

FILED²

APR 02 2007

Missouri Public
Service Commission

Exhibit No: _____

Issue: Organization of the
393 Companies

Witness: Mr. Gail Snyder

Type of Exhibit: Additional Direct Ty.

Sponsoring Party: Big Island Water Co
Big Island Sewer Co.

Case No: WO-2007-0277

Date Testimony Prepared: 2-15-2007

**Big Island Water Company
And
Big Island Sewer Company**

Additional Direct Testimony of

Mr. Gail Snyder

Case No. WO-2007-0277

**Roach, Missouri
February, 2007**

393 Exhibit No. 99
Case No(s). WC2006-0082 / WO-2007-
Date 3-2-07 Rptr pf 0277

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application)
of Big Island Homeowners Water and)
Sewer Association, Inc. f/k/a Big Island)
Homeowner's Association, Inc. And)
Folsom Ridge, LLC seeking approval)
of Transfer of Assets to Companies)
Incorporated under Chapter 393)

Case No. WO-2007-0277
and WC-2006-0082

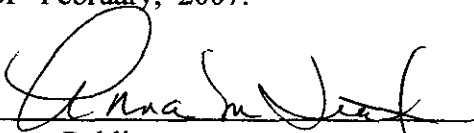
AFFIDAVIT OF GAIL SNYDER

STATE OF MISSOURI)
) ss
COUNTY OF CAMDEN)

Gail Snyder, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 3 Pages of Direct Testimony to be presented in the above case, that the answers in the following 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.


Gail Snyder

Subscribed and sworn to before me this 12 Day of February, 2007.


Notary Public

My commission expires: 3-15-2010



ANNA M. TUTTLE
My Commission Expires
March 15, 2010
Camden County
Commission #00499401

**Supplemental Direct Testimony
OF
GAIL SNYDER
WO-2007-0277**

1 **Q. Please state your name and address.**

2 A. Gail Snyder, 3352 Big Island Drive, Roach, MO 65787

3 **Q. On whose behalf do you appear in this proceeding?**

4 A. Big Island Water Company and Big Island Sewer Company, both being nonprofit
5 companies organized under Chapter 393 of Missouri law.

6 **Q. What is your role in these two companies?**

7 A. I am Vice President of both Companies and serve on the Board of Directors of both
8 Companies. My personal background is contained in my earlier filed direct testimony.

9 **Q. Why were these two companies organized?**

10 A. In September 2006, the developer who constructed the community water and sewer
11 system on Big Island in Camden County became open to transferring ownership of those
12 utilities to the customers who are utilizing the systems. An initial questionnaire was sent
13 out to Big Island residents in September 2006 to make sure the majority of residents were
14 in favor of establishing the 393 companies for that purpose. The companies were set up
15 based on the positive response to the questionnaire. Big Island Water and Big Island
16 Sewer were then organized by a group of customers to serve as the entities to whom the
17 water & sewer assets would ultimately be transferred.

18 **Q. What actions have been taken since organizing the two companies?**

19 A. A lot of time was spent composing proposed bylaws for both companies. We wanted to

1 be certain the bylaws reflected what was promised to the residents when the first tap fees
2 were paid. In that regard, the bylaws provide no charges will be made for service until
3 the tap owner actually connects to the system. The bylaws also provide that a place will
4 be reserved within the utility system for people who have paid a tap fee but not yet
5 connected to the system.

6 **Q. Are the bylaws completed?**

7 A. The bylaws are basically complete but are still under review by the Directors. They have
8 been adopted on a provisional basis subject to revisions, and suggestions of the PSC
9 Staff. The bylaws of both companies are organized differently but are nearly identical in
10 content.

11 **Q. Are copies of the bylaws available?**

12 A. A copy of the bylaws was provided to P.S.C. staff in November. It costs approximately
13 \$10 to photocopy one set of bylaws, so the Office of Public Counsel has made the bylaws
14 available electronically on the following websites:

15 www.mo-opc.org/upload/water_bylaws.doc And

16 www.mo-opc.org/upload/sewer_bylaws.doc

17 The bylaws will be printed and available for distribution following the transfer of assets.

18 **Q. Have you signed an Asset Transfer Agreement?**

19 A. A written transfer agreement now exists which is satisfactory to all parties, but it has not
20 yet been signed. Although the residents have approved the transfer, we are now awaiting
21 PSC approval.

1 **Q. Have you inspected the facilities which are to be transferred?**

2 A. The entire Board of Directors did a walk through inspection of the facilities in December
3 along with an engineer, the construction contractor, and two representatives of the current
4 management company, Lake Ozark Water & Sewer. We found everything to be in good
5 order and acceptable.

6 **Q. Will the 393 companies be hiring a management company?**

7 A. The current management company is Lake Ozark Water & Sewer. The 393 companies
8 have negotiated a contract with the same management company to continue providing
9 service once the transfer of assets is complete. In addition, the LOWS management
10 company will take over the billing responsibilities which are currently handled by the
11 developer. Having LOWS continue as the contract provider will make the transfer of
12 assets a seamless transaction to the customers with absolutely no reduction in service.

13 **Q. Has an agreement been signed with the management firm?**

14 A. Lake Ozark Water & Sewer has provided us with a written one year agreement which has
15 been approved by the Board of Directors. The agreement will be signed as soon as it
16 becomes apparent the transfer of assets to the 393 companies will take place.

17 **Q. Do you anticipate a rate increase once the assets are transferred? How Much?**

18 A. The current rates are \$10 a month for water and \$15 a month for sewer. We anticipate a
19 rate increase to \$14 a month for water and \$21 per month for sewer.

20 **Q. How did you arrive at those figures?**

21 A. We reviewed the actual costs of operating the systems in 2005 (\$1,448 per month) and
22 2006 (\$1,705 per month - includes 2 new pumps) and factored in anticipated additional

1 costs for 2007. We also considered the fact revenue would not be collected from any
2 Big Island resident who is not actually connected to and receiving service from the water
3 or sewer system. A copy of the proposed Budget is attached as Exhibit A.

4 **Q. Do the majority of Big Island residents and customers support the transfer of water**
5 **and sewer utility ownership to Big Island Water Company & Big Island Sewer**
6 **Company?**

7 A. Yes. Of the 61 actual customers 55, or 90%, recently voted in favor of the transfer. I
8 understand 70% of the total resident property owners on Big Island have voted in favor of
9 this transfer.

10 **Q. How would you summarize your testimony?**

11 A. The majority of Big Island residents and the overwhelming majority of Big Island utility
12 customers (90%) support the transfer of community water and sewer assets to the 393
13 companies organized on their behalf for the purpose of assuming ownership of the
14 utilities.

Exhibit A

2007 BUDGET PROPOSAL FOR BIG ISLAND UTILITIES

New Rates Reflecting a

40% Rate Increase:

\$14 Water Mo.

\$21 Sewer Mo.

48 Current Water Customers X \$14 Per Month = \$ 672 per month
 61 Sewer Customers X \$21 Per Month = \$ 1,281 per month

Projected Income \$ 1,953 per month
 x 12
 23,436.00 per year

<u>Projected Expenses</u>	<u>Per Month</u>	<u>Annual</u>
Bylaws - printing	\$ 83	\$1,000
Insurance	\$ 150	\$ 1,800
License & Permits	\$ 115	\$ 1,380
Electric	\$150	\$ 1,800
Maintenance	\$ 100	\$ 1,200
Office Supplies & Mailing Expenses	\$ 50	\$ 600
Management Fee (L.O.W. & S.)	\$1,100	\$ 13,200
Total Projected Expenses:	\$ 1,748	\$20,980

PROJECTED INCOME: \$23,436.00
 LESS Projected Expenses \$20,980.00
 Balance For Reserves: \$ 2,456.00