

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

Summit Investment, LLC,	)	<b><u>Case No. SC-2014-0214</u></b>
	)	
Complainant,	)	
	)	
v.	)	
	)	
Osage Water Company,	)	<b><u>Case No. WC-2014-0215</u></b>
	)	
Respondent	)	

**STAFF'S STATUS REPORT**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its **Status Report**, states as follows:

1. Summit Investments, LLC ("Summit"), the developer of a subdivision known as Eagle Woods in Camden County, filed a formal complaint against Osage Water Company ("OWC" or "Osage") on January 30, 2014, contending that Osage had violated the duty to serve implicit in its *Certificate of Convenience and Necessity* by refusing to extend sewer service to certain undeveloped lots in the Eagle Woods subdivision.

2. On July 23, 2014, the Commission convened a hearing on the complaint. An agreed statement of facts was received by the Commission as well as a number of exhibits. The Commission then heard oral arguments from the attorneys of the parties.

3. On October 22, 2015, the Commission issued its *Report and Order*, wherein it determined:

While Osage could have sought direction on its authority from the court [i.e., that had appointed the receiver] when this conflict first arose, Osage's past reliance on the court's Order Appointing Receiver may have been reasonable. However, the Commission now will direct Osage to seek clarification from the court as to the extent of its ability to act without first seeking specific authorization for each action. The court has the power to direct Osage to take what steps are necessary to serve the area Osage is obligated to serve in a manner that protects the assets of the utility and serves the best interests of its customers. The utility's tariff will determine the responsibilities of Osage and Summit as they relate to additional facilities being required to serve the undeveloped Eagle Woods lots. Any costs incurred by Osage to expand the utility's system or to serve new customers can be addressed in a rate case before this Commission. What other actions are necessary related to providing service to Summit or related to DNR's authority over Osage are properly left to the receiver and the court to resolve as the custodians of the utility.

Therefore, the Commission does find Osage to be in violation of its tariffs, but as a result of the Order Appointing Receiver in 2005, the company may currently be limited in its options. The Commission recognizes that an expansion of the system to provide additional service will be a financial burden to Osage, yet no evidence was presented as to the level of those additional costs, and such evidence would not relieve Osage from its obligations under its tariffs. Camden County Circuit Court has the authority to order Osage's receiver to incur those costs in order to provide safe and adequate service to those additional Eagle Woods lots. The Commission will direct its Staff to work with Osage to determine what steps are necessary to provide services to the undeveloped Eagle Woods lots and bring Osage into compliance with its tariffs and CCN.

4. Staff has no knowledge as to what, if any, guidance the receiver may have obtained from the Circuit Court of Camden County.

5. The October 22, 2015, *Report and Order* directed Staff to work with Osage to determine what steps are necessary to expand services to the undeveloped lots in Eagle Woods, and to file a status report on its efforts by February 1, 2016. Staff has made preliminary observations of the plant facilities with OWC's contract operator and on another occasion with OWC's consulting engineer, hired for the purpose of working with Staff on this matter, with the primary goal of identifying options available to

OWC to accommodate adding additional customers. The observations include water and sewage flow measurements, laboratory testing for organic sewage load, and water pressure testing under various conditions, to evaluate the facilities as they exist, along with what might be needed as both short term and long term expansion or plant replacement. This also includes discussions with the City of Osage Beach's public works engineer about options for either retail or wholesale service being provided by the City to Osage's service area.

6. The study and evaluation are ongoing.
7. Staff will provide another status report on May 2, 2016.

**WHEREFORE**, Staff prays that the Commission accept this *Status Report*.

Respectfully submitted,

**/s/ Kevin A. Thompson**

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Missouri Public Service Commission

### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing has been served, by hand delivery, electronic mail, or First Class United States Mail, postage prepaid, to all parties of record on the Service List maintained for this case by the Data Center of the Missouri Public Service Commission, on this 1<sup>st</sup> day of February, 2016.

**/s/ Kevin A. Thompson**