

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

In the Matter of Osage Water Company)
Small Company Rate Increase.)

Case No. SR-2009-0152

**NOTICE OF COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Notice of Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* (Agreement Notice) states the following to the Missouri Public Service Commission (Commission):

1. On October 23, 2008, the Commission received a Rate Increase Request Letter (Request Letter) from Osage Water Company (Osage or Company).
2. In its Request Letter, Osage requests the Commission allow an increase of 100% in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050.
3. Upon completion of its investigation of Osage's request, Staff provided the Company and the Office of the Public Counsel (OPC) with various information, as well as Staff's initial recommendations for the resolution of the revenue increase request.
4. Pursuant to negotiations conducted after the receipt by Osage and OPC of the above-referenced information and recommendations, Staff and the Company were able to reach an agreement (Disposition Agreement) regarding the resolution of Osage's request.
5. Included in Appendix A, attached hereto, is a copy of the above-referenced Disposition Agreement, as well as various attachments related to the Disposition Agreement and Staff's investigation of the revenue increase request. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation.

6. The Disposition Agreement reflects an agreed-upon annualized operating revenue increase in the amount of \$24,071.

7. Pursuant to Rule 3.050, Osage will file tariff sheets on May 26, 2009, seeking to implement the terms of the Disposition Agreement and as required will bear the minimum 45-day effective date of July 10, 2009.

8. Osage has filed its 2006, 2007, and 2008 annual report filings, and statements of revenue. The Company is delinquent on Commission Assessment Fees (Assessment) for fiscal years 2003, 2004, 2005, 2006 and 2007. Staff notes the Receiver paid the Assessment for 2008 and has been making payments for fiscal year 2009. Osage has one other case, WR-2009-0149, pending before the Commission regarding its rate increase request for its water system.

WHEREFORE, the Staff respectfully submits this Agreement Notice and the attached Appendix for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,
/s/ Shelley Syler Brueggemann
Shelley Syler Brueggemann
Missouri Bar No. 52173

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 526-7393 (Telephone)
(573) 751-9285 (Fax)
shelley.brueggemann@psc.mo.gov (e-mail)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 21st day of May 2009.

/s/ Shelley Syler Brueggemann

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. SR-2009-0152

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Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Dana Eaves – Auditing Department

David Williams – Engineering & Management Services Department

Gary Bangert – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES M. RUSSO

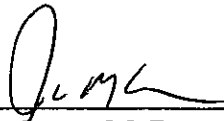
STATE OF MISSOURI)

) SS

CASE NO. SR-2009-0152

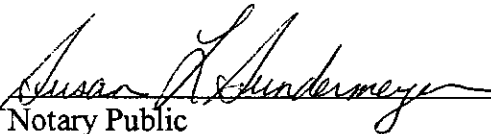
COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he was responsible for the preparation of the following *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request ("Disposition Agreement")*; (4) that he was responsible for the preparation of Attachments A, B, D, E and H to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachments thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachments thereto are true and correct to the best of his knowledge, information and belief.



James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 19th day of May, 2009.


Notary Public

SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DANA E. EAVES

STATE OF MISSOURI

ss.

COUNTY OF COLE

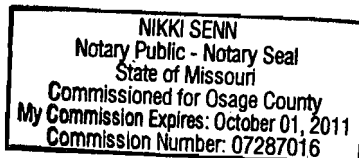
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) Case No. SR-2009-0152
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COMES NOW Dana E. Eaves, being of lawful age, and on his oath states the following: (1) that he is an Utility Regulatory Auditor III in the Missouri Public Service Commission's Auditing Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the following *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Dana E. Eaves
Utility Regulatory Auditor III
Auditing Department

Subscribed and sworn to before me this 18th day of May, 2009.


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DAVID WILLIAMS

STATE OF MISSOURI

ss.

COUNTY OF COLE

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) Case No. SR-2009-0152
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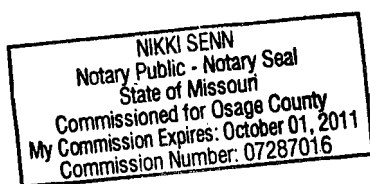
COMES NOW David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineer Specialist II in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment F to the Disposition Agreement; and (6) that the matters set forth in Attachment F to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.

David Williams

David Williams

Utility Engineer Specialist II
Engineering & Management
Services Department

Subscribed and sworn to before me this 19th day of May, 2009.



Nikki Senn
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF GARY R. BANGERT

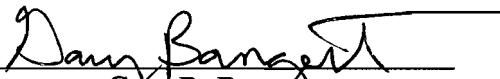
STATE OF MISSOURI

ss.

COUNTY OF COLE

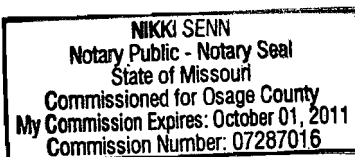
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) Case No. SR-2009-0152
)
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COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment G to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment G to the Disposition Agreement; and (6) that the matters set forth in Attachment G to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



Gary R. Bangert
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 18th day of May, 2009.





Notary Public

Company/Staff Disposition Agreement

**COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL SEWER COMPANY REVENUE INCREASE REQUEST**

OSAGE WATER COMPANY

MO PSC CASE NO SR-2009-0152

BACKGROUND

Osage Water Company ("Company") initiated the small company revenue increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received by the Commission on October 23, 2008, the Company set forth its request for an increase of 100% in its total annual sewer service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 375 residential customers.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities are collectively referred to as Staff's "investigation" of the Company's Request.)

Upon completion of its investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with various information regarding the results of the investigation, as well as Staff's initial recommendations for the resolution of the Company's Request.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to the Company's and OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file proposed tariff revisions with the Commission containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A, with those proposed tariff revisions bearing an effective date of July 10, 2009.
- (2) That except as otherwise noted in the agreements below, the ratemaking income statement attached hereto as Attachment B accurately reflects the Company's annualized revenues generated by its current customer rates, the agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue increase of \$24,071 needed to recover the Company's cost of service.
- (3) That the audit workpapers attached hereto as Attachment C, which include consideration of a capital structure of 51.00% equity for the Company and a return on that equity of 10.47%, accurately reflect the agreed-upon total annualized cost of service for the Company and provide the basis for the ratemaking income statement referenced in item (2) above.
- (4) That the rates set out in the attached example tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment D, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (5) That the rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment E.
- (6) That the rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (7) That the schedule of depreciation rates attached hereto as Attachment F, which includes the depreciation rates used by Staff in its revenue requirement analysis, should be the prescribed schedule of sewer plant depreciation rates for the Company.
- (8) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts ("USOA").
- (9) The Company will identify and provide a list of any deficiencies of the Company's facilities. This list will be provided to the Manager of the Water and

Sewer Department within twelve (12) months of the effective date of an order approving this Company/Staff Disposition Agreement.

(10) Within thirty (30) days of the effective date of an order approving this Company/Staff Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following

- a. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers.
- b. Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company’s customer application shall include the date and the customer’s signature indicating that the customer agrees to abide by the Company’s rates, rules and regulations, and applicable state statutes.
- c. Implement the procedure to mail disconnect notices to delinquent paying customers. The procedure should adhere to the Company’s tariffs and Commission Rules 4 CSR 240-13(4) and (5).

(11) Within six (6) months of the effective date of an order approving this Disposition Agreement, the Company will implement the recommendations contained in the Engineering & Management Services Department (“EMSD”) Report. These recommendations include the following:

- a. Implement the procedure to charge all delinquent paying accounts the past due notice charge; the procedure must adhere to the Company’s tariff.
- b. Evaluate the methods and procedure to collect on the Company’s delinquent large balance due accounts. Upon determining the achievable methods and procedures to collect, implement the procedure for collection of these delinquent accounts.

(12) The Company will mail its customers a written notice of the rates and charges included in its proposed tariff revisions within fifteen (15) days or during its next billing cycle after the issuance of the Commission Order approving the terms of this Company/Staff Disposition Agreement. The notice will include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it will also send a copy to Staff Case Coordinator who will file a copy in the subject case file.

(13) That Staff will conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Company/Staff Disposition Agreement.

(14) That Staff may file a formal complaint against the Company, if the Company does not comply with the provisions of this Company/Staff Disposition Agreement.

(15) That the Company agrees that it has read the foregoing Company/Staff Agreement Regarding Disposition of Small Sewer Company Revenue Increase Request; that upon the Company's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company and Staff; and that the Company freely and voluntarily enters into this agreement.

(16) That the above agreements satisfactorily resolve all issues identified by the Staff and the Company regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Company/Staff Disposition Agreement reflect compromises between Staff and the Company. In arriving at the amount of the annual operating revenue increase specified herein neither party has agreed to any particular ratemaking principle.

The Company has filed the annual report for the 2006, 2007 and 2008 calendar years. The Company is delinquent on the Missouri Public Service Commission Assessment Fees ("Assessment") for fiscal years 2003, 2004, 2005, 2006 and 2007. The Receiver paid the Assessment for fiscal year 2008 and has been making payments for fiscal year 2009.

The Company and Staff acknowledge that they have previously agreed to an extension of the normal "Day-150" date by which an agreement regarding the resolution of a small company revenue increase request is to be reached because the initial customer notice did not meet the requirements of 4 CSR 240-3.050 (7). A copy of the extension agreement can be found in the EFIS docket for this case.


Staff has completed a Summary of Case Events and has included that summary as Attachment H to this Company/Staff Disposition Agreement.

The Company acknowledges that Staff will be filing this Company/Staff Disposition Agreement and the attachments hereto, in the existing case after the Company files the proposed tariff revisions mandated by this agreement. The Company also acknowledges that Staff may make other filings in this case.

EFFECTIVE DATE AND SIGNATURES


This Disposition Agreement shall be considered effective as of the date that the Company files the proposed tariff revisions required herein with the Commission.

Agreement Signed and Dated:



Gary V. Cover
Receiver
Osage Water Company

5-14-09
Date



James Busch
Manager
Water & Sewer Department
Missouri Public Service Commission Staff

5-20-09
Date

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Ratemaking Income Statement
- Attachment C – Audit Workpapers
- Attachment D – Rate Design Worksheet
- Attachment E – Billing Comparison Worksheet
- Attachment F – Schedule of Depreciation Rates
- Attachment G – EMSD Report
- Attachment H – Summary of Events

Agreement Attachment A

Example Tariff Sheets

	P.S.C. MO. No. 1	2nd ^t Revised	Sheet No. 10
Canceling	P.S.C. MO. No. 1	1 st Revised	Sheet No. 10

Osage Water Company for: Certificated Sewer Service Areas in Camden County
Name of Issuing Company Community, Town, or City

Rules Governing
Rendering of **Sewer Service**

Schedule of Rates

***Rate Schedule S-1**

Availability:

This rate is available to Sewer customers adjacent to the Company's collector sewer.

Monthly Bill

Unmetered Condominium	\$ 31.36 per month +
For Service Through a 5/8" water meter	\$ 31.36 per month +
For Service through a 1" water meter	\$ 55.49 per month +
For Service through a 1 1/2" water meter	\$118.83 per month +
For Service through a 2" meter	\$139.94 per month +
For Service through a 3" meter	\$215.34 per month +
For Service through a 4" meter	\$392.45 per month +

Taxes:

Any applicable Federal, State, or local taxes computed on a billing basis shall be added as a separate item in rendering each bill.

* Indicates new rate or text

+ Indicates change

Date of Issue May 26, 2009

Date Effective July 10, 2009

Issued by: Gary V. Cover, Receiver P.O. Box 506 Clinton MO 64735
Name of Officer Title Address

P.S.C.MO.No. 1	1st Revised	Sheet No. 11
Canceling	P.S.C. MO. No. 1	Original
		Sheet No. 11
<u>Osage Water Company</u>	For Sewer Service in All Service Areas	
Name of Issuing Corporation		

RULES GOVERNING RENDERING OF SEWER SERVICE

SCHEDULE OF SERVICE CHARGES

Construction inspection charge per connection where connection is made by Customer	\$100.00
New Service Connection by Company (include inspection & shutoff) Backhoe charges additional as necessary	\$ 150.00
	Backhoe time
Disconnect and reconnect charge – installation of shutoff by backhoe required.....	\$ 400.00
Disconnect and reconnect charge – water meter or sewer shutoff available, less than 6 days notice	\$ 50.00
Disconnect or reconnect at customer's request – water meter or sewer shutoff available, 6 days notice	N/C
Return check charge.....	\$ 25.00 +
Past Due Notice (Residential)	\$6.50/notice
Over Due Commercial Bills (more than 30 days)	\$1.5%/month

* Indicates new rate or text
+ Indicates change

Date of Issue <u>May 26, 2009</u>	Date Effective <u>July 10, 2009</u>
Issued by: <u>Gary V. Cover, Receiver</u>	<u>P.O. Box 506 Clinton MO 64735</u>
Name of Officer Title	Address

Agreement Attachment B

Ratemaking Income Statement

WATER & SEWER COMPANY

Rate Making Income Statement-Sewer

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 117,447
2	Other Operating Revenues *	\$ -
3	Total Operating Revenues	\$ 117,447
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Sewer Treatment Expense-Electricity	\$ 10,564
2 Sewer Treatment -Testing/Laboratory Fees	\$ 392
3 Maintenance Expense-Sludge Removal	\$ 4,523
4 Maintenance Expense-Outside Labor	\$ 19,704
5 Billing & Collections	\$ 60
6 Receivership Fees	\$ 28,684
7 Postage Expense	\$ 30
8 Accounting Fees	\$ 264
9 Legal Fees	\$ 920
10 Harbor Bay Judgement	\$ 1,764
11 Hancock Judgement	\$ 16,062
12 Jim Clary Judgement	\$ 1,915
13 Water Lab Judgement	\$ 13,247
14 MO DNR Fees	\$ 3,950
15 Regulatory Commission Expense	\$ 10,599
16 Miscellaneous General Expenses	\$ 12
17 Sub-Total Operating Expenses	\$ 112,690
18 Property Taxes	\$ 194
19 MO Franchise Taxes	\$ 483
20 Employer FICA Taxes	\$ -
21 Federal Unemployment Taxes	\$ -
22 State Unemployment Taxes	\$ -
23 State & Federal Income Taxes	\$ 2,641
24 Sub-Total Taxes	\$ 3,318
25 Depreciation Expense	\$ 8,858
26 Interest Expense	\$ 6,813
27 Amortization of CIAC	\$ (768)
28 Sub-Total Depreciation/Amortization	\$ 14,903
29 Return on Rate Base	\$ 10,607
30 Total Cost of Service	\$ 141,518
31 Overall Revenue Increase Needed	\$ 24,071

Agreement Attachment C

Audit Workpapers

Exhibit No.:

Issue: Accounting Schedules

Witness: Dana E. Eaves

Sponsoring Party: MO PSC Staff

Case No: SR-2009-0152

Date Prepared: 1/16/2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

OSAGE WATER COMPANY

CASE NO. SR-2009-0152

Jefferson City, Missouri

January 2009

Osage Water Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0152
Test Year Ending 06-30-2008
Rate Design Schedule - Sewer

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues		(1) \$117,447			
Rev-3	Miscellaneous Revenues		(1) \$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$117,447			
1	OPERATIONS EXPENSES		(2)			
2	Management Salary		\$0	\$0	\$0	0.00%
3	Operators Salary / Contractor Services		\$0	\$0	\$0	0.00%
4	Electricity - Pumping Treatment		\$10,564	\$0	\$10,564	0.00%
5	Chemicals		\$0	\$0	\$0	0.00%
6	Sludge Removal		\$4,523	\$0	\$4,523	0.00%
7	TOTAL OPERATIONS EXPENSE		\$15,087	\$0	\$15,087	
8	MAINTENANCE EXPENSES					
9	Outside Services Employed		\$19,704	\$0	\$19,704	0.00%
10	System Repairs and Maintenance		\$0	\$0	\$0	0.00%
11	Lab & Testing Fees		\$392	\$0	\$392	0.00%
12	Supplies Expense		\$0	\$0	\$0	0.00%
13	TOTAL MAINTENANCE EXPENSE		\$20,096	\$0	\$20,096	
14	CUSTOMER ACCOUNT EXPENSE					
15	Billing & Collections		\$60	\$0	\$60	0.00%
16	Office Supplies		\$0	\$0	\$0	0.00%
17	Postage Expense		\$30	\$0	\$30	0.00%
18	Uncollectible Accounts		\$0	\$0	\$0	0.00%
19	TOTAL CUSTOMER ACCOUNT EXPENSE		\$90	\$0	\$90	
20	ADMINISTRATIVE & GENERAL EXPENSES					
21	Administration & General Salaries		\$0	\$0	\$0	0.00%
22	Receivership Fees		\$28,684	\$0	\$28,684	0.00%
23	Accounting Fees		\$264	\$0	\$264	0.00%
24	Legal Fees		\$920	\$0	\$920	0.00%
25	Harbour Bay Judgment		\$1,764	\$0	\$1,764	0.00%
26	Cedar Glenn Judgment		\$0	\$0	\$0	0.00%
27	Hancock Judgment		\$16,062	\$0	\$16,062	0.00%
28	Jim Clary Judgment		\$1,915	\$0	\$1,915	0.00%
29	Water Lab Judgment		\$13,247	\$0	\$13,247	0.00%
30	Telephone & Pagers		\$0	\$0	\$0	0.00%
31	Office Utilities		\$0	\$0	\$0	0.00%
32	Vehicle Expense		\$0	\$0	\$0	0.00%
33	Vehicle Insurance		\$0	\$0	\$0	0.00%
34	Medical Insurance		\$0	\$0	\$0	0.00%
35	Property & Liability Insurance		\$0	\$0	\$0	0.00%
36	Rent		\$0	\$0	\$0	0.00%
37	Other Misc. Expenses		\$12	\$0	\$12	0.00%
38	TOTAL ADMINISTRATIVE AND GENERAL		\$62,868	\$0	\$62,868	
39	OTHER OPERATING EXPENSES					
40	MO DNR Fees		\$3,950	\$0	\$3,950	0.00%
41	PSC Assessment		\$10,599	\$0	\$10,599	0.00%
42	Corporate Registration		\$0	\$0	\$0	0.00%
43	CIAC Amortization Expense		-\$768	\$0	-\$768	0.00%
44	Depreciation		\$8,858	\$0	\$8,858	0.00%
45	TOTAL OTHER OPERATING EXPENSES		\$22,639	\$0	\$22,639	
46	TAXES OTHER THAN INCOME					
47	Real & Personal Property Taxes		\$194	\$0	\$194	0.00%
48	Sales Tax		\$483	\$0	\$483	0.00%
49	Payroll Taxes		\$0	\$0	\$0	0.00%
50	TOTAL TAXES OTHER THAN INCOME		\$677	\$0	\$677	

Osage Water Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0152
Test Year Ending 06-30-2008
Rate Design Schedule - Sewer

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
51	TOTAL OPERATING EXPENSES		\$121,457	\$0	\$121,457	
52	Interest Expense		(3) \$6,813	\$0	\$6,813	0.00%
53	Return on Equity		(3) \$10,607	\$0	\$10,607	0.00%
54	Income Taxes		(3) \$2,641	\$0	\$2,641	0.00%
55	TOTAL INTEREST RETURN & TAXES		\$20,061	\$0	\$20,061	
56	TOTAL COST OF SERVICE		\$141,518	\$0	\$141,518	
57	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
58	COST TO RECOVER IN RATES		\$141,518	\$0	\$141,518	
59	INCREMENTAL INCREASE IN RATE REVENUES		\$24,071			
60	PERCENTAGE OF INCREASE		20.50%			
61	REQUESTED INCREASE IN REVENUES		\$0			

(1) From Revenue Schedule

(2) From Expense Schedule

(3) From PreTax Rate of Return Schedule, Rate Base & Return Schedule

Osage Water Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0152
Test Year Ending 06-30-2008
Rate Base Required Return on Investment Schedule - Sewer

Line Number	A Rate Base Description	B Dollar Amount
1	Plant In Service	\$283,793 From Plant Schedule
2	Less Accumulated Depreciation Reserve	<u>\$64,764</u> From Depreciation Reserve Schedule
3	Net Plant In Service	\$219,029
4	Other Rate Base Items:	\$0
	Contribution of Aid of Construction	-\$30,000
	CIAC Depreciation	\$9,610
5	Total Rate Base	<u>\$198,639</u>
6	Total Weighted Rate of Return Including Income Tax	<u>10.10%</u> From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	<u><u>\$20,062</u></u>

Osage Water Company
 Informal Rate/Certificate Case
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 Test Year Ending 06-30-2008
 Rate of Return Including Income Tax - Sewer

	A		B	formulas
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1	State Income Tax Rate Statutory / Effective	6.25% (2)	5.81%	$(1 - (B2 \times .5)) \times A1$
2	Federal Income Tax Rate Statutory / Effective	15.00% (1) & (2)	14.13%	$(1 - B1) \times A2$
3	Composite Effective Income Tax Rate		19.94%	$B1 + B2$
4	Equity Tax Factor		1.2490	$1 / (1 - B3)$
5	Recommended Weighted Rate of Return on Equity - Common and Preferred		5.34%	From Capital Structure Schedule
6	Weighted Rate of Return on Equity Including Income Tax		6.67%	$B4 \times B5$
7	Recommended Weighted Rate of Return on Debt - Long-Term and Short-Term		3.43%	From Capital Structure Schedule
8	Total Weighted Rate of Return Including Income Tax		10.10%	$B6 + B7$

To Rate Base Schedule

(1) If Sub-Chapter S Corporation, Enter Y:

N

Equity Income Required \$12,479
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range				
Start	End	Tax Rate	Amount in Range	Tax on Range
\$0	\$50,000	15.00%	\$12,479	\$1,872
\$50,001	\$75,000	25.00%	\$0	\$0
\$75,001	\$100,000	34.00%	\$0	\$0
\$100,001	\$335,000	39.00%	\$0	\$0
\$335,001	\$9,999,999,999	34.00%	\$0	\$0
			\$12,479	\$1,872
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

Osage Water Company
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 Capital Structure Schedule - Sewer

Line Number	Description	Dollar Amount	Percentage of Total Capital Structure	Embedded Cost of Capital	Weighted Cost of Capital
1	Common Stock	\$51	51.00%	10.47%	5.340%
2	Other Security-Non Tax Deductible	\$0	0.00%	0.00%	0.000%
3	Preferred Stock	\$0	0.00%	0.00%	0.000%
4	Long Term Debt	\$49	49.00%	7.00%	3.430%
5	Short Term Debt	\$0	0.00%	0.00%	0.000%
6	Other Security-Tax Deductible	\$0	0.00%	0.00%	0.000%
7	TOTAL CAPITALIZATION	\$100	100.00%		8.770%

To PreTax Return Rate Schedule

Osage Water Company
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Plant In Service - Sewer

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$8,898			100.00%	\$8,898
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$8,898		\$0		\$8,898
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$62,924			100.00%	\$62,924
9		TOTAL SOURCE OF SUPPLY PLANT	\$62,924		\$0		\$62,924
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0		\$0
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$10,757	P-19	\$653	100.00%	\$11,410
20		TOTAL PUMPING PLANT	\$10,757		\$653		\$11,410
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$41,896	P-22	\$710	100.00%	\$42,606
23	373.000	Treatment and Disposal Equipment	\$22,057			100.00%	\$22,057
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$126,136			100.00%	\$126,136
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$190,089		\$710		\$190,799
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$713			100.00%	\$713
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$36			100.00%	\$36
33	396.000	Power Operated Equipment	\$5,173			100.00%	\$5,173
34	399.000	Other Tangible Plant	\$3,840			100.00%	\$3,840
35		TOTAL GENERAL PLANT	\$9,762		\$0		\$9,762
36		TOTAL PLANT IN SERVICE	\$282,430		\$1,363		\$283,793

To Rate Base & Depreciation Schedules

Osage Water Company
 Informal Rate/Certificate Case
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 Schedule of Adjustments for Plant in Service - Sewer

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-19	Pumping Equipment (Elec., Diesel, other)	363.000		\$653
	To reflect plant additions thru 10/31/2008		\$653	
P-22	Oxidation Lagoon	372.000		\$710
	To reflect plant additions thru 10/31/2008		\$710	
	Total Plant Adjustments			\$1,363

Osage Water Company
 Informal Rate/Certificate Case
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 Depreciation Expense - Sewer

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
1		INTANGIBLE PLANT			
2	301.000	Organization	\$8,898	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$8,898		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights	\$0	0.00%	\$0
8	311.000	Structures & Improvements	\$62,924	3.00%	\$1,888
9		TOTAL SOURCE OF SUPPLY PLANT	\$62,924		\$1,888
10		COLLECTION PLANT			
11	352.100	Collection Sewers - Force	\$0	0.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0	0.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0	2.00%	\$0
14	354.000	Services to Customers	\$0	0.00%	\$0
15	355.000	Flow Measuring Devices	\$0	0.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0
17		PUMPING PLANT			
18	362.000	Receiving Wells and Pump Pits	\$0	0.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$11,410	10.00%	\$1,141
20		TOTAL PUMPING PLANT	\$11,410		\$1,141
21		TREATMENT & DISPOSAL PLANT			
22	372.000	Oxidation Lagoon	\$42,606	4.00%	\$1,704
23	373.000	Treatment and Disposal Equipment	\$22,057	5.00%	\$1,103
24	374.000	Plant Sewers	\$0	0.00%	\$0
25	375.000	Outfall Sewer Lines	\$126,136	2.00%	\$2,523
26	376.000	Other Treatment & Disposal Plant Equip.	\$0	0.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$190,799		\$5,330
28		GENERAL PLANT			
29	391.000	Office Furniture & Equipment	\$713	5.00%	\$36
30		Office Computer Equipment	\$0	0.00%	\$0
31	392.000	Transportation Equipment	\$0	0.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$36	4.00%	\$1
33	396.000	Power Operated Equipment	\$5,173	6.70%	\$347
34	399.000	Other Tangible Plant	\$3,840	3.00%	\$115
35		TOTAL GENERAL PLANT	\$9,762		\$499
36		Total Depreciation	\$283,793		\$8,858

Osage Water Company
 Informal Rate/Certificate Case
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 Test Year Ending 06-30-2008
 Accumulated Depreciation Reserve - Sewer

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Miscellaneous Intangible Plant	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights	\$0			100.00%	\$0
8	311.000	Structures & Improvements	\$17,096	R-8	\$1,573	100.00%	\$18,669
9		TOTAL SOURCE OF SUPPLY PLANT	\$17,096		\$1,573		\$18,669
10		COLLECTION PLANT					
11	352.100	Collection Sewers - Force	\$0			100.00%	\$0
12	352.200	Collection Sewers - Gravity	\$0			100.00%	\$0
13	353.000	Other Collection Plant Facilities	\$0			100.00%	\$0
14	354.000	Services to Customers	\$0			100.00%	\$0
15	355.000	Flow Measuring Devices	\$0			100.00%	\$0
16		TOTAL COLLECTION PLANT	\$0		\$0		\$0
17		PUMPING PLANT					
18	362.000	Receiving Wells and Pump Pits	\$0			100.00%	\$0
19	363.000	Pumping Equipment (Elec., Diesel, other)	\$1,144	R-19	\$773	100.00%	\$1,917
20		TOTAL PUMPING PLANT	\$1,144		\$773		\$1,917
21		TREATMENT & DISPOSAL PLANT					
22	372.000	Oxidation Lagoon	\$20,675	R-22	\$2,381	100.00%	\$23,056
23	373.000	Treatment and Disposal Equipment	\$0			100.00%	\$0
24	374.000	Plant Sewers	\$0			100.00%	\$0
25	375.000	Outfall Sewer Lines	\$13,991	R-25	\$2,102	100.00%	\$16,093
26	376.000	Other Treatment & Disposal Plant Equip.	\$0			100.00%	\$0
27		TOTAL TREATMENT & DISPOSAL PLANT	\$34,666		\$4,483		\$39,149
28		GENERAL PLANT					
29	391.000	Office Furniture & Equipment	\$608	R-29	\$85	100.00%	\$693
30		Office Computer Equipment	\$0			100.00%	\$0
31	392.000	Transportation Equipment	\$0			100.00%	\$0
32	393.000	Other General Equipment, includes stores, tools shop & garage, lab, power operated, communication, and other tangible equipment.	\$14	R-32	\$2	100.00%	\$16
33	396.000	Power Operated Equipment	\$3,454	R-33	\$252	100.00%	\$3,706
34	399.000	Other Tangible Plant	\$518	R-34	\$96	100.00%	\$614
35		TOTAL GENERAL PLANT	\$4,594		\$435		\$5,029
36		TOTAL DEPRECIATION RESERVE	\$57,500		\$7,264		\$64,764

To Rate Base Schedule

Osage Water Company
 Informal Rate/Certificate Case
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Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount

R-8	Structures & Improvements	311.000		\$1,573
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	To reflect depreciation reserve balance thru 10/31/2008 for Cedar Glen service area		\$32	
	To reflect depreciation reserve balance thru 10/31/2008 for F-12 service area		\$228	
	To reflect depreciation reserve balance thru 10/31/2008 for Shawnee Bend service area		\$410	
	To reflect depreciation reserve balance thru 10/31/2008 for KK service area		\$886	
	To reflect depreciation reserve balance thru 10/31/2008 for General Plant service area		\$17	

R-19	Pumping Equipment (Elec., Diesel, other)	363.000		\$773
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	To reflect depreciation reserve balance thru 10/31/2008 for Cedar Glen service area		\$357	
	To reflect depreciation reserve balance thru 10/31/2008 for Shawnee Bend service area		\$177	
	To reflect depreciation reserve balance thru 10/31/2008 for KK service area		\$239	

R-22	Oxidation Lagoon	372.000		\$2,381
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	To reflect depreciation reserve balance thru 10/31/2008 for F-12 service area		\$451	
	To reflect depreciation reserve balance thru 10/31/2008 for Shawnee Bend service area		\$875	

Osage Water Company
Informal Rate/Certificate Case
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Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
	To reflect depreciation reserve balance thru 10/31/2008 for KK service area		\$827	
	To reflect depreciation reserve balance thru 10/31/2008 for General Plant service area		\$228	
R-25	Outfall Sewer Lines	375.000		\$2,102
	To reflect depreciation reserve balance thru 10/31/2008 for Cedar Glen service area		\$1,163	
	To reflect depreciation reserve balance thru 10/31/2008 for F-12 service area		\$39	
	To reflect depreciation reserve balance thru 10/31/2008 for Shawnee Bend service area		\$7	
	To reflect depreciation reserve balance thru 10/31/2008 for KK service area		\$396	
	To reflect depreciation reserve balance thru 10/31/2008 for General Plant service area		\$1	
	To reflect depreciation reserve balance thru 10/31/2008 for capitalization of engineering fees		\$496	
R-29	Office Furniture & Equipment	391.000		\$85
	To reflect depreciation reserve balance thru 10/31/2008 for General Plant service area		\$85	
R-32	Other General Equipment, includes stores, tools	393.000		\$2

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Schedule of Adjustments for Accumulated Depreciation Reserve - Sewer

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
	To reflect depreciation reserve balance thru 10/31/2008 for General Plant service area		\$2	
R-33	Power Operated Equipment	396.000		\$252
	To reflect depreciation reserve balance thru 10/31/2008 for Cedar Glen service area		\$15	
	To reflect depreciation reserve balance thru 10/31/2008 for F-12 service area		\$237	
R-34	Other Tangible Plant	399.000		\$96
	To reflect depreciation reserve balance thru 10/31/2008 for General Plant service area		\$96	
	Total Reserve Adjustments			\$7,264

Osage Water Company
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 Revenue Summary Schedule - Sewer

Line Number	A Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	376		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	4,512		0	
5	Current Customer Charge	\$26.03		\$0.00	
6	Annualized Customer Charge Revenues		\$117,447		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	0		0	
9	Less: Base Gallons Included In Customer Charge	0		0	
10	Commodity Gallons	0		0	
11	Block 1, Commodity Gallons per Block	0		0	
12	Block 1, Number of Commodity Gallons per Unit	0		0	
13	Block 1, Commodity Billing Units	0.00		0.00	
14	Block 1, Existing Commodity Charge	\$0.00		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$0		\$0
16	Total Annualized Sewer Rate Revenues		\$117,447		\$0

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Osage Water Company
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 Revenue Summary Schedule - Sewer

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	376	
3	Bills Per Year		
4	Customer Bills Per year	4,512	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$117,447
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	0	
9	Less: Base Gallons Included In Customer Charge	0	
10	Commodity Gallons	0	
11	Block 1, Commodity Gallons per Block		
12	Block 1, Number of Commodity Gallons per Unit		
13	Block 1, Commodity Billing Units		
14	Block 1, Existing Commodity Charge		
15	Block 1, Annualized Commodity Charge Rev.		\$0
16	Total Annualized Sewer Rate Revenues		\$117,447

Commodity Billing Units are based on the number of commodity gallons applicable to each block, divided by the tariff usage rate gallons (e.g. for tariff rate of \$2.50 per 1,000 gallons of usage, the commodity gallons for that rate would be divided by 1,000 to arrive at the number of commodity billing units.

Osage Water Company
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Expense Schedule - Sewer

Line Number	A Account Number (Optional)	B Expense Description	C Company/ Test Year Amount	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
1		OPERATIONS EXPENSES					
2		Management Salary	\$0			100.00%	\$0
3		Operators Salary / Contractor Services	\$0			100.00%	\$0
4		Electricity - Pumping Treatment	\$17,924	S-4	\$1,284	55.00%	\$10,564
5		Chemicals	\$0			100.00%	\$0
6		Sludge Removal	\$4,220	S-6	\$303	100.00%	\$4,523
7		TOTAL OPERATIONS EXPENSE	\$22,144		\$1,587		\$15,087
8		MAINTENANCE EXPENSES					
9		Outside Services Employed	\$28,707	S-9	-\$9,003	100.00%	\$19,704
10		System Repairs and Maintenance	\$0			100.00%	\$0
11		Lab & Testing Fees	\$800			49.00%	\$392
12		Supplies Expense	\$0			100.00%	\$0
13		TOTAL MAINTENANCE EXPENSE	\$29,507		-\$9,003		\$20,096
14		CUSTOMER ACCOUNT EXPENSE					
15		Billing & Collections	\$123			49.00%	\$60
16		Office Supplies	\$0			100.00%	\$0
17		Postage Expense	\$61			49.00%	\$30
18		Uncollectible Accounts	\$0			100.00%	\$0
19		TOTAL CUSTOMER ACCOUNT EXPENSE	\$184		\$0		\$90
20		ADMINISTRATIVE & GENERAL EXPENSES					
21		Administration & General Salaries	\$0			100.00%	\$0
22		Receivership Fees	\$22,419	S-22	\$6,265	100.00%	\$28,684
23		Accounting Fees	\$39	S-23	\$500	49.00%	\$264
24		Legal Fees	\$1,878			49.00%	\$920
25		Harbour Bay Judgment	\$3,900	S-25	-\$300	49.00%	\$1,764
26		Cedar Glenn Judgment	\$24,591			0.00%	\$0
27		Hancock Judgment	\$0	S-27	\$32,780	49.00%	\$16,062
28		Jim Clary Judgment	\$0	S-28	\$3,908	49.00%	\$1,915
29		Water Lab Judgment	\$0	S-29	\$27,035	49.00%	\$13,247
30		Telephone & Pagers	\$0			100.00%	\$0
31		Office Utilities	\$0			100.00%	\$0
32		Vehicle Expense	\$0			100.00%	\$0
33		Vehicle Insurance	\$0			100.00%	\$0
34		Medical Insurance	\$0			100.00%	\$0
35		Property & Liability Insurance	\$0			100.00%	\$0
36		Rent	\$0			100.00%	\$0
37		Other Misc. Expenses	\$25			49.00%	\$12
38		TOTAL ADMINISTRATIVE AND GENERAL	\$52,852		\$70,188		\$62,868
39		OTHER OPERATING EXPENSES					
40		MO DNR Fees	\$1,150	S-40	\$2,800	100.00%	\$3,950
41		PSC Assessment	\$6,607	S-41	\$3,992	100.00%	\$10,599
42		Corporate Registration	\$0			100.00%	\$0
43		CIAC Amortization Expense	\$0	S-43	-\$768	100.00%	-\$768
44		Depreciation	\$8,537	S-44	\$321	100.00%	\$8,858
45		TOTAL OTHER OPERATING EXPENSES	\$16,294		\$6,345		\$22,639
46		TAXES OTHER THAN INCOME					
47		Real & Personal Property Taxes	\$396			49.00%	\$194
48		Sales Tax	\$985			49.00%	\$483
49		Payroll Taxes	\$0			100.00%	\$0
50		TOTAL TAXES OTHER THAN INCOME	\$1,381		\$0		\$677
51		TOTAL OPERATING EXPENSES	\$122,362		\$69,117		\$121,457

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 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
S-4	Electricity - Pumping Treatment			\$1,284
	To reflect electric expense annualization related with Southwest Electric Coop		\$798	
	To reflect electric expense annualization related with Co-Mo Electric Company		\$880	
	To reflect electric expense annualization related with Ameren Electric Company		-\$394	
S-6	Sludge Removal			\$303
	To reflect the annualized level and increase per gallon of sludge hauling expense		\$303	
S-9	Outside Services Employed			-\$9,003
	To reflect the annulaized level of contract services related to operation and mangement services performed by LOWS		-\$9,003	
S-22	Receivership Fees			\$6,265
	To reflect the annualized level of receivership fees		\$6,265	
S-23	Accounting Fees			\$500
	To reflect an annualized level of accounting fees for Taylor, Hoskins & Shaw		\$500	
S-25	Harbour Bay Judgment			-\$300
	To annualized the Harbor Bay judgement expense		-\$300	
S-27	Hancock Judgment			\$32,780

Osage Water Company
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 Expense Adjustment Schedule - Sewer

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To reflect annualized level of expense to reflect the Hancock Judgement		\$32,780	
S-28	Jim Clary Judgment			\$3,908
	To reflect annualized level of expense to reflect the Jim Clary Judgement		\$3,908	
S-29	Water Lab Judgment			\$27,035
	To reflect annualized level of expense to reflect the Water Lab Judgement		\$27,035	
S-40	MO DNR Fees			\$2,800
	To reflect the annualized level of Mo DNR Permit Fees based on capacity		\$2,800	
S-41	PSC Assessment			\$3,992
	To reflect current fiscal 2009 Mo PSC Assessment for Sewer		\$3,992	
S-43	CIAC Amortization Expense			-\$768
	To reflect CIAC Depreciation on sewer contributed plant		-\$768	
S-44	Depreciation			\$321
	1. To Annualize Depreciation		\$321	
	Total Expense Adjustments			\$69,117

Osage Water Company
 Informal Rate/Certificate Case
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 Revenue Schedule - Sewer

Line Number	A Account Number (Optional)	B Revenue Description	C Company/ Test Year Amount	D Adjustment Number	E Jurisdictional Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
Rev-1		ANNUALIZED REVENUES					
Rev-2		Annualized Rate Revenues	\$125,454	Rev-2	-\$8,007	100.00%	\$117,447
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$125,454		-\$8,007		\$117,447

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number SR-2009-0152
 Test Year Ending 06-30-2008
 Revenue Adjustment Schedule - Sewer

A	B	C	D	E
Revenue Adj		Account	Adjustment	Total
Number	Adjustment Description	Number	Amount	Adjustment

Rev-2	Annualized Rate Revenues			-\$8,007
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1. To Annualize Rate Revenues	-\$8,007
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Rev-3	Miscellaneous Revenues			\$0
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1. To Annualize Miscellaneous Revenues	\$0
--	-----

	Total Revenue Adjustments			-\$8,007
--	---------------------------	--	--	----------

Osage Water Company
Informal Rate/Certificate Case
Tracking Number SR-2009-0152
Test Year Ending 06-30-2008
Miscellaneous Revenues Feeder - Sewer

Line	Description	Amount
------	-------------	--------

3	Total Miscellaneous Revenues	<u>\$0</u>
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Agreement Attachment D

Rate Design Worksheet

WATER & SEWER COMPANY

Development of Tariffed Rates-Sewer

Agreement is to increase currently tariffed rates by a percentage equal to the agreed-upon overall revenue increase divided by the revenues generated by the currently tariffed rates.

Revenues Generated by Current Tariffed Rates	\$ 117,447
Agreed-Upon Overall Revenue Increase	\$ 24,071
Percentage Increase Needed	20.495%

Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge
5/8"	\$ 26.03	\$ 31.36
1"	\$ 46.05	\$ 55.49
1 1/2"	\$ 98.62	\$ 118.83
2"	\$ 116.14	\$ 139.94
3"	\$ 178.71	\$ 215.34
4"	\$ 325.70	\$ 392.45

Agreement Attachment E

Billing Comparison Worksheet

WATER & SEWER COMPANY

Residential Customer Bill Comparison-Sewer

Rates for 5/8" Meter

<u>Current Base</u>	<u>Proposed Base</u>
<u>Customer Charge</u>	<u>Customer Charge</u>
\$26.03	\$31.36

current service charge is monthly charge

MONTHLY BILL COMPARISON

Current Rates

Customer Charge	\$ 26.03
Usage Charge	\$ -
Total Bill	\$ 26.03

Proposed Rates

Customer Charge	\$ 31.36
Usage Charge	\$ -
Total Bill	\$ 31.36

INCREASES

Customer Charge

\$ Increase	\$5.33
% Increase	20.49%

Total Bill

\$ Increase	\$5.33
% Increase	20.49%

Agreement Attachment F

Schedule of Depreciation Rates

OSAGE WATER COMPANY
DEPRECIATION RATES
(SEWER)
SR-2009-0152

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATIO N RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
353	Other Collection Plant Facilities	2.0%	50	0%
374	Plant Sewers	2.5%	40	0%

Agreement Attachment G

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

Engineering and Management Services Department

Small Company Rate Increase Request

Case Nos: WR-2009-0149 and SR-2009-0152

Osage Water Company

Osage Water Company (Osage Water or Company) filed a rate increase request on October 23, 2008, for water and sewer service it provides in its Missouri service area near Osage Beach, Missouri. The Engineering and Management Services Department (EMSD) staff initiated an informal review of customer service processes, procedures, and practices at Osage Water in December 2008. This customer service review was done in conjunction with the Company's rate increase request. Prior to on-site interviews, the EMSD staff examined Company tariffs, annual reports, Missouri Public Service Commission (Commission) complaint records, and other documentation related to the Company's customer service operations.

The purpose of the Engineering and Management Services Department is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and adequate service at a reasonable cost, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of services provided to its customers. The findings of this review also provide the Commission with information regarding the Company's customer service operations.

The scope of this review focused on processes, procedures, and practices related to:

- Meter Reading
- Customer Billing
- Credit and Collections
- Complaints and Inquiries
- Customer Communication

This report contains the results of the EMSD staff's review.

Overview

Osage Water Company was certificated to provide water and sewer service on January 1, 1987. Mr. Gary Cover, an attorney with an office in Clinton, Missouri, was appointed as Receiver to manage the Company in October 2005. The Company provides water service to 400 customers and sewer service to 384 customers near Camdenton and Osage Beach in Missouri. Most customers receive both water and sewer service while a few customers only receive either water or sewer service. The business office for Osage Water is located at the business location of Lake of the Ozarks Water & Sewer (LOWS) near Camdenton, Missouri. Osage Water Company staffing includes Mr. Cover and employees of LOWS. Lake of the Ozarks Water & Sewer is under contract to perform all Company business office and outside plant functions. Lake of the Ozarks Water & Sewer assumed these business responsibilities in November 2005. Local business office hours are 8:00 – 12:00 and 1:00 – 5:00, Monday through Thursday, and 8:00 – 12:00 and 1:00 – 3:00 on Friday. Customers have 24-hour, 7-day access to Company personnel by calling the business office telephone number provided on customer bills.

Lake of the Ozarks Water & Sewer has three field employees and two office employees involved in work for Osage Water. Mr. Cover has overall responsibility for policy development and general problem solving. Lake of the Ozarks Water & Sewer business office responsibilities include receiving or accepting new service applications, maintaining customer account records, posting customer bill payments, and responding to customer inquiries and complaints. Outside plant responsibilities involve daily system checks, chlorination, reading meters, collecting samples for monthly water tests, routine maintenance, and responding to customer emergency calls. Any special work requiring equipment is contracted.

The number of customers served by Osage Water has remained stable over the past three years and little future growth is anticipated. Applications for new service are from customers in existing homes. Customers may call the Company with questions about rules and procedures associated with the provision of service; however, the Company has not prepared written information documenting the rights and responsibilities of the Company and its customers.

Meter Reading

All water meters, active and inactive, are read by the serviceman on about the 22nd of the month. The meter readings are entered into an Excel spreadsheet that calculates usages and bill amounts. Company personnel stated that all meters are read each month and estimated readings

are very rare. Any unusual meter readings are rechecked. A master water meter is read each month at the same time as the customer meters. An analysis is done that compares actual customer usage with the reading from the master meter. This analysis has enabled the Company to determine the existence of three leaks over the past six months. The Company stated that there have been no problems with theft of water service.

Customer Billing

Customer usage and bill amount information produced from an Excel spreadsheet is entered into Quickbooks for bill preparation and printing. The accuracy of customer bills is checked by comparing the invoices from Quickbooks with the Excel spreadsheet. Company personnel stated that bills are prepared after payments received on the 22nd of the month are posted. Customer bills are mailed by about the 24th of the month and considered delinquent on the 22nd of the following month.

Customer rates for water and sewer service are provided in the Company's tariffs. Residential customers' water bills are based on a monthly minimum customer charge of \$16.36 for up to 2,000 gallons and a usage charge of \$3.87 per 1,000 gallons over 2,000 gallons of usage. Sewer customers pay \$26.03 per month. A few customers pay their bills in the office, but most customers mail their bill payments. Some customers pay their bill in advance; however, these customers are mailed a monthly bill showing their remaining credit balance. Customer payments are stored in a locked file cabinet and a weekly deposit is made on Fridays.

Credit and Collections

The Company does not utilize a customer application form for customers to complete when initiating service nor does it collect a customer deposit, although the Company's tariff allows a customer deposit to be collected. The previous owner provided the Company no records of customer deposits.

The Company charges its customers a past due notice charge of 1.5% when an account becomes two to three months past due. The Company's tariffs contain conflicting past due notice charges. Second Revised Sheet No. 6 states a past due notice charge of \$6.50 and Original Sheet No. 6A states an overdue bill charge of 1.5% per month. In the Water and Sewer Department's revision of the Company's tariffs, the past due notice charge will be \$6.50 and the 1.5% will be eliminated.

The Company shows past due amounts on the customers' current month bills requesting the total amount due and provides the customer the date payment is required in order to avoid disconnection of service due to nonpayment. The Company utilizes no delinquent notices to its customers. The Company indicated to the EMSD staff that when accounts are approximately six months old, they are provided to the Company's Receiver for collection. The Company's Receiver mails the customer a letter on his law firm's letterhead informing the customer of the delinquent account and requesting payment. Although the Company threatens disconnection of service in this letter on past due accounts, due to the Company's system, it is unable to disconnect for nonpayment approximately 50 of its approximate 400 customers, or 12.5%. This anomaly is due to the method of installation of water lines to the service locations. According to the Company's records, on December 9, 2008, there was a total balance due of \$6,037.52 from 13 Harbour Bay condominium customers in the Cimmarron Bay area, which is one of its service locations the Company is unable to disconnect service for delinquent accounts.

Lake of the Ozarks Water and Sewer forwards any returned checks it receives to Mr. Cover for collection. The Company's Receiver charges the customer's account a \$25.00 returned check fee and a letter is mailed to the customer requesting payment in full. This \$25.00 returned check fee is not included in the Company's tariff; the Commission's Water and Sewer Department will address this matter during its revision of the Company's tariffs. The EMSD staff requested the bad debt write-off amounts for 2005, 2006 and 2007, but the Company's Receiver was unable to provide the information.

Complaints and Inquiries

Customers with questions or concerns may call the Company contact number appearing on the bill. Company personnel use a Call Log to record every customer contact. The Call Log includes the date, time, staff person who took the call, name of the customer calling, content of the call, and the action that was taken. Mr. Cover is occasionally involved in responding to customer concerns.

A review of Commission complaint/inquiry records for the past three years showed four customer contacts in 2009. The two contacts from water customers involved a complaint about the current rate increase request and a billing inquiry. The two contacts from sewer customers included a complaint about the current rate increase request and a billing inquiry.

Customer Communication

Outside of monthly billings, the Company rarely communicates with its customers. Letters are used to notify customers about rate case activity. Mr. Cover stated that, occasionally, he corresponds with a customer by e-mail.

Findings, Conclusions, and Recommendations

The following discussion presents a summary of the findings, conclusions, and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following issues that require Company management's attention:

- Customer Rights and Responsibilities Documentation
- Customer Applications
- Delinquent Accounts

Customer Rights and Responsibilities Documentation

The Company has not prepared written information documenting the rights and responsibilities of the Company and its customers. The development of such information and its prominent display and availability to customers is required by Commission Rule 4 CSR 240-13.040(3) which states:

A utility shall prepare, in written form, information which in layman's terms summarizes the rights and responsibilities of the utility and its customers in accordance with this chapter. . . This written information shall be displayed prominently, and shall be available at all utility office locations open to the general public, and shall be mailed or otherwise delivered to each residential customer of the utility if requested by the customer. The information shall be delivered or mailed to each new customer of the utility upon the commencement of service and shall be available at all times upon request.

The availability of written information would provide useful facts relating to billing procedures, payment requirements, customer deposits, discontinuance of service, inquiries and complaints, and access to the Company, Commission, and the Office of the Public Counsel. Written information would be a valuable educational resource for new and existing customers.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation must be completed within thirty (30) days of the Commission

order approving the disposition agreement in Case No. WR-2009-0149. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0152.

Customer Applications

The Company does not collect a signed customer application from its customers which is a violation of its tariff. The Company's tariff Sheet No. 11, Rule 4, (a) states:

A written application for service, signed by the customer, stating the type of service required and accompanied by any other pertinent information, will be required from each customer before service is provided to any unit. Every customer, upon signing an application for any service rendered by the company, or upon taking of service, shall be considered to have expressed consent to the company's rates, rules and regulations.

The customer application should include the customer's signature that states the customer agrees to abide by the Company's rates, rules and regulations and state statutes and the date the document was signed. The signed and dated customer application would provide Osage Water Company more leverage to collect monies owed should the need arise.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Require a signed customer application prior to service being provided by the Company as provided in its tariff. The Company's customer application shall include the date and the customer's signature indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0149. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0152.

Delinquent Accounts

The Company does not charge its tariffed late payment charge on all late paying accounts. The Company stated that a past due notice amount is charged to customers after their account is two to three months overdue. In order to treat all customers in a fair and consistent manner, any customer not making payment prior to the delinquent date should be charged a past due notice charge. The implementation of this policy may encourage customers to remit payments in a timelier manner.

The Company should adhere to its tariff Sheet Nos. 22 and 23. Sheet No. 22 states:

- (d) Payments shall be made at the office of the Company or at such other places conveniently located as may be designated by the Company or by ordinary mail. However, payment must be received by the close of business on the date due.

Tariff Sheet No. 23 states:

- (g) The Company shall have the right to render bills monthly. Bills shall be due and payable to it no later than twenty-one (21) calendar days from the date of rendition unless such due date falls on a Sunday, a legal holiday, or other day when the office is closed, in which case the due date shall be extended to the next business day.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement the procedure to charge all delinquent paying accounts the past due notice charge; the procedure must adhere to the Company's tariff.

The Company utilizes no disconnect notices to its late paying accounts. Currently, the Company presents an unpaid delinquent balance on the customers' current bills. So that customers are aware their account is unpaid and in delinquent status, the Company should mail all delinquent account customers disconnect notices. According to Commission Rules and the Company's tariffs, a notice must be provided customers prior to disconnection of service.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Implement the procedure to mail disconnect notices to delinquent paying customers. The procedure should adhere to the Company's tariffs and Commission Rules 4 CSR 240-13(4)(5). This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. WR-2009-0149. This recommendation must be completed within thirty (30) days of the Commission order approving the disposition agreement in Case No. SR-2009-0152.

The Company has customer accounts with large balances due, these customers are continuing to disregard their monthly billing statements and, due to the construction of the water system, the Company is not able to discontinue their service for nonpayment. According to the Company's records, three accounts in Harbour Bay had balances greater than \$1,000 effective December 9, 2008. Currently, the customer is mailed a monthly bill and the Company's Receiver is mailing a letter on his law firm's letterhead to the customers with the past due water

bill enclosed. The letter demands payment “in full within 5 days from the date of this correspondence”.

The Company’s tariffs allow it to discontinue service for nonpayment of a bill not in dispute. The EMSD staff recommends the Company’s Receiver evaluate the methods and procedures available to collect on these accounts. Upon determining the achievable methods and procedures to collect, implement the procedure for collection of these delinquent accounts.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Evaluate the methods and procedure to collect on the Company’s delinquent large balance due accounts. Upon determining the achievable methods and procedures to collect, implement the procedure for collection of these delinquent accounts.

Follow-Up

The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. WR-2009-0149. The EMSD staff will conduct follow-ups of all of the EMSD recommendations no later than the deadlines as set out for each EMSD recommendation in the disposition agreement in Case No. SR-2009-0152.

Agreement Attachment H

Summary of Case Events

Summary of Case Events
SR-2009-0152

Date Filed	10/23/08
Day 150	3/23/09 5/21/09
Extension?	Yes-60 days
If yes, why?	Amended Customer Notice
Amount Requested	100%
Amount Agreed Upon	\$60,760
Number of Customers	388
Rate of Return	8.77%
Return on Equity	10.47%
Assessments	\$2,852.23 due for current year \$9621.65 due for 2007 \$7,225.84 due for 2006 \$7,207.26 due for 2005 \$5,494.79 due for 2004 \$3,657.34 due for 2003
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	No
Status with Secretary of State	Good Standing
DNR Violations	No recent violations