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August 28, 2000

Hon. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Re: Osage Water Company Rate Case
WR-2000-557
SR-2000-556 ✓

Attn: Filing Desk

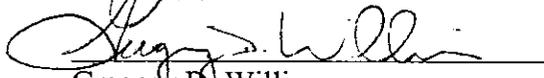
Dear Judge Roberts:

Please find enclosed for filing in the above referenced matter the original and 9 copies of the following pleadings:

1. Suggestions in Support of Motion to Compel (water case).
2. Suggestions in Support of Motion to Compel (sewer case).

If you have any questions concerning this matter, please do not hesitate to contact me.

Sincerely yours,


Gregory D. Williams

cc: Keith Krueger, MPSC
Shannon Cook, OPC

FILED

AUG 30 2000

Missouri Public
Service Commission

FILED

AUG 30 2000

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of Osage Water Company's)
Request for a Rate Increase for Sewer Service) Case No. SR-2000-556
Pursuant to the Public Service Commission's)
Small Company Rate Increase Procedure.)

OSAGE WATER COMPANY'S SUGGESTIONS IN SUPPORT OF MOTION TO
COMPEL COMPLETION OF STAFF INVESTIGATION AND REPORT

COMES NOW Osage Water Company ("OWC") and for its suggestions in support of Motion for an Order directing and compelling the Staff of the Missouri Public Service Commission to complete its investigation and report herein states:

COMMISSION RULES REQUIRE STAFF TO
COMPLETE ITS INVESTIGATION

In its response to OWC's Motion to Compel herein, Staff states "in this case there has been no agreement between the Company and the Staff about what rate increase is appropriate." While this may be correct at the present time, Rule 4 CSR 240-2.200(1)(A) requires that "[w]hen the [Staff] investigation and audit are complete, the commission staff shall notify the company and public counsel whether the requested additional revenue is recommended in whole or in part, of the rate design proposal for the increase, and of any recommended operational changes." No such notification by the Commission Staff to OWC has occurred in this case. After such notification, Rule 4 CSR 240-2.200(1)(B) requires that "[t]he commission staff, within twenty-one (21) days from the completion of its investigation shall arrange a conference with the company ..." Although OWC's officers and attorney have met with staff on numerous occasions, no conference has been held to discuss Staff's recommendation as to the revenue increase, because Staff has not made such a recommendation. As noted by Staff in its Response

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to the Motion to Compel, Rule 4 CSR 240-2.200(1)(C) does contemplate that an agreement be reached between Staff and OWC, however, the agreement contemplated pertains to the revenue requirement that Staff has yet to recommend in this case. Clearly, no agreement as to revenue requirements *can* be reached if Staff *never* completes its investigation and makes a recommendation as to the revenue increase requested by OWC.

Staff argues in its response that “there is no provision in the Rule or anywhere else that requires the Staff to complete its audit and investigation within 150 days, and no requirement of law that imposes any other deadline for the Staff to complete its audit and investigations.” Staff ignores applicable Commission Rules and applicable Missouri Statutes in making this assertion. Rule 240-2.200(1)(G) states that “[a]n agreement must be reached and tariff sheet(s) filed based upon the agreement within one hundred fifty (150) days from the date the letter initiating the procedure is filed with the Commission.” Clearly, this Rule contemplates that Staff will complete its investigation, make a recommendation as to the requested revenue increase, hold a conference with OWC and OPC, and make a good faith effort to reach an agreement with OWC as to the requested revenue increase and any changes requested in OWC’s operations, as contemplated by the preceding provisions of Rule 240-2.200. In addition, Section 393.150.1 provides for the filing of a rate increase tariff by a regulated utility effective thirty (30) days after the date of filing, and allows the Commission to suspend that rate increase for a period of one hundred twenty (120) days. This means the rate increase is to become effective not more than 150 days after filing. Staff seeks to circumvent the requirements of the applicable rules and statutes by simply never making a recommendation regarding the requested revenue increase. This is not proper, and the Commission should order its Staff to comply with the Regulations adopted by the Commission.

**STAFF HAS HAD ADEQUATE TIME AND INFORMATION
TO COMPLETE IT'S INVESTIGATION**

Staff also has suggested in its response that it has been unable to complete its investigation in a timely manner because first, the request contemplated the use of 1999 year-end accounting information and Staff could not begin its audit until the conclusion of calendar year 1999, and second, because OWC has failed to provide necessary accounting information to Staff. These statements are not supported by any documentation by Staff, and are factually incorrect. In fact, Jim Russo of the Staff's accounting department commenced auditing OWC's books and records on December 9, 1999. Staff has been furnished with literally all of OWC's accounting records, including paid invoices, cancelled checks, bank statements, general ledgers, financial statements, payroll records, employee time sheets, and any other information Staff has requested. Staff has conducted on-site audits on December 9, 1999, March 15, 2000, March 17, 2000, March 24, 2000, April 13, 2000, April 30, 2000, May 2-4, 2000, and August 11, 2000. OWC has also answered all data requests submitted by Staff and OPC in this proceeding.

The Commission must simply determine how much time is sufficient for its Staff to conduct a Small Company Rate Case investigation and to make a recommendation regarding the revenue increase requested by OWC. OWC believes that 150 days as provided in the Commission's rules is reasonable and adequate, and that the more than 300 days that have elapsed since the filing of this case is an excessive amount of time for the Staff to determine whether to recommend the requested rate increase either in whole or in part. The Staff should be ordered to complete its investigation and make its recommendation within a reasonably short period of time.

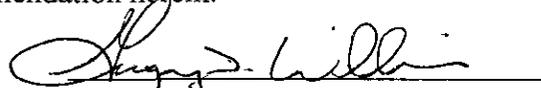
**PROPOSED INTERIM RATE INCREASE IS
AUTHORIZED BY LAW AND IS REASONABLE**

Staff argues in its Response that OWC's proposed interim rate increase is not authorized by applicable law, and that OWC's tariff sheets should be "rejected" by the Commission. Staff's position is not supported by applicable Missouri Law. While it is correct that Rule 240-2.200 does not provide for an interim rate increase, had Staff complied with the time limitations of that rule, no interim increase would be necessary. The Commission has in the past granted interim rate increases, and those interim rate increases have been approved by the Missouri Supreme Court, en banc. See State ex rel. Utility Consumers' Council of Missouri, Inc. v. Public Service Commission 585 S.W.2d 41 (Mo. banc 1979); State ex rel. Laclede Gas Co. v. Public Service Comm'n, 535 S.W. 2d 561 (Mo. App. 1976). Simply put, the relief requested by OWC is authorized by law. The Commission can, and has, allowed an interim rate increase. An interim rate increase is appropriate in this case, in that the Commission's Staff has failed and refused to comply with the obligation imposed on it by applicable Commission Rules to make a recommendation to approve or deny, whether in whole or in part, the revenue increase requested by OWC.

Not only is OWC's proposed interim rate increase authorized by applicable Missouri Law, it is also reasonable. While Staff has not completed its investigation, and has not made a recommendation regarding OWC's requested revenue increase, Staff has prepared preliminary reports as to its assessment of the proper Revenue Requirement of OWC, and has prepared an analysis of the annualized revenue that OWC would derive from its proposed interim rates. Those documents are attached hereto as Exhibit A and Exhibit B respectively. While OWC does not agree with the draft Staff Revenue Requirement, as the Exhibits show, the anticipated

revenue from OWC's proposed interim rate increase is less than the draft Staff Revenue Requirement. Clearly, OWC's proposed interim rates should be approved by the Commission, pending completion of the Staff's audit and investigation in this case.

WHEREFORE, Osage Water Company prays for an Order of the Commission directing and compelling the Staff of the Missouri Public Service Commission to complete its investigation and audit, and file its report and recommendation herein.



Gregory D. Williams #32272
Highway 5 at Lake Road 5-32
P.O. Box 431
Sunrise Beach, MO 65079
(573) 374-8761

Attorney for Osage Water Company

CERTIFICATE OF SERVICE

I, Gregory D. Williams, do hereby certify that a true copy of the foregoing was on this 29 day of August, 2000, mailed, postage prepaid, to the following:

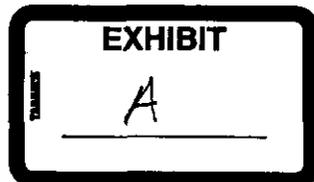
Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102; General Counsel, Missouri Public Service Commission, P.O. Box 360, Jefferson City, MO 65102.



Gregory D. Williams

Staff Revenue Requirement
 Prepared by Amanda C. McMellen

	Check Totals		
Truck	\$ -	-	
Truck Insurance	-	(see Ins. Exp.)	
Gas	973.00	972.91	
Equipment - 25%	-	-	
Hancock	12,000.00	12,000.00	
William P Mitchell	-	-	
Greg D. Williams	-	-	
Chelsea Loan	-	-	
Park View Bay	-	-	
Electric	17,002.00		
Advertising	-	-	
Property Insurance	-	(see Ins. Exp.)	
O & M Employees	11,277.00	11,277.45	
Supervisor 50%	18,000.00	18,000.00	
Secretary	15,441.00	15,441.42	
Phone/Pager	284.00	283.78	
Rent/Lease/Utilities	3,521.00	3,520.50	
Accounting	4,213.00	4,213.00	
Legal	1,500.00	1,500.00	
Engineering	720.00	720.00	
Insurance (Workers Comp, Truck,	4,751.99	4,752.00	
Misc. Exp.- Member. Dues, Lic. Fe	271.00	271.00	
PSC Fees	2,122.00	2,121.76	
DNR Fees	1,500.00	1,500.00	1,500.00
Repair Parts	10,124.00	10,124.09	
Testing	3,000.00	3,000.00	
Property Tax	310.27	310.27	
Supplies- Office	478.00	477.88	
Supplies- Other	1,200.00	1,200.00	
Sludge Removal	512.00	512.00	
Postage	1,390.28	1,390.00	
Depr. Exp.- Water	8,315.68	-	
Depr. Exp.- Sewer	4,073.83	-	
Return on Rate Base @ 12.54%	44,111.58	-	
Return on Stock @ 11.25%	-	-	
Total	<u>167,091.63</u>		



Gregory D. Williams

From: Russo, Jim [jrusso@mail.state.mo.us]
Sent: Wednesday, August 16, 2000 3:50 PM
To: Meyer, Greg; Johansen, Dale; Hubbs, Randy; McMellen, Amanda; Hummel, Martin; 'Pat'; 'gregw@laurie.net'
Subject: Revenue Calculation based on proposed rates from Osage Water Company



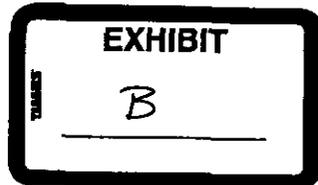
Water revenue
annualization b...

Attached for your review is the annualized revenue based on the annualized usage computed by our staff and the proposed rates from the company. Sheet 1 is the customer count as of 4/11/2000, sheet 2 is the summary sheet and the rest of the sheets are the individual calculation for each system. Please review and let me know if you see anything out of the ordinary. I'll be in the office till approximately noon tomorrow (Thursday), off Friday, and at the new digs on Monday.

Thanks

Jim Russo

<<Water revenue annualization based on Company Proposed Rates.xls>>



Osage Water Company
Annualized Revenue Summary

Prepared by James M. Russo

Water

	January	February	March	April	May	June	July	August	September	October	November	December	Total	
Blue Harbor	\$ 323.37	\$ 323.37	\$ 324.11	\$ 329.00	\$ 332.23	\$ 338.85	\$ 324.61	\$ 344.48	\$ 323.28	\$ 322.87	\$ 363.77	\$ 323.70	\$ 3,973.63	
Cavern View	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 337.50	\$ 4,050.00	non
Cedar Glen	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 850.00	\$ 10,200.00	
Chelsea Rose	\$ 534.16	\$ 578.26	\$ 578.26	\$ 578.26	\$ 547.88	\$ 690.09	\$ 559.93	\$ 814.84	\$ 671.54	\$ 497.52	\$ 620.72	\$ 527.56	\$ 7,199.05	
Cimmorrton Bay	\$ 1,022.64	\$ 742.63	\$ 747.37	\$ 797.11	\$ 753.88	\$ 853.20	\$ 814.93	\$ 1,012.22	\$ 834.76	\$ 757.50	\$ 791.15	\$ 767.42	\$ 9,894.80	
Moss Hollow Cov	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 157.50	\$ 1,890.00	non
Osage Beach No	\$ 1,754.33	\$ 1,592.67	\$ 1,939.14	\$ 2,066.00	\$ 2,242.15	\$ 2,367.53	\$ 3,217.39	\$ 4,050.95	\$ 3,377.10	\$ 2,040.55	\$ 2,970.82	\$ 2,647.21	\$ 30,265.83	
Osage Beach So	\$ 1,506.11	\$ 863.34	\$ 954.65	\$ 1,084.82	\$ 1,042.08	\$ 1,332.73	\$ 1,263.31	\$ 1,948.69	\$ 1,591.50	\$ 1,147.00	\$ 1,279.14	\$ 1,119.78	\$ 15,133.15	
Super 8	\$ 341.14	\$ 379.32	\$ 378.55	\$ 514.51	\$ 476.33	\$ 534.89	\$ 592.94	\$ 750.84	\$ 734.59	\$ 491.81	\$ 781.80	\$ 330.82	\$ 6,307.53	
KK	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 242.48	\$ 2,909.76	
Total	\$ 7,069.22	\$ 6,067.07	\$ 6,509.56	\$ 6,957.18	\$ 6,982.03	\$ 7,704.78	\$ 8,360.60	\$ 10,509.49	\$ 9,120.24	\$ 6,844.73	\$ 8,394.89	\$ 7,303.96	\$ 91,823.75	

Sewer

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Cedar Glen	\$ 2,519.96	\$ 2,541.13	\$ 2,525.53	\$ 2,526.09	\$ 2,519.96	\$ 2,527.20	\$ 2,551.71	\$ 2,540.01	\$ 2,524.42	\$ 2,519.96	\$ 2,543.35	\$ 2,522.19	\$ 30,361.50
Chelsea Rose	\$ 661.83	\$ 757.04	\$ 757.04	\$ 757.04	\$ 691.45	\$ 998.47	\$ 717.46	\$ 1,267.78	\$ 958.40	\$ 582.72	\$ 848.70	\$ 647.57	\$ 9,645.50
Cimmorrton Bay	\$ 1,070.19	\$ 790.18	\$ 794.92	\$ 844.66	\$ 801.43	\$ 900.75	\$ 862.48	\$ 1,059.77	\$ 882.31	\$ 805.05	\$ 838.70	\$ 814.97	\$ 10,465.40
KK	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 313.04	\$ 3,756.48
Total	\$ 4,565.02	\$ 4,401.39	\$ 4,390.52	\$ 4,440.82	\$ 4,325.88	\$ 4,739.46	\$ 4,444.69	\$ 5,180.61	\$ 4,678.17	\$ 4,220.77	\$ 4,543.79	\$ 4,297.77	\$ 54,228.89

\$ -

Total annual revenue \$146,052.64

	Water	Sewer	
nonreg rev	\$ 5,940.00		
percentage	6.47%		
reg rev	\$ 85,883.75	\$ 54,756.89	\$ 146,052.64