

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

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

Case No. WR-2009-0149

**NOTICE OF COMPANY/STAFF AGREEMENT REGARDING DISPOSITION
OF SMALL WATER 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 Water 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 \$60,760.

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, SR-2009-0152, pending before the Commission regarding its rate increase request for its waste 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. WR-2009-0149

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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

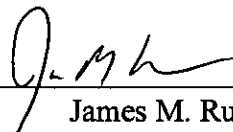
STATE OF MISSOURI)

) SS

CASE NO. 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 *Company/Staff Agreement Regarding Disposition of Small Water 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

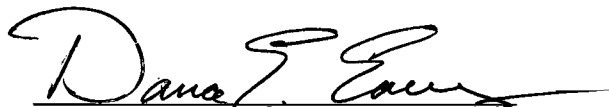
STATE OF MISSOURI

ss.

COUNTY OF COLE

)
) Case No. WR-2009-0149
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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 Water 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.

NIKKI SENN Notary Public - Notary Seal State of Missouri Commissioned for Osage County My Commission Expires: October 01, 2011 Commission Number: 07287016



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DAVID WILLIAMS

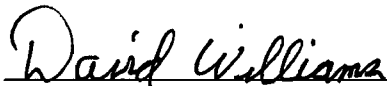
STATE OF MISSOURI

ss.

COUNTY OF COLE

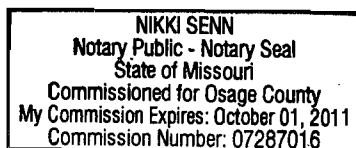
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) Case No. WR-2009-0149
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COMES NOW David Williams, being of lawful age, and on his oath states the following: (1) that he is a(n) Utility Engineer Specialist II in the Missouri Public Service Commission's 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 Water 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
Utility Engineer Specialist II
Engineering & Management
Services Department

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





Notary Public

Rikki Senn
Notary Public

Company/Staff Disposition Agreement

**COMPANY/STAFF 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 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 \$60,760 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 water 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 Water 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.

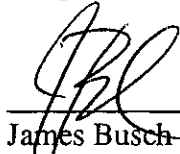
Agreement Signed and Dated:



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

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	\$ 26.89	per month	+
For Service through a 1" water meter	\$ 37.21	per month	+
For Service through a 1 1/2" water meter	\$ 63.85	per month	+
For Service through a 2" meter	\$ 72.72	per month	+
For Service through a 3" meter	\$104.44	per month	+
For Service through a 4" meter	\$264.80	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

6.36 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: May 26, 2009

Date Effective: July 10, 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

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 noticeN/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

Date if Issue: May 26, 2009

Date Effective: July 10, 2009

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

P.O. Box 506 Clinton MO 64735
Address

Agreement Attachment B

Ratemaking Income Statement

OSAGE WATER COMPANY

Rate Making Income Statement-Water

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 94,431
2	Other Operating Revenues *	\$ -
3	Total Operating Revenues	\$ 94,431
4	* See "Revenues - Current Rates" for Details	

Cost of Service

Item	Amount
1 Pumping Equipment-Purchased Power	\$ 8,644
2 Purchased Water	\$ 6,000
3 Water Treatment -Testing/Laboratory Fees	\$ 408
4 Repair & Maintenance	\$ 2,256
5 Maintenance Expense-Outside Labor	\$ 25,836
6 Receivership Fees	\$ 29,855
7 Postage Expense	\$ 31
Billing & Collections	\$ 63
8 Accounting Fees	\$ 275
9 Legal Fees	\$ 958
10 Harbor Bay Judgement	\$ 1,836
11 Hancock Judgement	\$ 16,718
12 Jim Clary Judgement	\$ 1,993
13 Water Lab Judgement	\$ 13,788
14 Regulatory Commission Expense	\$ -
15 Miscellaneous General Expenses	\$ 13
16 Sub-Total Operating Expenses	\$ 108,674
17 Property Taxes	\$ 202
18 MO Franchise Taxes	\$ 810
19 Employer FICA Taxes	\$ -
20 Federal Unemployment Taxes	\$ -
21 State Unemployment Taxes	\$ -
22 State & Federal Income Taxes	\$ 4,544
23 Sub-Total Taxes	\$ 5,556
24 Depreciation Expense	\$ 10,892
25 Interest Expense	\$ 11,720
26 Amortization of CIAC	\$ 102
27 Sub-Total Depreciation/Amortization	\$ 22,714
28 Return on Rate Base	\$ 18,247
29 Total Cost of Service	\$ 155,191
30 Overall Revenue Increase Needed	\$ 60,760

Agreement Attachment C

Audit Workpapers

Exhibit No.:
Issue: Accounting Schedules
Witness: Dana Eaves
Sponsoring Party: MO PSC Staff
Case No: WR-2009-0149
Date Prepared: January 16, 2009



MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

STAFF ACCOUNTING SCHEDULES

OSAGE WATER COMPANY

CASE NO. WR-2009-0149

Jefferson City, Missouri

January 2009

Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	Staff Annualized	Customer Charge	Commodity	Percentage Rate
Rev-1	ANNUALIZED REVENUES					
Rev-2	Annualized Rate Revenues	(1)	\$94,431			
Rev-3	Miscellaneous Revenues	(1)	\$0			
Rev-4	TOTAL ANNUALIZED REVENUES		\$94,431			
1	OPERATIONS EXPENSES	(2)				
2	Management Salary (1)		\$0	\$0	\$0	0.00%
3	Operators Salary/Contract Services (1)		\$0	\$0	\$0	0.00%
4	Electricity-(Pumping)		\$8,644	\$0	\$8,644	0.00%
5	Purchased Water		\$6,000	\$0	\$6,000	0.00%
6	Purchased Water - Tank Rental		\$0	\$0	\$0	0.00%
7	Chemicals-(Chlorine)		\$0	\$0	\$0	0.00%
8	TOTAL OPERATIONS EXPENSE		\$14,644	\$0	\$14,644	
9	MAINTENANCE EXPENSES					
10	Outside Services Employed (1)		\$25,836	\$0	\$25,836	0.00%
11	Material and Supplies		\$0	\$0	\$0	0.00%
12	Vehical Expense - Fuel		\$0	\$0	\$0	0.00%
13	Misc. Supplies		\$0	\$0	\$0	0.00%
14	System Maintenance		\$0	\$0	\$0	0.00%
15	Repair & Maintenance		\$2,256	\$0	\$2,256	0.00%
16	Repair & Maint. Road Cut Repairs		\$0	\$0	\$0	0.00%
17	Meters and Supplies		\$0	\$0	\$0	0.00%
18	Lab and Testing Fees		\$408	\$0	\$408	0.00%
19	Misc Maintenance Expense		\$0	\$0	\$0	0.00%
20	TOTAL MAINTENANCE EXPENSE		\$28,500	\$0	\$28,500	
21	CUSTOMER ACCOUNT EXPENSE					
22	Meter Reading		\$0	\$0	\$0	0.00%
23	Billing & Collections		\$63	\$0	\$63	0.00%
24	Office Supplies		\$0	\$0	\$0	0.00%
25	Postage		\$31	\$0	\$31	0.00%
26	Uncollectible Accounts		\$0	\$0	\$0	0.00%
27	TOTAL CUSTOMER ACCOUNT EXPENSE		\$94	\$0	\$94	
28	ADMINISTRATIVE & GENERAL EXPENSES					
29	Administration & General Salary (1)		\$0	\$0	\$0	0.00%
30	Receivership Fees		\$29,855	\$0	\$29,855	0.00%
31	Accounting Fees		\$275	\$0	\$275	0.00%
32	Legal Fees		\$958	\$0	\$958	0.00%
33	Harbour Bay Judgment		\$1,836	\$0	\$1,836	0.00%
34	Cedar Glen Judgment		\$0	\$0	\$0	0.00%
35	Hancock Judgment		\$16,718	\$0	\$16,718	0.00%
36	Jim Clary Judgment		\$1,993	\$0	\$1,993	0.00%
37	Water Lab Judgment		\$13,788	\$0	\$13,788	0.00%
38	Office Utilities		\$0	\$0	\$0	0.00%
39	Telephone - Cell Phone		\$0	\$0	\$0	0.00%
40	Vehicle Insurance		\$0	\$0	\$0	0.00%
41	Vehicle Expense		\$0	\$0	\$0	0.00%
42	Property & Liability Insurance		\$0	\$0	\$0	0.00%
43	Dues and Donations		\$0	\$0	\$0	0.00%
44	Other Misc. Expenses		\$13	\$0	\$13	0.00%
45	TOTAL ADMINISTRATIVE AND GENERAL		\$65,436	\$0	\$65,436	
46	OTHER OPERATING EXPENSES					
47	MO DNR Fees		\$0	\$0	\$0	0.00%
48	PSC Assessment		\$810	\$0	\$810	0.00%
49	Corporate Registration		\$0	\$0	\$0	0.00%
50	Amortization of CIAC Expense		\$102	\$0	\$102	0.00%
51	Depreciation		\$10,892	\$0	\$10,892	0.00%
52	TOTAL OTHER OPERATING EXPENSES		\$11,804	\$0	\$11,804	
53	TAXES OTHER THAN INCOME					

Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Rate Design Schedule - Water

Line Number	Description	Account Number (Optional)	C Staff Annualized	D Customer Charge	E Commodity	F Percentage Rate
54	Real & Personal Property Taxes		\$202	\$0	\$202	0.00%
55	Sales Tax		\$0	\$0	\$0	0.00%
56	Payroll Taxes		\$0	\$0	\$0	0.00%
57	TOTAL TAXES OTHER THAN INCOME		\$202	\$0	\$202	
58	TOTAL OPERATING EXPENSES		\$120,680	\$0	\$120,680	
59	Interest Expense	(3)	\$11,720	\$0	\$11,720	0.00%
60	Return on Equity	(3)	\$18,247	\$0	\$18,247	0.00%
61	Income Taxes	(3)	\$4,544	\$0	\$4,544	0.00%
62	TOTAL INTEREST RETURN & TAXES		\$34,511	\$0	\$34,511	
63	TOTAL COST OF SERVICE		\$155,191	\$0	\$155,191	
64	Less: Miscellaneous Revenues		\$0	\$0	\$0	0.00%
65	COST TO RECOVER IN RATES		\$155,191	\$0	\$155,191	
66	INCREMENTAL INCREASE IN RATE REVENUES		\$60,760			
67	PERCENTAGE OF INCREASE		64.34%			
68	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 WR-2009-0149
Test Year Ending 06-30-2008
Rate Base Required Return on Investment Schedule - Water

Line Number	Rate Base Description	B Dollar Amount	
1	Plant In Service	\$430,888	From Plant Schedule
2	Less Accumulated Depreciation Reserve	\$85,129	From Depreciation Reserve Schedule
3	Net Plant In Service	\$345,557	
4	Other Rate Base Items:	\$0	
	Contribution in Aid of Construction	-\$5,205	
	CIAC Depreciation	\$1,353	
5	Total Rate Base	\$341,705	
6	Total Weighted Rate of Return Including Income Tax	10.10%	From PreTax Return & Taxes Schedule
7	Required Return & Income Tax	\$34,511	

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Rate of Return Including Income Tax - Water

A **B** formulas

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 \$21,467
 & Preliminary Federal Tax

Tax Rate Table

Net Income Range		Tax Rate	Amount in Range	Tax on Range
Start	End			
\$0	\$50,000	15.00%	\$21,467	\$3,220
\$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
			\$21,467	\$3,220
			Consolidated Tax Rate:	
			Average Tax Rate:	0.15

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Capital Structure Schedule - Water

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%	9.00%	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
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Plant In Service - Water

Line Number	Account # (Optional)	Plant Account Description	Total Plant	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$11,458			100.00%	\$11,458
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Land and Land Rights INT PLT	\$938			100.00%	\$938
5		TOTAL INTANGIBLE PLANT	\$12,396		\$0		\$12,396
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights SP	\$0			100.00%	\$0
8	311.000	Structures & Improvements - SSP	\$19,381	P-8	\$827	100.00%	\$20,208
9	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
10	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
11	314.000	Wells & Springs	\$143,970			100.00%	\$143,970
12	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
13	316.000	Supply Mains	\$39,712			100.00%	\$39,712
14	317.000	Other Water Source Plant	\$0			100.00%	\$0
15		TOTAL SOURCE OF SUPPLY PLANT	\$203,063		\$827		\$203,890
16		PUMPING PLANT					
17	320.000	Land and Land Rights	\$0			100.00%	\$0
18	321.000	Structures & Improvements - PP	\$0	P-18	\$2,360	100.00%	\$2,360
19	325.000	Electric Pumping Equipment	\$0	P-19	\$8,578	100.00%	\$8,578
20	325.200	High Service or Booster Pumping Equip	\$14,412	P-20	\$5,656	100.00%	\$20,068
21	325.300	Shaft Driven Equipment	\$1,453			100.00%	\$1,453
22	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
23	328.000	Other Pumping Equipment	\$0	P-23	\$1,553	100.00%	\$1,553
24		TOTAL PUMPING PLANT	\$15,865		\$18,147		\$34,012
25		WATER TREATMENT PLANT					
26	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
27	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
28	332.000	Water Treatment Equipment	\$1,740	P-28	\$1,786	100.00%	\$3,526
29		TOTAL WATER TREATMENT PLANT	\$1,740		\$1,786		\$3,526
30		TRANSMISSION & DISTRIBUTION PLANT					
31	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
32	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
33	342.000	Distribution Reservoirs & Standpipes	\$600	P-33	\$38,270	100.00%	\$38,870
34	343.000	Transmission and Distribution Equipment	\$42,995			100.00%	\$42,995
35	344.000	Fire Mains	\$0			100.00%	\$0
36	345.000	Services	\$0			100.00%	\$0
37	346.000	Meters- Bronze Chamber	\$25,400	P-37	\$3,334	100.00%	\$28,734
38	346.100	Meters- Plastic Chamber	\$0			100.00%	\$0
39	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
40	347.100	Meter Installations- Plastic	\$0			100.00%	\$0
41	348.000	Hydrants	\$0			100.00%	\$0
42	349.000	Other Transmission and Distrution Plant	\$62,786			100.00%	\$62,786
43		TOTAL TRANS. & DISTRIBUTION PLANT	\$131,781		\$41,604		\$173,385
44		GENERAL PLANT					
45	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
46	390.000	Structures & Improvements - GP	\$1,300			100.00%	\$1,300
47	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
48	391.100	Office Computer Equipment	\$0			100.00%	\$0
49	392.000	Transportation Equipment - GP	\$0			100.00%	\$0
50	393.000	Stores Equipment	\$0			100.00%	\$0
51	394.000	Tools, Shop & Garage Equipment	\$0			100.00%	\$0
52	396.000	Power Operated Equipment	\$2,177			100.00%	\$2,177

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Plant In Service - Water

Line Number	A Account # (Optional)	B Plant Account Description	C Total Plant	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
53	398.000	Miscellaneous Equipment	\$0			100.00%	\$0
54		TOTAL GENERAL PLANT	\$3,477		\$0		\$3,477
55		TOTAL PLANT IN SERVICE	\$368,322		\$62,364		\$430,686

To Rate Base & Depreciation Schedules

Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Schedule of Adjustments for Plant in Service - Water

A Plant Adjustment Number	B Plant In Service Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
P-8	Structures & Improvements - SSP	311.000		\$827
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$827	
P-18	Structures & Improvements - PP	321.000		\$2,360
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$2,360	
P-19	Electric Pumping Equipment	325.000		\$8,578
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$3,367	
	To reflect plant addition for High Point Service Area		\$5,211	
P-20	High Service or Booster Pumping Equip	325.200		\$5,656
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$5,656	
P-23	Other Pumping Equipment	328.000		\$1,553
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$1,553	
P-28	Water Treatment Equipment	332.000		\$1,786
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$1,786	
P-33	Distribution Reservoirs & Standpipes	342.000		\$38,270
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$38,270	

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Schedule of Adjustments for Plant in Service - Water

A	B	C	D	E
Plant Adjustment Number	Plant In Service Adjustment Description	Account Number	Adjustment Amount	Total Adjustment
P-37	Meters- Bronze Chamber	346.000		\$3,334
	To reflect plant addition for Shawnee Bend 5 service area		\$583	
	To reflect plant addition for KK service area (Eagle Woods new water supply)		\$1,950	
	To reflect plant addition for High Point Service Area		\$801	
Total Plant Adjustments				\$62,364

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Depreciation Expense - Water

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	\$11,458	0.00%	\$0
3	302.000	Franchises	\$0	0.00%	\$0
4	303.000	Land and Land Rights INT PLT	\$938	0.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$12,396		\$0
6		SOURCE OF SUPPLY PLANT			
7	310.000	Land & Land Rights SP	\$0	0.00%	\$0
8	311.000	Structures & Improvements - SSP	\$20,208	2.50%	\$505
9	312.000	Collection & Impounding Reservoirs	\$0	0.00%	\$0
10	313.000	Lake, River & Other Intakes	\$0	0.00%	\$0
11	314.000	Wells & Springs	\$143,970	2.00%	\$2,879
12	315.000	Infiltration Galleries & Tunnels	\$0	0.00%	\$0
13	316.000	Supply Mains	\$39,712	2.00%	\$794
14	317.000	Other Water Source Plant	\$0	0.00%	\$0
15		TOTAL SOURCE OF SUPPLY PLANT	\$203,890		\$4,178
16		PUMPING PLANT			
17	320.000	Land and Land Rights	\$0	0.00%	\$0
18	321.000	Structures & Improvements - PP	\$2,360	2.50%	\$59
19	325.000	Electric Pumping Equipment	\$8,578	10.00%	\$858
20	325.200	High Service or Booster Pumping Equip	\$20,068	6.70%	\$1,345
21	325.300	Shaft Driven Equipment	\$1,453	5.00%	\$73
22	326.000	Diesel Pumping Equipment	\$0	0.00%	\$0
23	328.000	Other Pumping Equipment	\$1,553	4.00%	\$62
24		TOTAL PUMPING PLANT	\$34,012		\$2,397
25		WATER TREATMENT PLANT			
26	330.000	Land & Land Rights-WTP	\$0	0.00%	\$0
27	331.000	Structures & Improvements - WTP	\$0	0.00%	\$0
28	332.000	Water Treatment Equipment	\$3,526	2.90%	\$102
29		TOTAL WATER TREATMENT PLANT	\$3,526		\$102
30		TRANSMISSION & DISTRIBUTION PLANT			
31	340.000	Land & Land Rights-T&D	\$0	0.00%	\$0
32	341.000	Structures & Improvements - T&D	\$0	2.50%	\$0
33	342.000	Distribution Reservoirs & Standpipes	\$38,870	2.50%	\$972
34	343.000	Transmission and Distribution Equipment	\$42,995	2.00%	\$860
35	344.000	Fire Mains	\$0	0.00%	\$0
36	345.000	Services	\$0	0.00%	\$0
37	346.000	Meters- Bronze Chamber	\$28,734	3.30%	\$948
38	346.100	Meters- Plastic Chamber	\$0	0.00%	\$0
39	347.000	Meter Installations- Bronze	\$0	0.00%	\$0
40	347.100	Meter Installations- Plastic	\$0	0.00%	\$0

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

Line Number	A Account Number	B Plant Account Description	C Adjusted Jurisdictional	D Depreciation Rate	E Depreciation Expense
41	348.000	Hydrants	\$0	0.00%	\$0
42	349.000	Other Transmission and Distrution Plant	\$62,786	2.00%	\$1,256
43		TOTAL TRANS. & DISTRIBUTION PLANT	\$173,385		\$4,036
44		GENERAL PLANT			
45	389.000	Land & Land Rights-GP	\$0	0.00%	\$0
46	390.000	Structures & Improvements - GP	\$1,300	2.50%	\$33
47	391.000	Office Furniture & Equipment	\$0	0.00%	\$0
48	391.100	Office Computer Equipment	\$0	20.00%	\$0
49	392.000	Transportation Equipment - GP	\$0	0.00%	\$0
50	393.000	Stores Equipment	\$0	0.00%	\$0
51	394.000	Tools, Shop & Garage Equipment	\$0	0.00%	\$0
52	396.000	Power Operated Equipment	\$2,177	6.70%	\$146
53	398.000	Miscellaneous Equipment	\$0	0.00%	\$0
54		TOTAL GENERAL PLANT	\$3,477		\$179
55		Total Depreciation	\$430,686		\$10,892

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Accumulated Depreciation Reserve - Water

Line Number	Account Number	Depreciation Reserve Description	Total Reserve	Adjustment Number	Adjustments	Jurisdictional Allocation	Adjusted Jurisdictional
1		INTANGIBLE PLANT					
2	301.000	Organization	\$0			100.00%	\$0
3	302.000	Franchises	\$0			100.00%	\$0
4	303.000	Land and Land Rights INT PLT	\$0			100.00%	\$0
5		TOTAL INTANGIBLE PLANT	\$0		\$0		\$0
6		SOURCE OF SUPPLY PLANT					
7	310.000	Land & Land Rights SP	\$0			100.00%	\$0
8	311.000	Structures & Improvements - SSP	\$5,202	R-8	\$412	100.00%	\$5,614
9	312.000	Collection & Impounding Reservoirs	\$0			100.00%	\$0
10	313.000	Lake, River & Other Intakes	\$0			100.00%	\$0
11	314.000	Wells & Springs	\$20,652	R-11	\$2,400	100.00%	\$23,052
12	315.000	Infiltration Galleries & Tunnels	\$0			100.00%	\$0
13	316.000	Supply Mains	\$8,924	R-13	\$662	100.00%	\$9,586
14	317.000	Other Water Source Plant	\$0			100.00%	\$0
15		TOTAL SOURCE OF SUPPLY PLANT	\$34,778		\$3,474		\$38,252
16		PUMPING PLANT					
17	320.000	Land and Land Rights	\$0			100.00%	\$0
18	321.000	Structures & Improvements - PP	\$0	R-18	\$25	100.00%	\$25
19	325.000	Electric Pumping Equipment	\$0	R-19	\$357	100.00%	\$357
20	325.200	High Service or Booster Pumping Equip	\$10,462	R-20	\$1,437	100.00%	\$11,899
21	325.300	Shaft Driven Equipment	\$653	R-21	\$48	100.00%	\$701
22	326.000	Diesel Pumping Equipment	\$0			100.00%	\$0
23	328.000	Other Pumping Equipment	\$0	R-23	\$26	100.00%	\$26
24		TOTAL PUMPING PLANT	\$11,115		\$1,893		\$13,008
25		WATER TREATMENT PLANT					
26	330.000	Land & Land Rights-WTP	\$0			100.00%	\$0
27	331.000	Structures & Improvements - WTP	\$0			100.00%	\$0
28	332.000	Water Treatment Equipment	\$567	R-28	\$64	100.00%	\$631
29		TOTAL WATER TREATMENT PLANT	\$567		\$64		\$631
30		TRANSMISSION & DISTRIBUTION PLANT					
31	340.000	Land & Land Rights-T&D	\$0			100.00%	\$0
32	341.000	Structures & Improvements - T&D	\$0			100.00%	\$0
33	342.000	Distribution Reservoirs & Standpipes	\$169	R-33	\$448	100.00%	\$617
34	343.000	Transmission and Distribution Equipment	\$7,950	R-34	\$680	100.00%	\$8,630
35	344.000	Fire Mains	\$0			100.00%	\$0
36	345.000	Services	\$0			100.00%	\$0
37	346.000	Meters- Bronze Chamber	\$7,103	R-37	\$655	100.00%	\$7,758
38	346.100	Meters- Plastic Chamber	\$0			100.00%	\$0
39	347.000	Meter Installations- Bronze	\$0			100.00%	\$0
40	347.100	Meter Installations- Plastic	\$0			100.00%	\$0
41	348.000	Hydrants	\$0			100.00%	\$0
42	349.000	Other Transmission and Distrution Plant	\$13,290	R-42	\$1,107	100.00%	\$14,397
43		TOTAL TRANS. & DISTRIBUTION PLANT	\$28,512		\$2,890		\$31,402
44		GENERAL PLANT					
45	389.000	Land & Land Rights-GP	\$0			100.00%	\$0
46	390.000	Structures & Improvements - GP	\$49	R-46	\$27	100.00%	\$76
47	391.000	Office Furniture & Equipment	\$0			100.00%	\$0
48	391.100	Office Computer Equipment	\$0			100.00%	\$0
49	392.000	Transportation Equipment - GP	\$17,101	R-49	-\$17,101	100.00%	\$0
50	393.000	Stores Equipment	\$0			100.00%	\$0
51	394.000	Tools, Shop & Garage Equipment	\$0			100.00%	\$0

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

Line Number	A Account Number	B Depreciation Reserve Description	C Total Reserve	D Adjustment Number	E Adjustments	F Jurisdictional Allocation	G Adjusted Jurisdictional
52	396.000	Power Operated Equipment	\$1,639	R-52	\$121	100.00%	\$1,760
53	398.000	Miscellaneous Equipment	\$0			100.00%	\$0
54		TOTAL GENERAL PLANT	\$18,789		-\$16,953		\$1,836
55		TOTAL DEPRECIATION RESERVE	\$93,761		-\$8,632		\$85,129

To Rate Base Schedule

Osage Water Company
Informal Rate/Certificate Case
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Test Year Ending 06-30-2008
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
R-8	Structures & Improvements - SSP	311.000		\$412
	To reflect depreciation reserve thru 10/31/2008 for F-12 service area		\$272	
	To reflect depreciation reserve thru 10/31/2008 for Shawnee Bend service area		\$56	
	To reflect depreciation reserve thru 10/31/2008 for KK service area		\$84	
R-11	Wells & Springs	314.000		\$2,400
	To reflect depreciation reserve thru 10/31/2008 for Cedar Glen service area		\$1,209	
	To reflect depreciation reserve thru 10/31/2008 for F-12 service area		\$485	
	To reflect depreciation reserve thru 10/31/2008 for Shawnee Bend service area		\$486	
	To reflect depreciation reserve thru 10/31/2008 for KK service area		\$15	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach North service area		\$6	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach South service area		\$31	
	To reflect depreciation reserve thru 10/31/2008 for General Plant		\$168	
R-13	Supply Mains	316.000		\$662

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

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
	To reflect depreciation reserve thru 10/31/2008 for Cedar Glen service area		\$70	
	To reflect depreciation reserve thru 10/31/2008 for F-12 service area		\$209	
	To reflect depreciation reserve thru 10/31/2008 for Shawnee Bend service area		\$236	
	To reflect depreciation reserve thru 10/31/2008 for KK service area		\$42	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach North service area		\$1	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach South service area		\$33	
	To reflect depreciation reserve thru 10/31/2008 for KK service area		\$71	
R-18	Structures & Improvements - PP	321.000		\$25
	To reflect depreciation reserve thru 10/31/2008 for new plant added to the KK service area		\$25	
R-19	Electric Pumping Equipment	325.000		\$357
	To reflect depreciation reserve thru 10/31/2008 for new plant added to the KK service area		\$140	
	To reflect depreciation reserve thru 10/31/2008 for new plant added to the High Point service area		\$217	
R-20	High Service or Booster Pumping Equip	325.200		\$1,437

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

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
	To reflect depreciation reserve thru 10/31/2008 for F-12 service area		\$282	
	To reflect depreciation reserve thru 10/31/2008 for KK service area		\$378	
	To reflect depreciation reserve thru 10/31/2008 for General Plant		\$777	
R-21	Shaft Driven Equipment	325.300		\$48
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach South service area		\$48	
R-23	Other Pumping Equipment	328.000		\$26
	To reflect depreciation reserve thru 10/31/2008 for new plant added to the KK service area		\$26	
R-28	Water Treatment Equipment	332.000		\$64
	To reflect depreciation reserve thru 10/31/2008 for new plant added to the KK service area		\$22	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach North service area		\$3	
	To reflect depreciation reserve thru 10/31/2008 for General Plant		\$39	
R-33	Distribution Reservoirs & Standpipes	342.000		\$448
	To reflect depreciation reserve thru 10/31/2008 for F-12 service area		\$13	

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

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

To reflect depreciation reserve thru 10/31/2008
for KK service area \$399

To reflect depreciation reserve thru 10/31/2008
for General Plant \$36

R-34	Transmission and Distribution Equipment	343.000		\$680
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To reflect depreciation reserve thru 10/31/2008
for F-12 service area \$6

To reflect depreciation reserve thru 10/31/2008
for Shawnee Bend service area \$39

To reflect depreciation reserve thru 10/31/2008
for Osage Beach South service area \$124

To reflect depreciation reserve thru 10/31/2008
for special capitalization of engineering fees \$511

R-37	Meters- Bronze Chamber	346.000		\$655
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To reflect depreciation reserve thru 10/31/2008
for Cedar Glen service area \$200

To reflect depreciation reserve thru 10/31/2008
for F-12 service area \$91

To reflect depreciation reserve thru 10/31/2008
for Shawnee Bend service area \$71

To reflect depreciation reserve thru 10/31/2008
for KK service area \$58

To reflect depreciation reserve thru 10/31/2008
for Osage Beach South service area \$48

Osage Water Company
 Informal Rate/Certificate Case
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 Test Year Ending 06-30-2008
 Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A Reserve Adjustment Number	B Accumulated Depreciation Reserve Adjustments Description	C Account Number	D Adjustment Amount	E Total Adjustment Amount
	To reflect depreciation reserve thru 10/31/2008 for new plant added to the High Point service area		\$11	
	To reflect depreciation reserve thru 10/31/2008 for General Plant		\$176	
R-42	Other Transmission and Distrution Plant	349.000		\$1,107
	To reflect depreciation reserve thru 10/31/2008 for Cedar Glen service area		\$51	
	To reflect depreciation reserve thru 10/31/2008 for F-12 service area		\$28	
	To reflect depreciation reserve thru 10/31/2008 for Shawnee Bend service area		\$136	
	To reflect depreciation reserve thru 10/31/2008 for KK service area		\$110	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach North service area		\$576	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach South service area		\$12	
	To reflect depreciation reserve thru 10/31/2008 for General Plant		\$194	
R-46	Structures & Improvements - GP	390.000		\$27
	To reflect depreciation reserve thru 10/31/2008 for General Plant		\$27	
R-49	Transportation Equipment - GP	392.000		-\$17,101

Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Schedule of Adjustments for Accumulated Depreciation Reserve - Water

A	B	C	D	E
Reserve Adjustment Number	Accumulated Depreciation Reserve Adjustments Description	Account Number	Adjustment Amount	Total Adjustment Amount
	To reflect the removal of depreciatio reserve associated with fully depreciated plant		-\$17,101	
R-52	Power Operated Equipment	396.000		\$121
	To reflect depreciation reserve thru 10/31/2008 for Shawnee Bend service area		\$16	
	To reflect depreciation reserve thru 10/31/2008 for Osage Beach North service area		\$105	
Total Reserve Adjustments				-\$8,632

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Rate Revenue Feeder Schedule - Water

Line Number	Description	Residential 5/8"		Commercial 2"	
		B Amount	C Amount	D Amount	E Amount
1	<u>Customer Charge Revenues:</u>				
2	Customer Number	388		0	
3	Bills Per Year	12		0	
4	Customer Bills Per year	4,656		0	
5	Current Customer Charge	\$16.36		\$0.00	
6	Annualized Customer Charge Revenues		\$76,172		\$0
7	<u>Commodity Charge Revenues:</u>				
8	Total Gallons Sold	7,380,080		0	
9	Less: Base Gallons Included In Customer Charge	2,662,029		0	
10	Commodity Gallons	4,718,051		0	
11	Block 1, Commodity Gallons per Block	4,718,051		0	
12	Block 1, Number of Commodity Gallons per Unit	1,000		0	
13	Block 1, Commodity Billing Units	4,718.05		0.00	
14	Block 1, Existing Commodity Charge	\$3.87		\$0.00	
15	Block 1, Annualized Commodity Charge Rev.		\$18,259		\$0
16	Total Annualized Water Rate Revenues		\$94,431		\$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
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Rate Revenue Feeder Schedule - Water

Line Number	A Description	Total	
		F Amount	G Amount
1	<u>Customer Charge Revenues:</u>		
2	Customer Number	388	
3	Bills Per Year		
4	Customer Bills Per year	4,656	
5	Current Customer Charge		
6	Annualized Customer Charge Revenues		\$76,172
7	<u>Commodity Charge Revenues:</u>		
8	Total Gallons Sold	7,380,080	
9	Less: Base Gallons Included In Customer Charge	2,662,029	
10	Commodity Gallons	4,718,051	
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.		\$18,259
16	Total Annualized Water Rate Revenues		\$94,431

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
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Expense Schedule - Water

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 (1)	\$0			100.00%	\$0
3		Operators Salary/Contract Services (1)	\$0			100.00%	\$0
4		Electricity-(Pumping)	\$17,924	W-4	\$1,284	45.00%	\$8,644
5		Purchased Water	\$11,297	W-5	-\$5,297	100.00%	\$6,000
6		Purchased Water - Tank Rental	\$6,000	W-6	-\$6,000	100.00%	\$0
7		Chemicals-(Chlorine)	\$0			100.00%	\$0
8		TOTAL OPERATIONS EXPENSE	\$35,221		-\$10,013		\$14,644
9		MAINTENANCE EXPENSES					
10		Outside Services Employed (1)	\$37,641	W-10	-\$11,805	100.00%	\$25,836
11		Material and Supplies	\$0			100.00%	\$0
12		Vehical Expense - Fuel	\$0			100.00%	\$0
13		Misc. Supplies	\$0			100.00%	\$0
14		System Maintenance	\$0			100.00%	\$0
15		Repair & Maintenance	\$0	W-15	\$2,256	100.00%	\$2,256
16		Repair & Maint. Road Cut Repairs	\$0			100.00%	\$0
17		Meters and Supplies	\$0			100.00%	\$0
18		Lab and Testing Fees	\$800			51.00%	\$408
19		Misc Maintenance Expense	\$0			100.00%	\$0
20		TOTAL MAINTENANCE EXPENSE	\$38,441		-\$9,549		\$28,500
21		CUSTOMER ACCOUNT EXPENSE					
22		Meter Reading	\$0			100.00%	\$0
23		Billing & Collections	\$123			51.00%	\$63
24		Office Supplies	\$0			100.00%	\$0
25		Postage	\$61			51.00%	\$31
26		Uncollectible Accounts	\$0			100.00%	\$0
27		TOTAL CUSTOMER ACCOUNT EXPENSE	\$184		\$0		\$94
28		ADMINISTRATIVE & GENERAL EXPENSES					
29		Administration & General Salary (1)	\$0			100.00%	\$0
30		Receivership Fees	\$23,334	W-30	\$6,521	100.00%	\$29,855
31		Accounting Fees	\$39	W-31	\$500	51.00%	\$275
32		Legal Fees	\$1,878			51.00%	\$958
33		Harbour Bay Judgment	\$3,900	W-33	-\$300	51.00%	\$1,836
34		Cedar Glen Judgment	\$24,591	W-34	-\$24,591	100.00%	\$0
35		Hancock Judgment	\$0	W-35	\$32,780	51.00%	\$16,718
36		Jim Clary Judgment	\$0	W-36	\$3,908	51.00%	\$1,993
37		Water Lab Judgment	\$0	W-37	\$27,035	51.00%	\$13,788
38		Office Utilities	\$0			100.00%	\$0
39		Telephone - Cell Phone	\$0			100.00%	\$0
40		Vehicle Insurance	\$0			100.00%	\$0
41		Vehicle Expense	\$0			100.00%	\$0
42		Property & Liability Insurance	\$0			100.00%	\$0
43		Dues and Donations	\$0			100.00%	\$0
44		Other Misc. Expenses	\$25			51.00%	\$13
45		TOTAL ADMINISTRATIVE AND GENERAL	\$53,767		\$45,853		\$65,436
46		OTHER OPERATING EXPENSES					
47		MO DNR Fees	\$1,150	W-47	\$0	0.00%	\$0
48		PSC Assessment	\$6,607	W-48	-\$5,797	100.00%	\$810
49		Corporate Registration	\$0			100.00%	\$0
50		Amortization of CIAC Expense	\$0	W-50	\$102	100.00%	\$102
51		Depreciation	\$8,814	W-51	\$2,078	100.00%	\$10,892
52		TOTAL OTHER OPERATING EXPENSES	\$16,571		-\$3,617		\$11,804
53		TAXES OTHER THAN INCOME					
54		Real & Personal Property Taxes	\$396	W-54	\$0	51.00%	\$202
55		Sales Tax	\$985	W-55	-\$985	51.00%	\$0
56		Payroll Taxes	\$0			100.00%	\$0
57		TOTAL TAXES OTHER THAN INCOME	\$1,381		-\$985		\$202

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Expense Schedule - Water

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
58	TOTAL OPERATING EXPENSES		\$145,585		\$21,689		\$120,680

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
W-4	Electricity-(Pumping)			\$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	
W-5	Purchased Water			-\$5,297
	To reflect the current cost of the water supply for Eagle Woods Service Area		-\$5,297	
W-6	Purchased Water - Tank Rental			-\$6,000
	To reflect the removal of expense in test year to capital.		-\$6,000	
W-10	Outside Services Employed (1)			-\$11,805
	To reflect the annualized level of contract services related to operation and management services performed by LOWS		-\$11,805	
W-15	Repair & Maintenance			\$2,256
	To reflect repair and maintenance expense provided by LOWS		\$2,256	
W-30	Receivership Fees			\$6,521
	To reflect an annualized level of receivership fees		\$6,521	
W-31	Accounting Fees			\$500

Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To reflect an annualized level for accounting fees for Taylor, Hoskins & Shaw		\$500	
W-33	Harbour Bay Judgment			-\$300
	To annualize the Harbor Bay judgement expense		-\$300	
W-34	Cedar Glen Judgment			-\$24,591
	To reflect the judgement being satisfied relating to issues at Cedar Glen Condo Judgement satisfied July 15, 2008		-\$24,591	
W-35	Hancock Judgment			\$32,780
	To reflect the annualized expense level of the Hancock judgement		\$32,780	
W-36	Jim Clary Judgment			\$3,908
	To reflect the annualized expense level of the Jim Clary judgement		\$3,908	
W-37	Water Lab Judgment			\$27,035
	To reflect the annualized expense level of the Water Lab judgement		\$27,035	
W-47	MO DNR Fees			\$0
	To reflect curent DNR permitting fees and to eliminate primance fees pass through.		\$0	
W-48	PSC Assessment			\$5,797
	To reflect current fiscal 2009 PSC Assessment for Water		-\$5,797	
W-50	Amortization of CIAC Expense			\$102

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Expense Adjustment Schedule - Water

A Expense Adj Number	B Adjustment Description	C Account Number	D Adjustment Amount	E Total Adjustment
	To reflect CIAC amortization expense thru 10/31/2008		\$102	
W-51	Depreciation			\$2,078
	1. To Annualize Depreciation		\$2,078	
W-54	Real & Personal Property Taxes			\$0
	To reflect current Personal and Real Property Tax for utility property		\$0	
W-55	Sales Tax			-\$985
	To reflect the elimination of sales tax in expense as it is a pass thru from customers and not included in the revenue calculation		-\$985	
	Total Expense Adjustments			\$21,689

Osage Water Company
 Informal Rate/Certificate Case
 Tracking Number WR-2009-0149
 Test Year Ending 06-30-2008
 Revenue Schedule - Water

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	\$100,869	Rev-2	-\$6,438	100.00%	\$94,431
Rev-3		Miscellaneous Revenues	\$0	Rev-3	\$0	100.00%	\$0
Rev-4		TOTAL ANNUALIZED REVENUES	\$100,869		-\$6,438		\$94,431

Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Revenue Adjustment Schedule - Water

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

Rev-2	Annualized Rate Revenues			\$6,438
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1. To Annualize Rate Revenues			-\$6,438	
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Rev-3	Miscellaneous Revenues			\$0
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1. To Annualize Miscellaneous Revenues			\$0	
--	--	--	-----	--

Description			\$0	
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Description			\$0	
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	Total Revenue Adjustments			-\$6,438
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Osage Water Company
Informal Rate/Certificate Case
Tracking Number WR-2009-0149
Test Year Ending 06-30-2008
Miscellaneous Revenues Feeder - Water

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

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	\$ 60,760
Percentage Increase Needed	64.342%

Metered Customer Rates

Meter Size	Current Service Charge	Proposed Service Charge	Current Usage Rate	Proposed Usage Rate
5/8"	\$ 16.36	\$ 26.89	\$ 3.870	\$ 6.36
1"	\$ 22.64	\$ 37.21	\$ 3.870	\$ 6.36
1 1/2"	\$ 38.85	\$ 63.85	\$ 3.870	\$ 6.36
2"	\$ 44.25	\$ 72.72	\$ 3.870	\$ 6.36
3"	\$ 63.55	\$ 104.44	\$ 3.870	\$ 6.36
4"	\$ 161.13	\$ 264.80	\$ 3.870	\$ 6.36

Agreement Attachment E

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>
\$16.36	\$26.89	\$3.870	\$6.360

current service charge is monthly charge

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	\$ 26.89
Usage Charge	\$ 25.44
Total Bill	\$ 52.33

INCREASES

Customer Charge

\$ Increase	\$10.53
% Increase	64.34%

Usage Charge

\$ Increase	\$14.94
% Increase	64.34%

Total Bill

\$ Increase	\$25.47
% Increase	64.34%

Agreement Attachment F

Schedule of Depreciation Rates

**OSAGE WATER COMPANY
DEPRECIATION RATES
(WATER)
WR-2009-0149 Attachment F**

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT</u>	<u>DEPRECIATION RATE %</u>	<u>AVERAGE SERVICE LIFE (YEARS)</u>	<u>NET SALVAGE</u>
311	Structures & Improvements	2.5%	40	0%
314	Wells & Springs	2.0%	50	0%
316	Supply Mains	2.0%	50	0%
317	Other Water Source	2.0%	50	0%
343	Transmission & Distribution Mains	2.0%	50	0%
346	Meters	10%;5%;3.3%	10;20;30	0%
391	Office Furniture & Equipment	5.0%	20	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
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	\$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
Significant Service/Quality Issues	None