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Exh. 14

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September 24, 2001

Mr. Martin Hummel
Engineer, Water & Sewer Department
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Re: Osage Water Company – Service Charges for New Customer Connections

Dear Mr. Hummel:

In response to your direction that Osage Water Company not bill new customers for service connection charges and refund service connection charges for customers who have been billed for the same and have made payment thereof, I have reviewed my law office file containing the various tariff filings which OWC has made with the Commission. Copies of those documents are enclosed with the mailed copy of this letter. I find as follows:

1. On August 19, 1998 I faxed to the attention of Dale Johansen Revised Sheet 5, which implemented un-metered rates for single family homes, mobile homes and apartments, and condominium units; 2nd Revised Sheet 6, which implemented the schedule of service charges you now question; and Revised Sheet 28, which pertained to meters and meter installations. The cover letter requested that Dale “review and discuss these with your department staff, and get back to me early next week. We really need to clean up these flat rates ASAP, and synchronize our service charges between the water tariff and sewer tariff.”
2. On September 2, 1998, I mailed to the Commission the original and 3 copies of the same tariff pages I faxed to Dale on August 19, 1998.
3. On September 8, 1998 I mailed a letter to Dale Johansen authorizing him to change the effective date on the tariff pages to allow a full 30 days notice period.
4. On December 10, 1998 Dale Johansen sent a memo to individuals at the tariff filing desk directing them to remove the above referenced tariff pages from the “pending tariff file” and place them in OWC’s tariff book.

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Date 10-29-02 Rptr KF

5. Subsequently, on December 15, 1998 Dale Johansen sent me a memo requesting that I prepare revised substitute tariff pages to correct the pagination problems you have noted. As this was either during or immediately prior to the Parkview Bay hearing and subsequent litigation concerning the same, I never prepared the revised substitute tariff pages.
6. Finally, on April 30, 1999 I mailed to Dale Johansen the return copies of the tariff pages I received back from the Commission, as someone had lost the originals that were supposed to be filed with the Commission.

Based on my review of these documents in our records, I have concluded as follows:

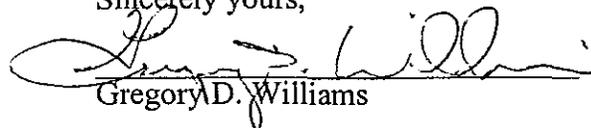
1. The correct service charges are those shown on 2nd Revised Sheet 6, not Sheets 6A and 6B.
2. A corrected 2nd Revised Sheet 6 should be filed, reflecting that it cancelled Sheets 6A and 6B, as per Dale Johansen's memo of December 15, 1998.
3. OWC is correct in assessing the new service connection charges. The tariff does not distinguish between condominiums and single family homes. Whether it should make such a distinction is a separate issue.

Accordingly, I am enclosed a substitute 2nd Revised Sheet 6 for filing in OWC's Tariff Book.

I note that no changes were made to these service charges during the recent rate case, which would have been the appropriate time and place to make changes thereto. I also recognize that there is a "fairness" issue with respect to OWC now charging customers for these fees when it could have, but did not, charge customers prior to its most recent billing cycle. However, the unfairness is against OWC, which could have and should have collected that revenue since October of 1998, and did not do so. OWC has in the past and will continue to incur substantial costs in adding customers to its various systems. The service connection fees help defray those costs, and will avoid burdening other customers with those costs. The failure to charge those fees in the past resulted in substantial cash shortfalls, and thereafter poor quality of service associated with insufficient revenues. We do not intend to repeat that experience.

I trust that you will agree that OWC can and should charge the rates and service charges that are reflected in its tariff on file with the Commission, and will so advise any customers who have or may hereafter contact you with respect to those service charges. To the extent that Staff believes the service charges require revision, we are certainly open to discussions regarding the same along with the other unresolved issues from the most recent rate case.

Sincerely yours,



Gregory D. Williams

Osage Water Company

RULES 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 + backhoe charges.
Disconnect and reconnect charge - installation of meter by backhoe required	+	\$400.00
Disconnect and reconnect charge - water meter or sewer shutoff available, less than 6 days notice	+	\$50.00
Disconnect or reconnect at customer's request - water meter available, 6 days notice	+	N/C
Returned check charge.....		\$15.00 +
Past Due Notice (Residential).....		\$6.50/notice +
Over Due Commercial Bills (more than 30 days).		\$1.5%/month +

* Indicates new rate or text
+ Indicates change



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General Counsel

October 3, 2001

Gregory D. Williams
Osage Water Company
P.O.Box 431
Sunrise Beach, Mo. 65079

Re: Service connection charges applicable to individual condominium unit customers

Dear Mr. Williams:

In response to your letter dated September 24, received in this office September 28, 2001:

Note: Your letter did not have enclosed a substitute 2nd Revised Sheet 6 as stated.

I have discussed this with other W&S staff and suggest:

- The appropriate corrections be made in conjunction with creating the similar sheet for Environmental Utilities,
- This be filed with the Secretary of the Commission after designing the changes and language with W&S Staff.

The charge in question at this time is listed in the OWC water tariff on 2nd revised sheet 6 and in the Sewer tariff on Original Sheet No. 11. It reads "Construction inspection charge per connection where connection is made by customer..... \$100.00"

At the time this charge was placed in the sewer tariff there were no condominiums being served or contemplated. This same charge was later copied to the water tariff. In each case, water and sewer, this charge was intended for use when OWC staff made an inspection of the construction of the pipeline and connection constructed by a residential or commercial building owner. In applying the charge to condominiums, it would logically apply a single time to the inspection of the single service pipeline connecting the building to the water main (or collecting sewer), and is unrelated to the number of units within the building.

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Likewise, in each case, water and sewer, the "New Service Connection by Company" charge is applicable once to the building owner when there is a single pipeline to a building. There is no provision or need for applying this charge to individual condominium units, as those units are not individually connected to the company's water main or collecting sewer.

If you wish to now propose a NEW charge applicable to individual condominium unit customers to cover the cost incurred by the company that is specifically applicable to that customer and is not properly an annual expense or a rate base cost then the Water and Sewer Department Staff is quite willing to listen.

In Conclusion: The Staff does not believe that either the connection construction inspection charge or the new service connection charge currently in the OWC tariffs apply to individual CONDOMINIUM unit customers.

Sincerely,



Martin Hummel
Water and Sewer Department
MO Public Service Commission

Cc: Consumer Services
Office of the Public Counsel
Professional Management Group