

**Exhibit No. \_\_\_\_**  
**Issues: Termination of Agreement to**  
**Transfer Reflections Systems to CSWR;**  
**Public Interest**  
**Witness: Anthony J. Soukenik**  
**Type of Exhibit: rebuttal Testimony to**  
**Testimony of Josiah Cox**  
**Sponsoring Party: Reflections**  
**Subdivision Master Association, Inc.**  
**File No.: WA-2019-0185**  
**Date August 13, 2019**

**REBUTTAL TESTIMONY**

**FOR**

**ANTHONY J. SOUKENIK,**

**FOR**

**REFLECTIONS SUBDIVISION MASTER ASSOCIATION, INC.**

**Rebuttal Testimony for  
Anthony J. Soukenik,  
for Reflections Subdivision Master Association, Inc.**

1.

2.

3. **WITNESS INTRODUCTION**

4. **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

5. A. My name is Anthony J. Soukenik. My business address is 600 Washington Ave.,  
6. Fl. 15, St. Louis, MO 63101.

7. **Q. ARE YOU AN OFFICER OF REFLECTIONS SUBDIVISION MASTER  
8. ASSOCIATION, INC.?**

A. Yes. I am the President of Reflections Subdivision Master Association, Inc. (the  
9. "Association").

10. **Q. ARE YOU FAMILIAR WITH THE AGREEMENT TO TRANSFER THE  
11. UTILITY SYSTEMS AT REFLECTIONS TO CENTRAL STATES  
12. WATER RESOURCES, INC. ("CSWR") ENTERED INTO BY CSWR  
13. AND THE ASSOCIATION AND GREAT SOUTHERN BANK ON  
14. OCTOBER 11, 2018 (THE "INITIAL AGREEMENT") AND THE  
15. AMENDED AND RESTATED AGREEMENT FOR SALE OF UTILITY  
16. SYSTEM THAT WAS ENTERED INTO BY SUCH PARTIES AND THE  
17. REFLECTIONS CONDOMINIUM OWNERS ASSOCIATION, INC. ON  
18. DECEMBER 14, 2018 (THE "AMENDED AGREEMENT" AND,  
19. COLLECTIVELY WITH THE INITIAL AGREEMENT, THE  
20. "AGREEMENTS")?**

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1.     **A.**     Yes, I am familiar with both the Initial Agreement and the Amended Agreement,  
2.             as the Association was one of the parties to each such agreement.

3.     **Q.**     **ON PAGES 15 AND 16 OF HIS DIRECT TESTIMONY, JOSIAH COX**  
4.             **INDICATES THAT THE ASSOCIATION HAS TAKEN STEPS TO**  
5.             **CONVEY THE WATER AND SEWER SYSTEMS AT THE**  
6.             **REFLECTIONS DEVELOPMENT TO CENTRAL STATES WATER**  
7.             **RESOURCES, INC. (“CSWR”). IS THAT TESTIMONY CURRENTLY**  
8.             **ACCURATE?**

9.     **A.**     No. On August 2, 2019, the Notice attached hereto as Exhibit AJS 1-A was  
10.            issued to Central States Water Resources, Inc., terminating the Amended  
11.            Agreement, pursuant to the right to do so reserved in Section 5 of the Agreements.

12.    **Q.**     **DID ALL PARTIES TO THE AMENDED AGREEMENT, OTHER THAN**  
13.            **CSWR, VOTE TO TERMINATE THE AMENDED AGREEMENT?**

14.    **A.**     Yes. The Association, the Reflections Condominium Owners Association, Inc.,  
15.            and Great Southern Bank all voted to terminate the Amended Agreement.

16.    **Q.**     **DOES THE ASSOCIATION HAVE ANY CURRENT INTENT TO**  
17.            **TRANSFER THE WATER AND SEWER SYSTEMS AT THE**  
18.            **REFLECTIONS DEVELOPMENT TO CSWR?**

19.    **A.**     No. CSWR could not timely close its acquisition, because of the length of time  
20.            involved in this proceeding and the possibility of an appeal. The closing date was  
21.            always known to be a consideration to the associations and to the bank; and that is  
22.            why they reserved the right to terminate the Agreements, if the closing was not  
23.            able to occur expeditiously. Counsel for the bank had requested the Reflections

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1. proceeding to be bifurcated from this proceeding, and for the approval of the  
2. Reflections transfer to be more expeditiously prosecuted; and CSWR/Osage  
3. Utility Operating Company, Inc. refused to do so. Instead, CSWR chose to  
4. continue to combine the approval of the acquisition of the Reflections systems  
5. with its acquisition of several other systems, and to seek an acquisition premium  
6. and rate base adjustment not disclosed in the Agreements and which CSWR knew  
7. or should have known would create the basis for an extended proceeding, because  
8. of the issues presented in the combined application.

9. **Q. ON PAGE 28 OF HIS DIRECT TESTIMONY, MR. COX INDICATES**  
10. **THAT A GRANT OF THE REQUESTED CERTIFICATE OF**  
11. **CONVENIENCE AND NECESSITY ASSOCIATED WITH THE**  
12. **PROPOSED ACQUISITION OF THE SPECIFIED ASSETS OF**  
13. **REFLECTIONS AND THE RELATED TRANSACTIONS ARE IN THE**  
14. **PUBLIC INTEREST OF THE STATE OF MISSOURI. DO YOU AGREE**  
15. **WITH THAT STATEMENT?**

16. **A.** No. Based upon the testimony and data request responses that have been filed  
17. and issued by the various parties in the matter to date, it became apparent that  
18. Osage Utility Operating Company, Inc. would not provide the least cost, capable  
19. utility service to the Reflections development, given its requested rate base  
20. adjustment and acquisition premium. The associations and the bank had agreed to  
21. transfer the utility systems to CSWR for one dollar, in order to allow rates to be  
22. maintained at the most economical level. By seeking the rate base adjustment and  
23. acquisition premium, Osage Utility Operating Company, Inc. sought to increase

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1. rates beyond what is required to make the needed improvements to the systems.  
2. Additionally, the improvements discussed by Osage Utility Operating Company,  
3. Inc. include items that are not required by the Missouri Department of Natural  
4. Resources (“DNR”); again adding to the costs that would be recovered through  
5. future rates. The non-profit entities Missouri Water Association and Lake Area  
6. Waste Water Association indicated that they were willing and able to provide the  
7. service to Reflections; to make the improvements required by DNR; to set rates  
8. based on costs incurred in their respective systems; and to close the acquisition  
9. before the end of August. All of these factors lead to the conclusion that the  
10. acquisition by the non-profit entities would be in the best interest of the  
11. associations and the bank, as well as the public interest in having capable utility  
12. service at reasonable rates.

13. **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

14. **A.** Yes.

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**AFFIDAVIT**

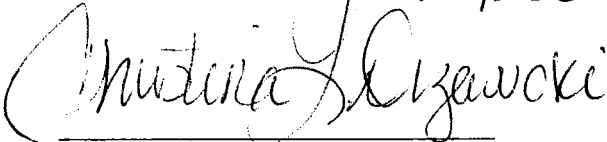
STATE OF MISSOURI     )  
  )  
  )     SS  
COUNTY OF ST. LOUIS    )

I, Anthony Soukenik, state that I am the President of Reflections Subdivision Master Association, Inc.; that the Rebuttal Testimony and exhibit attached hereto have been prepared by me or under my direction and supervision; and, that the answers to the questions posed therein are true to the best of my knowledge, information, and belief.



Subscribed and sworn to me this 13<sup>th</sup> day of August, 2019.

My Commission Expires: 1/26/2023



(SEAL)

