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October 2, 2000

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

FILED³

OCT 04 2000

Missouri Public
Service Commission

Attn: Filing Desk

Re: Osage Water Company - SR-2000-556
WR-2000-557

Dear Judge Roberts:

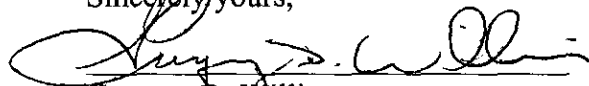
Please find enclosed for filing in the above referenced matters the original and 9 copies of the following:

1. Motion to Compel Completion of Staff Investigation and Report and for Approval of Interim Rate Increase in Case SR-2000-556.
2. Suggestions in Support of said Motion.
3. Motion to Compel Completion of Staff Investigation and Report and for Approval of Interim Rate Increase in Case WR-2000-557.
4. Suggestions in Support of said Motion

An additional copy of each pleading is enclosed to be stamped "filed" and returned to me in the enclosed envelop.

If you have any questions concerning this matter, please do not hesitate to contact me.

Sincerely yours,


Gregory D. Williams

FILED³

OCT 04 2000

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of Osage Water Company's)
Request for a Rate Increase for Sewer Service) Case No. SR-2000-556
Pursuant to the Public Service Commission's)
Small Company Rate Increase Procedure.)

OSAGE WATER COMPANY'S SUGGESTIONS IN SUPPORT OF MOTION TO
COMPEL COMPLETION OF STAFF INVESTIGATION AND REPORT AND FOR
APPROVAL OF INTERIM RATE INCREASE

COMES NOW Osage Water Company ("OWC") and for its suggestions in support of
Motion for an Order directing and compelling the Staff of the Missouri Public Service
Commission to complete its investigation and report herein and for approval of Interim Rate
Increase states:

APPLICABLE LAW

It is well settled law in Missouri that "every utility does have an undoubted constitutional right to such a fair and reasonable return [on its property invested], and this is a continuing right which does not cease after beginning rates are initially determined." State ex rel. Laclede Gas Co. v. Public Service Commission, 525 S.W.2d 561, 569 (Mo. App. 1976). This constitutional right is subject to the doctrine of "regulatory lag," which recognizes that "[b]ecause of the necessity to make these investigations, hold hearings, and permit arguments with respect thereto, the proceedings before regulatory bodies for rate increases inevitably entail considerable time and have led to delay in increases which is generally referred to as 'regulatory lag.' While this delay is regrettable, the courts have recognized that some lag is unavoidable and have generally held that no deprivation of constitutional rights occur because of suspension of the proposed increase pending a hearing thereon, *provided the delay for purposes of such hearing is not*

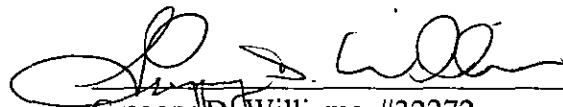
unreasonably long.” *Id.* at 570 (emphasis added). It simply follows that an unreasonable delay in this informal rate proceeding does constitute a deprivation of OWC’s constitutional right to a fair and reasonable return on its investment.

The question then presented is what constitutes a “reasonable delay,” and, by corollary, an unreasonable delay. In this case, this Commission has held that “only in extraordinary circumstances (such as non-cooperation by the requesting utility) should the informal procedure take longer than the formal rate case procedure” of 150 days. (Order of September 5, 2000, page 2.) Although provided with an opportunity at the pre-hearing conference on September 14, 2000 to provide the Commission with some evidence that OWC has failed to cooperate in the informal rate procedure, the Commission’s Staff was unable to provide such evidence, because no lack of cooperation has occurred, and rather conceded that it has, and has had for quite some time, all of the information Staff needs to complete the informal rate case. Section 393.150 provides for a 30 day period in which the Commission may suspend a rate increase tariff, and a 120 period in which to investigate and review the same, and if necessary, an additional 6 month suspension period within which to conclude any necessary hearing. Adding all of these periods together, the maximum time for which a rate increase tariff may be suspended is somewhat less than 11 months. Clearly, exceeding the maximum time permitted for a formal rate case in an informal rate proceeding constitutes an “unreasonably long” delay in the absence of cause for such delay by OWC, which Staff has acknowledges has not occurred.

Staff’s failure to adhere to the time schedule to which it agreed at the pre-hearing conference makes it unreasonable to expect that Staff will complete its duties in this informal rate proceeding in the absence of a direct order from this Commission.

For the foregoing reasons, it is not only appropriate, but constitutionally mandated, that the Commission Order its Staff to complete its investigation and report in this case, and established a date certain upon which this is to be accomplished. Further, to avoid further deprivation of OWC's constitutional right to a fair and reasonable return on its investment, this Commission must immediately approve an interim rate increase to avoid further damage to the financial integrity of OWC.

WHEREFORE, Osage Water Company prays for an Order of the Commission directing and compelling the Staff of the Missouri Public Service Commission to complete its investigation and audit, and file its report and recommendation herein on a date certain, and for approval of an interim rate increase herein.



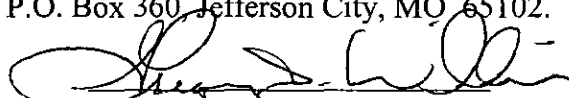
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Attorney for Osage Water Company

CERTIFICATE OF SERVICE

I, Gregory D. Williams, do hereby certify that a true copy of the foregoing was on this 3rd day of October, 2000, mailed, postage prepaid, to the following:

Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102; General Counsel,
Missouri Public Service Commission, P.O. Box 360, Jefferson City, MO 65102.



Gregory D. Williams