

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

In the Matter of Osage Water Company	)	<u><b>Case No. WR-2009-0149</b></u>
Small Company Rate Increase.	)	Tariff No. YW-2009-0830

**NOTICE OF UNANIMOUS AGREEMENT REGARDING DISPOSITION  
OF SMALL COMPANY REVENUE INCREASE REQUEST**

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

1. On October 23, 2008, the Missouri Public Service Commission (Commission) received a Rate Increase Request Letter from Osage Water Company, Inc. (Company), requesting the Commission allow a 100% increase to its rates currently charged for water services.

2. Subsequent to Staff's investigation and pursuant to negotiations between the Company, Staff, and OPC, all parties have been able to reach a *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* (Unanimous Agreement).

3. Included in Appendix A, attached hereto, is a copy of the above-referenced Unanimous Agreement, as well as various attachments related to the Unanimous Agreement. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

4. As agreed-upon by the parties to this case, the Unanimous Agreement provides for an increase of \$48,500 in the Company's annual operating revenues.

5. Pursuant to Rule 4 CSR 240-3.050(13), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed by the utility, the staff

and the public counsel, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than (30) days after they are filed, to implement the agreement.” The Company will file the revised tariff sheets No. 5 and No. 6 on August 20, 2009, seeking to implement the terms of the Unanimous Agreement. This tariff sheet bears the minimum 30-day effective date of September 19, 2009.

6. The Company has filed the annual report for the 2006, 2007 and 2008 calendar years. Osage 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. Osage has no other cases pending before the Commission.

***DIFFERENCES BETWEEN OSAGE’S ORIGINAL REQUEST, THE COMPANY/STAFF DISPOSITION AGREEMENT, AND THE UNANIMOUS AGREEMENT***

7. The following chart lays out the amount originally requested by Osage; the amount agreed upon by Staff and Osage in the Company/Staff Disposition Agreements; the amount agreed upon by Staff, OPC, and Osage within both Unanimous Disposition Agreements; and the customer rates per individual customer for the water and wastewater systems:

	Osage's Original Request		Company/Staff Disposition Agreement Filed 5/21/09	Unanimous Agreement
Company				
SR-2009-0152	\$ 112,086	(1)	\$ 24,071	\$ 13,500
WR-2009-0149	\$ 124,743	(1)	\$ 60,760	\$ 48,500
Total	\$ 236,829		\$ 84,071	\$ 62,000

(1) Company requested an increase of 100%. Company Customer Notice specified the amounts.

Rates **	Osage's Original Request	Co./Staff Disposition Agreement	Unanimous Agreement
SR-2009-0152	\$ 52.06	\$ 31.36	\$ 29.02
	\$32.72 customer charge	\$26.89 customer charge	\$24.76 customer charge
WR-2009-0149	\$7.74 commodity charge	\$6.36 commodity charge	\$5.86 commodity charge

\*\*Rates contained within the chart are the rates proposed for residential (5/8" meter) customers.

**WHEREFORE**, Staff respectfully submits this Notice and the attached Appendix A 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, the Company, and OPC.

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](mailto: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 3<sup>rd</sup> day of August 2009.

/s/ Shelley Syler Brueggemann

# APPENDIX A

## STAFF PARTICIPANT AFFIDAVITS AND UNANIMOUS DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2009-0149

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

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## Staff Participant Affidavits

James M. Russo – Water & Sewer Department

Gary R. 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. WR-2009-0149

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 *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments A, B, C and E 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 3<sup>rd</sup> day of August, 2009.

  
\_\_\_\_\_  
Notary Public



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

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

**AFFIDAVIT OF GARY R. BANGERT**

STATE OF MISSOURI     )

) SS

CASE NO. WR-2009-00149

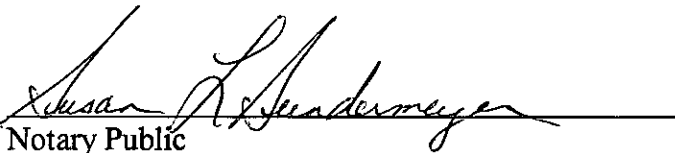
COUNTY OF COLE     )

COMES NOW Gary R. Bangert, being of lawful age, and on his oath states the following: (1) that he is the Utility Management Analyst III, of 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 was responsible for the preparation of the following *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("*Disposition Agreement*"); (4) that he was responsible for the preparation of Attachment D to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement and the above-referenced attachment thereto; and (6) that the matters set forth in the Disposition Agreement and the above-referenced attachment thereto 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 3rd day of August, 2009.

  
Notary Public

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

# Unanimous Disposition Agreement



**UNANIMOUS AGREEMENT REGARDING DISPOSITION**  
**OF SMALL WATER COMPANY REVENUE INCREASE REQUEST**

**OSAGE WATER COMPANY**

**MO PSC CASE NO WR-2009-0149**

**BACKGROUND**

Osage Water Company ("Company") initiated the small company revenue increase request ("Request") for water 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 water 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 390 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 the results of the investigation, as well as its initial recommendations for the resolution of the Company's Request, and various other information regarding Staff's investigation.

On May 21, 2009, Staff and the Company filed a Company/Staff Disposition Agreement. The Company filed related tariff revisions P.S.C. Mo No. 1 4<sup>th</sup> Revised Sheet No. 5 Canceling 3<sup>rd</sup> Revised Sheet No. 5 ("No. 5") and P.S.C. MO No. 3<sup>rd</sup> Revised Sheet No. 6 Canceling 2<sup>nd</sup> Revised No. 6 ("No. 6") on May 26, 2009.

## **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, OPC and the Company hereby state the following agreements.

- (1) That for the purpose of implementing the agreements set out herein, the Company will file with the Commission revised tariff sheets No. 5 and No. 6 intended both to reflect the terms of this agreement and to supersede those tariff sheets No. 5 and No. 6 filed with the Commission on May 26, 2009. These revised tariff sheets will be filed on or before August 20, 2009, shall bear an effective date of September 19, 2009, and shall contain the rates, charges and language set out in the example revised tariff sheets attached hereto as Attachment A.
- (2) That the rates set out in the example revised tariff sheets No. 5 and No. 6 attached hereto as Attachment A, are designed to generate additional revenues of \$48,500
- (3) That the rates set out in the attached example revised tariff sheets, the development of which is shown on the rate design worksheet attached hereto as Attachment B, are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company.
- (4) 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 C.
- (5) That the rates included in the attached example revised tariff sheets are just and reasonable, and that the provisions of the attached example revised tariff sheets also properly reflect all other agreements set out herein, where necessary.
- (6) The Company will maintain all of its financial records in accordance with the Commission's Uniform System of Accounts ("USOA").
- (7) 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.
- (8) 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 attached hereto as Attachment D. 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).

(9) 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.

(10) 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.

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

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

(13) That the Company, Staff and OPC agree that each party has read the foregoing Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that upon each party's best knowledge and belief the facts stated therein are true; that the foregoing conditions accurately reflect the agreement reached between the Company, Staff and OPC and that each party freely and voluntarily enters into this agreement.

(14) That the above agreements satisfactorily resolve all issues identified by the Staff, OPC 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 Unanimous Disposition Agreement reflect compromises between Staff, OPC and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

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 E to this Unanimous Disposition Agreement.

The Company, OPC and Staff acknowledge that Staff will be filing this Unanimous Disposition Agreement and the attachments hereto, in the existing case, and that the Company will file the proposed tariff revisions called for in this agreement. The Company and OPC also acknowledge that Staff may make other filings in this case.

Additionally, the Company and OPC agree that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Unanimous Disposition Agreement at any agenda meeting at which that case is noticed to be considered by the Commission. The parties will be available to answer Commission questions regarding this Unanimous Disposition Agreement.

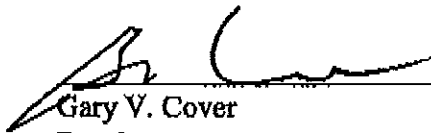
To the extent reasonably practicable, Staff shall provide the Company and OPC with advanced notice of any such agenda meeting so that they may have the opportunity to also be represented at the meeting.

Small Company Revenue Increase Unanimous Disposition Agreement  
MO PSC Tracking File No. WR-2009-0149  
Osage Water Company – Page 6 of 6 Pages


**EFFECTIVE DATE AND SIGNATURES**

This Unanimous 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

8-3-09  
Date

  
\_\_\_\_\_  
Christina L. Baker  
Senior Public Counsel  
Office of the Public Counsel.

8-3-09  
Date

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

8-3-09  
Date

**List of Attachments**

- Attachment A – Example Tariff Sheets
- Attachment B – Rate Design Worksheet
- Attachment C – Billing Comparison Worksheet
- Attachment D – EMSD Report
- Attachment E – Summary of Events

## Agreement Attachment A

### Example Tariff Sheets

**Osage Water Company**  
Name of Issuing Company

For: Certificated Water Service Areas in Camden County  
Community, Town or City

Rules Governing the  
Rendering of **Water Service**

**Rate Schedule W-1**

**Availability:** This rate is available to metered water customers served off the Company's mains suitable for supplying the service requested and located in one of the Company's Certificated Water Service Areas.

**Monthly Minimum:** (Includes 2,000 gallons of water)

For Service through a 5/8" water meter	\$ 24.76	per month	+
For Service through a 1" water meter	\$ 34.27	per month	+
For Service through a 1 1/2" water meter	\$ 58.80	per month	+
For Service through a 2" meter	\$ 66.98	per month	+
For Service through a 3" meter	\$ 96.19	per month	+
For Service through a 4" meter	\$243.89	per month	+

(One dollar of the above charges is to recover Organizational Costs)

**Commodity Charge:** For metered usage greater than 2,000 gallons per month

5.86 per 1,000 gallons

**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 if Issue: August 20, 2009

Date Effective: September 19, 2009

Issued by: Gary V. Cover, Receiver  
Name of Officer Title

P.O. Box 506 Clinton MO 64735  
Address



Osage Water Company

Camden County, Missouri

RULE GOVERNING RENDERING OF  
**WATER** SERVICE

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SCHEDULE OF SERVICE CHARGES

Construction inspection charge per connection where  
connection is made by Customer.....\$100.00

New Service Connection by Company (includes inspection  
& meter ) Backhoe charges additional as necessary...\$150.00 plus backhoe time

Disconnect and reconnect charge – installation of meter  
by backhoe required .....\$400.00

Disconnect and reconnect charge – water meter  
meter available, less than 6 days notice .....\$50.00

Disconnect or reconnect at customer's request – water  
meter available, 6 days notice .....N/C

Returned check charge .....\$25.00 +

Past Due Notice (Residential) .....\$6.50/notice  
(Where water and sewer service are billed on the same statement only one past  
due notice charge shall apply.)

Over Due Commercial Bills (more than 30 days) .. \$1.5% / month

\* Indicates new rate or text  
+ Indicates change

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Date if Issue: August 20, 2009

Date Effective: September 19, 2009

Issued by: Gary V. Cover, Receiver  
Name of Officer Title

P.O. Box 506 Clinton MO 64735  
Address

Agreement Attachment B

Rate Design Worksheet

# OSAGE WATER COMPANY

## Development of Tariffed Rates-Water

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	\$ 94,431
Agreed-Upon Overall Revenue Increase	\$ 48,500
Percentage Increase Needed	51.360%

### Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 16.36	\$ 24.76	\$ 3.870	\$ 5.86
1"	\$ 22.64	\$ 34.27	\$ 3.870	\$ 5.86
1 1/2"	\$ 38.85	\$ 58.80	\$ 3.870	\$ 5.86
2"	\$ 44.25	\$ 66.98	\$ 3.870	\$ 5.86
3"	\$ 63.55	\$ 96.19	\$ 3.870	\$ 5.86
4"	\$ 161.13	\$ 243.89	\$ 3.870	\$ 5.86

Agreement Attachment C

Billing Comparison Worksheet

# OSAGE WATER COMPANY

## Residential Customer Bill Comparison-Water

### Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
<b>\$16.36</b>	<b>\$24.76</b>	<b>\$3.870</b>	<b>\$5.858</b>

current service charge is monthly charge includes 2,000 gallons

usage rate is per 1,000 gallons used

### MONTHLY BILL COMPARISON

6,000 gallons/month usage

#### Current Rates

Customer Charge	\$ 16.36
Usage Charge	\$ 15.48
Total Bill	\$ 31.84

#### Proposed Rates

Customer Charge	\$ 24.76
Usage Charge	\$ 23.43
Total Bill	\$ 48.19

#### INCREASES

##### Customer Charge

<b>\$ Increase</b>	<b>\$8.40</b>
<b>% Increase</b>	<b>51.36%</b>

##### Usage Charge

<b>\$ Increase</b>	<b>\$7.95</b>
<b>% Increase</b>	<b>51.36%</b>

##### Total Bill

<b>\$ Increase</b>	<b>\$16.35</b>
<b>% Increase</b>	<b>51.36%</b>

## Agreement Attachment D

### 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 22<sup>nd</sup> 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 22<sup>nd</sup> of the month are posted. Customer bills are mailed by about the 24<sup>th</sup> of the month and considered delinquent on the 22<sup>nd</sup> 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 E

### Summary of Events

Summary of Case Events  
WR-2009-0149

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	\$48,500
Number of Customers	388
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
Significant Service/Quality Issues	None