

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

In the Matter of the Joint Application of)	
Missouri-American Water Company and both)	
Osage Water Company and Environmental)	
Utilities, L.L.C. for Authority for Missouri-)	
American Water Company to acquire the water)	Case No. _____
and sewer utility assets of both entities, and for)	
the transfer to Missouri-American Water Company)	
of Certificates of Convenience and Necessity)	
to continue operation of such assets as Water and)	
Sewer Corporations regulated by the Missouri)	
Public Service Commission.)	

**JOINT APPLICATION
AND MOTION FOR EXPEDITED TREATMENT**

COME NOW Missouri-American Water Company ("MAWC"), Osage Water Company ("Osage") and Environmental Utilities, L.L.C. ("EU"), and pursuant to Section 393.190 RSMo 2003, and 4 CSR 240-3.606 and 240-3.310, state the following to the Missouri Public Service Commission ("Commission") as their Joint Application and Motion for Expedited Treatment:

**Requirements of
4 CSR 240-2.060 Regarding All Applications**

1 (A) MAWC is a Missouri Corporation, with its principal place of business at 535 N. New Ballas Rd., St. Louis, MO, 63141.

Osage is a Missouri Corporation with its principal place of business located at 328 S. Frontage Road, Osage Beach, MO 65065.

EU is a Limited Liability Company, duly organized and formed under the laws of the State of Missouri, with its principal place of business located at Highway 5 at Lake Road 5-33, P.O. Box 650, Sunrise Beach, MO 65079.

1 (B) A Certificate of Good Standing for MAWC from the Office of the Missouri Secretary of State was filed in Commission Case No. WM-2001-309 and remains current and correct. It is hereby incorporated by reference in accordance with 4 CSR 240-2.060 (1) (G).

1 (C) – (F) Inapplicable.

1 (G) See 1 (B) above.

1 (H) MAWC currently provides water service to the public in and around the cities of St. Joseph, Joplin, Brunswick, Mexico, Warrensburg, Parkville, Riverside, Jefferson City and parts of St. Charles and Platte Counties Missouri, and most all of St. Louis County, Missouri. MAWC currently provides water service to approximately 445,000 customers. MAWC provides sewer service to approximately 100 customers near Parkville, Missouri. MAWC is a “water corporation,” a “sewer corporation” and a “public utility” as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission.

Osage is a “water corporation” and a “sewer corporation” providing utility service to certain areas of Camden County, Missouri.

EU is a “water corporation” providing water service to certain areas of Camden County, Missouri.

1 (I) Communications regarding this Application should be addressed to :

Dean L. Cooper
Richard T. Ciottone
Brydon, Swearengen & England, P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, Missouri 65102
(573) 635-7166
(573) 635-3847 (facsimile)
dcooper@brydonlaw.com
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Gregory D. Williams
P.O. Box 431
Sunrise Beach, MO 65079
(573) 374-8761
(573) 374-4432 (facsimile)
gregwms@charterinternet.com

1 (J) Applicant EU is not an association, but is a Limited Liability Company comprised of members. Those members are Gregory D. Williams and Debra J. Williams.

1(K) Applicants MAWC and EU have no pending actions or final unsatisfied judgments or decisions against them from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application. Applicant Osage has certain outstanding judgments which are identified in the Agreement of Sale for which approval is herewith sought (**Exhibit A**¹), which such Agreement provides for payment of such judgments out of the proceeds of sale. Those judgments are described later in this Application. Applicant Osage has certain other pending matters to which the Commission itself is a party, and thus need not be itemized herein. Applicant Osage also has certain pending administrative and judicial causes of action which are also identified in the attachments to the Agreement of Sale. Resolutions of such pending matters that are acceptable to Buyer and Sellers will be determined prior to closing, or the closing will not take place.

1 (L) Applicants MAWC and EU have no overdue annual reports or assessment fees, other than assessment fees that will be paid out of the proceeds of this sale as a condition of Commission approval. Osage has overdue annual reports for calendar years 2000, 2001, and 2002, and has overdue assessments which are described in the Agreement for Sale (Exhibit A) and which will be paid out of the proceeds of this sale.

¹ The four Agreements of Sale, Exhibits A, B, C and D, are not included with this Application, as they are considered by the Applicants to be highly confidential in nature. They will be late-filed with the Commission upon the issuance of the Commission's standard protective order. Pertinent terms of these Agreements are, nevertheless, detailed later in the text of this Application.

**Requirements of
4 CSR 240-3.605 and 3.310
Regarding Asset Transfers**

1 (A) The assets to be transferred to MAWC consist of public utility assets used and useful in the provision of water and sewer service to certain customers in Camden County, which such assets are described with particularity in **Exhibits A, B, C and D**. In addition to such assets, MAWC requires either transfer of existing Certificates of Convenience and Necessity held by Osage and EU to MAWC (with modifications representing areas not part of this transaction, and in particular the sewer operations in the Cedar Glen development area), or cancellation of existing certificates and issuance of new certificates to MAWC and to Osage Water to the extent necessary to operate assets being sold. The geographic confines of such certificates are those which exist in present certifications held by Osage and EU, excepting the aforesaid sewer operations in the Cedar Glen development area.

1(B) The Agreements of Sale will be late-filed under a protective order (see footnote #1) and will be designated **Exhibits A, B, C and D**. **Exhibit A** is the Agreement with Osage, and **Exhibit B** is the Agreement with EU. Osage relies on a water well owned by EU, so acquisition of EU is a contingency of the acquisition of Osage. **Exhibits C and D** are with other individuals and entities that hold title to assets presently being used by Osage pursuant to the Certification held by Osage. Such assets had never been conveyed to Osage, and consequently separate Agreements were necessary acquire these critical assets. All four Agreements are interrelated, as described later herein with detail, and each is contingent on the execution and closing of all four. If any contingency in any of the four contracts fails to be satisfied, MAWC does not intend to acquire any of the assets that are the subject of these four Agreements. One such contingency present in both Agreement A and B (the agreements with the two entities holding the Certificates of Convenience and Necessity) is the approval of adequate and acceptable rates for the Buyer to operate the assets profitably.

I(C) A certified copy of a Resolution of the Board of Directors of MAWC authorizing this transaction is attached hereto as **Exhibit F**. A certified copy of a Resolution of the Board of Directors of Osage authorizing this transaction is attached hereto as **Exhibit G**. A certified copy of a Unanimous Consent of the members of EU authorizing this transaction is attached hereto as **Exhibit H**.

I(D) The proposed sale is not detrimental to the public interest because: MAWC is now, and will remain, subject to the jurisdiction of the Commission. MAWC has considerable expertise and experience in providing water and sewer service to residents of the State of Missouri.

I (E) A balance sheet and income statement with adjustments showing the results of the acquisitions of the property are attached hereto as **Exhibit I** and **Exhibit J** respectively.

I (F) The sale of the assets should have no impact on the tax revenues of relevant political subdivisions as both MAWC and the sellers Osage and EU are private entities.

Summary of the Contractual Interrelationship and Interdependence

There are four (4) interrelated contracts, internally designated and identified as Agreements “A”, “B”, “C” and “D” respectively, each one of which is contingent on the execution and closing of ALL of the other three. Agreements “A” through “D” are each between Missouri-American Water Company as “Buyer” and separate and independent other-named Sellers, but each references assets that are used and necessary for the water or sewer utility operations of Osage Water Company, which is the Seller in Agreement “A.” Each of the Agreements “A” through “D” contain internal contingencies, the satisfaction of which are preconditions to closing, and that the failure to satisfy any of those contingencies, if deemed material to MAWC in MAWC’s sole discretion, will render all Agreements null and void. Agreements “A” through “D” are generally

described for purposes of identification as follows, but the terms of each such Agreement shall supersede any inconsistency in the following general characterizations:

- A. Agreement "A" is between Missouri-American Water Company and purports to sell all those assets owned by Osage Water Company that are used and useful in the operation of water and/or sewer operations certificated by the Missouri Public Service Commission in areas identified in that certification, excluding the sewer operations in the Cedar Glen development area.
- B. Agreement "B" is between Missouri-American Water Company and Environmental Utilities, LLC, a Missouri Limited Liability Company, and purports to sell all those assets owned by Environmental Utilities, L.L.C., that are used and useful in the operation of water operations, certificated by the Missouri Public Service Commission separately from the Osage Water certification, in and for areas identified in that certification. Included in those assets is a water well that is presently providing water to Osage Water Company.
- C. Agreement "C" is between Missouri-American Water Company and Gregory D. Williams and Debra J. Williams, husband and wife, and purports to sell assets used in the Osage Water Company sewer operations which are generally described as the KK Sewer Plant and related real estate, piping and other facilities.
- D. Agreement "D" is between Missouri-American Water Company and Hurricane Deck Holding Company, a Missouri Corporation, and purports to sell assets used in the Osage Water Company water and sewer operations which are generally described as the Chelsea Rose Water and Sewer Systems, including a water well, sewer treatment plant, related real estate, piping and other facilities.

Summary of Prices to be Paid for Assets to be Purchased

The Purchase Price to be paid by MAWC at closing for all assets in Agreements "A" through "D" shall be the amounts that the Missouri Public Service Commission will allow Buyer to record on its regulatory books as rate base for the certificated Osage Water Company and the certificated Environmental Utilities, L.L.C., respectively. This determination must be in a form and reach a degree of formality that MAWC, in its sole discretion, deems to be reliable. The approval of such rate base amounts by the Missouri Public Service Commission in an Order issued approving the sale of regulated assets.

without the addition of conditions or requirements that are unacceptable to Buyer, are conditions precedent to MAWC's obligation to close any of Agreements "A" through "D." Furthermore, this transaction is contingent on the Commission setting water and sewer rates and charges which are in Buyer's sole discretion adequate to provide a rate of return on the purchase price of the assets to be conveyed under this agreement, and that the approval of said increase by the Missouri Public Service Commission is a condition precedent to Buyer's obligations under this Agreement.

The aforesaid rate base amount for Osage Water Company is believed to be \$845,795. The aforesaid rate base amount for Environmental Utilities, L.L.C. is believed to be \$85,250 less yet-to-be-determined depreciation, if any.

The disbursement of the purchase price funds for Environmental Utilities, L.L.C. shall be first to the payment of outstanding mortgages, judgments and liens which are of record or otherwise pose a potential cloud to the title of assets being conveyed, if any, and none are believed to exist. The remainder shall be disbursed as deemed appropriate by Environmental Utilities, L.L.C.

The disbursement of the purchase price funds for Osage Water Company, \$845,795, shall be as follows:

\$90,225.00	To Gregory D. Williams and Debra J. Williams, being the purchase price for assets under Agreement "C" including the satisfaction of all related outstanding mortgages and liens which are of record or otherwise pose a potential cloud to the title of assets being conveyed, if any, and none are believed to exist.
\$118,343.42	To Hurricane Deck Holding Company, a Missouri Corporation, being the purchase price for assets under Agreement "D" including the satisfaction of all related outstanding mortgages and liens which are of record or otherwise pose a potential cloud to the title of assets being conveyed.

- \$385,000.00 Being the approximate amount necessary to pay outstanding Judgments against Osage Water Company or otherwise affecting title to assets described in Agreements "A", "C", "D", and "E," including specifically:
- the obligations to Central Bank of Lake of the Ozarks which is a lien on the property known as Lot 99A, Shawnee Bend No. 5;
 - the obligation to Hancock Construction Co. pursuant to a Judgment entered in its favor and against Osage Water Company in the Circuit Court of Camden County, Missouri;
 - the obligation to Jim Clary Concrete Construction, Inc. pursuant to a Mechanic's Lien Judgment entered into in favor and against Osage Water Company and which is a special lien on the property known as Lot 99A, Shawnee Bend No. 5;
 - the obligations to Jackson Engineering, Inc. which is a lien on Osage Water Company properties;
 - the obligation to the City of Osage Beach, Missouri pursuant to a Judgment entered in its favor.

The exact amount of said obligations shall be determined prior to closing and the sum allocated to obtain a release from Jackson Engineering, Inc. therefore shall be decreased as necessary to bring total of Central Bank of Lake of the Ozarks, plus Hancock Construction Co., plus Jim Clary Concrete Construction, Inc., plus City of Osage Beach, plus Jackson Engineering, Inc., obligations to total \$375,000 and obtain releases thereof from the respective holders of said obligations. In no case shall Jackson Engineering, Inc. obligation be reduced below \$100,000.

\$200,000.00 Being the amount necessary to compromise and satisfy the obligation of Osage Water Company to pay legal fees due and owing to Gregory Williams.

\$17,512.13 Being the amount necessary to pay all amounts due and owing

to Missouri Public Service Commission and Missouri Department of Natural Resources.

\$34,714.45 Being the amount remaining necessary to pay in the following order:

1. Amounts due and owing to United States Internal Revenue Service,
2. Closing costs which are the responsibility of Osage Water Company,
3. Flynn Drilling, Bergmanis & McDuffey, Hagan & Hamlett, and Gabriel Crane.
4. William P. Mitchell

\$845,795 = Total purchase price for Agreements "A", "C" and "D."

\$85,250 = Total purchase price for Agreement "B."

Regulatory Determination of Rate Base

Applicants are cognizant of the controversy over the issue of "acquisition adjustments" and the Commission's historical preference to address issues of valuation in rate case proceedings rather than in Applications for acquisitions. Applicants have no desire to raise the issue of an acquisition adjustment in this Application. To the contrary, Applicants desire to avoid any potential acquisition adjustment issue by going to considerable lengths with discussions between Staff and the Office of Public Counsel to derive a purchase price that reflects an amount that the Staff and Office of Public Counsel consider to be reasonably representative of original cost less depreciation and thus a reasonable rate base number on which MAWC may rely. Accordingly, the contract language includes the following contingency, in pertinent part:

4.1 Approval by Missouri Public Service Commission. Chapter 393 RSMo (specifically Section 393.190 et seq.) requires that the Missouri Public Service Commission grant its permission for the sale and transfer of the assets described herein and the Certification to operate those assets as a regulated public

utility. The granting of such approvals and permission without the addition of any terms or conditions that are unacceptable to Buyer, as well as the issuance of a determination of Rate Base with a degree of reliability acceptable to Buyer as referred to in the foregoing Article III, shall be express conditions precedent to the Buyer's obligations in this Agreement. While it is understood that the valuations of individual assets as calculated by the Commission's Staff may not match the individual allocations of the overall purchase price attributed to named assets above, it is understood that the allocations of the purchase price are driven by outstanding liabilities and other Seller considerations. It is anticipated that the ultimate rate base valuation of the Commission, which is the number critical to Buyer, will consider the valuation of the transaction as a whole, as this has been the intent of the parties in structuring the purchase price to be paid.

Motion for Expedited Treatment

MAWC, Osage and EU move the Commission to expedite its processing of this Application because of the benefits to the Public obtainable as aforesaid.

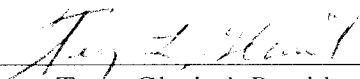
WHEREFORE, Applicants pray that the Commission Order the following:

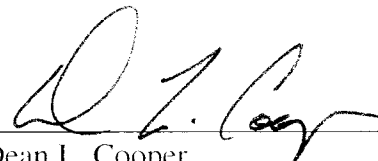
1. **Approve Sale** - Authorizing MAWC to acquire the water corporation assets and the sewer corporation assets of the Osage Water Company and Environmental Utilities L.L.C., including the Certificates of Convenience and Necessity for such public utilities (excepting the service area associated with the Cedar Glen sewer facilities), if and when contingencies specified in the Agreements of Sale on file with the Commission have been met to the satisfaction Missouri-American Water Company; and
2. **Approve Rate Base** - Declaring that, if and when Missouri-American Water Company acquires the assets as aforesaid, that the rate base for the acquisition of such assets shall be \$845,795 for the assets utilized in the utility operations of Osage Water Company, plus \$82,500 for the assets utilized in the utility operations of Environmental Utilities L.L.C.; and

3. **Approve Tariffs** - Approving tariffs for water and sewer services within the areas of acquisition which provide Buyer with a positive rate of return and are fair and reasonable; and
4. **Further Relief** - Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreements and the Joint Application.

Respectfully Submitted,

MISSOURI-AMERICAN WATER COMPANY

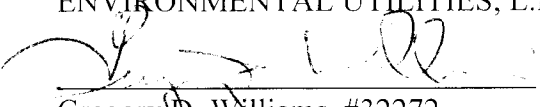
by 
Terry Gloriod, President



Dean L. Cooper
Richard T. Ciottone
Brydon, Swearengen & England, P.C.
312 East Capitol Avenue
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Jefferson City, Missouri 65102
(573) 635-7166
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rtciottone@msn.com

ATTORNEYS FOR MISSOURI-
AMERICAN WATER COMPANY

OSAGE WATER COMPANY and
ENVIRONMENTAL UTILITIES, L.L.C.



Gregory D. Williams #32272
Highway 5 at Lake Road 5-33
P.O. Box 431
Sunrise Beach, MO 65079
(573) 374-8761
(573) 374-4432 (facsimile)
gregwms@charterinternet.com

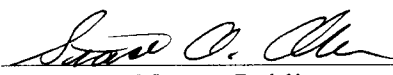
ATTORNEY FOR OSAGE WATER
COMPANY and ENVIRONMENTAL
UTILITIES, L.L.C

AFFIDAVIT

STATE OF MISSOURI)
) SS.
COUNTY OF St. Louis)

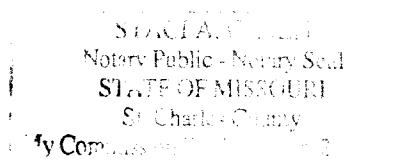
I, Terry Gloried, having been duly sworn upon my oath, state that I am the ~~President~~ President of Missouri-American Water Company, that I am duly authorized to make this affidavit on behalf of Missouri-American Water Company, that the matters and things stated in the foregoing Application and Exhibits thereto are true and correct to the best of my knowledge, information and belief.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal on the day and year first above written.



Notary Public


My Commission Expires:



STATE OF MISSOURI)
) SS.
COUNTY OF Camden)

I, Gregory D. Williams, having been duly sworn upon my oath, state that I am authorized by the Board of Directors of the Osage Water Company, and by the members of Environmental Utilities, L.L.C. to execute the foregoing Application, and that the matters and things stated in the foregoing Application and Exhibits thereto are true and correct to the best of my knowledge, information and belief.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal on the day and year first above written.


Notary Public

My Commission Expires:



JENNIFER CLAIBOURN
Camden County
My Commission Expires
November 17, 2007

EXHIBIT E

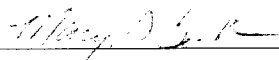
This Exhibit designation was reserved for the Agreement of Sale for Cedar Glen Sewer facilities, which are no longer part of this transaction as explained in Section 1(A) of Requirements of 4 CSR 240-3.605 and 3.310 Regarding Asset Transfers of this Application.

MISSOURI-AMERICAN WATER COMPANY
CERTIFIED COPY OF CORPORATE RESOLUTION

I, Mary G. Sullivan, Assistant Secretary of Missouri-American Water Company, hereby certifies that the following is a true and accurate copy of a resolution of the Board of Directors of said Company approved by Unanimous Written Consent, dated September 2, 2004, which action shall have the same validity and effect as if such had been taken at a meeting of the Board of Directors of said Company, duly called and held, at which all members of the Board of Directors attended and voted therefor and that said resolutions are still in full force and effect:

RESOLVED, that the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company be, and they hereby are, authorized and directed, per the parameters as presented to the Board of Directors, to execute on behalf of the Company, any agreement for the purchase of the water system assets of Osage Water Company and to take all other and further actions as they deem necessary or desirable to consummate the transaction contemplated therein, including obtaining all requisite approval thereof from any regulatory agency having jurisdiction thereover.

IN WITNESS WHEREOF, I have hereunto set my hand as Assistant Secretary of Missouri-American Water Company, and have caused the corporate seal of said Company to be hereunto affixed, this 1st day of October, 2004.




Mary G. Sullivan
Assistant Secretary

OSAGE WATER COMPANY
CERTIFIED COPY OF CORPORATE RESOLUTION

I, William P. Mitchell, President of Osage Water Company, hereby certifies that the following is a true and accurate copy of a resolution of the Board of Directors of said Company approved by Unanimous Written Consent, dated August 26, 2003, which action shall have the same validity and effect as if such had been taken at a meeting of the Board of Directors of said Company, duly called and held, at which all members of the Board of Directors attended and voted therefor and that said resolutions are still in full force and effect:

RESOLVED, that the President, of the Company be, hereby is, authorized and directed, per the parameters as presented to the Board of Directors, to execute on behalf of the Company, any agreement for the sale of any or all of the water and wastewater system assets of Osage Water Company, and to take all other and further actions as they deem necessary or desirable to consummate the transaction contemplated therein, including obtaining all requisite approval thereof from any regulatory agency having jurisdiction thereover.

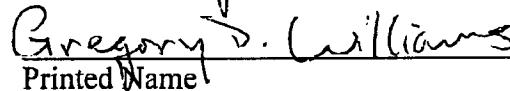
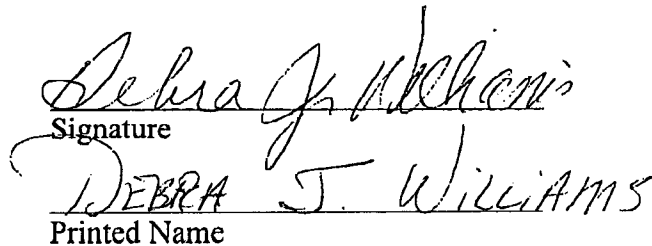
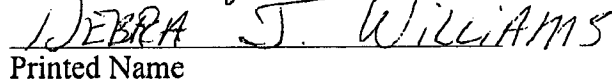
IN WITNESS WHEREOF, I have hereunto set my hand as President of Osage Water Company, and have caused the corporate seal of said Company to be hereunto affixed, this 28th day of September, 2004.



William P. Mitchell
President

CERTIFICATION OF CONTRACT AUTHORIZATION

We, the undersigned being all the members and owners of Environmental Utilities, L.L.C. herewith certify and affirm that they have approved the execution of the **Contract For Sale of Water Distribution System Assets of Environmental Utilities, L.L.C., to Missouri-American Water Company**, dated as of the ____ day of _____, 2004, and that Debra J. Williams, Manager of such Company is authorized to perform all acts, execute all documents and take all measures necessary in order to process and complete the action proposed in the aforementioned Agreement. We further certify by our endorsement hereon, that all members and owners who have any interest in or ability to control the affairs and activities of such Company are represented below.


Signature
Printed Name
Signature
Printed Name

Dated: 9-30-02

EXHIBIT I

Balance Sheet at August 2004

	Missouri American <u>Water</u>	Osage Water <u>Acquisition</u>	Adjusted Missouri American <u>Water</u>
<u>Assets</u>			
<u>Utility Plant In Service:</u>			
Total Plant in Service	\$978,932,700	\$980,295	\$979,912,995
Construction Work In Progress	16,718,124	0	\$16,718,124
Utility Plant Acquisition Adjustment	10,406,859	0	\$10,406,859
Less: Depreciation Reserve	<u>(267,527,826)</u>	<u>(31,086)</u>	<u>(\$267,558,912)</u>
Net Plant in Service	<u>738,529,857</u>	<u>949,209</u>	<u>739,479,066</u>
Non-Utility Property	113,013	0	113,013
<u>Current Assets:</u>			
Cash and Cash Equivalents	2,600,183	0	2,600,183
Customer Accounts Receivable	12,285,840	0	12,285,840
Allowance for Uncollectible Accounts	(520,827)	0	(520,827)
Unbilled Revenues	22,075,043	0	22,075,043
FIT Refund Due	8,543,866	0	8,543,866
Miscellaneous Receivables	1,277,253	0	1,277,253
Materials and Supplies	3,951,301	0	3,951,301
Other	<u>2,213,581</u>	<u>0</u>	<u>2,213,581</u>
Current Assets	<u>52,426,240</u>	<u>0</u>	<u>52,426,240</u>
<u>Deferred Debits:</u>			
Debt and Preferred Stock	11,359,734	0	11,359,734
Expense of Rate Proceeding	983,080	0	983,080
Regulatory Asset--Income Tax Recovery	25,967,931	0	25,967,931
Other	<u>11,973,496</u>	<u>0</u>	<u>11,973,496</u>
Deferred Debits	<u>50,284,241</u>	<u>0</u>	<u>50,284,241</u>
Total Assets	<u>\$841,353,351</u>	<u>\$949,209</u>	<u>\$842,302,560</u>
<u>Liabilities and Capitalization</u>			
<u>Company Capitalization:</u>			
Common Stock Equity, Net	\$223,417,513	\$361,032	\$223,778,545
Preferred Stock (Par or Stated Value Outstanding)	2,680,000	0	2,680,000
Long-term Debt (including current maturities)	<u>290,000,000</u>	<u>588,177</u>	<u>290,588,177</u>
Company Capitalization	<u>516,097,513</u>	<u>949,209</u>	<u>517,046,722</u>
<u>Current Liabilities:</u>			
Short-term Debt	19,329,332	0	19,329,332
Accounts Payable	3,727,139	0	3,727,139
Taxes Accrued	9,807,159	0	9,807,159
Interest Accrued	5,676,015	0	5,676,015
Customer Deposits	159	0	159
Dividends Declared	0	0	0
Other	<u>10,888,021</u>	<u>0</u>	<u>10,888,021</u>
Current Liabilities	<u>49,427,825</u>	<u>0</u>	<u>49,427,825</u>
<u>Deferred Credits:</u>			
Customer Advances for Construction	52,028,580	0	52,028,580
Deferred Income Taxes	82,420,720	0	82,420,720
Deferred Investment Tax Credits	4,512,078	0	4,512,078
Regulatory Liability	4,213,131	0	4,213,131
Other	<u>19,680,696</u>	<u>0</u>	<u>19,680,696</u>
Deferred Credits	<u>162,855,205</u>	<u>0</u>	<u>162,855,205</u>
Contributions in Aid of Construction	<u>112,972,808</u>	<u>0</u>	<u>112,972,808</u>
Total Capitalization and Liabilities	<u>\$841,353,351</u>	<u>\$949,209</u>	<u>\$842,302,560</u>

EXHIBIT J

Operating Statement August 2004

	Missouri American Water	Osage Water Acquisition	Adjusted Missouri American Water
Operating Revenues	\$160,583,341	\$263,834	\$160,847,175
Operating & Maintenance Expenses	77,530,381	106,999	77,637,380
Depreciation & Amortization Expenses	18,964,709	31,086	18,995,795
Taxes, Other Than Income Taxes	11,455,928	23,663	11,479,591
Income Taxes, Current, Federal & State	2,387,874	23,526	2,411,400
Provision for Deferred Income Taxes, Net	12,250,330	0	12,250,330
Investment Tax Credit Adjustment, Net	(130,736)	0	(130,736)
Operating Expenses	<u>122,458,486</u>	<u>185,274</u>	<u>122,643,760</u>
Net Operating Income	<u>38,124,855</u>	<u>78,560</u>	<u>38,203,415</u>
Non-Operating Income	<u>562,225</u>	<u>0</u>	<u>562,225</u>
Gross Income	<u>38,687,080</u>	<u>78,560</u>	<u>38,765,640</u>
Interest on Long-Term Debt	17,028,853	37,585	17,066,438
Amortization Debt Discount/Premium, Net	600,905	0	600,905
Interest on Short-Term Debt	202,462	0	202,462
Other Interest	<u>2,819</u>	<u>314</u>	<u>3,133</u>
Gross Interest Expense	<u>17,835,039</u>	<u>37,899</u>	<u>17,872,938</u>
AFUDC--Equity Component	896,371	0	896,371
AFUDC--Debt Component	<u>509,962</u>	<u>0</u>	<u>509,962</u>
AFUDC	<u>1,406,333</u>	<u>0</u>	<u>1,406,333</u>
Net Interest Expense	<u>16,428,706</u>	<u>37,899</u>	<u>16,466,605</u>
Net Income	<u>\$22,258,374</u>	<u>\$40,661</u>	<u>\$22,299,035</u>