | \$7,459 | | \$44,746 |
| 16 | <u>Total Annualized Water Rate Revenues</u> | | <u>\$10,170</u> | | <u>\$66,321</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.

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Water

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 11:12 AM

| Line Number | A Description | Commercial 5/8" - Maplewood | | Commercial 1" - Maplewood | |
|----------------|--|--------------------------------|--------------|------------------------------|--------------|
| | | E Amount | Q Amount | H Amount | I Amount |
| 1 | <u>Customer Charge Revenues:</u> | | | | |
| 2 | Customer Number | 1 | | 1 | |
| 3 | Bills Per Year | 12 | | 12 | |
| 4 | Customer Bills Per year | 12 | | 12 | |
| 5 | Current Customer Charge | \$4.61 | | \$11.54 | |
| 6 | Annualized Customer Charge Revenues | | \$55 | | \$138 |
| 7 | <u>Commodity Charge Revenues:</u> | | | | |
| 8 | Total Gallons Sold | 29,560 | | 54,000 | |
| 9 | Less: Base Gallons Included In Customer Charge | - | | - | |
| 10 | Commodity Gallons | 29,560 | | 54,000 | |
| 11 | Block 1, Commodity Gallons per Block | 29,560 | | 54,000 | |
| 12 | Block 1, Number of Commodity Gallons per Unit | 1,000 | | 1,000 | |
| 13 | Block 1, Commodity Billing Units | 29.56 | | 54.00 | |
| 14 | Block 1, Existing Commodity Charge | \$3.61 | | \$3.61 | |
| 15 | Block 1, Annualized Commodity Charge Rev. | | \$107 | | \$195 |
| 16 | <u>Total Annualized Water Rate Revenues</u> | | <u>\$162</u> | | <u>\$333</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.

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Water

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 11:12 AM

| Line Number | A Description | Commercial 2" Maplewood | | Commercial 3" Maplewood | |
|----------------|--|----------------------------|-----------------|----------------------------|-----------------|
| | | J Amount | K Amount | L Amount | M Amount |
| 1 | <u>Customer Charge Revenues:</u> | | | | |
| 2 | Customer Number | 2 | | 1 | |
| 3 | Bills Per Year | 12 | | 12 | |
| 4 | Customer Bills Per year | 24 | | 12 | |
| 5 | Current Customer Charge | \$36.95 | | \$69.28 | |
| 6 | Annualized Customer Charge Revenues | | \$887 | | \$831 |
| 7 | <u>Commodity Charge Revenues:</u> | | | | |
| 8 | Total Gallons Sold | 3,496,000 | | 11,448,000 | |
| 9 | Less: Base Gallons Included In Customer Charge | - | | - | |
| 10 | Commodity Gallons | 3,496,000 | | 11,448,000 | |
| 11 | Block 1, Commodity Gallons per Block | 3,496,000 | | 11,448,000 | |
| 12 | Block 1, Number of Commodity Gallons per Unit | 1,000 | | 1,000 | |
| 13 | Block 1, Commodity Billing Units | 3,496.00 | | 11,448.00 | |
| 14 | Block 1, Existing Commodity Charge | \$3.61 | | \$3.61 | |
| 15 | Block 1, Annualized Commodity Charge Rev. | | \$12,621 | | \$41,327 |
| 16 | Total Annualized Water Rate Revenues | | \$13,508 | | \$42,158 |

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.

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0286
 Test Year Ending September 30, 2007
 Revenue Summary Schedule - Water

Schedule: 3
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 11:13 AM

| Line Number | Description | Total | |
|----------------|--|-------------|------------------|
| | | N Amount | Q Amount |
| 1 | <u>Customer Charge Revenues:</u> | | |
| 2 | Customer Number | 444 | |
| 3 | Bills Per Year | | |
| 4 | Customer Bills Per year | 5,328 | |
| 5 | Current Customer Charge | | |
| 6 | Annualized Customer Charge Revenues | | \$26,197 |
| 7 | <u>Commodity Charge Revenues:</u> | | |
| 8 | Total Gallons Sold | 38,025,418 | |
| 9 | Less: Base Gallons Included In Customer Charge | - | |
| 10 | Commodity Gallons | 38,025,418 | |
| 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. | | \$106,455 |
| 16 | <u>Total Annualized Water Rate Revenues</u> | | <u>\$132,652</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.

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Miscellaneous Revenues Feeder - Water

Schedule: 3-1
Sponsor: John Cassidy
Date: 7/10/2008
Time: 11:13 AM

| Line | Description | Amount |
|--------|---------------------------------------|--------------|
| Number | | |
| 1 | Miscellaneous Revenue for Maplewood | \$345 |
| 2 | Miscellaneous Revenue for Lake Carmel | \$105 |
| 3 | Total Miscellaneous Revenues | <u>\$450</u> |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Rate Design Schedule - Water

Schedule: 4
 Sponsor: Jim Russo
 Date: 7/10/2008
 Time: 11:09 AM

| Line Number | Description | Account Number (Optional) | Staff Annualized | Customer Charge | Commodity | Percentage Rate |
|-------------|---------------------------------------|---------------------------|------------------|-----------------|-----------|-----------------|
| Rev-1 | ANNUALIZED REVENUES | | | | | |
| Rev-2 | Annualized Rate Revenues | (1) | \$132,652 | | | |
| Rev-3 | Miscellaneous Revenues | (4) | \$450 | | | |
| Rev-4 | TOTAL ANNUALIZED REVENUES | | \$133,102 | | | |
| 1 | OPERATIONS EXPENSES | (2) | | | | |
| 2 | Salaries and Wages | | \$28,416 | \$0 | \$28,416 | 0.00% |
| 3 | Employee Pensions and Benefits | | \$5,091 | \$0 | \$5,091 | 0.00% |
| 4 | Electricity (Pumping) | | \$7,187 | \$0 | \$7,187 | 0.00% |
| 5 | Chemicals | | \$1,345 | \$0 | \$1,345 | 0.00% |
| 6 | TOTAL OPERATIONS EXPENSE | | \$42,039 | \$0 | \$42,039 | |
| 7 | MAINTENANCE EXPENSES | | | | | |
| 8 | Outside Services Employed | | \$10,491 | \$0 | \$10,491 | 0.00% |
| 9 | Supplies | | \$3,554 | \$0 | \$3,554 | 0.00% |
| 10 | TOTAL MAINTENANCE EXPENSE | | \$14,045 | \$0 | \$14,045 | |
| 11 | CUSTOMER ACCOUNT EXPENSE | | | | | |
| 12 | Uncollectible Accounts | | \$1,326 | \$0 | \$1,326 | 0.00% |
| 13 | TOTAL CUSTOMER ACCOUNT EXPENSE | | \$1,326 | \$0 | \$1,326 | |
| 14 | ADMINISTRATIVE & GENERAL EXPENSES | | | | | |
| 15 | Accounting | | \$725 | \$0 | \$725 | 0.00% |
| 16 | Lab Testing | | \$400 | \$0 | \$400 | 0.00% |
| 17 | Computer Services | | \$230 | \$0 | \$230 | 0.00% |
| 18 | Management Fees | | \$12,902 | \$0 | \$12,902 | 0.00% |
| 19 | Leases | | \$1,382 | \$0 | \$1,382 | 0.00% |
| 20 | Transportation | | \$5,273 | \$0 | \$5,273 | 0.00% |
| 21 | Insurance | | \$1,513 | \$0 | \$1,513 | 0.00% |
| 22 | Other Expenses | | \$14,138 | \$0 | \$14,138 | 0.00% |
| 23 | TOTAL ADMINISTRATIVE AND GENERAL | | \$36,563 | \$0 | \$36,563 | |
| 24 | OTHER OPERATING EXPENSES | | | | | |
| 25 | Tank painting | | \$3,824 | \$0 | \$3,824 | 0.00% |
| 26 | CIAC Depreciation Expense | | -\$8,659 | \$0 | -\$8,659 | 0.00% |
| 27 | Rate Case Expense | | \$2,330 | \$0 | \$2,330 | 0.00% |
| 28 | PSC Regulatory Fees | | \$658 | \$0 | \$658 | 0.00% |
| 29 | Depreciation | | \$22,543 | \$0 | \$22,543 | 0.00% |
| 30 | TOTAL OTHER OPERATING EXPENSES | | \$20,696 | \$0 | \$20,696 | |
| 31 | TAXES OTHER THAN INCOME | | | | | |
| 32 | Property Taxes | | \$2,683 | \$0 | \$2,683 | 0.00% |
| 33 | Payroll Taxes | | \$2,293 | \$0 | \$2,293 | 0.00% |
| 34 | TOTAL TAXES OTHER THAN INCOME | | \$4,976 | \$0 | \$4,976 | |
| 35 | TOTAL OPERATING EXPENSES | | \$119,645 | \$0 | \$119,645 | |
| 36 | Interest Expense | (3) | \$8,242 | \$0 | \$8,242 | 0.00% |
| 37 | Return on Equity | (3) | \$12,509 | \$0 | \$12,509 | 0.00% |
| 38 | Income Taxes | (3) | \$7,794 | \$0 | \$7,794 | 0.00% |
| 39 | TOTAL INTEREST RETURN & TAXES | | \$28,545 | \$0 | \$28,545 | |
| 40 | TOTAL COST OF SERVICE | | \$148,190 | \$0 | \$148,190 | |
| 41 | Less: Miscellaneous Revenues | | \$450 | \$0 | \$450 | 0.00% |
| 42 | COST TO RECOVER IN RATES | | \$147,740 | \$0 | \$147,740 | |
| 43 | INCREMENTAL INCREASE IN RATE REVENUES | | \$15,068 | | | |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Rate Design Schedule - Water

Schedule: 4
 Sponsor: Jim Russo
 Date: 7/10/2008
 Time: 11:09 AM

| Line Number | A Description | B Account Number (Optional) | C Staff Annualized | D Customer Charge | E Commodity | F Percentage Rate |
|----------------|--------------------------------|--------------------------------------|--------------------------|-------------------------|----------------|-------------------------|
| 44 | PERCENTAGE OF INCREASE | | 11.34% | | | |
| 45 | REQUESTED INCREASE IN REVENUES | | \$63,331 | | | |

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

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Rate of Return Including Income Tax - Water

Schedule: 5
 Sponsor: John Cassidy
 Date: 7/10/2008
 Time: 11:10 AM

| | A | B | Formulas |
|--|------------------|--------|----------------------------------|
| 1 State Income Tax Rate Statutory / Effective | 6.25% (2) | 5.21% | $(1 - (B2 \times .5)) \times A1$ |
| 2 Federal Income Tax Rate Statutory / Effective | 35.00% (1) & (2) | 33.18% | $(1 - B1) \times A2$ |
| 3 Composite Effective Income Tax Rate | | 38.39% | $B1 + B2$ |
| 4 Equity Tax Factor | | 1.6231 | $1 / (1 - B3)$ |
| 5 Recommended Weighted Rate of Return on Equity - Common and Preferred | | 4.72% | From Capital Structure Schedule |
| 6 Weighted Rate of Return on Equity Including Income Tax | | 7.66% | $B4 \times B5$ |
| 7 Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term | | 3.11% | From Capital Structure Schedule |
| 8 Total Weighted Rate of Return Including Income Tax | | 10.77% | $B6 + B7$ |

To Rate Base Schedule

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

N

Equity Income Required \$14,716
 & Preliminary Federal Tax

Tax Rate Table

| Net Income Range | | Tax Rate | Amount in Range | Tax on Range |
|------------------|-----------------|----------|-------------------|--------------|
| Start | End | | | |
| \$0 | \$50,000 | 15.00% | \$14,716 | \$2,207 |
| \$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 |
| | | | \$14,716 | \$2,207 |
| | | | Average Tax Rate: | 35.00% |

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Rate Base Required Return on Investment Schedule - Water

Schedule: 6
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:09 AM

| Line Number | A Rate Base Description | B Dollar Amount | |
|----------------|---|-----------------------|-------------------------------------|
| 1 | Plant In Service | \$622,157 | From Plant Schedule |
| 2 | Less Accumulated Depreciation Reserve | \$129,873 | From Depreciation Reserve Schedule |
| 3 | Net Plant In Service | \$492,284 | |
| 4 | Other Rate Base Items: | \$0 | |
| | Contribution in Aid of Construction | -\$275,547 | |
| | CIAC Depreciation | \$56,166 | |
| | Inventory (meters) | \$347 | |
| | Deferred taxes | -\$8,221 | |
| 5 | Total Rate Base | \$265,029 | |
| 6 | Total Weighted Rate of Return Including Income Tax | 10.77% | From PreTax Return & Taxes Schedule |
| 7 | Required Return & Income Tax | \$28,546 | |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0286
 Test Year Ending September 30, 2007
 Capital Structure Schedule - Water

Schedule: 7
 Sponsor: Ron Bible
 Date: 7/10/2008
 Time: 11:10 AM

| Line Number | Description | Dollar Amount | Percentage of Total Capital Structure | Embedded Cost of Capital | Weighted Cost of Capital |
|----------------|--------------------------------------|------------------------|--|--------------------------------|--------------------------------|
| 1 | Common Stock | \$964,939,000 | 46.77% | 10.10% | 4.72% |
| 2 | Other Security-Non Tax Deductible | \$0 | 0.00% | 0.00% | 0.00% |
| 3 | Preferred Stock | \$0 | 0.00% | 0.00% | 0.00% |
| 4 | Long Term Debt | \$1,062,304,000 | 51.49% | 5.84% | 3.01% |
| 5 | Short Term Debt | \$35,703,079 | 1.73% | 5.67% | 0.10% |
| 6 | Other Security-Tax Deductible | \$0 | 0.00% | 0.00% | 0.00% |
| 7 | TOTAL CAPITALIZATION | \$2,062,946,079 | 100.00% | | 7.83% |

To PreTax Return Rate Schedule

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Plant In Service - Water

Schedule: 8
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 11:10 AM

| Line Number | A Account # (Optional) | B Plant Account Description | C Total Plant | D Adjustment Number | E Adjustments | F Jurisdictional Allocation | G Adjusted Jurisdictional |
|-------------|------------------------------|---|---------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 1 | | INTANGIBLE PLANT | | | | | |
| 2 | 301.000 | Organization | \$3,517 | | | 100.00% | \$3,517 |
| 3 | 302.000 | Franchises and Consents | \$4,112 | | | 100.00% | \$4,112 |
| 4 | | TOTAL INTANGIBLE PLANT | \$7,629 | | \$0 | | \$7,629 |
| 5 | | SOURCE OF SUPPLY PLANT | | | | | |
| 6 | 310.000 | Land & Land Rights SP | \$0 | | | 100.00% | \$0 |
| 7 | 311.000 | Structures & Improvements - SSP | \$6,216 | | | 100.00% | \$6,216 |
| 8 | 312.000 | Collection & Impounding Reservoirs | \$0 | | | 100.00% | \$0 |
| 9 | 313.000 | Lake, River & Other Intakes | \$0 | | | 100.00% | \$0 |
| 10 | 314.000 | Wells & Springs | \$36,249 | | | 100.00% | \$36,249 |
| 11 | 315.000 | Infiltration Galleries & Tunnels | \$0 | | | 100.00% | \$0 |
| 12 | 316.000 | Supply Mains | \$126 | | | 100.00% | \$126 |
| 13 | 317.000 | Other Water Source Plant | \$0 | | | 100.00% | \$0 |
| 14 | | TOTAL SOURCE OF SUPPLY PLANT | \$42,591 | | \$0 | | \$42,591 |
| 15 | | PUMPING PLANT | | | | | |
| 16 | 321.000 | Structures & Improvements - PP | \$0 | | | 100.00% | \$0 |
| 17 | 325.000 | Electric Pumping Equipment | \$39,290 | | | 100.00% | \$39,290 |
| 18 | 326.000 | Diesel Pumping Equipment | \$0 | | | 100.00% | \$0 |
| 19 | 328.000 | Other Pumping Equipment | \$0 | | | 100.00% | \$0 |
| 20 | | TOTAL PUMPING PLANT | \$39,290 | | \$0 | | \$39,290 |
| 21 | | WATER TREATMENT PLANT | | | | | |
| 22 | 330.000 | Land & Land Rights-WTP | \$0 | | | 100.00% | \$0 |
| 23 | 331.000 | Structures & Improvements - WTP | \$1,832 | | | 100.00% | \$1,832 |
| 24 | 332.000 | Water Treatment Equipment | \$7,417 | | | 100.00% | \$7,417 |
| 25 | | TOTAL WATER TREATMENT PLANT | \$9,249 | | \$0 | | \$9,249 |
| 26 | | TRANSMISSION & DISTRIBUTION PLANT | | | | | |
| 27 | 340.000 | Land & Land Rights-T&D | \$4,222 | | | 100.00% | \$4,222 |
| 28 | 341.000 | Structures & Improvements - T&D | \$3,141 | | | 100.00% | \$3,141 |
| 29 | 342.000 | Distribution Reservoirs & Standpipes | \$153,376 | | | 100.00% | \$153,376 |
| 30 | 343.000 | Transmission & Distribution Mains | \$251,983 | | | 100.00% | \$251,983 |
| 31 | 344.000 | Fire Mains | \$0 | | | 100.00% | \$0 |
| 32 | 345.000 | Services | \$14,883 | | | 100.00% | \$14,883 |
| 33 | 346.000 | Meters | \$31,478 | | | 100.00% | \$31,478 |
| 34 | 348.000 | Hydrants | \$7,550 | | | 100.00% | \$7,550 |
| 35 | 349.000 | Other Transmission & Distribution Plant | \$0 | | | 100.00% | \$0 |
| 36 | | TOTAL TRANS. & DISTRIBUTION PLANT | \$466,633 | | \$0 | | \$466,633 |
| 37 | | GENERAL PLANT | | | | | |
| 38 | 389.000 | Land & Land Rights-GP | \$1,025 | | | 100.00% | \$1,025 |
| 39 | 390.000 | Structures & Improvements - GP | \$20,688 | | | 100.00% | \$20,688 |
| 40 | 391.000 | Office Furniture & Equipment | \$96 | | | 100.00% | \$96 |
| 41 | | Office Computer Equipment | \$0 | | | 100.00% | \$0 |
| 42 | 392.000 | Transportation Equipment - GP | \$7,016 | P-42 | -\$7,016 | 100.00% | \$0 |
| 43 | 393.000 | Stores Equipment | \$0 | | | 100.00% | \$0 |
| 44 | 394.000 | Tools, Shop and Garage Equipment | \$3,392 | | | 100.00% | \$3,392 |
| 45 | 395.000 | Laboratory Equipment | \$4,325 | | | 100.00% | \$4,325 |
| 46 | 396.000 | Power Operated Equipment | \$0 | | | 100.00% | \$0 |
| 47 | 397.000 | Communications Equipment | \$0 | | | 100.00% | \$0 |
| 48 | 398.000 | Misc Equipment | \$0 | | | 100.00% | \$0 |
| 49 | | TOTAL GENERAL PLANT | \$36,542 | | -\$7,016 | | \$29,526 |
| 50 | | ADMINISTRATIVE PLANT | | | | | |
| 51 | 390.000 | Structures and Improvements | \$348 | | | 100.00% | \$348 |
| 52 | 391.000 | Office Equipment | \$26,891 | | | 100.00% | \$26,891 |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Plant In Service - Water

Schedule: 8
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:10 AM

| Line Number | A Account # (Optional) | B Plant Account Description | C Total Plant | D Adjustment Number | E Adjustments | F Jurisdictional Allocation | G Adjusted Jurisdictional |
|-------------|------------------------------|--------------------------------|---------------------|---------------------------|------------------|-----------------------------------|---------------------------------|
| 53 | | TOTAL ADMINISTRATIVE PLANT | \$27,239 | | \$0 | | \$27,239 |
| 54 | | TOTAL PLANT IN SERVICE | <u>\$629,173</u> | | <u>-\$7,016</u> | | <u>\$622,157</u> |

To Rate Base & Depreciation Schedules

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Schedule of Adjustments for Plant in Service - Water

Schedule: 9
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 11:10 AM

| A | B | C | D | E |
|-------------------------------|---|-------------------|----------------------|---------------------|
| Plant Adjustment Number | Plant In Service Adjustment Description | Account Number | Adjustment Amount | Total Adjustment |
| P-42 | Transportation Equipment - GP | 392.000 | | -\$7,016 |
| | To adjust for current vehicle inventory | | -\$7,016 | |
| Total Plant Adjustments | | | | <u>-\$7,016</u> |

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Accumulated Depreciation Reserve - Water

Schedule: 10
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 11:11 AM

| 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 | 302.000 | Franchises and Consents | \$0 | | | 100.00% | \$0 |
| 4 | | TOTAL INTANGIBLE PLANT | \$0 | | \$0 | | \$0 |
| 5 | | SOURCE OF SUPPLY PLANT | | | | | |
| 6 | 310.000 | Land & Land Rights SP | \$0 | | | 100.00% | \$0 |
| 7 | 311.000 | Structures & Improvements - SSP | \$368 | | | 100.00% | \$368 |
| 8 | 312.000 | Collection & Impounding Reservoirs | \$0 | | | 100.00% | \$0 |
| 9 | 313.000 | Lake, River & Other Intakes | \$0 | | | 100.00% | \$0 |
| 10 | 314.000 | Wells & Springs | \$538 | | | 100.00% | \$538 |
| 11 | 315.000 | Infiltration Galleries & Tunnels | \$0 | | | 100.00% | \$0 |
| 12 | 316.000 | Supply Mains | \$36 | | | 100.00% | \$36 |
| 13 | 317.000 | Other Water Source Plant | \$0 | | | 100.00% | \$0 |
| 14 | | TOTAL SOURCE OF SUPPLY PLANT | \$942 | | \$0 | | \$942 |
| 15 | | PUMPING PLANT | | | | | |
| 16 | 321.000 | Structures & Improvements - PP | \$0 | | | 100.00% | \$0 |
| 17 | 325.000 | Electric Pumping Equipment | \$37,066 | | | 100.00% | \$37,066 |
| 18 | 326.000 | Diesel Pumping Equipment | \$0 | | | 100.00% | \$0 |
| 19 | 328.000 | Other Pumping Equipment | \$0 | | | 100.00% | \$0 |
| 20 | | TOTAL PUMPING PLANT | \$37,066 | | \$0 | | \$37,066 |
| 21 | | WATER TREATMENT PLANT | | | | | |
| 22 | 330.000 | Land & Land Rights-WTP | \$0 | | | 100.00% | \$0 |
| 23 | 331.000 | Structures & Improvements - WTP | \$571 | | | 100.00% | \$571 |
| 24 | 332.000 | Water Treatment Equipment | \$1,387 | | | 100.00% | \$1,387 |
| 25 | | TOTAL WATER TREATMENT PLANT | \$1,958 | | \$0 | | \$1,958 |
| 26 | | TRANSMISSION & DISTRIBUTION PLANT | | | | | |
| 27 | 340.000 | Land & Land Rights-T&D | \$0 | | | 100.00% | \$0 |
| 28 | 341.000 | Structures & Improvements - T&D | \$758 | | | 100.00% | \$758 |
| 29 | 342.000 | Distribution Reservoirs & Standpipes | \$42,658 | | | 100.00% | \$42,658 |
| 30 | 343.000 | Transmission & Distribution Mains | \$22,292 | | | 100.00% | \$22,292 |
| 31 | 344.000 | Fire Mains | \$0 | | | 100.00% | \$0 |
| 32 | 345.000 | Services | \$6,459 | | | 100.00% | \$6,459 |
| 33 | 346.000 | Meters | \$14,048 | | | 100.00% | \$14,048 |
| 34 | 348.000 | Hydrants | \$1,349 | | | 100.00% | \$1,349 |
| 35 | 349.000 | Other Transmission & Distribution Plant | \$0 | | | 100.00% | \$0 |
| 36 | | TOTAL TRANS. & DISTRIBUTION PLANT | \$87,564 | | \$0 | | \$87,564 |
| 37 | | GENERAL PLANT | | | | | |
| 38 | 389.000 | Land & Land Rights-GP | \$0 | | | 100.00% | \$0 |
| 39 | 390.000 | Structures & Improvements - GP | \$1,098 | | | 100.00% | \$1,098 |
| 40 | 391.000 | Office Furniture & Equipment | \$0 | | | 100.00% | \$0 |
| 41 | | Office Computer Equipment | \$0 | | | 100.00% | \$0 |
| 42 | 392.000 | Transportation Equipment - GP | \$6,380 | R-42 | -\$6,380 | 100.00% | \$0 |
| 43 | 393.000 | Stores Equipment | \$0 | | | 100.00% | \$0 |
| 44 | 394.000 | Tools, Shop and Garage Equipment | \$531 | | | 100.00% | \$531 |
| 45 | 395.000 | Laboratory Equipment | \$728 | | | 100.00% | \$728 |
| 46 | 396.000 | Power Operated Equipment | \$0 | | | 100.00% | \$0 |
| 47 | 397.000 | Communications Equipment | \$0 | | | 100.00% | \$0 |
| 48 | 398.000 | Misc Equipment | \$0 | | | 100.00% | \$0 |
| 49 | | TOTAL GENERAL PLANT | \$8,737 | | -\$6,380 | | \$2,357 |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Accumulated Depreciation Reserve - Water

Schedule: 10
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:11 AM

| Line Number | A Account Number | B Depreciation Reserve Description | C Total Reserve | D Adjustment Number | E Adjustments | F Jurisdictional Allocation | G Adjusted Jurisdictional |
|-------------|---------------------|---------------------------------------|--------------------|------------------------|------------------|--------------------------------|------------------------------|
| 50 | | ADMINISTRATIVE PLANT | | | | | |
| 51 | 390.000 | Structures and Improvements | \$30 | | | 100.00% | \$30 |
| 52 | 391.000 | Office Equipment | <u>-\$44</u> | | | 100.00% | <u>-\$44</u> |
| 53 | | TOTAL ADMINISTRATIVE PLANT | <u>-\$14</u> | | <u>\$0</u> | | <u>-\$14</u> |
| 54 | | TOTAL DEPRECIATION RESERVE | <u>\$136,253</u> | | <u>-\$8,380</u> | | <u>\$129,873</u> |

To Rate Base Schedule

Aqua Missouri, Inc. (MW LC)
Informal Rate Case
Tracking Number WR-2008-0266
Test Year Ending September 30, 2007
Adjustments for Accum. Deprec. Resv. - Water

Schedule: 11
Sponsor: Lisa Hanneken
Date: 7/10/2008
Time: 11:11 AM

| A | B | C | D | E |
|---------------------------------|---|-------------------|----------------------|-------------------------------|
| Reserve Adjustment Number | Accumulated Depreciation Reserve Adjustments Description | Account Number | Adjustment Amount | Total Adjustment Amount |
| R-42 | Transportation Equipment - GP | 392.000 | | -\$6,380 |
| | To adjust for current vehicle inventory | | -\$6,380 | |
| Total Reserve Adjustments | | | | <u>-\$6,380</u> |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Depreciation Expense - Water

Schedule: 12
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:11 AM

| 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 | \$3,517 | 0.000% | \$0 |
| 3 | 302.000 | Franchises and Consents | \$4,112 | 0.000% | \$0 |
| 4 | | TOTAL INTANGIBLE PLANT | \$7,629 | | \$0 |
| 5 | | SOURCE OF SUPPLY PLANT | | | |
| 6 | 310.000 | Land & Land Rights SP | \$0 | 0.000% | \$0 |
| 7 | 311.000 | Structures & Improvements - SSP | \$6,216 | 2.500% | \$155 |
| 8 | 312.000 | Collection & Impounding Reservoirs | \$0 | 0.000% | \$0 |
| 9 | 313.000 | Lake, River & Other Intakes | \$0 | 0.000% | \$0 |
| 10 | 314.000 | Wells & Springs | \$36,249 | 2.000% | \$725 |
| 11 | 315.000 | Infiltration Galleries & Tunnels | \$0 | 0.000% | \$0 |
| 12 | 316.000 | Supply Mains | \$126 | 2.000% | \$3 |
| 13 | 317.000 | Other Water Source Plant | \$0 | 0.000% | \$0 |
| 14 | | TOTAL SOURCE OF SUPPLY PLANT | \$42,591 | | \$883 |
| 15 | | PUMPING PLANT | | | |
| 16 | 321.000 | Structures & Improvements - PP | \$0 | 0.000% | \$0 |
| 17 | 325.000 | Electric Pumping Equipment | \$39,290 | 10.000% | \$3,929 |
| 18 | 326.000 | Diesel Pumping Equipment | \$0 | 0.000% | \$0 |
| 19 | 328.000 | Other Pumping Equipment | \$0 | 0.000% | \$0 |
| 20 | | TOTAL PUMPING PLANT | \$39,290 | | \$3,929 |
| 21 | | WATER TREATMENT PLANT | | | |
| 22 | 330.000 | Land & Land Rights-WTP | \$0 | 0.000% | \$0 |
| 23 | 331.000 | Structures & Improvements - WTP | \$1,832 | 2.500% | \$46 |
| 24 | 332.000 | Water Treatment Equipment | \$7,417 | 2.900% | \$215 |
| 25 | | TOTAL WATER TREATMENT PLANT | \$9,249 | | \$261 |
| 26 | | TRANSMISSION & DISTRIBUTION PLANT | | | |
| 27 | 340.000 | Land & Land Rights-T&D | \$4,222 | 0.000% | \$0 |
| 28 | 341.000 | Structures & Improvements - T&D | \$3,141 | 2.500% | \$79 |
| 29 | 342.000 | Distribution Reservoirs & Standpipes | \$153,376 | 2.500% | \$3,834 |
| 30 | 343.000 | Transmission & Distribution Mains | \$251,983 | 2.000% | \$5,040 |
| 31 | 344.000 | Fire Mains | \$0 | 0.000% | \$0 |
| 32 | 345.000 | Services | \$14,883 | 2.500% | \$372 |
| 33 | 346.000 | Meters | \$31,478 | 10.000% | \$3,148 |
| 34 | 348.000 | Hydrants | \$7,550 | 2.000% | \$151 |
| 35 | 349.000 | Other Transmission & Distribution Plant | \$0 | 0.000% | \$0 |
| 36 | | TOTAL TRANS. & DISTRIBUTION PLANT | \$466,633 | | \$12,624 |
| 37 | | GENERAL PLANT | | | |
| 38 | 389.000 | Land & Land Rights-GP | \$1,025 | 0.000% | \$0 |
| 39 | 390.000 | Structures & Improvements - GP | \$20,688 | 2.900% | \$600 |
| 40 | 391.000 | Office Furniture & Equipment | \$96 | 5.000% | \$5 |
| 41 | | Office Computer Equipment | \$0 | 0.000% | \$0 |

Aqua Missouri, Inc. (MW LC)
 Informal Rate Case
 Tracking Number WR-2008-0266
 Test Year Ending September 30, 2007
 Depreciation Expense - Water

Schedule: 12
 Sponsor: Lisa Hanneken
 Date: 7/10/2008
 Time: 11:11 AM

| Line Number | A Account Number | B Plant Account Description | C Adjusted Jurisdictional | D Depreciation Rate | E Depreciation Expense |
|-------------|---------------------|----------------------------------|------------------------------|------------------------|---------------------------|
| 42 | 392.000 | Transportation Equipment - GP | \$0 | 13.000% | \$0 |
| 43 | 393.000 | Stores Equipment | \$0 | 0.000% | \$0 |
| 44 | 394.000 | Tools, Shop and Garage Equipment | \$3,392 | 5.000% | \$170 |
| 45 | 395.000 | Laboratory Equipment | \$4,325 | 5.000% | \$216 |
| 46 | 396.000 | Power Operated Equipment | \$0 | 0.000% | \$0 |
| 47 | 397.000 | Communications Equipment | \$0 | 0.000% | \$0 |
| 48 | 398.000 | Misc Equipment | \$0 | 0.000% | \$0 |
| 49 | | TOTAL GENERAL PLANT | \$29,526 | | \$991 |
| 50 | | ADMINISTRATIVE PLANT | | | |
| 51 | 390.000 | Structures and Improvements | \$348 | 2.900% | \$10 |
| 52 | 391.000 | Office Equipment | \$26,891 | 14.300% | \$3,845 |
| 53 | | TOTAL ADMINISTRATIVE PLANT | \$27,239 | | \$3,855 |
| 54 | | Total Depreciation | \$622,157 | | \$22,543 |

Agreement Attachment D

Rate Design Worksheet

AQUA MISSOURI C/U-WATER

Development of Tariffed Rates-Water

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

| | |
|--|------------|
| Revenues Generated by Current Tariffed Rates | \$ 132,652 |
| Agreed-Upon Overall Revenue Increase | \$ 15,088 |
| Percentage Increase Needed | 11.374% |

Metered Customer Rates

| Customer Type | Current Customer Charge | Proposed Customer Charge | Current Usage Rate | Proposed Usage Rate |
|---------------|-------------------------|--------------------------|--------------------|---------------------|
| 5/8"-LC | \$ 4.61 | \$ 5.13 | \$ 2.270 | \$ 2.53 |
| 5/8"-MW | \$ 4.61 | \$ 5.13 | \$ 2.270 | \$ 2.53 |
| 1"-MW | \$ 11.54 | \$ 12.85 | \$ 3.610 | \$ 4.02 |
| 2"-MW | \$ 36.95 | \$ 41.15 | \$ 3.610 | \$ 4.02 |
| 3"-MW | \$ 69.28 | \$ 77.16 | \$ 3.610 | \$ 4.02 |

Agreement Attachment E

Billing Comparison Worksheet

AQUA MISSOURI C/U-WATER

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> |
|---|--|-------------------------------------|--------------------------------------|
| \$4.61 | \$5.13 | \$2.270 | \$2.528 |

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

5,000 gallons/month usage

Current Rates

| | |
|-----------------|----------|
| Customer Charge | \$ 4.61 |
| Usage Charge | \$ 11.35 |
| Total Bill | \$ 15.96 |

Proposed Rates

| | |
|-----------------|----------|
| Customer Charge | \$ 5.13 |
| Usage Charge | \$ 12.64 |
| Total Bill | \$ 17.78 |

INCREASES

Customer Charge

| | |
|-------------|--------|
| \$ Increase | \$0.52 |
| % Increase | 11.37% |

Usage Charge

| | |
|-------------|--------|
| \$ Increase | \$1.29 |
| % Increase | 11.37% |

Total Bill

| | |
|-------------|--------|
| \$ Increase | \$1.82 |
| % Increase | 11.37% |

Agreement Attachment F

Schedule of Depreciation Rates

Aqua Missouri, Inc. C/U Water & Aqua Missouri, Inc. R/U Water

DEPRECIATION RATES

(WATER)

QW-2008-0004 & QW-2008-0007

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | DEPRECIATION RATE | AVERAGE SERVICE LIFE (YEARS) | NET SALVAGE |
|-------------------|---|----------------------|---------------------------------|----------------|
| 311 | Structures & Improvements | 2.5% | 40 | |
| 312 | Collection & Impound Reservoirs | 2.0% | 50 | |
| 314 | Wells & Springs | 2.0% | 50 | |
| 316 | Supply Mains | 2.0% | 50 | |
| 321 | Electric Pumping Equipment | 2.5% | 40 | |
| 325 | Electric Pumping Equipment | 10.0% | 10 | |
| 328 | Other Pumping Equipment | 4.0% | 25 | |
| 331 | Structures & Improvements | 2.5% | 40 | |
| 332 | Water Treatment Equipment | 2.9% | 35 | |
| 341 | Structures & Improvements | 2.5% | 40 | |
| 342 | Distribution Reservoirs & Standpipes | 2.5% | 40 | |
| 343 | Transmission & Distribution Mains | 2.0% | 50 | |
| 345 | Services | 2.5% | 40 | |
| 346 | Meters | 10.0% | 10 | |
| 348 | Hydrants | 2.0% | 50 | |
| 349 | Other Transmission & Distribution Plant | 2.5% | 40 | |
| 390 | Structures & Improvements | 2.9% | 35 | |
| 391 | Office Furniture & Equipment | 5.0% | 20 | |
| 391.1 | Office Computers & Equipment | 14.3% | 7 | |
| 392 | Transportation Equipment | 13.0% | 7 | 9% |
| 394 | Tools, Shop, Garage Equipment | 5.0% | 20 | |
| 395 | Laboratory Equipment | 5.0% | 20 | |
| 396 | Power Operated Equipment | 6.7% | 15 | |
| 397 | Communications Equipment | 6.7% | 15 | |
| 398 | Miscellaneous Equipment | 5.0% | 20 | |
| 399 | Other Tangible Property | 5.0% | 20 | |

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Tracking File No: WR-2008-0266, SR-2008-0267, SR-2008-0268, WR-2008-0269

Aqua Missouri Inc.

The Engineering and Management Services Department (EMSD) staff initiated a review of the customer service processes, procedures, and practices of Aqua Missouri, Inc. (Aqua Missouri or Company) on January 7, 2008. The review was performed in conjunction with a small company rate increase request submitted by Aqua Missouri on October 22, 2007, and given Tracking Numbers QW-2008-0004, QS-2008-0005, QS-2008-0006 and QW-2008-0007. The EMSD staff examined Company tariffs, annual reports for the past four years, Commission complaint and inquiry records, and information provided by the Company in relation to its customer service operations.

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

The objectives of the EMSD staff's review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure adequate customer service is provided. The findings of this review provide the Commission with information regarding the Company's customer service operations. This review also includes recommendations, when appropriate, to improve the quality of service Aqua Missouri provides to its customers.

The scope of this review focused on Company policy, procedure and practices related to:

- Administrative
- Customer Billing
- Credit and Collections
- Call Center
- Complaint and Inquiry Handling and Recording

- Record Storage and Security
- Customer Communications

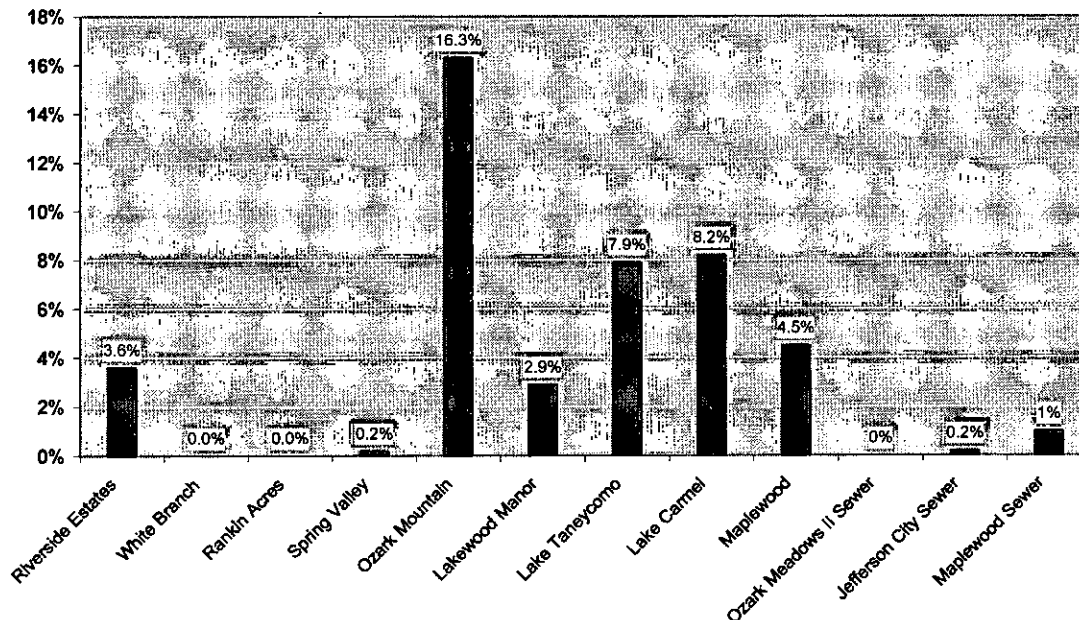
Company Overview

The Company began as Capital Utilities in 1989 and became Riverside. It was acquired by Aqua Source in October of 1998 and purchased by Aqua America on August 1, 2003 and became Aqua Missouri. Aqua America provides water and wastewater services to approximately 2.8 million residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York and South Carolina. Aqua America has acquired several water and sewer companies in the recent past, including Aqua Source, which is now known as Aqua Missouri.

Aqua Missouri stated they currently provide service to approximately 1,700 water and 2,300 sewer customers distributed over service areas in the areas of Jefferson City, Holts Summit, Sedalia, Shell Knob (Table Rock), Branson, Ozark and Eugene. The Company has typically experienced 3-4% customer growth in their Jefferson City area, but is forecasting growth to be minimal. Several of the Company's service areas are landlocked and have little or no room for growth to occur such as the Maplewood and Lake Taneycomo sites.

The following graph displays the customer growth that Aqua Missouri has been experiencing within their service territories. The largest percent increase in new customers has been in the Ozark Mountain service area, followed by Lake Carmel and Lake Taneycomo.

**Percent Increase in New Customers
May 2007-Dec 2007 by Service Area**



Source: Information provided by Company

Aqua Missouri is planning approximately \$800,000 in capital expenditures for 2008. The planned expenditures are for treatment plant equipment, lift station, chlorination de-chlorinator, lab equipment, water meters, storage tank, well house rehab, tools and hydrant for chlorine room.

Administrative

Commission Rule 4 CSR 240-13 pertains to electric, gas, and water utilities, while Chapters 60 and 61 relate to sewer utilities. The Company does have a copy of the Commission's Chapter 13 Rule pertaining to water utilities and Chapters 60 and 61 pertaining to sewer utilities, which have been provided to the corporate office and to certain Aqua Missouri employees.

The Area/Regional Manager is responsible for the day-to-day operations of the Company. Corporate refers to this person as the Regional Manager. The Company currently has five Operators and one Facility Supervisor in Jefferson City. There is also one Operator in Sedalia and one Supervisor for the southwest area. The operators and

supervisors perform general maintenance and repair on the systems. The Company performs monthly well testing through the DNR state lab and is funded through the primacy fee collected from customers.

Aqua Missouri employees receive 30 hours of training every three years as required by DNR. The Company tracks their employee work time with time sheets, by facility or tariff entity and division such as collections or treatment. Employees also include a description of the work they perform.

Customer Billing

Billing was historically handled at the local level at Aqua Missouri under previous ownership. It is now handled through central billing in Bryn Mawr, PA. Acquiring many water and sewer companies has increased complexity in billing nationally for Aqua America. Their solution to this has been to convert to a centralized billing system for all service areas and to utilize Banner software for all service areas, including Aqua Missouri.

Banner software was acquired by Aqua America in 1996 and first implemented in the southeast Pennsylvania area in 1999. Aqua Missouri switched to Reflections billing software from Avatar leading up to the conversion to Banner software. The conversion to Banner software for Aqua Missouri took place in May of 2007 and included approximately 160,000 Aqua America customers in Ohio, Illinois, Indiana and Missouri.

The conversion contributed to billing challenges for Aqua Missouri. Extended billing periods and customers receiving unbilled service were the two major challenges that significantly impacted Aqua Missouri customers. The Company did not send bills to Missouri customers in the month of June following the May conversion to Banner. The Company stated they wanted to ensure correct bills were sent to customers. The Company did send information via mail notifying customers of the situation. They claimed that 99% of their customers received bills in July for June, but there were some receiving even longer extended billing timeframes. The Company gave customers an amount of time to pay their bill that is equal to the billing period on their bill.

Aqua Missouri has had challenges in processing applications for service on new construction and is still experiencing delays. Several new construction customers have

been receiving unbilled service due to work orders not being completed. The source of this problem is at both the central billing office in Bryn Mawr, PA and the local Jefferson City office. Bryn Mawr employees were spending a majority of the time working on challenges surrounding the conversions of Missouri and other states to the Banner system. The conversion work volume caused the Bryn Mawr office to fall behind on new service work orders. There was also decreased attention given to completing work order entries for new construction customers at the local Jefferson City office. The staff person primarily responsible for this task left the Company and no attention had been given to training other staff or new staff to ensure this function was completed. Aqua Missouri stated they were aware of 17 customers in the Ozark Meadows area receiving unbilled service. Based on information provided by customers at the local public hearings, customers receiving unbilled service are still an area of concern for Aqua Missouri.

The Company explained that they now have an employee trained to enter these customers into the system. The Company stated they would backbill customers receiving unbilled service as discovered to bring charges up to date. Aqua Missouri was able to identify 17 customers, and six of these situations still have not been resolved. Of the 12 customers the Company displayed as being resolved, back billing varied from one month to 12 months. The Company was unable to state a dollar amount or number of customers that were back billed.

Incorrect coding of the primacy fee was another challenge that faced the Company after the May 2007 conversion for Missouri. This problem resulted in overcharging for Missouri customers. The Company credited customer accounts to correct this situation and also notified customers. The incorrect primacy fee charges were in the months of June, July and August. The correct primacy fee amount is \$3.24 and now appears on the bill.

The Company stated they were aware of a problem with customers receiving unbilled service where they had hooked in without notifying the Company. They stated it has historically been a problem with sewer rather than water service. They have had instances where new construction has connected to the sewer system without notice to Aqua Missouri. The Company has developed one solution to this problem by providing a list of customers to their Operators biannually and requiring the Operators to site check

locations for customers that connected to a Company system without arranging service with the Company. Although the Company has explained that this is a solution to identifying residences receiving unbilled service, information gathered at local public hearings indicates the issue has not been fully resolved.

Cole County currently sends Aqua Missouri a copy of permits for new construction. The Company uses these records to send a letter to the builder with information and fee requirements. The letter also encourages service to be set up or the Company can dig up their service and disconnect. Customers can be back billed for up to one year of usage.

The Company has new customers complete an application for service and pay an application fee on new construction. Written customer applications have not been required since the conversion to billing software in May 2007. Customers are allowed to apply via phone, Internet or mail. The Company typically does not require an application or fee from new customers at residences that have changed ownership. The Company also provides a brochure to new customers that summarizes rights and responsibilities of the Company and customers. Aqua Missouri has a new "Welcome Package" program they hope to implement by February or March 2008.

The Company uses Banner 3.1 billing software by Ventyx. Aqua Missouri began using this software in May of 2007. This software is operated in conjunction with Service Link for uploading meter read data. The meter read data is first entered monthly into handheld units and then uploaded through Service Link software to the Banner billing system. Work orders are also downloaded to the handheld systems daily. Meters are read the 9th, 10th, 11th and 12th of the month in the southwest region and the 21st, 22nd, and 23rd in the Jefferson City Service territory. Customers receive estimated bills on occasion.

Central billing runs a monthly billing report and then allows any corrections made for billing amounts. The bills are then processed and mailed to customers the following day. Most billing functions are done in-house; however, the Company utilizes an outside vendor (Workflow) to print, sort and send bills to the post office. Customers are billed monthly; however, the Company is aware of customers not being billed for extended time periods. The Company stated in April of 2008, accounts that were not metered

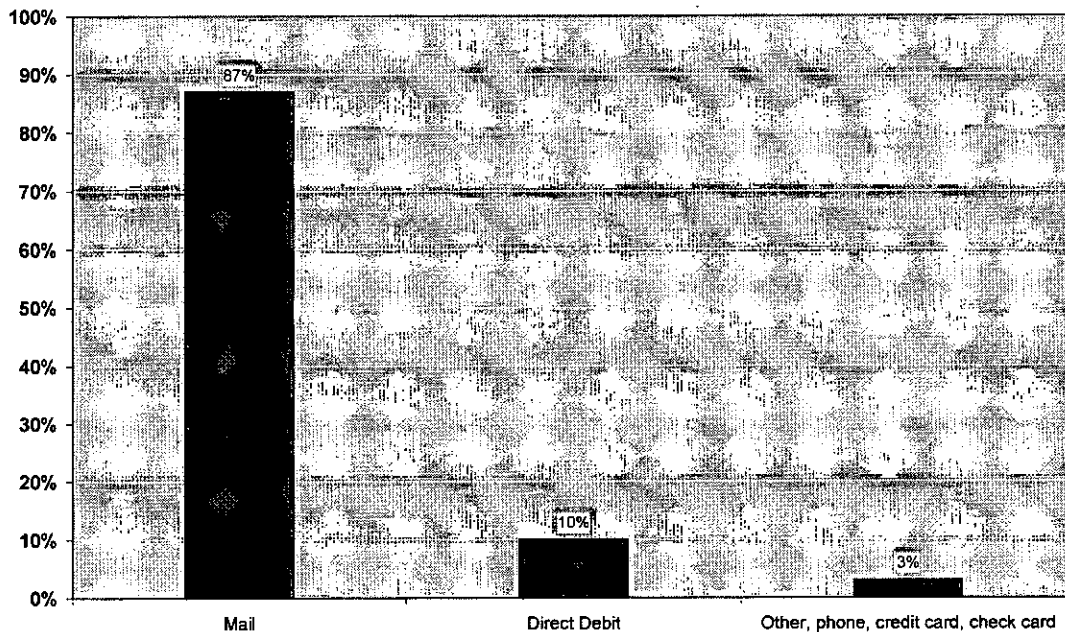
experienced an extended billing period of 37 days and a shortened billing period of 24 days in January. The Company explained that this was due to the Company working to separate non-metered accounts out of the same billing cycle as metered accounts. 1,905 customers were affected by this issue and the Company stated that the problem is now resolved.

Credit and Collections

Customers have the option to pay by mail-in (Newark, NJ), credit card (Visa, MasterCard, Discover), or check via phone. The check pay via the phone costs the customer \$2.95. The Company also has zip check, which is payment by an automatic debit from their checking account. Payment options are located on customer bills and the Aqua Missouri Web site. The Company does not collect deposits and payments are never collected in the field.

A majority of customers make payments through the mail, followed by direct debit and payment by phone with credit card or check. The following graph displays the breakdown of customers' use of payment options.

Percentage of Customer Payment Method



Source: Information provided by Company

Consistent with the Commission's rules, customers are given 21 days to pay their bills and are considered delinquent after 21 days. Five out of the twelve Aqua Missouri service territories have late fees of varying amounts and the other service territories do not have a late fee. The following table displays late fee information for each Aqua Missouri service territory.

| Service Territory | Late Charge |
|----------------------|---------------|
| Water | |
| CU-Maplewood | none |
| CU-Lake Carmel | none |
| RU-Riverside Estates | none |
| RU-White Branch | none |
| RU-Rankin Acres | none |
| RU-Spring Valley | none |
| RU-Ozark Mountain | \$2.10/month |
| RU-Lakewood Manor | \$5.00 or 10% |
| RU-LTA | none |
| Sewer | |
| CU-Maplewood | \$5.00 |
| CU-Jefferson City | \$5.00 |
| Ozark Meadows | 5% or \$2.00 |

Info taken from Company Tariff

Seven days after the delinquent date, a delinquent notice is issued on a late balance of \$200 or more. A shut-off notice is mailed on day 15 after the delinquent date followed next by a customer call (by an outside vendor) for a payment reminder. On day 24 after the due date, shut-off service orders are issued for all accounts with \$200 or more due. The Company utilizes an outside vendor to autodial notice of disconnect three days prior to the shut off date. A door hanger is also placed on the customer's door 24 hours before actual shut off. Service is then disconnected until payment is made. Downloading work orders daily helps the Company verify delinquent accounts and avoid disconnection to customers when payment for a past due amount has been received.

Disconnection notices are prepared and mailed from the Bryn Mawr, PA, central billing office. All of the Operators perform customer disconnects as needed. The Company has disconnected sewer customers in the past; however, disconnection of water customers for nonpayment is more common. Elder valves are used to shut off service to delinquent sewer customers. Disconnections are not completed on Fridays, weekends or the day before a holiday.

The Company stated reconnections are completed within 24 hours of payment and usually during the same day of receiving payment. They schedule exact times, instead of time periods, for reconnection of service. A resident must be present to perform a reconnect. Payment of all past due amounts must be verified before reconnects are performed. Customers are charged a reconnect fee, which is determined by the local service area tariff.

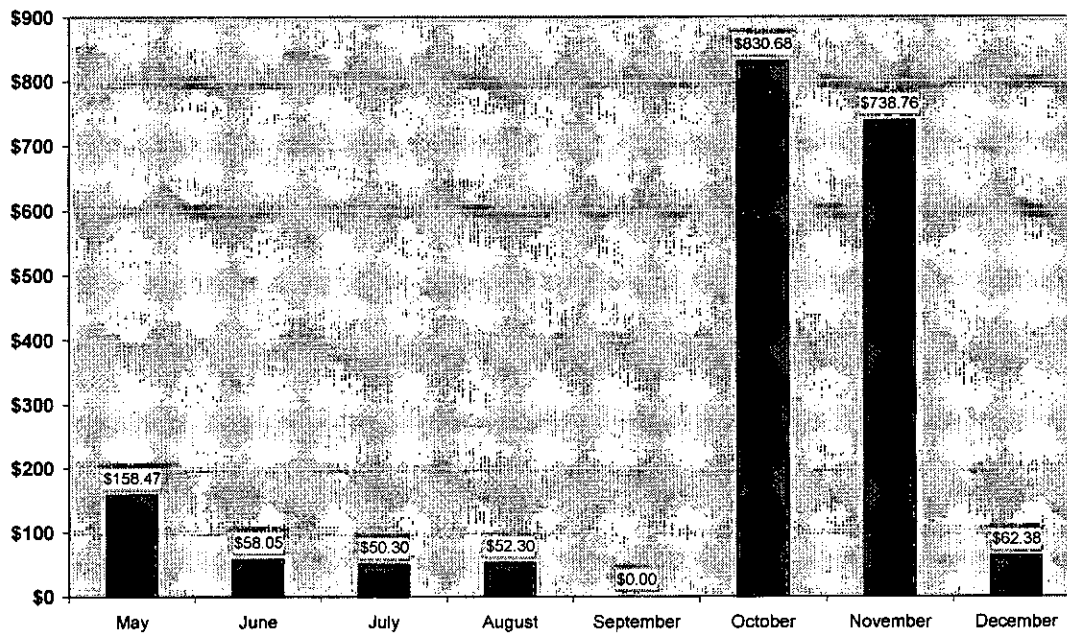
Aqua Missouri could not provide data on the number of delinquent disconnections performed in the months before the May 2007 conversion; however, they stated that the average was 20 per month leading up to the conversion. The Company did not perform delinquent disconnections on accounts converted to Banner between June and August 2007. The following table displays how many delinquent disconnections the Company performed between September 2007 and December 2007.

| Aqua Missouri Disconnections 2007 (Water Only) | |
|--|---|
| June | 0 |
| July | 0 |
| August | 0 |
| September | 7 |
| October | 6 |
| November | 2 |
| December | 8 |

Source: Information provided by Company

Returned checks are handled by the central billing office. The returned check is posted to the customer's account, charges are reversed and the billing amount is added back onto the account. The Company then adds a returned check fee of \$10.00 to the customer's account and mails the check back with correspondence. The Company had a total of \$1,950.94 in bad check amounts from May 2007 to December 2007. The following graph shows the total amount in bad checks from May 2007 to December 2007.

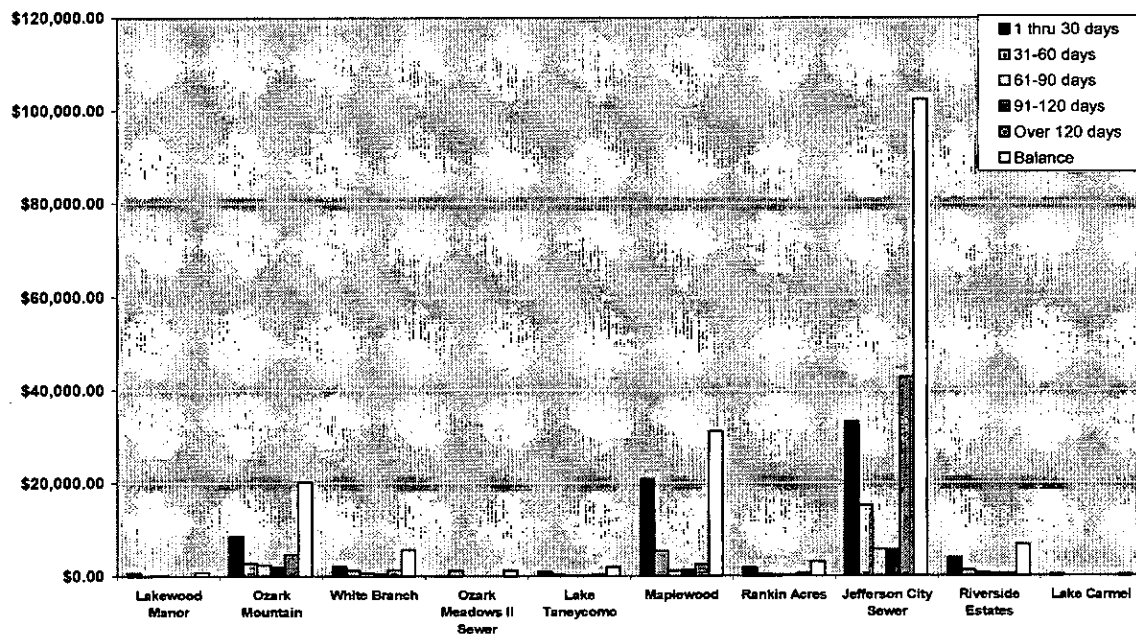
Dollar Amount of Returned Checks May 2007-Dec 2007



Source: Information provided by Company

The Company has a substantial amount of money uncollected from customers. The following graph displays information indicating how much in customer usage fees are uncollected for customers 1-30, 31-60, 61-90, 91-120 and over 120 days past the date of being billed.

Customer Amounts Due Past Billing Dates by Service Area

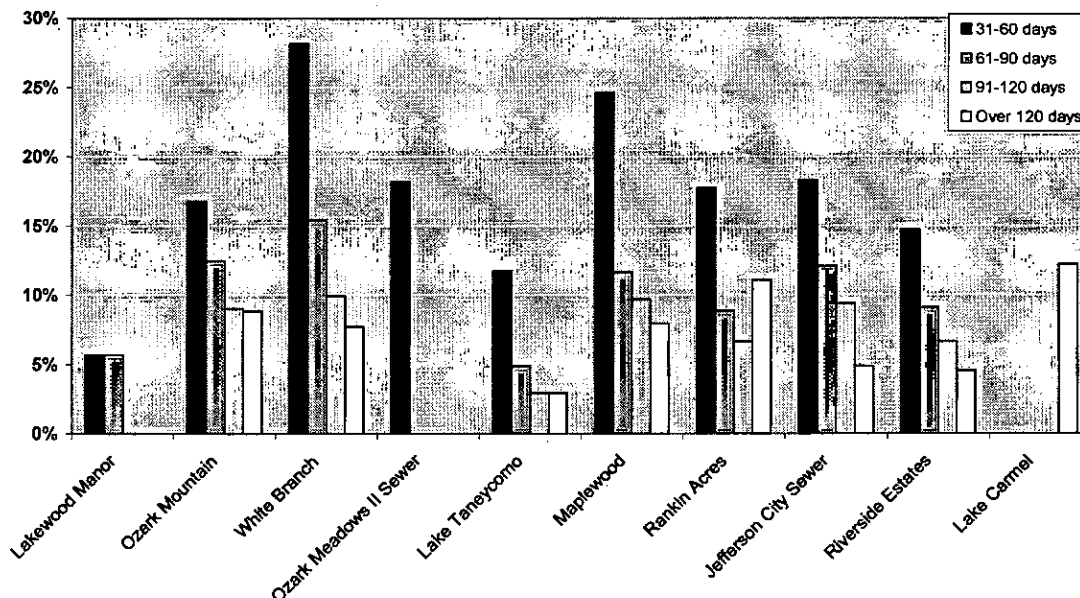


Source: Information provided by Company

The data shows the Jefferson City Sewer service area has a significant amount of uncollected service usage fees that are over 120 days past the date of billing. The Company explained that Jefferson City Sewer has many accounts that do not have a shut off valve at the property. A shut off for non-payment requires a 30 day notification by certified letter. The shut off valve can be done after the 30 days, if necessary. This process was recently re-started after a moratorium period following the conversion to the Banner Customer Information System.

The next graph displays the percent of customers with amounts due from 31-60, 61-90, 91-120 and over 120 days past the date of being billed.

Percentage of Customers with Payments due Beyond 30 Days by Service Area



Source: Information provided by Company

The previous graph shows that each service area contains customers with payments due beyond 30 days. Several service areas contain a significant amount of customers with payments due beyond 120 days.

Call Center

Calls were previously handled in the Jefferson City office prior to Aqua America acquiring the Company. In 2004 Missouri calls were routed to Kankakee, IL. Now calls are primarily routed to the Kankakee office, but can be handled by two other locations in Bryn Mawr, PA and Cary, NC, depending on call volumes of various regions. The Company explained they chose these three locations due to regional distribution, labor pool and prior system knowledge. The Company stated that utilizing three locations allows for greater continuity of service by facilitating the ability to route calls when there are unforeseen circumstances at one particular call center location. The Company stated that June 12, 2007, was the first time that Missouri calls were permitted to be handled in

Bryn Mawr or Cary. This was a high call volume time period shortly after the conversion.

The Company believes the centralization of certain processes has allowed smaller entities to benefit from service options they formerly were unable to provide; such as, the ability to measure performance, payment by phone and access to account balance information.

Centralizing these functions has allowed certain functions to be available to smaller entities such as Aqua Missouri; however, there was a significant decrease in customer service levels during implementation of a centralized billing system when nearly all customers experienced extended billing periods. An Aqua Missouri service representative stated that they did experience an increase in call volume after the conversion during the months of August and September with questions regarding extended billing periods.

The Company maintains four call center performance targets:

- 1) Abandoned Call Rate (Company target is less than 5%)
- 2) Average Speed of Answer, or percent of calls customer service representative can answer in less than 90 seconds (Company target is greater than 80%)
- 3) Average Speed of Answer, (Company target is less than 60 seconds)
- 4) Average Handled Time, Includes CSR talking, listening, hold-time and CSR time between calls while entering information from last call (Company target is 4 minutes or less)

Performance reports are distributed to the Jefferson City office monthly to display call center performance and reasons for customers calling. All calls are coded by a reason that a customer is calling. There are close to 100 codes for customer call types. Service Representatives generally handle 6-10 various types of calls per day. A Customer Service Representative stated the top three coded phone calls include: customer moving in or out, late payments not updated on a customer's bill and the amount of the customer's last meter read. The following exhibit displays call center statistics for Aqua America customers in PA, NC, VA, TX, FL, NJ, IL, MO and IN. Aqua Missouri customers are included within these statistics.

| Aqua Missouri Call Center Metrics | | | | | | |
|-----------------------------------|-----------|---------------------|----------------------------|-------------------------|---------------------|------------------------------|
| Year | Month | Abandoned Call Rate | Answer Speed Service Level | Average Speed to Answer | Average Handle Time | Average Number Calls Per Day |
| | Goal | <5% | >80% | <60 seconds | <4 minutes | |
| 2006 | January | 3.60% | 86% | 40 | 3:24 | 1393 |
| | February | 3.8% | 83% | 41 | 3:41 | 1292 |
| | March | 1.6% | 93% | 20 | 3:41 | 1243 |
| | April | 2.2% | 89% | 27 | 3:53 | 1177 |
| | May | 1.7% | 91% | 24 | 3:39 | na |
| | June | 2.0% | 89% | 25 | 3:34 | na |
| | July | 7.0% | 70% | 73 | 4:03 | 2100 |
| | August | 3.3% | 84% | 39 | 3:57 | 2363 |
| | September | 4.4% | 81% | 46 | 4:06 | 2671 |
| | October | 3.1% | 85% | 36 | 3:45 | 2475 |
| | November | 6.0% | 77% | 58 | 3:39 | 2973 |
| | December | 8.5% | 72% | 63 | 3:37 | 3192 |
| 2007 | January | 16.0% | 51% | 129 | 3:44 | 3812 |
| | February | 7.8% | 66% | 81 | 4:11 | 3487 |
| | March | 5.4% | 72% | 64 | 4:06 | 3749 |
| | April | 8.3% | 62% | 91 | 4:14 | 4041 |
| | May | 14.5% | 40% | 171 | 4:35 | 4331 |
| | June | 16.0% | 38% | 179 | 4:38 | 4909 |
| | July | 15.7% | 41% | 182 | 4:38 | 5200 |
| | August | 15.8% | 38% | 190 | 4:49 | 5394 |
| | September | 7.6% | 63% | 110 | 4:38 | 4825 |
| | October | 3.9% | 78% | 58 | 4:30 | 4688 |
| | November | 5.2% | 71% | 77 | 4:23 | 4548 |
| | December | 2.4% | 86% | 37 | 4:14 | 3913 |
| 2008 | January | 3.4% | 81% | 50 | 4:01 | 4355 |

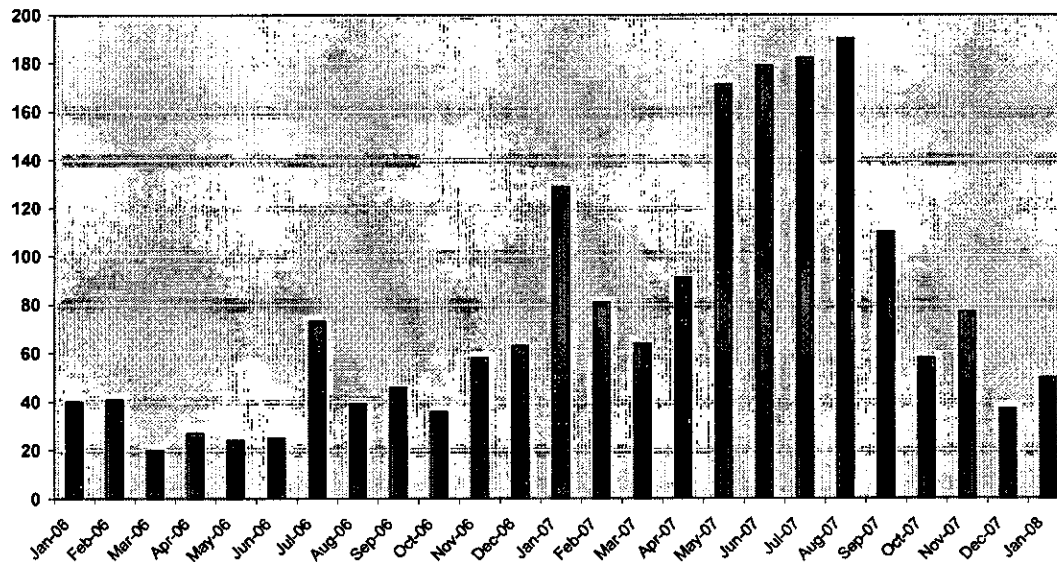
Source: Information provided by Company

The information in the previous exhibit shows the Company had a significantly larger amount of calls in the months immediately following the May 2007 conversion than in other months. The Company saw a decrease in performance in their average speed of answer and abandoned call rate metrics.

The Company explained they did have challenges concerning what they described as “busy outs” right after the conversion to Banner software. Call volumes were high and some customers were unable to get through to a representative. The Company has stated that they added more phone lines to correct the problems that they experienced with “busy outs.”

The following two graphs illustrate ASA and ACR performance for January 2006 through January 2008.

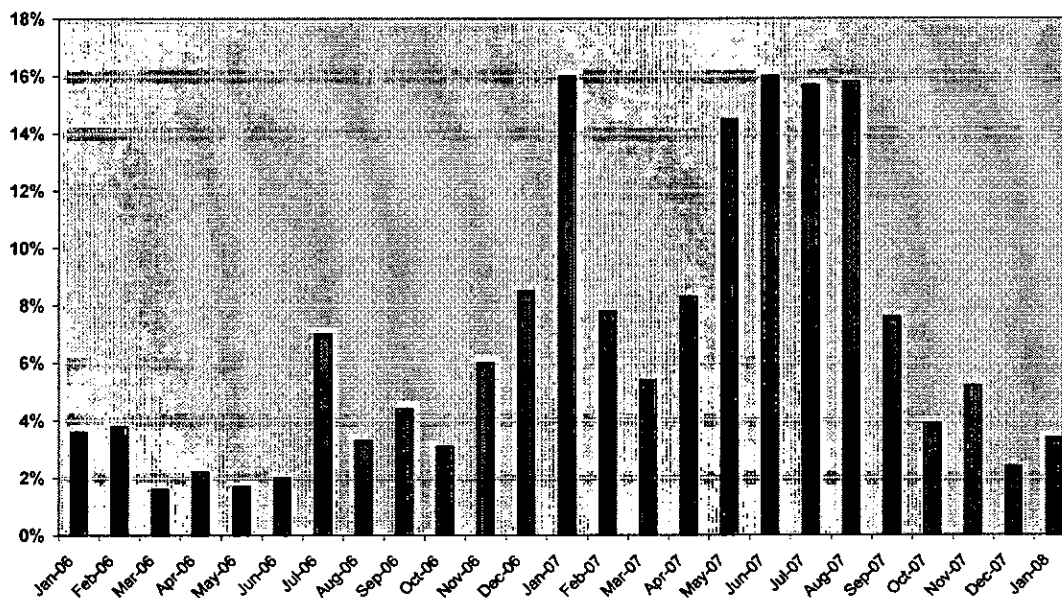
Aqua Missouri Average Speed to Answer Jan. 2006-Jan.2008
(Includes Calls from PA, NC, VA, TX, FL, NJ, IL, MO and IN)



Source: Information provided by Company

The proceeding graph shows a significant increase in average speed of answer for Aqua Missouri in the months following the May conversion. The following graph also shows this similar impact on Aqua Missouri ACR.

Aqua Missouri Abandoned Call Rate Jan. 2006-Jan. 2008
(Includes Calls from PA, NC, VA, TX, FL, NJ, IL, MO and IN)



Source: Information provided by Company

Complaint and Inquiry Handling and Recording

Customer complaints and inquiries are handled by representatives located in Bryn Mawr, PA, Cary, NC, and Kankakee, IL. Missouri customer complaints and inquiries are primarily handled in Kankakee, IL, depending on call volumes. The call centers can be reached via an 800 number, which is printed on the customer's bill and is available 24/7 in case of emergency. Company staff has pagers and cell phones for the call center to contact in emergency situations. Company management stated they are unaware of any problems with customers being able to get through to a service representative; however, information from local public hearings suggests that some customers have found difficulty in getting through to a representative. The Bryn Mawr office compiles the complaint data from customer calls and sends a monthly report to the Jefferson City office. The Company was able to provide a number of these reports; however, a report displaying complaints and inquiries by specific Aqua Missouri territories was not available.

The Company does perform customer satisfaction surveys every quarter. Data provided to staff by the Company suggests that the survey data could be improved as a valid tool in determining customer satisfaction in Missouri territories. The survey response data provided to staff indicated that the Company interviewed 53 Aqua Missouri customers and the survey included customers from Illinois, Indiana and Missouri. The number of Missouri customers interviewed and overall level of Missouri customer satisfaction is unclear.

Record Storage and Security

Company records are stored on an on-site server, which is backed up nightly on an external hard drive. Data is archived to magnetic tape weekly on Mondays and stored in a fireproof container.

Customer Communication

The Company communicates to customers through letters and bill inserts. There is also information available on their Web site. The CCR water quality is also provided to customers. The Company has not held any public meetings.

Findings, Conclusions and Recommendations

The following discussion contains findings, conclusions and recommendations pertaining to Aqua Missouri customer service operations. This section focuses on the following areas that warrant Company management attention:

- Customer Billing
- Credit and Collections
- Call Center

Customer Billing

Aqua Missouri has issued a substantial number of bills since May 2007 that have exceeded a 31-day billing period. The Company stated that bills were not sent to customers in June 2007. They were aware of problems with extended billing periods due to the May 2007 conversion. Customers testifying at local public hearings expressed concerns with extended billing periods. Company management was unable to quantify

the number of customers experiencing extended billing periods and the duration of the extended billing periods that have occurred since May 2007. The Company also stated that this problem has been remedied by the conversion being fully complete and up to date. However, data has not been supplied to the EMSD staff to verify that all bills have a billing period that complies with Commission rules. In addition, recent testimony by customers at local public hearings indicates extended billing periods have still been a problem within the past 6 months.

Customer billing periods that extend beyond 35 days is in violation of Commission Rule 4 CSR 240-13.015, which states: "*Billing period means a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer nor more than one hundred (100) days for a quarterly billed customer, except for initial, corrected or final bills;*"

THE EMSD STAFF RECOMMENDS THAT COMPANY MANGEMENT

Develop internal control procedures and a tracking mechanism that ensures monthly billing periods do not exceed 35 days and are in accordance with Commission Rules.

The Company acknowledged they have had problems with new customers receiving unbilled service, especially on newly constructed homes. The Company stated they still have approximately 20 customers receiving unbilled service. EMSD later received a report displaying 12 customers receiving unbilled service. Based on customer testimony at local public hearings, it appears there are additional instances of customers receiving unbilled service.

Aqua Missouri stated they had lost a local employee that was in charge of processing applications on newly constructed homes, and this vacancy has resulted in customers receiving unbilled service. This problem causes existing customers to incur higher costs. Training multiple staff at critical functions will help to ensure all customers are paying for service and the cost of providing service is distributed fairly. While additional training to ensure that all customers receiving service are billed may be a

beneficial tool to addressing this issue, the Company needs to take additional actions to make certain this problem is resolved.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT

Ensure that multiple staff in the Jefferson City office is adequately trained to fully process new construction applications for service. Take additional actions to ensure customers are not receiving unbilled service.

Credit and Collections

The Jefferson City sewer service area shows they have \$42,780.79 in uncollected balances due over 120 days from the billing date. This amount is much higher than other Aqua Missouri service territories. This decreases the cash flow of the Company and may represent unfair treatment of customers depending on service territory. Decreasing the amount of uncollected balances will increase the cash flow of the organization and ensure timely payment by customers and fair treatment of customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT

Develop cost-effective management procedures that decrease the amount of uncollected past due balances, particularly in the Jefferson City service territory.

Complaint and Inquiry Handling and Recording

The Company currently does not have the capability to view complaint and inquiries specific to each Aqua Missouri service territory. The EMSD staff recommended in the previous rate case that the Company implement a complaint and inquiry log. Aqua Missouri has begun documenting all calls coming into the call center, however the Company does not have the capability to present a complaint and inquiry log specific to Aqua Missouri service territories. The Company should continually evaluate the cost-effectiveness of implementing a complaint and inquiry log specific to Missouri service territories. Developing a report that identifies customer complaints and inquiries by service territory may assist in ensuring quality customer service for each service territory.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Conduct a periodic evaluation, as system capabilities increase, that analyzes the cost-effectiveness of developing a complaint and inquiry log specific to each Aqua Missouri service territory.

Call Center

The Company experienced an increase in ACR and ASA levels after the May 2007 conversion. This demonstrates a decrease in customer service levels for customers. Several customers also expressed concern of call center performance at local public hearings. The Commission has a regulatory responsibility to ensure that Missouri ratepayers receive safe and adequate service. It was also ordered by the Commission in the previous rate case, WR-2007-0021, that staff continue to monitor call center performance. Reporting call center data will provide a means for staff to more closely monitor the quality of service provided to Aqua Missouri customers. Staff also receives call center reports from several other utility service providers in Missouri to monitor their service. Data requested by staff is presently maintained by the Company and should pose no additional burden to the Company to provide. Such reporting would enable the EMSD to determine the level of call center performance the Company is providing its Missouri customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Provide monthly data on a quarterly basis for call center performance. Reports should include ASA, ACR, call center Staffing levels and Number of Calls Offered data. Data should be provided to staff no later than the 45th day after the proceeding quarter.