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Missouri Public Service Commission

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JEFFERSON CITY, MISSOURI 65102
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DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

January 5, 2001

Mr. Dale Hardy Roberts
Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Case No. SR-2000-556
Osage Water Company
Small Company Rate Increase

FILED²
JAN 5 2001
Missouri Public
Service Commission

Dear Mr. Roberts:

On November 14, 2000, in accordance with the Commission's Small Company Rate Increase Procedure, Osage Water Company ("Company") filed revised tariff sheets and a written Agreement Regarding Disposition of Small Company Rate Increase Request ("Disposition Agreement") between the Company and the Staff, and the above-referenced case was established. On November 28, 2000, the Company provided a copy of its second customer notice for placement in the case papers.

On December 19, 2000 the Commission issued its Order Suspending Tariff and Scheduling Local Public Hearing in this case. In that order, the Commission established January 9, 2001, as the date for a local public hearing in this case and suspended the Company's pending revised tariff sheets until February 27, 2001.

Consistent with the established internal operating procedures that pertain to small company rate increase cases for which the Commission has ordered a local public hearing, I am enclosing for filing in the case papers for the instant case copies of the documents shown on the list that is attached to this letter (see Attachment A). If additional pertinent documents become available, the Staff will submit them for filing in the case papers as well.

Consistent with the aforementioned internal operating procedures, I am providing the original and

Mr. Dale Hardy Roberts
Re: Case No. SR-2000-557
January 3, 2001 - Page 2 of 2

eight copies of this letter to be "file stamped", filed and distributed according to the Commission's normal filing procedures. However, also consistent with those internal procedures, I am only providing one set of the documents listed on Attachment A for filing in the case papers. As shown below, I am providing a copy of this letter to representatives of the Company and the Office of the Public Counsel, which are the only other parties to the instant case. The Staff has previously provided the referenced documents to those entities, as applicable.

In addition to the documents listed on Attachment A, please also be advised that the Staff has placed, or will be placing, copies of the customer letters written in response to the Company's initial and second customer notices, in a "letter file" in the case papers for the instant case.

Lastly, the Staff asks the Commission to note that no action need be taken on the Company's pending revised tariff sheets until after the Staff files its formal recommendation regarding Commission approval of those sheets. The Staff will file that recommendation after the completion of any Commission ordered activities (such as the recently scheduled local public hearing) and/or any additional Staff initiated activities (such as investigations of service-related customer complaints noted at the local public hearing). Additionally, absent a request to further suspend the effective date of the subject tariff sheets, the Staff will file its formal recommendation at least seven working days prior to the end of the current suspension period.

Please contact me, or Randy Hubbs in the Water & Sewer Department, if there are questions regarding the matters covered in this letter. Thank you for your attention to this matter.

Sincerely,



Keith R. Krueger
Deputy General Counsel

Copies (letter only):
Osage Water Company
Mr. Greg Williams
Office of the Public Counsel
Ms. Ruth O'Neill

Mr. Dale Hardy Roberts
Re: Case No. SR-2000-556
January 3, 2001 - Attachment A

List of Documents Enclosed for Filing in Case Papers

- * Company's Original Letter Requesting a Rate Increase
- * Company's Initial Customer Notice
- * Company's Second Customer Notice
- * Staff's Revenue Requirement Accounting Run
- * Staff's Rate Design Worksheets
- * Residential Customer Bill Comparison
(average bill at proposed rates vs. current rates)

OSAGE WATER COMPANY

P.O. BOX 777
CAMDENTON, MO 65020
CLEAN WATER FOR A GROWING COMMUNITY

RECEIVED

OCT 12 1999

*Records
Public Service Commission*

Business Office
Highway 54 West
Osage Beach, MO 65065
573-346-0030

Corporate Office
P.O. Box 431
Sunrise Beach, MO 65079
573-374-8761

October 6, 1999

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Requests for Increases in Water and Sewer System Operating Revenues
Small Company Rate Increase Procedure

Dear Mr. Roberts:

Osage Water Company (the Company) holds certificates of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides water supply and distribution services and sewer collection and treatment services in various portions of Camden County, Missouri. The Commission first authorized the Company to provide regulated water utility service in 1987 and regulated sewer utility service in March 1998. The Company currently provides service to approximately 317 water customers and approximately 103 sewer customers within its certificated areas under the provisions of its Commission-approved tariffs. The Company's customer rates for both water and sewer service are essentially the same as those established when the Commission first authorized the Company to provide its regulated services.

Pursuant to 4 CSR 240-2.200, the Commission's Small Company Rate Increase Procedure, the Company is hereby requesting an increase of its annual water system operating revenues to \$209,578 and an increase of its annual sewer system operating revenues to \$98,625. Based upon the Company's current customer rates and customer numbers, these increases represent changes of approximately 99.60% in the Company's water system operating revenues and approximately 121.86% in the Company's sewer system operating revenues. Changes in the design of the Company's customer rates and certain of its service charges, for both water and sewer service, are also contemplated and will be discussed with the Commission Staff (the Staff) and the Office of the Public Counsel (the OPC) during the pendency of this small company rate increase procedure.

Specific reasons for the requested increases in the Company's operating revenues, applicable to both its water and sewer systems, include: increases in utility plant investment; increases in operation and maintenance expenses; increases in the Commission's annual utility assessments; funding of a depreciation reserve, changes in the number and type of customers served, and to allow for full and part time staff to be employed directly by the Company rather than provided on a contract basis from affiliated. Additionally, the Company is initiating this small company rate increase procedure consistent with the terms of a Stipulation and Agreement between the Company, the Staff and the OPC

2000 00 345 (W)
2000 00 346 (S)

Mr. Dale Hardy Roberts
Re: Rate Increase Request
October 6, 1999
Page 2 of 2


that was entered and approved by the Commission in Case No. WA-94-132. That Stipulation required that the Company "file a rate case" at the end of a specified five-year rate moratorium period, with which the submittal of this letter coincides.

Regarding the 150-day tariff sheet filing period contemplated by the small company rate increase procedure, the Company wishes to state its agreement to an extension of that period at this time. This is believed necessary due to two factors: the Company's desire to use calendar year 1999 information as the main basis for the rate review and the timing of this request (as required by the above-referenced Stipulation). It simply appears unlikely that the rate review and necessary follow-up work can be completed within the 150-day period, considering the time that will be needed to close and audit the last few months of the Company's 1999 books and records. I have discussed this matter with appropriate members of the Staff and the OPC, and they have expressed their agreement with the use of calendar year 1999 information as the main basis for the rate review and their agreement to the extension of the 150-day tariff sheet filing period.

Lastly, I wish to advise you that the Company is current on the payment of its Commission annual assessments and the filing of its Commission annual reports, and will remain so during the pendency of this small company rate increase procedure.

Thank you for your attention to this important matter. Please contact me at your convenience if you need additional information regarding this request.

Sincerely,



Gregory D. Williams
President & Secretary
Osage Water Company

Copy: Randy Hubbs – Commission Staff
Shannon Cook – Office of the Public Counsel

OSAGE WATER COMPANY

P.O. BOX 777

CAMDENTON, MO 65020

CLEAN WATER FOR A GROWING COMMUNITY

Business Office
Highway 54 West
Osage Beach, MO 65065
573-346-0030

Corporate Office
P.O. Box 431
Sunrise Beach, MO 65079
573-374-8761

February 15, 2000

Dear Customer:

On October 6, 1999 Osage Water Company (Company) submitted a request for a permanent increase in its current water and sewer rates under the Missouri Public Service Commission's (Commission) small company rate increase procedure. By its request, the Company is seeking an increase in its annual operating water service revenues of \$104,578 (an approximate 99.6%) increase. The Company is also requesting an increase in its annual operating sewer service revenues of \$54,039 (an approximate 121.2% increase). The Company believes these increases in its operating revenues are necessary to allow it to meet current operating expenses and provide an adequate return on investments. The Company has not requested a general rate increase since it started business in 1987.

Set out below is a comparison of the Company's current average billing for each of its residential service areas, and the customer rates increased by the requested percentage increases. For metered water usage, a monthly bill comparison based on an assumed water usage of 6,000 gallons is also shown. This information is provided as an example only. No rate increase has been approved by the Commission yet.

	Current Rates	Requested 99.6% Increase
METERED WATER RATES		
<u>Monthly Charge</u> (includes 1,000 gal.)	\$7.75	
Usage Charge (per 1,000 gallons over 1,000 gal.)	2.07	
Total Monthly Water Bill (at 6,000 gallons total usage)	18.10	36.13
<u>Actual Average Water Bills for 1999</u>		
Cedar Glen Condominium	\$10.23	\$20.42
Shawnee Bend No. 5	11.27	22.49
Chelsea Rose/F-12	22.70	45.30
Parkview Bay	9.87	19.70

Un-metered Water Rates

Monthly Charge	16.03	32.00
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SEWER RATES

Monthly Charge (all customers)	\$23.90	52.87
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The Staff of the Public Service Commission (Commission Staff) is conducting an independent investigation of the books, records, and operations of the Company. Based upon that investigations, the Commission Staff will then make its recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the Commission Staff's investigation. The Public Counsel will then make its own recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

Any customer who has questions or comments regarding the Company's rate increase requests, or who has experienced recent service problems, should contact the Commission's Staff and the Public Counsel *within 30 days of the date of this notice*. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts during the course of their investigations.

Missouri Public Service Commission
Water and Sewer Department
P.O. Box 360
Jefferson City, MO 65102
Phone: 573-751-3437 or 800-392-4211
Fax: 573-751-1847

Office of the Public Counsel
Attn: Shannon Cook
P.O. Box 7800
Jefferson City, MO 65102
Phone: 573-751-1304
Fax: 573-751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel may requested that the Commission hold a local public hearing.

However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase requests, and the operation of its systems, to the Commission Staff and the Public Counsel.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is held, no increase in rates will take effect without the approval of the Public Service Commission.

OSAGE WATER COMPANY

Gregory D. Williams, President

OSAGE WATER COMPANY

P.O. BOX 777

CAMDENTON, MO 65020

CLEAN WATER FOR A GROWING COMMUNITY

Business Office
Highway 54 West
Osage Beach, MO 65065
573-346-0030

Corporate Office
P.O. Box 431
Sunrise Beach, MO 65079
573-374-8761

November 1, 2000

Dear Customer:

On October 12, 1999, Osage Water (Company) submitted a request for permanent increases in its current water and sewer rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking increases in its customer rates intended to generate an increase in the Company's annual operating revenues for water service of \$209,578 and for sewer service of \$98,625. The Company believes these increases in its operating revenues are necessary to meet current operating expenses.

As a result of the Company's request, the Staff of the Public Service Commission (Commission Staff) conducted an investigation of the Company's books and records and the Company's operations. Based upon the results of its investigation, the Commission Staff is recommending an increase in the Company's annual operating water revenues of \$59,832 (approximately 116.35 %), and an increase in the Company's annual operating sewer revenues of \$3,960 (approximately 8.7 %). The Company has agreed with the Commission Staff's recommended increase in its annual operating revenues.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of consumers before the Commission, has reviewed the results of the Commission Staff's investigation. However, the Public Counsel has not yet taken a final position regarding the Commission Staff's recommended increase in the Company's annual operating revenues. Public Counsel has indicated that it will be requesting that the Commission hold a local public hearing.

Set out below is a comparison of the Company's current metered residential customer water rates and residential sewer rates, and the Commission Staff's recommended customer rates. A monthly bill comparison, which is based upon an assumed usage of 6,000 gallons, is also shown.



Water Service:

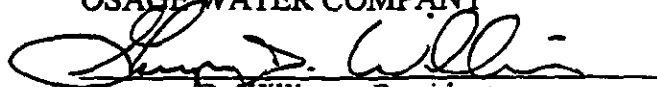
Type of Charge	Current	PSC Staff	Amount Increase	Percentage Increase
Monthly Minimum Charge (includes 1,000 gallons/Month) (includes 2,000 gallons/Month)	\$ 7.75	\$ 16.66		
Usage Over 1,000 gallons/Month (per 1,000 gallons)	\$ 2.07			
Usage Over 2,000 gallons/Month (per 1,000 gallons)		\$ 4.0199		
Total Monthly Bill (6,000 gallons usage)	\$ 18.10	\$ 32.74	\$ 14.64	80.88%

Sewer Service:

Type of Charge	Current	PSC Staff	Increase Amount	Percentage Increase
Customer Charge	\$ 23.90	\$ 26.03	\$ 2.13	8.91%

Any customer that has questions or comments about the Commission Staff's recommended rate increase should contact the Staff, and/or the Public Counsel, *within 20 days of the date of this notice*. To do so, please use the addresses, telephone numbers or fax numbers shown at the bottom of this notice. Depending upon the response to this notice, the Public Counsel may request that the Public Service Commission hold a local public hearing. *Regardless of whether a local public hearing is held, no increase in rates will take effect without the approval of the Public Service Commission.*

OSAGE WATER COMPANY


Gregory D. Williams, President

Missouri Public Service Commission
Water and Sewer Department
P.O. Box 360
Jefferson City, MO 65102
Phone: 573/751-3437 or 800/392-4211
Fax: 573/751-1847

Office of the Public Counsel
Attn: John Coffman
P.O. Box 7800
Jefferson City, MO 65102
Phone: 573/751-4857
Fax: 573/751-5562

Staff Revenue Requirement
Prepared by Amanda C. McMellen

	Regulated Water		Regulated Sewer	
	Monthly	Annually	Monthly	Annually
	\$	\$	\$	\$
Truck	-	-	-	-
Truck Insurance	-	-	-	-
Gas	49.46	593.53	28.86	346.30
Equipment - 25%	-	-	-	-
Hancock	1,000.00	12,000.00	-	-
William P Mitchell	-	-	-	-
Greg D. Williams	-	-	-	-
Chelsea Loan	-	-	-	-
Park View Bay	-	-	-	-
Electric	1,022.92	12,275.00	206.08	2,473.00
Advertising	-	-	-	-
Property Insurance	-	-	-	-
O & M Employees	536.97	6,443.68	268.49	3,221.84
Supervisor 50%	857.10	10,285.20	428.55	5,142.60
Secretary	757.12	9,085.48	463.87	5,566.48
Phone/Pager	14.44	173.24	8.42	101.07
Rent/Lease/Utilities	-	-	-	-
Accounting	200.61	2,407.31	100.30	1,203.65
Legal	71.43	857.10	35.71	428.55
Engineering	34.28	411.41	17.14	205.70
Insurance (Workers Comp, Truck,)	241.56	2,898.72	140.94	1,691.22
Misc. Exp.- Member. Dues, Lic. Fee	12.90	154.85	6.45	77.42
PSC Fees	47.58	571.00	129.25	1,551.00
DNR Fees	100.83	1,210.00	24.17	290.00
Repair Parts	482.07	5,784.85	241.04	2,892.43
Testing	142.85	1,714.20	71.43	857.10
Property Tax	19.32	231.84	5.69	68.31
Supplies- Office	23.44	281.26	14.36	172.32
Supplies- Other	58.84	706.08	36.05	432.60
Sludge Removal	-	-	42.67	512.00
Postage	68.16	817.88	41.78	501.37
Depr. Exp.- Water	642.67	7,712.05	-	-
Depr. Exp.- Sewer	-	-	389.45	4,673.46
Return on Rate Base @ 12.54%	2,664.76	31,977.10	1,862.98	14,856.34
Return on Stock @ 11.25%	-	-	-	-
Total	\$ 9,049.32	\$ 108,591.78	\$ 4,563.69	\$ 47,264.76
		R \$ 155,856.54		
		NR 11,287.67		
		\$ 167,144.22		

Osage Water Company

Case No. SR-2000-556

Small Company Rate Filing - Sewer Service

S-1

File # 2000 00346

Rate Making Income Statement

	As Adjusted	
Revenue	\$ 45,162.95	
Expenses		
Gas	\$346	
Equipment 25% Hancock		
Electric	\$2,473	
O & M Employees	\$3,222	
Supervisor 50%	\$5,143	
Secretary	\$5,566	
Phone	\$101	
Rent/Lease/Utilities	\$0	
Accounting	\$1,204	
Legal	\$429	
Engineering	\$206	
Insurance/Worker's comp, truck	\$1,691	
Miscellaneous	\$77	
PSC Fees	\$1,551	
DNR Fees	\$290	
Repair Parts	\$2,892	
Testing	\$857	
Property Tax	\$68	
Office Supplies	\$172	
Supplies - Other	\$433	
Sludge Removal	\$512	
Postage	\$501	
Depreciation Expense	\$4,673	
Revenue Requirement, 12.54%)	\$14,856	
Total Cost of Service	\$47,263	
Add: Organizational Costs	\$1,860	
Total Cost of Service	\$49,123	
Less: Organizational Revenues	\$1,860	
Less: Other Revenues	\$709	
Cost to Recover in Rates	\$46,554	
Increase =	\$2,100	4.65%
+Organiz. Cost	\$1,860	4.12%
Total Increase	\$3,960	8.77%

Osage Water Company

Case No. SR-2000-556

Small Company Rate Filing - Sewer Service

S-1

File # 2000 00346

Sewer Rate Development

Sewer Rate

Total Sewer Cost of Service	\$46,554
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Divided by:

Customer Bills (155 customers X 12 months/yr)	1860
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Equals:

Proposed Sewer Charge	\$25.03
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Add: Organizational Rate	\$1.00
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Proposed Sewer Charge	\$26.03
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Residential Sewer Customer Impact

Monthly Charge

Proposed Rates	\$26.03
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Current Rates	\$23.90
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Difference	\$2.13
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Percentage Difference from Current Rates	8.91%
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October 6, 2000

Missouri Public Service Commission Staff

Page 2 of 4

W. R. Hubbs

Osage Water Company**Case No. SR-2000-556****Sewer Revenues, Customer Numbers & Billings****S-1****At Existing Rates****Test Year Annualized & Normalized**

	Staff Annualized Revenues	Current Rates	Staff Annualized Customer Numbers	Staff Annualized Billings
Cedar Glen	\$ 24,378	\$23.90	85	1020
Chelsea Rose	\$ 6,596	\$23.90	23	276
Cimmorron Bay	\$ 9,464	\$23.90	33	396
KK	\$ 4,015	\$23.90	14	168
Total Operating Revenues	\$ 44,454		155	1860

Other Misc. Rev.**Occurrences**

Construction Inspeicton Charge	\$100
Disconnect Reconnect w/ Backhoe	\$150 + Backhoe time
Disconnect Reconnect < 6 days	\$50
Disconnect Reconnect > 6 days	n/c
Returned Check Charge	\$15
Past due Notice	\$6.50
Turn Off-On Charge	\$30.00
Overdue Residential Bill	1.50%
Overdue Commercial Bills	1.50%

Total Other Misc. Revenues \$ 709**Total Sewer Revenues \$ 45,163****October 6, 2000****Missouri Public Service Commission Staff****Page 3 of 4
W. R. Hubbs**

Osage Water Company**Sewer Revenues, Customer Numbers & Billings****Case No. SR-2000-556****S-1****At Proposed Rates****Test Year Annualized & Normalized**

	Staff Annualized Revenues	Current Rates	Staff Annualized Customer Numbers	Staff Annualized Billings
Cedar Glen	\$ 26,550	\$26.03	85	1020
Chelsea Rose	\$ 7,184	\$26.03	23	276
Cimmorrion Bay	\$ 10,308	\$26.03	33	396
KK	\$ 4,373	\$26.03	14	168
Total Operating Revenues	\$ 48,414		155	1860

Other Misc. Rev.**Occurrences**

Construction Inspeiton Charge	\$100
Disconnect Reconnect w/ Backhoe	\$150 + Backhoe time
Disconnect Reconnect < 6 days	\$50
Disconnect Reconnect > 6 days	n/c
Returned Check Charge	\$15
Past due Notice	\$6.50
Turn Off-On Charge	\$30.00
Overdue Residential Bill	1.50%
Overdue Commercial Bills	1.50%

Total Other Misc.Revenues \$709**Total Sewer Revenues \$ 49,123****October 6, 2000****Missouri Public Service Commission Staff****Page 4 of 4****W. R. Hubbs**