

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

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

FILED

NOV 14 2000

RE: **Osage Water Company**
Small Company Rate Increase Request
Mo. PSC Tariff File No. 2000-~~00346~~ (Sewer)
Case No. SR-2000-556 **00346** *WPH*

**Missouri Public
Service Commission**

Dear Mr. Roberts:

I am enclosing for filing with the Commission an original and three copies of revised tariff sheets that include rate and language changes reflecting an agreement between the Osage Water Company (Company) and the Commission Staff (Staff) on the above subject. The Company initiated the subject rate increase requests on October 12, 1999, under the Commission's small company rate increase procedure, and the requests were assigned the above-referenced file numbers.

Additionally, consistent with the Commission's small company rate increase procedure, I am enclosing an Agreement Regarding Disposition of Small Company Rate Increase Request (Disposition Agreement) for water service. This Disposition Agreement reflects a "settlement" between the Company and the Staff regarding all matters related to the Company's rate increase requests. The Office of the Public Counsel (OPC) has yet to take a final position regarding the Company's rate increase requests. OPC is requesting that a second customer notice be mailed. The Company will file a second customer notice as soon as practicable.

The sewer service Disposition Agreement calls for, and the revised tariff sheets contain, customer rates intended to produce an increase of approximately \$3,960 (an approximate 8.77% increase) in the Company's annual operating revenues for its sewer operations.

The Disposition Agreement is between the Company and the Staff only, therefore the enclosed tariff sheets bear an effective date that is 45 days from the issue date (day filing is received

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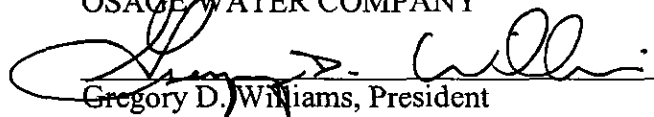
at the Commission).

The Company notes that there exists written agreement by which the Company agreed to extend the 150-day tariff filing period as contained in 4 CSR 240-2.200(1)(G). This extension agreement is contained in the Company's initial rate increase request. Staff has agreed to the extension in the Disposition Agreement filed with this document.

It is my understanding that the Staff will be providing additional information about the Company's rate increase request and the related Staff audit and investigation, for filing in the case papers following the creation of a formal docket.

Please contact me at your convenience if you need anything further.

OSAGE WATER COMPANY



Gregory D. Williams, President

enclosures

copies (w/enclosures):

Wendell R. Hubbs - PSC Staff

Office of the Public Counsel - John B. Coffman

**Agreement Regarding Disposition of
Small Company Rate Increase Request**

Osage Water Company

**Case No. SR-2000-556
Tariff File No. 2000 00346**

Osage Water Company (Company) initiated the small company rate increase request (Request) for sewer service that is the subject of the above-referenced Commission case and "file" through its submittal of a letter to the Secretary of the Commission. The Company submitted its Request under the provisions of Commission rule 4 CSR 240-2.200, Small Company Rate Increase Procedure (the informal rate case procedure).

The date the Company's Request was received at the Commission's offices was October 12, 1999. In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$98,625 in its total annual sewer service operating revenues. The Company provides sewer service to approximately 155 regulated sewer customers.

As a part of its Request, the Company expressly stated its agreement to an extension of the 150-day tariff sheet filing period, which normally applies to the informal rate case procedure. The Company's agreement for such an extension was mainly based upon discussions with the Commission Staff (Staff) regarding the Company's desire to have the Staff's audit based upon a test year of calendar year 1999.

Upon review and acceptance of the Company's Request, the Commission's Records Department assigned Tariff File No. 2000 00346 to the Request for purposes of identification and tracking. The Records Department then forwarded the Request to the Commission's Water & Sewer Department for processing under the informal rate case procedure.

Pursuant to the provisions of the informal rate case procedure, the Staff initiated an audit of the Company's books and records and an inspection of the Company's system and the operation thereof. Based upon the results of the Staff's audit and discussions between the Staff and the Company regarding those results, the Staff and the Company hereby state the following agreements.

(1) That an increase of \$3,960 (approximately 8.77%) in the Company's annual sewer operating revenues is reasonable at this time.

(2) That the revised tariff sheets filed contemporaneously with this Disposition Agreement include rates that are intended to generate the above-referenced increase in the Company's annual sewer operating revenues and also properly reflect all other agreements set out herein, where necessary.

(3) That the Company will maintain its books and records in a manner whereby all revenues, expenses and plant balances will be properly assigned to each of the Company's separate certificated service areas.

(4) That the Company will maintain its books and records in a manner whereby all revenues, expenses and plant balances related to services it provides to non-PSC regulated systems under contract management agreements will be kept separate and apart from its books and records for its PSC regulated systems.

(5) That the Company and the Staff do not agree on all aspects of the Company's plant-in-service balances and related depreciation reserve balances. However, for the purpose of completing this case, the Staff's position on this matter has been incorporated into the development of the agreed-upon increase in the Company's operating revenues.

(6) That the Company and the Staff do not agree on the amounts that should be included in the Company's Account 301, Organization and Account 302, Franchises and Consents, nor on the ratemaking treatment that should be accorded such amounts. However, for the purpose of completing this case, the Staff's positions on these matters have been incorporated into the development of the agreed-upon increase in the Company's operating revenues.

(7) That the monthly customer charges included in the revised tariff sheets referenced in paragraph (2) above include \$1.00 that the Company will credit toward recovery of the organization and franchise accounts referenced in paragraph (6) above until such time as the disagreements regarding those accounts are resolved in a future rate proceeding.

(8) That bills for services that the Company provides under contract management agreements in systems not regulated by the Commission will not be rendered under the name "Osage Water Company".

(9) That the Staff will file additional information about the details of its audit along with its recommendation to the Commission regarding approval of the revised tariff sheets referenced in item (2) above. Copies of all documents filed with the Commission shall be provided to the Company.

Only the Company and the Staff are entering into this Disposition Agreement, as the Office of the Public Counsel (OPC) is waiting to decide whether it will request a local public hearing until after it evaluates customer responses to a second customer notice, which the Company is sending to its customers at the OPC's request. In compliance with the informal rate case procedure, the Company's second notice will reflect the terms of this Disposition Agreement and will provide the Company's customers an opportunity to send comments to the OPC and the Staff within twenty (20) days of the date of that notice.


Other than the specific conditions agreed upon by the Staff and the Company, and expressly set out herein, the terms of this Disposition Agreement reflect compromises that have resulted from extensive negotiations 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.

Lastly, the Company and the Staff ask the Commission to note that no action need be taken on the Company's revised tariff sheets until after the Staff files its formal recommendation regarding Commission approval of those sheets. The Staff will make that filing after the second customer notice response period expires and after the Staff is made aware of the OPC's position regarding the Company's Request.

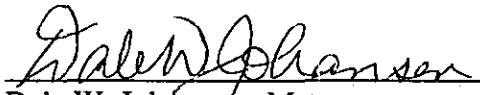
Small Company Rate Case "Disposition Agreement"
Case No. SR-2000-556; File No. 2000 0346
Osage Water Company – Page 5 of 5 Pages

This Disposition Agreement shall be considered effective as of the date that it and the requisite revised tariff sheets are filed with the Commission.

Agreement Signed and Dated:

 10/30/00

Gregory D. Williams, President
Osage Water Company

 11/01/00

Dale W. Johansen - Manager
Water and Sewer Department
Public Service Commission Staff

S. C. MO. No.

1

1st

Revised

Sheet No. 10

Cancelling

P. S. C. MO. No.

1

Original

Sheet No. 10

Osage Water Company

For:

Certificated Sewer Service Areas in Camden County

Name of Issuing Company

Community, Town or City

Rules Governing
Rendering of **Sewer Service**

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Schedule of Rates***Rate Schedule S-1****Availability:**

This rate is available to Sewer customers adjacent to the Company's collector sewers.

Monthly Bill

Unmetered Condominium	\$ 26.03 per month
For Service through a 5/8" water meter	\$ 26.03 per month
For Service through a 1" water meter	\$ 46.05 per month
For Service through a 1 1/2" water meter	\$ 98.62 per month
For Service through a 2" meter	\$ 116.14 per month
For Service through a 3" meter	\$ 178.71 per month
For Service through a 4" meter	\$ 325.70 per month

Taxes:

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

* indicates new rate or text

+ indicates change

Date of Issue

11/14/00

Date Effective

12/29/00

Issued By: Greg Williams, President

Highway 54 East, Osage Beach, MO

Name of Officer

Title

Address