



Commissioners  
KELVIN L. SIMMONS  
Chair  
CONNIE MURRAY  
SHEILA LUMPE  
STEVE GAW  
BRYAN FORBIS

## Missouri Public Service Commission

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<http://www.psc.state.mo.us>  
February 5, 2002

ROBERT J. QUINN, JR.  
Executive Director  
WESS A. HENDERSON  
Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. PRENGER  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

**FILED**<sup>4</sup>

FEB 05 2002

Missouri Public  
Service Commission

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

**RE: Case No. WE-2002-240 – In The Matter of the Annual Report of Osage Water Company for the Calendar Year Ending December 31, 1999**

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Victoria L. Kizito  
Associate General Counsel  
(573) 751-6726  
(573) 751-9285 (Fax)  
[vkizito@mail.state.mo.us](mailto:vkizito@mail.state.mo.us)

Enclosure  
cc: Counsel of Record

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

**FILED<sup>4</sup>**  
FEB 05 2002

In re the Annual Report of Osage Water )  
Company for the Calendar Year Ending )  
December 31, 1999. )

Missouri Public  
Service Commission  
Case No. WE-2002-240

**STAFF'S RECOMMENDATION**

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and  
for its Recommendation states:

1. Effective January 15, 2002, the Missouri Public Service Commission  
("Commission") issued its Second Order Granting Extension of Time, requiring the Staff  
to file its Recommendation in this case by February 5, 2002.

2. On November 28, 2001, Osage Water Company ("OWC") filed its Motion  
For Leave To File Delinquent Annual Report for the calendar year ending December 31,  
1999.

3. The Staff's Accounting Department of the Utility Services Division  
performed a review of the Company's 1999 Annual Report in comparison to the  
Company's 1998 Annual Report and to work papers maintained by the Staff from  
previous cases.

4. The Staff found that the discrepancies in the 1999 Annual Report fall into  
four categories:

1. In the 1998 Annual Report there is a December 31 (end of year) amount, that should match  
the January 1 (beginning of year) amount in the 1999 Annual Report and no explanation is given.
2. Information provided in previous years, such as the number of pumps, wells, and meters,  
necessary to conduct business, is not included.

3. Amounts in the 1999 Annual Report are significantly different (higher or lower) when compared to previous years with no explanation given.

4. Required explanations (as stated in every Annual Report) are not completed.

5. On or about January 11, 2002, the Staff electronically mailed a letter (attached hereto as "Exhibit A") to OWC, explaining that Staff had found certain discrepancies and missing information.

6. In Staff's telephone conversation with Greg Williams, counsel for OWC, he stated that OWC would not be able to respond with any new information.

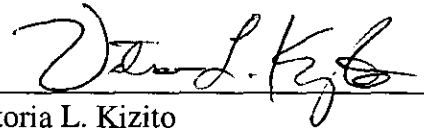
7. The Staff believes that it is beneficial for the information supplied in the 1999 Annual Report, as attached to OWC's Motion For Leave To File Delinquent Annual Report, to be on file with the Commission. The Staff recommends, therefore, that the Commission accept OWC's 1999 Annual Report. The Staff recommends further that the Staff's letter of January 11, 2001, attached hereto as "Exhibit A" be attached to the Annual Report so that the public is on notice of the discrepancies and deficiencies of the Report. The Staff also recommends that Osage Water Company be ordered to provide the missing information and a written explanation of the discrepancies, listed in "Exhibit A," or provide a written explanation of why the information is not available or why the discrepancies cannot be corrected.

WHEREFORE, the Staff recommends the Commission to accept Osage Water Company's 1999 Delinquent Annual Report, enclosed with its Motion For Leave To File Delinquent Annual Report. The Staff recommends further that the Commission order the Data Center of the Public Service Commission to attach a copy of the Staff's letter of

January 11, 2002, addressed to Greg Williams, and attached hereto as Exhibit "A," to the 1999 Annual Report. Finally, the Staff recommends that the Commission order Osage Water Company to provide the missing information and a written explanation of the discrepancies, listed in "Exhibit A," or provide a written explanation of why the information is not available or why the discrepancies cannot be corrected.

Respectfully submitted,

DANA K. JOYCE  
General Counsel

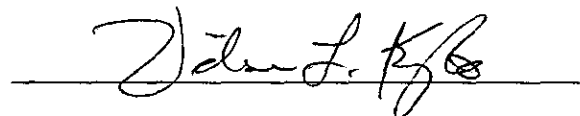


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Missouri Bar No. 46244

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 5th day of February 2002.



**Service List for**

**WE-2002-240**

**Verified: February 5, 2002 (rr)**

**Office of the Public Counsel**

P.O. Box 7800

Jefferson City, MO 65102

**Gregory D. Williams**

**Osage Water Company**

P.O. Box 431

Highway 5 at Lake Road 5-33

Sunrise Beach, MO 65079



**Commissioners**

**KELVIN L. SIMMONS**  
Chair

**CONNIE MURRAY**

**SHEILA LUMPE**

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**DALE HARDY ROBERTS**  
Secretary/Chief Regulatory Law Judge

**DANA K. JOYCE**  
General Counsel

January 11, 2002

Mr. Greg Williams  
Osage Water Company  
Highway 5 at Lake Road 5-32  
P.O. Box 431  
Sunrise Beach, MO 65079

Dear Mr. Williams:

On November 26<sup>th</sup>, 2001, Osage Water Company (Osage or Company) filed a motion for leave to file delinquent annual report for the calendar year 1999. Since Osage has filed this petition, the Accounting Staff has performed a review of the Company's 1999 annual report in comparison to the Company's 1998 annual report and work papers maintained by the Staff from previous cases.

Based upon the Accounting Department's review of Osages' 1999 annual report, discrepancies were found within the report. Please be advised that the Staff will be filing a motion for an extension of time to work with the Company to provide corrected pages or explanations as to the discrepancies, listed below. If you have any questions, please contact me at (573) 526-3482.

**Annual Report Discrepancies:**

1. Page 4: No Other Assets were listed. Accounts Receivable and Non Utility Property is usually shown here with a brief explanation attached. This information has been previously reported in prior annual reports.
2. Page 5: Capital Stock has increased from \$158,200 in 1998 to \$283,200 in 1999 with no increase in shares issued, which are listed on page 2 of the report.
3. Page W-1:
  - A.) Outside Services Employed does not match what is reported on page 8 of the report.

- B.) Amortization Expense in the past has been the same as amortization for CIAC but in 1999 the amounts are different. If you have made a change in the way this is calculated, please provide.
- C.) Other Expenses are not explained.
- 4. Page W-5: Water Utility Plant Balance First of Year does not match the 1998 Balance End of Year.
- 5. Page W-6:
  - A.) Depreciation Reserve-Water Utility Property Balance First of Year does not match the 1998 Balance End of Year.
  - B.) Annual Depreciation Expense is lower than previous years. It would seem to reason that if plant increased and there were few retirements that depreciation expense would also increase.
- 6. Page W-7: Information is not completed.
- 7. Page W-8: Information is not completed.
- 8. Page W-9: Information is not completed.
- 9. Page S-1:
  - A.) Rent Expense is not explained.
  - B.) Outside Services Employed does not match what is reported on page 8 of this report.
  - C.) Regulatory Commission Expense is not listed.
- 10. Page S-4: Sewer Utility Plant Balance First of Year does not match the 1998 Balance End of Year.
- 11. Page S-5:
  - A.) Depreciation Reserve-Sewer Utility Property Balance First of Year does not match the 1998 Balance End of Year.
  - B.) Annual Depreciation Expense is lower than previous years. It would seem to reason that if plant increased and there were few retirements that depreciation expense would also increase
- 12. Page S-6: Collecting Sewers information is not completed.

Sincerely,

Amanda C. McMellen  
Regulatory Auditor II  
Accounting Department