

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 6th day of
May, 2009.

In the Matter of Osage Water Company, Inc.'s)
Request for a Rate Increase) **Case No. SR-2009-0152**

**ORDER REGARDING PUBLIC COUNSEL'S REQUEST FOR LOCAL
PUBLIC HEARING**

Issue Date: May 6, 2009

Effective Date: May 6, 2009

On October 23, 2008, Osage Water Company filed a rate increase letter under the Commission's small utility rate case procedure.¹ In that letter, Gary Cover, the court-appointed receiver for Osage Water, requests a 100 percent increase for all rates currently charged by Osage Water for water and wastewater services.

As provided in the Commission's small utility rate case procedure, Staff has undertaken an audit of Osage Water and is evaluating the requested rate increase. The Commission's regulation requires Staff to file "a disposition agreement between at least Staff and the utility providing for a full or partial resolution of the utility's revenue increase request."² Staff is required to file that disposition agreement no later than May 21, 2009.

¹ 4 CSR 240-3.050.

² 4 CSR 240-3.050(11).

On March 19, 2009, Public Counsel filed a Request for Local Public Hearing, asking the Commission to schedule a local public hearing before Staff files the disposition agreement. Public Counsel contends an early public hearing would allow the Commission and its Staff to gather information that “may be crucial in setting fair and reasonable rates.” No party filed a response to Public Counsel’s motion within the time allowed by the Commission’s regulations.³ However, the Commission did not take any immediate action on Public Counsel’s request, so, on April 27, Public Counsel filed a request asking the Commission to rule on its earlier request for the setting of a local public hearing.

The Commission’s regulation that establishes the small company rate increase procedure allows Public Counsel to ask the Commission to hold a local public hearing, but it contemplates such a hearing after a disposition agreement has been filed.⁴ At this point in the process, Osage Water’s customers have been notified only that the company has requested a 100 percent rate increase. Not surprisingly, the Commission has received many written comments from those customers expressing displeasure with the proposed increase. However, the disposition agreement between Staff and the company, when it is filed, may bear little resemblance to the 100 percent rate increase initially requested by the company. As a result, Public Counsel’s request that the Commission hold a local public hearing before the filing of a disposition agreement is premature.

Scheduling a local public hearing to take place before the filing of a disposition agreement would be an inefficient use of the Commission’s resources and, more importantly, would create confusion among Osage Water’s customers. A premature local public hearing could not address the actual rate increase facing the customers since the

³ 4 CSR 240-2.080(15).

⁴ 4 CSR 240-3.050(15) and (17).

disposition agreement has not yet been filed. Since that disposition agreement is likely to be different than the company's originally requested rate increase, scheduling a premature hearing would put the Commission in the position of having to schedule a second local public hearing after the disposition agreement is filed. Two local public hearings within a few weeks of each other, discussing what could be radically different rate proposals, would undoubtedly confuse and try the patience of concerned customers. Therefore, the Commission will not hold a local public hearing before the disposition agreement is filed.

Nevertheless, Public Counsel has shown the need for a local public hearing to consider the circumstances of Osage Water's request for a rate increase. Osage Water has a long history of poor customer service and is currently being operated by a court appointed receiver. A local public hearing will give customers a much needed opportunity to learn more about the circumstances facing Osage Water and to express their concerns to the Commission. Thus, a local public hearing is appropriate and necessary, no matter what rate increase is proposed in the disposition agreement when it is filed.

Therefore, the Commission will schedule a local public hearing at a date following the filing of the disposition agreement. The date and location of the local public hearing will be established in a separate order to follow.

THE COMMISSION ORDERS THAT:

1. Office of the Public Counsel's Request for Local Public Hearing is granted, but the local public hearing shall be scheduled to take place after May 21, 2009, when the disposition agreement is scheduled to be filed.

2. This order shall be effective immediately upon issuance.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Clayton, Chm., Murray, Davis, Jarrett,
and Gunn, CC., concur.

Woodruff, Deputy Chief Regulatory Law Judge,