

Exhibit No. \_\_\_\_\_  
Witness/Type of Exhibit: William P. Mitchell  
Direct Testimony  
Company: Osage Water Company  
CASE NO. ST-2003-0562  
CASE NO. ST-2003-0563

Issues: Rates, Rate Base, Cost of Capital

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

CASE NO. ST-2003-0562  
CASE NO. WT-2003-0563

**FILED**<sup>3</sup>

SEP 03 2003

OSAGE WATER COMPANY <sup>Pu</sup> Missouri Public  
Service Commission

DIRECT TESTIMONY OF

WILLIAM P. MITCHELL

August 22, 2003

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1 QUALIFICATION OF WITNESS

2 Q. Please state your name and address.

3 A. My name is William P. Mitchell. My office is at 328 S. Frontage Rd., Osage  
4 Beach, Missouri.

5 Q. Have you previously testified before the Commission?

6 A. Yes. I testified on behalf of Osage Water Company in Case WA-98-236 and SA-  
7 99-268, and others

8 Q. What is your relationship to Osage Water Company?

9 A. I am a shareholder, the Director, and President of Osage Water Company.

10 Q. Are you affiliated with any other regulated utilities?

11 A. Yes, I am the sole shareholder, Director, and President of Missouri Utilities,  
12 which own and operate public water and sewer utilities in the vicinity of Sedalia,  
13 Missouri. Missouri Utilities is a Commission regulated water and sewer utility  
14 company.

15 Q. Please describe your background and education.

16 A. I hold an undergraduate degree in economics, and have completed the course  
17 work for a Masters Degree in Civil Engineering. I am a shareholder and officer of  
18 Water Laboratory Company, a corporation whose principal business is the testing  
19 of water wells and wastewater treatment facilities in Central Missouri. I am also  
20 the President, Director, and shareholder of Jackson Engineering, Inc., a  
21 corporation providing civil engineering services at the Lake of the Ozarks, and  
22 which specializes particularly in the design of water systems and wastewater

1 treatment facilities. I hold a Class A Water and Wastewater Treatment Operator's  
2 License.

3 Q. How long have you been in the business of water and sewer utility systems?

4 A. Since 1981.

5 Q. Do you operate any water or sewer utility systems other than those owned by  
6 Osage Water Company and Missouri Utilities?

7 A. Not at this time. I was operating 60 wastewater treatment facilities when I sold the  
8 O&M business to an employee in 1995.

9 Q. How long have you been the president of Jackson Engineering, Inc.?

10 A. Since 1992.

11 Q. During that time, how many water and sewer utility systems have been designed,  
12 inspected, or built by Jackson Engineering?

13 A. The exact number would be hard to say, but more than 75.

14 Q. Are you a registered professional engineer in the State of Missouri?

15 A. No, I am not. Current law requires that an engineer have a bachelor's degree in  
16 order to qualify to take the test to be licensed as a professional engineer. My  
17 bachelor's degree is in economics. My master's degree coursework is in  
18 engineering, so I don't qualify to take the test to become a professional engineer.

19 Q. Does Jackson Engineering employ any professional engineers on its staff?

20 A. Yes, it does.

21

## QUALIFICATIONS OF OSAGE WATER COMPANY

1  
2 Q. How long have you been an officer, director, and shareholder of Osage Water  
3 Company?

4 A. Since 1987. My parents and I originally formed Osage Water Company for the  
5 purpose of providing regulated water utility service in the Lake of the Ozarks area.

6 Q. What are your duties and responsibilities with respect to Osage Water Company?

7 A. I am the sole member of the Board of Directors, and participate in all board  
8 meetings that affect the policies and management of the Company. In my capacity  
9 as a Director, I assist in developing policy and procedures for OWC, particularly  
10 with respect to technical matters. I am also President of OWC. I am not in charge  
11 of the day-to-day operations of OWC; they are handled by contract with  
12 Environmental Utilities. This includes office operations, billing, depositing of  
13 funds, responding to customer inquiries, overseeing service connections,  
14 overseeing and making repairs when necessary, overseeing regular operation,  
15 maintenance, and testing of the Company's water and sewer utility systems, and  
16 regulatory compliance. I recently filed the necessary reports and tax returns in  
17 order to reinstate the corporation's charter to good standing with the Missouri  
18 Secretary of State's Office. I also prepared and filed the corporation's State and  
19 Federal Income Tax Returns for the periods of 1999 through 2002.

20 Q. Is Osage Water Company currently authorized to provide public water and sewer  
21 utility service?

22 A. Yes. Osage Water Company has been a regulated public water utility since 1987.  
23 Most recently, it received authority from the Commission to expand its services in

1 1992 in Case No. WA-92-141, in 1994 in Case WA-94-132, in 1998 in Cases  
2 WA-97-110 and WA-98-36, and in 1999 in Case WA-98-236. The Company was  
3 authorized provide sewer utility service in Cases WA-97-110 and WA-98-36.

4 Q. Who is or are the other officers of Osage Water Company?

5 A. I am the sole officer and director.

6 Q. Does Osage Water Company have any employees?

7 A. Just me, and I have not been paid for any of my labor or reimbursed for any  
8 expenses.

9 **Reasonable Rates, Cost of Operation,**

10 Q. How does OWC provide for the operation and maintenance of its water supplies  
11 and sewage treatment facilities?

12 A. OWC has an operation contract with Environmental Utilities, LLC (EU) under the  
13 terms of which that company provides regular operation, maintenance, and testing  
14 of all of OWC's water supplies and sewage treatment facilities. It also provides  
15 basic office operations for OWC, including secretarial support, telephone, meter  
16 reading, and billing. In exchange for these services, EU receives all of the  
17 revenues from OWC's water and sewer operations.

18 Q. Do you own any interest in EU?

19 A. No, I do not.

20 Q. Is there any common ownership between EU and OWC?

21 A. Yes. Gregory D. Williams owns stock in OWC, and also owns an interest in EU.

22 Q. Has EU provided an accounting of the revenues and expenses it has received and  
23 incurred in operating the OWC water and sewer systems?

1 A. Yes. Attached as Schedule WPM-? is a schedule of the past 12 months revenues  
2 and expenditures for the OWC systems. Operations have consumed all of the  
3 revenues generated by the OWC systems.

4 Q. The schedule shows a considerable expenditure for legal expenses. Is OWC  
5 actively engaged in any litigation?

6 A. Unfortunately, yes. The legal expenses are those incurred by OWC in defense of  
7 the various lawsuits filed by the Public Service Commission. These expenses  
8 have had a drastic impact on OWC's cash flow, and severely limited EU's ability  
9 to increase expenditures for ordinary operation and maintenance.

10 Q. Does OWC have a choice as to whether it incurs these legal expenses?

11 A. As the defendant in a lawsuit which threatens its continued existence, OWC really  
12 has no choice whether to pay for a defense attorney.

13 Q. Does OWC require any additional personnel, operating contracts, or equipment in  
14 order to properly operate and manage the existing facilities?

15 A. Yes. EU needs to hire one more full time operations person to adequately operate  
16 and maintain the systems according to DNR and EPA regulation governing the  
17 operation and maintenance of wastewater treatment plants, drinking water TMF  
18 regulations and to provide backup in the event the primary operator is ill or  
19 unavailable. At the present time, EU is only able to provide one field operator,  
20 Jeff Smith, with the revenues generated by OWC's customer base. Mr. Smith is a  
21 licensed water and wastewater operator, however, given the number of water  
22 wells and sewer plants owned by OWC, he does not have enough time to take care  
23 of all of the work that really should be done on those systems. He is able to

1 handle the weekly operation and primary maintenance of the water wells and  
2 sewer plants, and to read the meters each month and pull the water and wastewater  
3 samples for testing and reporting to MDNR. However, when major repairs are  
4 required, he is sometimes unable to inspect each system on a weekly basis.

5 During the summer months, EU has been providing a part time assistant for Mr.  
6 Smith to help out with the weekly inspections and sewer plant chlorination.

7 However, there are not enough man-hours available with the current revenue  
8 stream to increase the part time summer position to a full time position. A second  
9 person is needed in order to perform routine inspections of customer septic tanks  
10 and pumping systems, to install water meters and inspect sewer connections, and  
11 to inspect the water wells and sewer plants on a daily basis as required by DNR.

12 See WPM Schedule 2 for DNR requirements for operation of mechanical  
13 wastewater plants.

14 Q. Are there any other staffing deficiencies?

15 A. Yes. EU has not been able to provide detailed book keeping for OWC as a result  
16 of a shortage in revenues during the winter months. EU has had to lay off the  
17 bookkeeper in each of the past two winters in order to maintain sufficient funds  
18 from existing revenues to pay operating expenses and repairs. As a result, various  
19 accounting schedules have not been kept up to date, in particular the capital  
20 expenditures schedule and fixed asset depreciation schedule. There is not enough  
21 staff time available to break out field labor between operating expenses and  
22 capital investment on a monthly basis, and to update the fixed asset schedule as  
23 capital is advanced for fixed assets, as required by PSC. In addition, management

1 staff at EU is performing the basic monthly billing functions, including posting of  
2 meter readings, posting of customer payments, and generation of monthly bills to  
3 customers. This is not a particularly efficient use of management time, and there  
4 are a number of other issues to which management time could and should be  
5 devoted.

6 Q. Are there any other cash flow deficiencies?

7 A. Yes. OWC is purchasing water for its Eagle Woods customers from EU under the  
8 terms of a Water Supply Agreement recently approved by the Commission in  
9 connection with a certificate case EU submitted for Golden Glade Subdivision.  
10 This expense is not reflected in the past 12 months operating expenses in full, as it  
11 only commenced in June of 2003 when EU's tariff received final approval from  
12 the Commission. This water supply is costing OWC on average about \$1,000 per  
13 month. In addition, OWC leases the wastewater treatment plant owned by the  
14 principals of EU in order to provide wastewater service in its KK service area.  
15 OWC has been unable to pay the rent of \$652.25 per month for this facility on a  
16 current basis.

17 Q. Will this rate case allow the Company to provide the revenue to EU to increase  
18 the number of field operators, book-keeping staff, and to pay for its water supply  
19 and wastewater treatment on KK?

20 A. Eventually, but not for 2 years. Because the PSC set this case for hearing rather  
21 than approving the tariff as filed, the Company will not see any new revenue until  
22 summer 2005 at the earliest. I estimate the cost of this case at \$37,100 just for an  
23 attorney, EU staff, and my time. CPA time would be extra. This estimate is

1 similar to the Commissions own finding 6 years ago in WR97-100 in its order and  
2 stipulation that the cost could run from \$20-40,000. Further the Commission  
3 stated,

4 " At this point the need for a more thorough  
5 investigation must be balanced with the potential  
6 for significant rate case expenses which may be  
7 passed on to customers in the form of additional  
8 rate increases."

9 I concur with the Commission's assessment. It will take 12 months increased  
10 revenue, until summer of 2005 just to repay the costs of this case. No new services  
11 will be provided for nearly 2 years. And this is in the public's best interest? The  
12 Commission has filed with Camden County Circuit Court a statement in the  
13 receivership case that "the Company cannot pay its bills as they come due". The  
14 continued utilization of OWC's property for service to the public without the  
15 provision of a fair return on the value of the property used, and recovery of the  
16 depreciation of the value of those assets while in use, is nothing less than a taking  
17 of private property by the PSC for the public benefit. The Commission has a duty  
18 to see that this does not continue to occur. Attached are spreadsheet analyses  
19 reflecting current customer counts, income and expenses by service area.

20 Q. Are there any other costs the Commission should consider in connection with the  
21 approval of the proposed tariffs?

22 A. Yes. In addition to recovery of actual operating costs, plus the anticipated costs of  
23 needed additional operating cost, the Commission is required by statute to provide  
24 a reserve for operations, a second reserve for emergencies, to provide a fair return

1 on capital utilized to provide service to the public, and to provide for recovery of  
2 depreciation on the capital assets of the Company.

3 Q. Why does OWC need a reserve for operations and emergencies?

4 A. The well failure at Broadwater Bay in the Osage Beach South Service Area and  
5 the simultaneous failure of the Shoney's Well pump in the Osage Beach North  
6 Service Area in August of 2002 provide the most compelling example of why a  
7 reserve for contingencies must be funded through rates. OWC incurred in excess  
8 of \$30,000 in repair expenses in order to restore both of those water wells to good  
9 working condition. Because the Shoney's Well was interconnected with OWC's  
10 High Point Well, customers in the Osage Beach North Area only experienced  
11 periods of low pressure during peak periods, but the Osage Beach South area was  
12 completely out of service for several days. Both of these equipment failures were  
13 covered by OWC's insurance policy, but because there were no cash reserves  
14 available, repairs were delayed while the insurance company made and  
15 investigation and authorized payment for repairs. In addition, the insurance policy  
16 only covered about 80% of the costs of the repairs, leaving OWC short more than  
17 \$6,000 in cash as a result. Had a cash reserve been available, OWC could have  
18 immediately made the necessary repairs, and replenished the cash reserve from the  
19 insurance proceeds later.

20 Q. How much cash reserves are needed?

21 A. Obviously given the number of wells and treatment plants in service, and in light  
22 of the simultaneous failure of two wells in August of 2003, an emergency reserve

1 of not less than \$50,000 is necessary to protect the public from future  
2 extraordinary system failures. The TMF rule requires an additional reserve fund of  
3 10% of the annual O&M budget be placed in a reserve fund. OWC proposed  
4 O&M budget is \$267,491

5 Q. Over what period of time should these reserves be funded?

6 A. MDNR's regulations provide that such a reserve must be funded in not less than 10  
7 years from the effective date of their TMF regulation, which was September 30,  
8 1999. That means that a total of \$15,350 must be added to the emergency  
9 equipment and O& M reserve in each of the next 5 years.

10 Q. How much revenue is needed to fund OWC's depreciation expenses?

11 A. According to Schedule WPM- 8, OWC currently requires the sum of \$38,893  
12 (\$1,944,650/50 yrs.) be placed into its depreciation reserve on an annual basis.

13 Q. Does this include depreciation on contributed plant?

14 A. Yes. MDNR's TMF regulations require that depreciation be recovered on all  
15 capital assets to insure that funds are available for major future repairs, rather than  
16 only recovering depreciation attributable to investment by the Company.

17 **CURRENT TARIFF AND RATES**

18 Q. Does OWC have a water tariff and a sewer tariff currently on file with the  
19 Commission?

20 A. Yes, it has Commission approved water and sewer tariffs.

21 Q. What is the Company's Commission approved rate for sewer utility service?

1 A. For residential sewer service, a flat rate of \$26.03 per month is charged. At the  
2 present time OWC has 299 residential sewer customers in its certificated sewer  
3 service areas, and no commercial sewer customers.

4 Q. When were these sewer rates established?

5 A. They were established by Order of the Commission in July of 2001.

6 Q. What are OWC's water service rates?

7 A. 5/8" Metered water service is provided at a base of \$16.36, which includes 2,000  
8 gallons of usage, with a commodity rate of \$3.8701 per 1,000 for each additional  
9 1,000.

10 Q. What are other utilities charging for similar services in the Lake area?

11 A. Camden County Sunnyslope Sewer District (formed in 2001) stated GOAL is to  
12 keep the rates below \$35/mo flat rate with subsidized interest and grants. The  
13 District should start construction in 2004 on a recirculating sand filter system  
14 similar to OWC plants. Hook ups to the system will be at the expense of the  
15 homeowner. I estimate \$2-5k each. Osage Beach outside of the city (no sales tax  
16 subsidy) flat rate is \$34.05/mo. sewer, \$49.91/mo 1<sup>st</sup> 1,000 gal. \$0.32/1,000 gal.  
17 water. Osage Beach sewer systems were constructed with 80% grant money.  
18 Water and sewer are financed with low interest bonds and operated with current  
19 revenue. Rocky Mount Sewer District's GOAL is \$35-50/mo sewer rates with  
20 subsidized interest and grants. Just formed with voter approval 8/03. Construction  
21 in 2005-6. OWC's proposed new rates are lower than those of public districts and  
22 municipal utilities in the Lake area with significantly larger capital costs.

1 Q. Is there any reason why OWC could not charge comparable amounts for water and  
2 sewer service to those charged by other area water and sewer utility service  
3 providers?

4 A. None that I can think of. That is why a base rate increase of 25% was filed with  
5 the Commission, with a subsequent increase to take effect in mid-2004 to bring  
6 OWC's rates up similar to those of other utility service providers is proposed.

7  
8 **FAIR VALUE OF OWC'S ASSETS**

9 Q. Did you prepare an analysis of fair value of used and useful assets for OWC?

10 A. Yes, see WPM schedule 7 attached to this testimony. We subsidized the capital  
11 costs by not paying the operation costs and using the cash to buy systems for  
12 below construction cost that have long term value to repay actual fair value  
13 through customer growth. Rather than requiring the owner of the system to  
14 subsidize the O&M during the initial growth period when customer count is low,  
15 the Company required the initial system price reduced in present value due to  
16 estimated losses in initial years O&M. The Company then invested in the systems  
17 by subsidizing O&M. Not allowing for a return on fair value is a taking by the  
18 State. My analysis concludes the company's fair value is in excess of \$1,944,650.

19 Q. What is fair value?

20 A. Missouri Law provides that regulated water and sewer utilities are entitled to a fair  
21 return on the value of their assets devoted to public use. Fair value is the value of  
22 the company's assets that form the basis for the amount of return that a company  
23 may earn on its assets. Fair value is termed Rate Base by the staff in an effort to

1 circumvent the law, as the analysis is more difficult than a simple cost of  
2 construction. Fair value may be more or less than the acquisition cost,  
3 replacement cost, or construction cost. Staff utilizes a method of costs assigned to  
4 categories of similar assets (rate base) less depreciation to estimate fair value, but  
5 that approach significantly undervalues OWC's assets devoted to public use,  
6 because OWC acquired assets of substantial value at below value by agreeing to  
7 operate and maintain them until the customer base was large enough to pay  
8 current and accrued operating costs. A substantial portion of OWC's debt to my  
9 companies was incurred in this manner, and is part of the fair value of OWC's  
10 assets devoted to public use.

11 Q. What are the replacement costs of OWC's assets currently used and useful in  
12 providing service to customers?

13 A. \$1,944,650. See Schedule WPM-8 attached hereto.

14 Q. Does this replacement cost provide a good estimate of the fair value of OWC's  
15 assets?

16 A. Yes, it provides a substantially better estimate than looking solely at the capital  
17 contributions of OWC's shareholders to determine the fair value of OWC's assets.

## 18 RATES

19 Q. Did you prepare a rate analysis for OWC?

20 A. Yes. A spreadsheet is attached WPM Schedule - 8 Budget. Rates should be much  
21 higher than the initial tariff filing in order to comply with DNR's TMF  
22 requirement. The Company proposes a phased rate increase, the first phase being  
23 the initial filed tariff approved immediately as interim rates. Interim rate increases

1 are within the authority of the PSC. Attached are new tariff pages proposed to be  
2 approved during the normal course of this case WPM Schedules 9 & 10.

3 Q. What is TMF?

4 A. The EPA and DNR require that water companies meet certain minimum  
5 Technical, Managerial, and Financial minimums to operate. Attached is a copy of  
6 the CSR pertaining to TMF, WPM Schedule 4. The company is required to have  
7 rates sufficient to bank depreciation on all assets whether purchased or  
8 contributed, have a reserve fund equal to the largest piece of equipment, and meet  
9 minimum O&M requirements, including staffing and training requirements. This  
10 regulation was in effect during the course of the last rate case and was ignored by  
11 the staff.

12 Q. Why is OWC proposing an increase in the base monthly charge, rather than both  
13 the base charge and the commodity charge?

14 A. The principal purpose in choosing this method of revenue increase is to increase  
15 revenues during the "off season" at the Lake, i.e. from December through May, so  
16 that a more stable revenue stream will be derived year round. OWC has been  
17 unable to retain some of its employees or contract employees during the off  
18 season in recent years, which has required layoffs and subsequent training of new  
19 personnel, which is very time consuming for management, and is a very  
20 inefficient use of OWC's resources.

## 21 COST OF CAPITAL

22 Q. How much revenue is required to provide a fair return on OWC's capital used in  
23 providing service to the public?

1 A. Assuming a rate of return of 18%, OWC will need annual revenues of \$288,000 in  
2 order to provide a fair rate of return on its assets devoted to public use.

3 Q. Why did you assume a rate of return of 18%?

4 A. In order to be able to attract and retain capital, OWC will have to provide a  
5 significantly higher rate of return than other investments in light of its historically  
6 below market rate of return paid to its existing investors. Basically, it has paid  
7 nothing to its existing investors. They are all dissatisfied with their investment in  
8 OWC, and would like to have their capital back so it can be invested in other  
9 investments with a return. A rate of return of 18% may be sufficient to encourage  
10 the existing investors to allow OWC to retain their capital, or, in the alternative,  
11 may be sufficient to attract new investors to replace the existing investors. It will  
12 also enable OWC to raise additional capital, either through debt or equity, to meet  
13 current and future capital needs.

14 Q. Have you researched the cost of capital?

15 A. Due to the inability of the staff to complete the last small rate case in a timely  
16 fashion with rates that reflect the actual cost of operation and maintenance, the  
17 Company has been regulatory lagged out of the investment capital market. No one  
18 will invest capital in the Company at any price, as the PSC has no credibility when  
19 it says that it will allow the utility an opportunity to earn an investment. The cost  
20 of this proceeding will consume the first year revenue increase initially requested.  
21 See WPM Schedule 1, Estimated cost of rate case. When a net rate increase is  
22 received and revenue is demonstrated to exceed the cost of O&M, reserves, and  
23 depreciation, capital may be available at 2 - 1 debt coverage ratios. At a current

1 interest rate of 4% prime +2% normal commercial bank interest normally  
2 available, times 2 coverage ratio = a minimum of 12% note rate, plus a first deed  
3 of trust, plus loan, title, and closing fees, plus the expense of a debt case. I  
4 estimate a gross return of 18% will be required to obtain capital.  
5

## 6 CONCLUSION

7 Q. Based on the foregoing information, do you have a recommendation to the  
8 Commission regarding what action it should take regarding the Application  
9 submitted by Osage Water Company in this case?

10 A. Yes, I do. It is clear that there is a present need for a rate increase in excess of the  
11 initial tariff filed. I believe that increasing rates in steps rather than in one large  
12 amount is preferable to the Public. I recommend that the PSC immediately  
13 approve the previously filed tariff pages and then proceed with the rate case as  
14 amended. The additional rate increases will not occur until next summer at the  
15 conclusion of this case. This 2 phased increase method will reduce rate shock to  
16 the customer, allow for more time to educate the customers about the true cost of  
17 service and provide the Company with the revenue to improve service, operation  
18 and maintenance with more operators. Only then can a debt case be filed to  
19 consolidate existing debt and provide for a small amount of new capital.

20 Q. Anything else?

21 A. I would like to incorporate by reference all OWC Court cases and PSC cases, all  
22 EPA regulations (Federal Register), all Missouri Statutes, all Missouri Code Of  
23 State Regulations, and the PSC Mission Statement.

1 Q. Do you have any other recommendations to make to the Commission?

2 A. Yes. It should terminate its litigation with OWC so that the current expenditures  
3 for legal fees can be redirected to other matters which require attention by OWC.  
4 I don't think the Commission has given adequate consideration to the impact that  
5 litigation is having on OWC's ability to provide safe and adequate service to its  
6 customers.

7 Q. Anything else?

8 A. Yes. I think the Commission has essentially ignored its obligation to insure that  
9 OWC's rates are adequate to provide a fair return to OWC's investors. Without  
10 the ability to pay a return on investment, OWC is and will continue to be, unable  
11 to raise any additional capital with which to meet the need for public water and  
12 sewer utility service in its certificated areas.

13 Q. Does this conclude your testimony in this case?

14 A. Yes. However I reserve the right to add to this testimony as information becomes  
15 available.

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) ss.

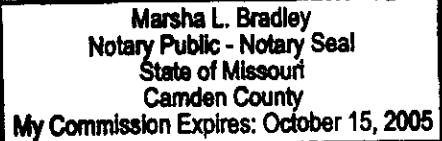
William P. Mitchell, of lawful age, on his oath states: That he has participated in the preparation of the attached written direct testimony, in question and answer form, consisting of 49 pages of direct testimony including attachments to be presented in the above case; that the answers in the attached written direct testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

William P. Mitchell

3<sup>rd</sup>

**Notary Public**

10-15-2005



WPM Schedule 1

Estimate cost to complete rate case

	hours GDW	WPM	other	
1st Prehearing conference	8	8		
Direct testimony	16	40	8	
Rebuttal	16	16	8	
Surrebuttal	8	4	4	
2nd Prehearing conference	8	8		
Hearing	48	40	16	
Brief	32	8		
Review of order and filing	8	4		
Total hours	144	128	36	
Rate	\$150	\$100	\$75	
Total costs	\$21,600	\$12,800	\$2,700	\$37,100

**Title 10.DEPARTMENT OF  
NATURAL RESOURCES**

**Division 20.Clean Water**

**Commission**

**Chapter 9.Treatment Plant**

**Operations**

**10 CSR 20-9.010 Wastewater Treatment**

**Systems Operation Scope Monitoring**

*PURPOSE: This regulation sets forth the minimum requirements for laboratory testing to ensure adequate wastewater treatment systems operation.*

(1) Definitions. Definitions as set forth in the Missouri Clean Water Law and 10 CSR 20-2.010 shall apply to the terms to be used in this rule, unless the context clearly requires otherwise.

(2) Operational laboratory tests and related monitoring for wastewater treatment systems control shall be considered as a supplement to the National Pollutant Discharge Elimination System (NPDES) permit requirements.

These monitoring reports to the department shall accompany NPDES discharge monitoring reports and shall be submitted at the frequency specified for NPDES discharge monitoring report submittal.

(3) The department may modify required monitoring frequency required in this rule based upon the department's judgement of monitoring needs for process control at a specified facility.

(4) These requirements for laboratory tests shall apply to all wastewater treatment systems owned or operated by or for municipalities, public sewer districts or other local government entities, private sewer companies regulated by the Public Service Commission, and the state agencies or any subdivision of them, servicing population equivalents greater than two hundred (200) or with twenty-five (25) or more service connections. All other systems are exempt.

(5) Minimum monitoring requirements to ensure adequate wastewater treatment systems in-plant operational control are as follows:

(A) Lagoons (All Types) Two (2)/Week  
Frequency.

Weather Conditions.Ambient temperature,  
cloud cover and  
precipitation

Flow Influent or Effluent

pH Primary Cell

D.O. Primary Cell

(B) Mechanical Plants.

1. All types.daily frequency.

Weather Conditions.Ambient temperature  
and precipitation

Flow Influent or Effluent

pH Influent

2. Additional laboratory test requirements

## WPM Schedule 2

for wastewater activated sludge processes and modifications:

### **Influent Mixed Liquor**

NFR 1/week 1/week (sample reaeration basin for contact stabilization)

Settle- Daily (sample contact ability and reaeration basins for contact stabilization)

D.O. Daily (sample contact and reaeration basins for contact stabilization)

3. Facilities having digesters shall perform the following additional laboratory tests:

### **Anaerobic Aerobic**

pH Daily .

Temperature Daily .

(if heated)

D.O. Daily

(C) Facilities which chlorinate for disinfection shall perform total chlorine residual analyses of the effluent on a daily basis during those periods when chlorination facilities are in use.

(D) Facilities employing disinfection technology other than chlorine shall have disinfection process control testing parameters and frequency determined by the department on a case-by-case basis.

(6) Laboratory procedures shall be performed according to the most current edition of *Standard Methods for the Examination of Water and Wastewater* or other methods approved by the department.

(7) All owners of wastewater facilities operated by or for municipalities, sewer and water districts or Public Service Commission (PSC) regulated sewer companies may complete a self-analysis of the wastewater utility each calendar year utilizing the Missouri Municipal Water Pollution Prevention (MWPP) survey forms supplied by the department. Participation in this program is voluntary. For owners who have submitted an MWPP survey for the last five (5) consecutive calendar years; or for owners who have submitted an MWPP survey for every calendar year since the inception of the program, the department will.

(A) Not impose administrative penalties until the process of conference, conciliation and persuasion (CC&P) as per 10 CSR 20-3.010 plus at least one (1) additional communication separated by at least ten (10) days from other communications are completed by the department; and

(B) Reduce any base penalty calculated as per 10 CSR 20-3.010(8)(B)6. by up to onethird (1/3) of the amount between the midpoint and least figure of the penalty range.

(8) A copy of all reports required by this rule shall be retained by the facility for a minimum of three (3) years.

(9) Penalties. Penalties for violation of this rule shall be as provided in the Missouri

## WPM Schedule 2

Clean Water Law.

(10) Severance. If a section, subsection, paragraph, subparagraph, part or subpart of these rules or any part of them be declared unconstitutional or invalid for any reason, the remainder of these rules shall not be affected and shall remain in full force and effect.

(11) Effective Date. This rule becomes effective July 1, 1977, after adoption and compliance with the requirements of section 644.036.3. of the Missouri Clean Water Law and Chapter 536, RSMo.

*AUTHORITY: section 644.026, RSMo, Supp. 1997. \* Original rule filed July 15, 1976, effective July 1, 1977. Amended: Filed Nov. 1, 1983, effective July 1, 1984. Amended: Filed July 29, 1994, effective March 30, 1995. Amended: Filed Nov. 3, 1997, effective July 30, 1998.*

*\*Original authority 1972, amended 1973, 1987, 1993, 1995.*

# Osage Water Company

Billing Summary

June-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customers
CG	2,357.55	3,592.14	150.00	150.00		6,249.69	1.00%	135,400	138
KK	422.25	858.99	150.00	150.00		1,581.24	4.59%	26,100	33
F-12	661.11	624.72	-	-		1,285.83	5.81%	107,526	27
SB 5	926.09	1,223.41	150.00	150.00		2,449.50	12.28%	64,510	50
	4,367.00	6,299.26	<b>Out County Subtotal</b>			<b>11,566.26</b>	4.10%	333,536	248
Super 8	442.07				31.92	473.99	44.72%	112,000	1
OB North	3,997.01				288.57	4,285.58	21.88%	2,806,399	30
OBS	683.95				9.13	693.08	29.34%	111,970	23
	5,123.03		<b>Osage Beach Subtotal</b>		329.62	<b>5,452.65</b>	24.54%	3,030,369	54
<b>Total</b>	<b>9,490.03</b>	<b>6,299.26</b>	<b>450.00</b>	<b>450.00</b>	<b>329.62</b>	<b>\$ 17,018.91</b>	9.96%	<b>3,363,905</b>	302
% Change	0.16	0.02			0.24	\$ 0.12	Net Revenue		

## Sales Tax Report for 2nd Quarter

	1% Sales	1% Tax	7.225 Sales	7.225 Tax
Super 8			1,000.35	72.22
OB North			10,364.65	737.17
OB South	1,793.29	24.86		
<b>Totals</b>	<b>1,793.29</b>	<b>24.86</b>	<b>11,365.00</b>	<b>809.39</b>

# Osage Water Company

Billing Summary

July-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2,503.47	3,696.26	250.00	150.00		6,599.73	4%	211,200	142
KK	464.23	858.99				1,323.22	3%	45,200	33
F-12	764.04	676.78	-	-		1,440.82	12%	126,324	30
SB 5	901.09	1,223.41	150.00	150.00		2,424.50	-1%	62,060	50
	4,632.83	6,455.44	<b>Out County Subtotal</b>			<b>11,788.27</b>	4%	444,784	255
Super 8	488.90				35.30	524.20	11%	124,100	1
OBN	4,660.89				336.49	4,997.38	17%	1,123,006	29
OBS	965.13				9.22	974.35	41%	192,664	24
	6,114.92		<b>Osage Beach Subtotal</b>		381.01	<b>6,495.93</b>	19%	1,439,770	54
<b>Total</b>	<b>10,747.75</b>	<b>6,455.44</b>	<b>400.00</b>	<b>300.00</b>	<b>381.01</b>	<b>\$ 18,284.20</b>	9%	<b>1,884,554</b>	309
% Change	0.13	0.02			0.16	\$ 0.07	Net Revenue		

# Osage Water Company

Billing Summary

August-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2,572.38	3,618.17				6,190.55	-0.15%	258,382	139
KK	521.05	885.02				1,406.07	6.26%	42,980	34
F-12	875.95	650.75				1,526.70	5.96%	158,051	28
SB 5	<u>1,079.08</u>	<u>1,431.65</u>				<u>2,510.73</u>	<u>18.18%</u>	<u>76,100</u>	<u>55</u>
	5,048.46	6,585.59	Out County Subtotal			<b>11,634.05</b>	4.92%	535,513	256
Super 8	582.94				42.09	625.03	19.24%	148,400	1
OBN	5,250.06				379.05	5,629.11	12.64%	1,278,097	25
OBS	<u>1,149.73</u>				<u>15.07</u>	<u>1,164.80</u>	<u>19.13%</u>	<u>238,284</u>	<u>24</u>
	6,982.73		Osage Beach Subtotal			436.21	14.19%	1,664,781	50
<b>Total</b>	<b>12,031.19</b>	<b>6,585.59</b>	-	-	<b>436.21</b>	<b>\$ 19,052.99</b>	8.22%	<b>2,200,294</b>	306
% Change	11.94%	2.02%			14.49%	4.20%			

# Osage Water Company

Billing Summary  
September-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customers	
CG	2,634.37	3,618.17				6,252.54	1.00%	267,200	139	
KK	477.51	885.02				1,362.53	-3.10%	31,730	34	
F-12	775.67	650.75				1,426.42	-6.57%	132,415	28	
SB 5	981.31	1,405.62				2,386.93	-4.93%	51,350	54	
	4,868.86	6,559.56	Out County Subtotal			11,428.42	-1.77%	482,695	255	
Super 8	666.92				48.15	715.07	14.41%	170,100	1	
OBN	5,609.62				405.01	6,014.63	6.85%	1,371,954	25	
OBS	1,349.63				16.27	1,365.90	17.39%	292,946	23	
	7,626.17		Osage Beach Subtotal			469.43	8,095.60	9.21%	1,835,000	49
Total	12,495.03	6,559.56	-	-	469.43	\$ 19,524.02	2.35%	2,317,695	304	
% Change	3.86%	-0.40%			7.62%					

## Sales Tax Report for 3rd Quarter

	1% Sales	1% Tax	7.225 Sales	7.225 Tax
Super 8			1,738.76	125.54
OB North			15,520.57	1,120.55
OB South	3,464.49	40.56		
Totals	3,464.49	40.56	17,259.33	1,246.09

# Osage Water Company

Billing Summary

October-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2,438.22	3,644.20				6,082.42	-2.72%	178,700	140
KK	467.72	885.02				1,352.74	-0.72%	20,250	34
F-12	799.23	650.75				1,449.98	1.65%	137,795	28
SB 5	1,040.06	1,561.80	100.00			2,701.86	9.00%	41,110	63
	4,745.23	6,741.77	Out County Subtotal			11,587.00	0.51%	377,855	265
Super 8	492.00				35.52	527.52	-26.23%	124,900	1
OBN	4,189.49				302.46	4,491.95	-25.32%	1,000,372	28
OBS	1,212.09				15.64	1,227.73	-10.19%	246,162	25
	5,893.58		Osage Beach Subtotal		353.62	6,247.20	-22.72%	1,371,434	54
<b>Total</b>	<b>10,638.81</b>	<b>6,741.77</b>	<b>100.00</b>	<b>-</b>	<b>353.62</b>	<b>\$ 17,834.20</b>	<b>-8.79%</b>	<b>1,749,289</b>	<b>319</b>
% Change	-14.86%	2.78%			-24.67%	-8.66%			

# Osage Water Company

Billing Summary  
November-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Custome rs
CG	2,429.17	3,696.26	450.00	450.00		7,025.43	0.71%	137,300	142
KK	432.61	911.05				1,343.66	-0.67%	31,370	35
F-12	684.59	650.75				1,335.34	-7.91%	104,108	28
SB 5	1,009.78	1,561.80				2,571.58	-1.16%	29,250	63
	4,556.15	6,819.86	<b>Out County Subtotal</b>			<b>12,276.01</b>	-0.97%	302,028	268
Super 8	365.06				26.36	391.42	-25.80%	92,100	1
OBN	3,417.23				246.71	3,663.94	-18.43%	2,971,501	28
OBS	824.08				11.52	835.60	-32.01%	145,131	24
	4,606.37		<b>Osage Beach Subtotal</b>			<b>4,890.96</b>	-21.84%	3,208,732	53
<b>Total</b>	<b>9,162.52</b>	<b>6,819.86</b>	<b>450.00</b>	<b>450.00</b>	<b>284.59</b>	<b>\$ 17,166.97</b>	-8.04%	<b>3,510,760</b>	321
% Change	-13.88%	1.16%			-19.52%	-3.74%			

# Osage Water Company

Billing Summary  
December-02

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s	
CG	2,439.71	3,722.29	150.00	150.00		6,462.00	0.60%	119,200	143	
KK	416.20	885.02				1,301.22	-3.16%	22,210	34	
F-12	700.09	676.78				1,376.87	3.11%	104,590	29	
SB 5	974.73	1,535.77				2,510.50	-2.38%	17,410	59	
	4,530.73	6,819.86	Out County Subtotal			11,650.59	-0.22%	263,410	265	
Super 8	260.95				18.84	279.79	-28.52%	65,200	1	
OBN	3,543.17				255.80	3,798.97	3.69%	3,071,175	26	
OBS	613.98				10.42	624.40	-25.50%	87,554	24	
	4,418.10		Osage Beach Subtotal			285.06	4,703.16	-4.09%	3,223,929	51
Total	8,948.83	6,819.86	150.00	150.00	285.06	\$ 16,353.75	-1.34%	3,487,339	316	
% Change	-2.33%	0.00%			0.17%	-4.74%				

## Sales Tax Report for 4th Quarter 2002

	1% Sales	1% Tax	7.225 Sales	7.225 Tax
Super 8			1,118.01	80.72
OB North			11,149.89	804.97
OB South	2,650.15	37.58		
Totals	2,650.15	37.58	12,267.90	885.69

# Osage Water Company

Billing Summary  
12 Months Ending 11/1/02

<u>System</u>	<u>Jan-02</u>	<u>Feb-02</u>	<u>Mar-02</u>	<u>Apr-02</u>	<u>May-02</u>	<u>Jun-02</u>	<u>Jul-02</u>	<u>Aug-02</u>	<u>Sep-02</u>	<u>Oct-02</u>	<u>Nov-02</u>	<u>Dec-02</u>	<u>12 Month Total</u>	<u>Monthly Avg</u>
CG	5,404.23	5,633.01	5,685.00	5,792.58	6,182.42	6,249.69	6,599.73	6,190.55	6,252.54	6,082.42	7,025.43	6,462.00	73,559.60	6,129.97
KK	944.63	839.45	1,307.50	1,224.26	1,225.03	1,581.24	1,323.22	1,406.07	1,362.53	1,352.74	1,343.66	1,301.22	15,211.55	1,267.63
F-12	1,256.94	1,345.17	1,305.07	1,198.88	1,215.27	1,285.83	1,440.82	1,526.70	1,426.42	1,449.98	1,335.34	1,376.87	16,163.29	1,346.94
<u>SB 5</u>	<u>1,834.26</u>	<u>1,849.56</u>	<u>1,836.48</u>	<u>1,865.99</u>	<u>2,214.40</u>	<u>2,449.50</u>	<u>2,424.50</u>	<u>2,510.73</u>	<u>2,386.93</u>	<u>2,701.86</u>	<u>2,571.58</u>	<u>2,510.50</u>	<u>27,156.29</u>	<u>2,263.02</u>
	<b>9,440.06</b>	<b>9,667.19</b>	<b>10,134.05</b>	<b>10,081.71</b>	<b>10,837.12</b>	<b>11,566.26</b>	<b>11,788.27</b>	<b>11,634.05</b>	<b>11,428.42</b>	<b>11,587</b>	<b>12,276.01</b>	<b>11,651</b>	<b>132,090.73</b>	<b>11,007.56</b>
Super 8	234.97	253.23	322.53	271.07	327.51	473.99	524.20	625.03	715.07	527.52	391.42	279.79	4,946.33	412.19
OBN	3,177.48	3,649.89	3,116.92	3,146.20	3,516.20	4,285.58	4,997.38	5,629.11	6,014.63	4,491.95	3,663.94	3,798.97	49,488.25	4,124.02
<u>OBS</u>	<u>1,479.03</u>	<u>1,467.93</u>	<u>1,361.03</u>	<u>588.77</u>	<u>536.30</u>	<u>693.08</u>	<u>974.35</u>	<u>1,164.80</u>	<u>1,365.90</u>	<u>1,227.73</u>	<u>835.60</u>	<u>624.40</u>	<u>12,318.92</u>	<u>1,026.58</u>
	<b>4,891.48</b>	<b>5,371.05</b>	<b>4,800.48</b>	<b>4,006.04</b>	<b>4,380.01</b>	<b>5,452.65</b>	<b>6,495.93</b>	<b>7,418.94</b>	<b>8,095.60</b>	<b>6,247</b>	<b>4,890.96</b>	<b>4,703</b>	<b>66,753.50</b>	<b>5,562.79</b>
<b>Total</b>	<b>14,331.54</b>	<b>15,038.24</b>	<b>14,934.53</b>	<b>14,087.75</b>	<b>15,217.13</b>	<b>17,018.91</b>	<b>18,284.20</b>	<b>19,052.99</b>	<b>19,524.02</b>	<b>17,834.20</b>	<b>17,166.97</b>	<b>16,353.75</b>	<b>198,844.23</b>	<b>16,570.35</b>
<b>System Credits</b>														
	<b>Credits</b>													
CG	(763.53)	?	(1,280.57)											
KK	-	0	-											
F-12	(140.28)	?	(256.78)											
<u>SB 5</u>	<u>(371.04)</u>	<u>?</u>	<u>(519.79)</u>											
	<b>(1,274.85)</b>	<b>?</b>	<b>(2,057.14)</b>											
Super 8	(347.32)	?	(253.46)											
OBN	(2,190.70)	?	(1,925.90)											
<u>OBS</u>	<u>(753.29)</u>	<u>?</u>	<u>(569.62)</u>											
	<b>(3,291.31)</b>	<b>?</b>	<b>(2,748.98)</b>											
<b>Total</b>	<b>\$ (4,566.16)</b>		<b>\$ (4,806.12)</b>											
Connect	600.00			900	600	900	700			100	900	300	5,000.00	416.67

# Osage Water Company

Billing Summary

January-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2,584.08	3,722.29				6,306.37	2.34%	139,010	143
KK	416.33	885.02				1,301.35	0.01%	15,240	34
F-12	707.41	676.78				1,384.19	0.53%	104,666	29
SB 5	959.14	1,535.77				2,494.91	-0.62%	12,520	62
	4,666.96	6,819.86	Out County Subtotal			11,486.82	1.20%	271,436	268
Super 8	184.32				13.31	197.63	-29.37%	45,400	1
OBN	3,683.15				265.90	3,949.05	3.95%	875,277	28
OBS	598.37				11.23	609.60	-2.54%	83,175	24
	4,465.84		Osage Beach Subtotal			290.44	1.08%	1,003,852	53
<b>Total</b>	<b>9,132.80</b>	<b>6,819.86</b>	-	-	<b>290.44</b>	<b>\$ 16,243.10</b>	<b>1.17%</b>	<b>1,275,288</b>	<b>321</b>
% Change	2.06%	0.00%			1.89%	-0.68%			

# Osage Water Company

Billing Summary

February-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s	
CG	2,652.97	3,722.29				6,375.26	1.09%	161,310	143	
KK	423.33	885.02				1,308.35	0.54%	32,940	34	
F-12	753.24	676.78				1,430.02	3.31%	111,995	30	
SB 5	970.83	1,535.77				2,506.60	0.47%	14,050	62	
	4,800.37	6,819.86	Out County Subtotal			11,620.23	1.16%	320,295	269	
Super 8	184.59				13.33	197.92	0.15%	45,468	1	
OBN	2,920.66				210.86	3,131.52	-20.70%	3,171,088	28	
OBS	524.75				9.66	534.41	-12.30%	60,614	24	
	3,630.00		Osage Beach Subtotal			233.85	3,863.85	-18.72%	3,277,170	53
Total	8,430.37	6,819.86	-	-	233.85	\$ 15,484.08	-4.40%	3,597,465	322	
% Change	-7.69%	0.00%			-19.48%	-4.67%				

# Osage Water Company

Billing Summary

March-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Custome rs	
CG	2,454.79	3,722.29				6,177.08	-3.11%	93,090	143	
KK	437.64	885.02				1,322.66	1.09%	30,070	35	
F-12	671.31	676.78				1,348.09	-5.73%	95,104	29	
SB 5	965.41	1,535.77				2,501.18	-0.22%	13,910	62	
	4,529.15	6,819.86	Out County Subtotal			11,349.01	-2.33%	232,174	269	
Super 8	245.74				17.74	263.48	33.13%	61,270	1	
OBN	2,226.49				160.73	2,387.22	-23.77%	2,609,431	28	
OBS	532.03				10.08	542.11	1.39%	447,233	24	
	3,004.26		Osage Beach Subtotal			188.55	3,192.81	-17.24%	3,117,934	53
Total	7,533.41	6,819.86	-	-	188.55	\$ 14,541.82	-5.88%	3,350,108	322	
% Change	-10.64%	0.00%			-19.37%	-6.09%				

## Sales Tax Report for 1st Quarter 2003

	1% Sales	1% Tax	7.225 Sale	7.225 Tax
Super 8			614.65	44.38
OB North			8,830.30	637.49
OB South	1,655.15	30.97		
Totals	1,655.15	30.97	9,444.95	681.87

# Osage Water Company

Billing Summary

April-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2,771.12	4,320.98				7,092.10	14.81%	83,708	166
KK	435.55	885.02				1,320.57	-0.16%	28,580	35
F-12	640.49	676.78				1,317.27	-2.29%	87,257	29
SB 5	969.62	1,535.77				2,505.39	0.17%	15,020	62
	4,816.78	7,418.55	Out County Subtotal			12,235.33	7.81%	214,565	292
Super 8	308.41				22.27	330.68	25.50%	77,462	1
OBN	1,877.72				135.57	2,013.29	-15.66%	2,335,319	26
OBS	489.12				9.56	498.68	-8.07%	51,850	24
	2,675.25		Osage Beach Subtotal			167.40	-10.95%	2,464,631	51
<b>Total</b>	<b>7,492.03</b>	<b>7,418.55</b>	-	-	<b>167.40</b>	<b>\$ 15,077.98</b>	<b>3.88%</b>	<b>2,679,196</b>	<b>343</b>
% Change	-0.55%	8.78%			-11.22%	3.69%			

# Osage Water Company

Billing Summary

May-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2830.22	4,294.95				7,125.17	0.47%	161,518	165
KK	471.06	911.05				1,382.11	4.66%	36,900	36
F-12	674.49	650.75				1,325.24	0.61%	100,373	28
SB 5	980.15	1,535.77				2,515.92	0.42%	25,160	62
	4,955.92	7,392.52	Out County Subtotal			12,348.44	0.92%	323,951	291
Super 8	346.87				25.04	371.91	12.47%	87,400	1
OBN	2,304.29				166.38	2,470.67	22.72%	2,739,812	25
OBS	594.35				5.90	600.25	21.51%	89,215	24
	3,245.51		Osage Beach Subtotal			197.32	21.32%	2,916,427	50
<b>Total</b>	<b>8,201.43</b>	<b>7,392.52</b>	-	-	<b>197.32</b>	<b>\$ 15,791.27</b>	<b>4.58%</b>	<b>3,240,378</b>	<b>341</b>
% Change	9%	0%			18%	5%			

# Osage Water Company

Billing Summary

June-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	2903.79	4,373.08				7,276.87	2.13%	137,418	169
KK	458.07	911.05				1,369.12	-0.94%	33,650	36
F-12	685.72	650.75				1,336.47	0.85%	105,740	28
SB 5	<u>1,015.06</u>	<u>1,535.77</u>				<u>2,550.83</u>	<u>1.39%</u>	<u>33,900</u>	<u>62</u>
	5,062.64	7,470.65	<b>Out County Subtotal</b>			<b>12,533.29</b>	1.50%	310,708	295
Super 8	406.47				29.35	435.82	17.18%	102,800	1
OBN	2,436.68				175.92	2,612.60	5.75%	2,741,646	25
OBS	<u>640.85</u>				<u>6.36</u>	<u>647.21</u>	<u>7.82%</u>	<u>13,296</u>	<u>24</u>
	3,484.00		<b>Osage Beach Subtotal</b>			211.63	7.35%	2,857,742	50
<b>Total</b>	<b>8,546.64</b>	<b>7,470.65</b>	-	-	<b>211.63</b>	<b>\$ 16,228.92</b>	2.71%	<b>3,168,450</b>	345
% Change	4.21%	1.06%			7.25%	2.77%			

## Sales Tax Report for 2nd Quarter 2003

	1% Sales	1% Tax	7.225 Sales	7.225 Tax
Super 8			1,061.75	76.66
OB North			9,040.49	477.87
OB South	<u>1,724.32</u>	<u>21.82</u>		
Totals	1,724.32	21.82	10,102.24	554.53

# Osage Water Company

Billing Summary

July-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s
CG	3037.52	4,477.16				7,514.68	3.27%	206,618	175
KK	480.55	885.02				1,365.57	-0.26%	41,750	34
F-12	817.62	676.78				1,494.40	11.82%	139,986	29
SB 5	<u>1,238.61</u>	<u>1,874.16</u>				<u>3,112.77</u>	<u>22.03%</u>	<u>44,070</u>	<u>72</u>
	5,574.30	7,913.12	Out County Subtotal			<b>13,487.42</b>	7.61%	432,424	310
Super 8	456.78				32.98	489.76	12.38%	115,800	1
OBN	3,040.56				219.52	3,260.08	24.78%	718,515	23
OBS	<u>786.17</u>				<u>7.82</u>	<u>793.99</u>	<u>22.68%</u>	<u>140,477</u>	<u>25</u>
	4,283.51		Osage Beach Subtotal			260.32	22.95%	974,792	49
<b>Total</b>	<b>9,857.81</b>	<b>7,913.12</b>	-	-	<b>260.32</b>	<b>\$ 18,031.25</b>	10.95%	<b>1,407,216</b>	359
% Change	15.34%	5.92%			23.01%	11.11%			

# Osage Water Company

Billing Summary

August-03

System	Water	Sewer	Water Connect	Sewer Connect	Tax	Total	% Change	Gallons	Customer s	
CG	3667.72	4,711.43				8,379.15	11.50%	422,863	181	
KK	504.75	937.08				1,441.83	5.58%	36,150	36	
F-12	836.36	624.72				1,461.08	-2.23%	151,119	27	
SB 5	<u>1,588.38</u>	<u>1,848.13</u>				<u>3,436.51</u>	<u>10.40%</u>	<u>142,600</u>	<u>71</u>	
	6,597.21	8,121.36	Out County Subtotal			14,718.57	9.13%	752,732	315	
Super 8	661.12				47.73	708.85	44.73%		1	
OBN	3,682.28				265.85	3,948.13	21.11%	884,132	23	
OBS	<u>1,255.98</u>				<u>15.10</u>	<u>1,271.08</u>	<u>59.76%</u>	<u>264,855</u>	<u>25</u>	
	5,599.38		Osage Beach Subtotal			328.68	5,928.06	30.72%	1,148,987	49
Total	12,196.59	8,121.36	-	-	328.68	\$ 20,646.63	14.33%	1,901,719	364	
% Change	23.73%	2.63%			26.26%	14.50%				

## WPM Schedule 4

### **10 CSR 60-3.030 Technical, Managerial, and Financial Capacity**

*PURPOSE: This rule establishes minimum technical, managerial and financial capacity requirements for community and nontransient noncommunity water systems commencing operation after October 1, 1999. The rule also includes technical and financial capacity recommendations.*

(1) **Applicability.** This rule applies to community and nontransient noncommunity water systems commencing operation after October 1, 1999.

(2) **General Requirements.**

(A) Community and nontransient noncommunity water systems commencing operation after October 1, 1999, shall show, as part of their permit application, that the public water system will meet the requirements of this rule. The department will not issue a permit to dispense water until requirements of this rule are met.

(B) Public water systems commencing operation after October 1, 1999 shall show as part of their application that the public water system will meet the minimum technical, managerial, and financial capacity requirements of this rule. The department will not issue a written construction authorization until it determines that the proposed water system will meet the requirements of this rule.

(C) Community and nontransient noncommunity water systems shall maintain compliance with this rule and shall provide the department with information during sanitary surveys and upon written request for the department's use in assessing their compliance with this rule.

(D) Community and nontransient noncommunity water systems subject to this rule shall consider and plan for the potential impact of future regulations on their technical, managerial and financial capacity.

(3) **Minimum Technical, Managerial, and Financial Capacity Requirements.**

(A) **Minimum Technical Capacity Requirements.**

1. All community water systems subject to this rule must conform to the department's "Standards for Community Public Water Supplies."

2. All nontransient noncommunity water systems subject to this rule must conform to the department's "Standards for Non-Community Public Water Supplies."

3. All public water systems subject to this rule shall have a sufficient number of operators certified as required in 10 CSR 60-14 to provide proper operation and maintenance of all source, treatment, storage, and distribution facilities so that the public water system meets all requirements of sections

## WPM Schedule 4

640.100–640.140, RSMo and regulations promulgated thereunder. These operators shall be properly trained and be provided all equipment needed, including safety equipment, to perform all tasks in their job duties.

4. All public water systems subject to this rule shall have and maintain an updated distribution system map showing, at a minimum, the size and location of all waterlines, valves, hydrants, storage facilities, pumping facilities, treatment facilities, and water sources and shall make the map available to the department on request.

(B) Minimum Managerial Capacity Requirements.

1. Community and nontransient noncommunity water systems subject to this rule shall have an organization chart that shows every position that provides any drinking water function with the position title, name, business address, and telephone number of the person filling that position. This chart shall show clear lines of authority and supervision. Elected officials and managers that have overall jurisdiction shall also be shown on this chart. The chart shall state the name(s) of the persons or legal entity who own the public water system along with the business address and telephone number of the owner(s). This chart shall be publicly displayed and shall be updated within thirty (30) calendar days of any changes. An updated copy of the organization chart shall be made available to the department.

2. Community and nontransient noncommunity water systems subject to this rule shall designate a person or persons who will receive customer complaints and shall have a written procedure for receiving, investigating, resolving, and recording customer complaints. The name, title, business address, business telephone number and office hours of the person(s) designated to receive complaints shall be publicly displayed, along with the written complaint procedure. Complaint records shall be kept for a minimum of five (5) years and shall be made available to the department upon request. Results of investigations shall be used as part of the planning process for future improvements.

3. Community and nontransient noncommunity water systems subject to this rule shall have a written rate structure and service fees, and the rate structure and service fees shall be publicly displayed and shall be made available to the department upon request.

4. Community and nontransient noncommunity water systems subject to this rule shall hold at least one (1) public meeting prior to changing the rate structure or service fees and shall notify the customers in advance of the public meeting by posting notice in the principal business office and providing notice

## WPM Schedule 4

in the area served, unless the rate increase procedure is regulated by other state or federal regulations. Records of customers' notice and summary of the public meeting shall be kept for a minimum of five (5) years and shall be made available to the department upon request.

5. Community and nontransient noncommunity water systems subject to this rule shall designate a person to deal with compliance-related issues in accordance with the public drinking water regulations in 10 CSR 60, including reporting and public notice requirements. This person shall be trained in public drinking water regulation requirements and shall act as liaison with the department on drinking water issues. The department will refer compliance actions to this person. The name, position title, business address, business telephone number, and office hours for this person shall be made available to the department and the department shall be notified within thirty (30) calendar days of any change.

(C) Minimum Financial Capacity Requirements.

1. Community and nontransient noncommunity water systems subject to this rule shall adhere to standard accounting practices in accordance with the Generally Accepted Accounting Principles and Practices, or the National Association of Regulated Utility Companies Uniform System of Accounts, as appropriate.

2. Community and nontransient noncommunity water systems subject to this rule shall develop and implement a system of collection of water fees that includes disconnection of service for nonpayment or other measures for obtaining payment. The total of uncollected fees and the percentage of uncollected fees compared to sum of collected and uncollected fees shall be recorded monthly. These records shall be made available to the department upon request.

3. Community and nontransient noncommunity water systems subject to this rule shall develop an annual budget showing public water system revenues and expenditures, shall prepare a report at the end of each fiscal year showing public water system revenues and expenditures for that year and a comparison with the annual budget prepared for that year, and shall prepare a five (5)-year capital improvement budget and capital improvement plan that will be updated annually. The capital improvement plan shall include the potential financial impacts of future regulations. These records shall be kept for a minimum of ten (10) years and shall be made available to the department upon request.

4. Annual revenues shall cover all public

## WPM Schedule 4

water system costs for the system including operating costs, maintenance costs, debt service costs, operating reserves, debt service reserves, emergency equipment replacement reserves, and revenue collection costs.

5. Community and nontransient noncommunity water systems subject to this rule and not subject to state regulation of rates for water service, in addition to all other financial capacity requirements, shall have and maintain—

A. An operating reserve equal to or greater than one-tenth ( $1/10$ ) of the annual operations and maintenance budget. The public water system must establish this reserve in at least annual payments not to exceed ten (10) years. Funds from the operating reserve shall be used for operating and maintenance expenses only and shall be replaced within ten (10) years from the date of use. This reserve shall be invested in an account with ready access to the funds. Records of this reserve shall be made available to the department upon request. Other private, state, or federal reserves may be applied to meet this requirement;

B. An emergency equipment replacement reserve equal to or greater than the replacement cost of the most expensive mechanical equipment item needed for operation. The public water system must establish this reserve in at least annual payments over a minimum of ten (10) years. Funds from the reserve shall be used for emergency equipment replacement expenses only and any funds so used shall be replaced within ten (10) years from the date of use. This reserve shall be invested in an account with ready access to the funds. Records of this reserve shall be made available to the department upon request. Other private, state, or federal reserves may be applied to meet this requirement; and

C. If there is debt on the public water system facilities, a debt service reserve no less than ten percent (10%) of the principle and interest or the amount required in the bonding agreement. Funds from the debt service reserve shall be used only for debt service expenses and for purposes agreed to in the bonding agreement and shall be replaced no less than as required in the bonding agreement. Records of this reserve shall be made available to the department upon request.

(4) Recommendations. This section includes recommendations for further enhancing managerial and financial capacity. These recommendations will not be used to determine if minimum regulatory requirements are met for issuance of permits to dispense water.

(A) Managerial capacity recommendations include the following:

## WPM Schedule 4

1. All public water systems should designate a person to be liaison with other public water systems and officials of entities that may impact drinking water systems. This person should be trained in water resource planning and general public drinking water system issues; and

2. All public water systems should have management with sufficient expertise to ensure that all public drinking water facilities are properly operated, maintained and in compliance with department regulations; improvements needed for future population and commercial growth are properly planned and that these plans are financed and executed; all personnel providing drinking water functions continue to be trained to achieve professional expertise in their field; the personnel are organized and motivated to provide good customer service, good interaction with the department and other regulatory agencies, good interaction with other regional water systems and water users including participating in long-term strategic planning for management of regional water resources; and that the supply finances are fiscally sound.

(B) Financial capacity recommendations include the following:

1. Revenues from drinking water sales should cover all public water system costs for the system including operating costs, maintenance costs, debt service costs, operating reserves, debt reserves, emergency equipment replacement reserves, and revenue collection costs. Capital improvement funding for facilities needed for upgrading the existing system should come from revenue from water sales or other sources of capital. Rates should be set accordingly;

2. New connection fees, development fees, and other funding sources should cover all public water supply capital improvements costs for facilities needed for expanding the system for new customers. Fees should be set accordingly; and

3. All drinking water generated revenues should be used for drinking water purposes. For public water systems owned by entities that provide other services in addition to drinking water, drinking water purposes should include equitable share of administrative costs for the entire entity.

*AUTHORITY: sections 640.100 and 640.115, RSMo Supp. 1998. \* Emergency rule filed Sept. 20, 1999, effective Sept. 30, 1999, expired March 27, 2000. Original rule filed July 1, 1999, effective March 30, 2000.*

*\*Original authority: 640.100, RSMo 1939, amended 1978, 1981, 1982, 1988, 1989, 1992, 1993, 1995, 1996, 1998, 1999; and 640.115, RSMo 1939, amended 1949, 1978, 1998.*

**WPM Schedule 7****fair value analysis**

WPM

OWC	count	fair value	total
8/22/2003			
Certificates	total		\$311,000
Public Well	6	\$75,000	\$450,000
Meters	361	\$650	\$234,650
water main 4"+	15000	\$18	\$270,000
f-12 wastewater	1	\$75,000	\$75,000
kk wastewater	1	\$100,000	\$100,000
cedar glen ww	1	\$250,000	\$250,000
sb-5 ww plant	1	\$100,000	\$100,000
sewer main 2"+	6000	\$13	\$78,000
4+ unit lift stations	10	\$6,000	\$60,000
residential lift st.	8	\$2,000	\$16,000
total			\$1,944,650

**WPM Schedule 8 Budget**

<b>2002-3</b>	<b>12 Months</b>	<b>budget 2004-5</b>	<b>1.1 cost multiplier inflation 3 yrs</b>
Water and Sewer Receipts	<u>213,770.90</u>	254,771 increased by \$41,000 in first filing	
Total Revenues	<u>213,770.90</u>		
Cost of Sales			
Purchased Water	1,735.24	\$12,000 kk from EU	
Purchased Power	<u>17,171.66</u>	\$18,889 cost multiplier inflation	
Total Cost of Sales	<u>18,906.90</u>		
Gross Profit	<u>194,864.00</u>		
Expenses			
Operating Expenses	3,702.00	\$4,072	
Depreciation Expenses	0.00	\$38,893 \$1,944,650 50 total plant years	
Amort. Util. Plant Acq. Adj.	0.00		
Taxes Other than Income	14,404.55	\$18,000 payroll and sales	
Income Taxes	0.00		
Interest Expense	3,132.09	\$147,132 \$1,600,000 9 debt interest no principal	
Reimbursed Employee Mileage	0.00		
Salary & Wages - Employees	66,205.97	\$96,000 \$8,000 per mo	
Salary & Wages - Off, Dir, S/H	0.00	\$24,000 \$2,000 per mo	
Emp. Pensions & Benefits	296.00	\$6,000 \$500 per mo health ins.	
Materials & Supplies	1,771.83	\$1,949 cost multiplier inflation	
Contractual Services	745.00	\$820 cost multiplier inflation	
Legal Expenses	39,441.04	\$20,000 \$40,000 2 years between rate cases	
Accounting Expenses	2,165.00	\$11,830 \$15,000 2	
Rents	6,522.50	\$7,500 \$625 kk wastewater per month	
Equipment Rent	4,184.33	\$5,000 mowers bobcat excavators etc.	
Repairs	11,488.08	\$12,637 cost multiplier inflation	
Transportation Expenses	5,411.16	\$11,905 one more vehicle	
Insurance Expense	9,188.22	\$10,107 cost multiplier inflation	
Regulatory Commission Expense		\$6,000 estimate	
Bad Debt Expense	0.00	\$0	
Misc. Expenses	7,273.22	\$8,001 cost multiplier inflation	
Advertising	0.00	\$0	
Bank Service Charges	575.03	\$633 cost multiplier inflation	
Real Estate Taxes	230.00	\$253 cost multiplier inflation	
Misc. Tax & Licenses	2,665.38	\$9,600 DNR fees	
purchased wastewater treatment	0.00	\$2,000 sludge	
Total Expenses	<u>179,401.40</u>	\$473,219	
Net Income	15,462.60		
principal payments CBOLO	12,792.00		
O&M Budget		\$261,194	
O&M reserve		\$26,119.41	
Emergency equipment reserve		\$50,000	
years to fill reserves		5	
cash into reserves from rates		\$15,223.88	
value of common stock		\$211,850	
return on common		18%	
dividend including taxes		\$38,133	
preferred		\$132,800	
return on preferred stock		12.00%	
dividend including taxes		\$15,936	
		287,741 unfunded expenses in first tariff filing	
		112.94% tariff increase required above first filing	
	initial filed tariff	2nd tariff filing	
water	\$20.45	\$43.55	
sewer	\$32.54	\$69.29	

**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**

**Schedule of Rates**

**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	\$ 43.55 per month
For Service through a 1" water meter	\$ 60.26 per month
For Service through a 1 1/2" water meter	\$ 103.40 per month
For Service through a 2" meter	\$ 117.78 per month
For Service through a 3" meter	\$ 169.14 per month
For Service through a 4" meter	\$ 428.88 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

\$3.8701 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 of Issue: September 4, 2003

Date Effective: July 6, 2004

Issued By: William P. Mitchell  
Name of Officer

President 328 S. Frontage Rd. Osage Beach, Mo. 65065  
Title Address

**Osage Water Company**  
Name of Issuing Company

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

Rules Governing the  
Rendering of Sewer Service

**Schedule of Rates**

**Rate Schedule S-1**

**Availability:** This rate is available to Residential Sewer customers adjacent to the Company's collector sewers suitable for supplying the service requested and located in one of the Company's Certificated Sewer Service Areas.

**Monthly Bill:**

Unmetered Water Service	\$ 69.29 per month
For Service with a 5/8" Water Meter	\$ 69.29 per month
For Service with a 1" water meter	\$ 119.91 per month
For Service with a 1 1/2" water meter	\$ 262.51 per month
For Service with a 2" meter	\$ 309.15 per month
For Service with a 3" meter	\$ 475.69 per month
For Service with a 4" meter	\$ 866.94 per month

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

**MDNR Permit Fees :** Permit Fees assessed by the Missouri Department of Natural Resources for the Company's Wastewater Treatment Plants shall be pro-rated among the Sewer Customers receiving service from each such treatment plant and one-twelfth thereof shall be added each month as a separate item in rendering each bill. \*

\* indicates new rate or text  
+ indicates change

Date of Issue: September 4, 2003  
Issued By: William P. Mitchell  
Name of Officer

President  
Title

Date Effective: July 6, 2004  
328 S. Frontage Rd. Osage Beach, Mo. 65065  
Address