

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
March 5, 1998**

CASE NOS: WA-97-110

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Enclosed you will find certified copy of ORDER in the above-numbered case(s).

Sincerely,



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

Uncertified Copy:

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 5th
day of March, 1998.

In the Matter of the Application of)
Osage Water Company for a Certificate of)
Convenience and Necessity Authorizing it)
to Construct, Install, Own, Operate,)
Control, Manage and Maintain a Water)
System for the Public Located in Unincor-)
porated Portions of Camden County,)
Missouri.)

Case No. WA-97-110

ORDER GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY

On September 17, 1996, Osage Water Company (Osage) filed an application with the Commission requesting an order from the Commission granting certificates of convenience and necessity for Osage to provide water and sewer service to an unincorporated area of Camden County, Missouri, known as "Cimmarron Bay," and sewer service to an area, also part of unincorporated Camden County, known as "Chelsea Rose." On May 22, 1997, Osage amended its application by the addition of various exhibits. Osage has filed plans, a feasibility study, a plat map, and metes and bounds description of both proposed service territories. Osage plans to provide water service to Cimmarron Bay under its currently existing tariffed rate. Otherwise, Osage has provided the Commission with information regarding its proposed capital structure and anticipated rates for service.

Osage is a public utility regulated by the Commission and currently holding a certificate for water service in the Chelsea Rose area. In addition, the Cimmarron Bay project is planned as an extension of water service from an already existing water service territory.

On December 12, 1997, the Staff of the Commission (Staff) filed its initial recommendation in this case. This recommendation was followed by a supplemental recommendation filed February 2, 1998. After extensive investigation of the financial ability of Osage to provide the requested service, the Staff has come to the conclusion that Osage has met the necessary criteria for issuance of a certificate. The Staff believes that Osage has shown (1) that there is a need for the requested service; (2) that Osage is technically qualified to provide the service; (3) that it has the near-term financial ability to provide the proposed service; (4) that the proposal is economically feasible; and (5) the proposed service will promote the public interest.

The Staff notes in its supplemental recommendation that its audit process has extended to the point where the Staff can make a recommendation regarding issuance of the requested certificates. The Staff adds that its ongoing financial audit of Osage is for the purpose of determining long-term financial viability in the context of a rate proceeding. The Staff makes the following recommendations:

That the Commission grant the Osage Water Company a certificate of convenience and necessity to provide sewer service to the public in the areas known as Chelsea Rose and Cimmarron Bay subdivisions in Camden County, Missouri. The Staff also recommends that the Commission authorize the company to provide water service to the public in the Cimmarron Bay subdivision. The Staff further recommends that the Commission's granting of the referenced certificate and authority become effective upon approval of the requisite tariff filings.

The Staff recommends that the Commission order the company to file a complete tariff pertaining to its provision of sewer service, including the proper descriptions of the two subject areas, with the contents of the tariff to be consistent with Exhibit B-2 to the May 22, 1997, Amendment to Application and subsequent agreed-upon changes. The Staff also recommends that the Commission order the company to file the necessary revisions to its existing water tariff pertaining to the

description of the service area for the Cimmarron Bay subdivision, with the revisions to be consistent with Exhibit B-1 to the May 22, 1997, Amendment to Application.

In addition, the Staff recommends the Commission require the following:

1. That Osage be required to maintain its books and records in accordance with the Commission-approved Uniform System of Accounts;
2. That the Commission order an 18-month review period for sewer rates;
3. That the Commission approve existing rates for water and sewer service to Cimmarron Bay; and
4. The Commission order Osage to adopt sewer depreciation rates as set out in Attachment A to this order.

The Commission has reviewed the application, attached documentation and the recommendations of the Staff and finds no detriment to the public from issuance of the requested certificates for sewer and water service. The Commission will approve the application and grant the requested certificates of convenience and necessity as augmented by the recommendations of the Staff.

IT IS THEREFORE ORDERED:

1. That a certificate of convenience and necessity is hereby granted to Osage Water Company to install, own, acquire, construct, operate, control, manage and maintain a water and sewer system for the public in an unincorporated area of Camden County known as "Cimmarron Bay" as specifically described in the application in this case.

2. That a certificate of convenience and necessity is hereby granted to Osage Water Company to install, own, acquire, construct, operate, control, manage and maintain a sewer system for the public in an

unincorporated area of Camden County known as "Chelsea Rose" as specifically described in the application in this case.

3. That Osage Water Company is ordered to comply with all Staff recommendations as follows: (1) that Osage is required to maintain its books and records in accordance with the Commission-approved Uniform System of Accounts; (2) that an 18-month review period for sewer rates is hereby approved; (3) that the existing rates for water and sewer service to Cimmarron Bay are just and reasonable and are hereby approved; and (4) that Osage is ordered to adopt sewer depreciation rates as set out in Attachment A to this order.

4. That Osage Water Company is hereby ordered to adopt the depreciation schedule, as set out in Attachment A to this order, for both of the above-stated sewer systems.

5. That the Commission makes no findings or determinations for ratemaking purposes in this order and, further, makes no determination of the ratemaking treatment to be afforded the services granted by the above certificates.

6. That Osage Water Company is ordered to file complete tariffs in accordance with this order and the Staff recommendations for both certificated areas prior to commencing either construction or operation.

7. That this order shall become effective on March 17, 1998.

BY THE COMMISSION

Dale Hardy Roberts

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

(S E A L)

Lumpe, Ch., Crumpton, Murray,
and Drainer, CC., concur.

Derque, Regulatory Law Judge

OSAGE WATER COMPANY DEPRECIATION RATES

(SEWER)

Case No. WA-97-110

<u>Acct. No.</u>	<u>Description of Account</u>	<u>Annual Rate</u>
311	Structures & Improvements	3.0%
352.1	Collection Sewers (Force)	2.0%
352.2	Collection Sewers (Gravity)	2.0%
353	Other Collection Plant	4.0%
354	Services to Customers	2.0%
355	Flow Measurement Devices	3.3%
362	Receiving Wells & Pump Pits	5.0%
363	Pumping Equipment	10.0%
373	Treatment & Disposal Facilities	4.5%
374	Plant Sewers	4.5%
375	Outfall Sewers	2.0%
376	Other Treatment & Disposal Plant	5.0%
391	Office Furniture & Equipment	5.0%
391.1	Office Computer Equipment	20.0%
392	Transportation Equipment (7 yr ,+ 9% salv)	13.0%
393	Other General Equipment	10.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%
398	Miscellaneous Equipment	5.0%

ALJ/Sec'y: Dergue/Boyer

2-27
Date Circulated

WA-97-110
CASE NO.

[Signature]
Lumpe, Chair

[Signature]
Crumpton, Commissioner

[Signature] Dale please review for accuracy
Murray, Commissioner

Commissioner

[Signature]
Drainer, Vice-Chair

3-5
Agenda Date

Action taken: 4-OAS

Must Vote Not Later Than _____

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

**I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 5th day of March, 1998.**

Dale Hardy Roberts

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**