

5. It has come to Staff and Osage's attention that a necessary and limited issue in determining the just and reasonable rates for Osage is absent from the list of issues. This issue is rate case expense.

6. Under the informal small utility rate case procedure, contained within 4 CSR 240-3.050, Staff evaluates a small water and sewer company with the assumption that the case will remain informal, i.e., not go to evidentiary hearing and be completed pursuant to settlement. Therefore, Staff does not build in costs associated with a formal rate case proceeding, as the assumption is no such cost will be incurred. These costs include, but are not limited to, attorney's fees to represent the company through prehearing and post hearing briefs, representation at the evidentiary hearing, travel expense and other costs, expert witness and consultant fees, and any settlement negotiations once the formal rate case procedure is triggered.

7. The ultimate consequence is that no rate case expense or cost associated with a formal rate case evidentiary hearing was recognized or included in the Company/Staff Disposition Agreement filed May 21, 2009.

8. For the purpose of this evidentiary hearing, it is essential that the Commission hear evidence regarding rate case expense to make sure this issue is taken into consideration as the Commission determines Osage's just and reasonable rates.

9. Nothing in Commission Rule 3.050 (20) bars Staff and Osage's request to add this issue. Furthermore, the raising of this issue will not prejudice or unduly delay these proceedings.

10. As a procedural schedule is due as of the date of this filing which will propose an August 6 and 7, 2009 evidentiary hearing date, Staff requests the Commission shorten the time for response.

WHEREFORE, Staff, by and through counsel, on behalf of Staff and Osage Water Company respectfully request the Commission allow the issue of rate case expense to be included for determination at the evidentiary hearing.

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 16th day of July 2009.

/s/ **Shelley Syler Brueggemann**