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ATTORNEYS AND COUNSELORS AT LAW

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June 2, 2005

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FILED²

JUN 02 2005

Missouri Public
Service Commission

The Honorable Colleen M. Dale
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

Re: Lake Region Water & Sewer Company

Dear Judge Dale:

Enclosed for filing on behalf of Lake Region Water & Sewer Company the original and five copies of an Application.

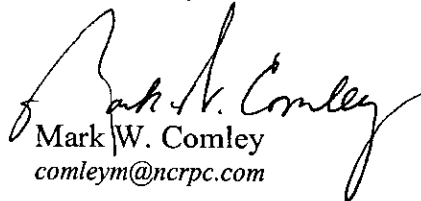
Would you please bring this filing to the attention of the appropriate Commission personnel.

Please contact me if you have any questions regarding this filing. Thank you.

Very truly yours,

NEWMAN, COMLEY & RUTH P.C.

By:


Mark W. Comley
comleym@ncrpc.com

MWC:ab

Enclosure

cc: Office of Public Counsel
General Counsel's Office
John R. Summers

FILED²

JUN 02 2005

Missouri Public
Service Commission

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

In the Matter of the Application of)
Lake Region Water & Sewer Company)
for a Certificate of Convenience and)
Necessity authorizing it to construct,)
install, own, operate, control, manage,)
and maintain a water and sewer system)
for the public located in an unincorporated)
area in Camden County, Missouri)

Case No. _____

APPLICATION

COMES NOW, Lake Region Water & Sewer Company (hereinafter "Applicant"), pursuant to Section 393.170, RSMo 2000 and 4 CSR 240-2.060(4)(A), and for its application states the following to the Missouri Public Service Commission ("Commission"):

1. Applicant is a Missouri corporation duly organized and existing under and by virtue of the laws of the State of Missouri with its principal office and place of business located at 62 Bittersweet Road, Lake Ozark, Missouri. Pursuant to 4 CSR 240-2.060 (1)(B), Applicant's certificate of good standing from the Missouri Secretary of State's office is attached as **Appendix**

1.

2. Applicant currently provides water and sewer services to members of the public located in an unincorporated area of Camden County, Missouri and, accordingly, is subject to the jurisdiction, control and regulation of the Commission as provided by law.

3. Communications respecting this Application should be addressed to:

John R. Summers, General Manager
Lake Region Water & Sewer Co.
P.O. Box 9
Lake Ozark, MO 65049
573-365-6792 (Telephone)
573-365-6793

Mark W. Comley
Newman, Comley and Ruth P.C.
601 Monroe St., Suite 301
P.O. Box 537
Jefferson City, MO 65102
573-634-2266 (Telephone)
573-636-3306 (FAX)

4. On July 11, 1997, Applicant acquired a Certificate of Convenience and Necessity (CCN) from the Commission to provide service in its existing service territory. See , *Order Approving Unanimous Stipulation and Agreement, Granting Certificate of Convenience and Necessity, approving tariffs, and denying Application to Intervene*, Case No. WA-95-164, July 11, 1997.¹

5. Applicant requests permission, approval and a Certificate of Convenience and Necessity to extend, install, own, acquire, construct, operate, control, manage and maintain a water and sewer system for the public in areas located in an unincorporated area in Camden County, Missouri, as set forth on the map attached to this Application as **Appendix 2**. Appendix 2 shows the location of the proposed area in relation to the Applicant's existing service area. The proposed area is further described as follows:

Generally includes the areas of the Shawnee Bend peninsula in the subdivisions of Shawnee Bend No. 2, Shawnee Bend No. 3, Shawnee Bend No. 4, and Shawnee Bend No. 5, more particularly described as:

Beginning at southern most point of the shoreline (662 contour) that intersects the west boundary of Lot 56 Shawnee Bend No. 6, then follow the shoreline (662 contour) northwesterly through sections 4,5 and 6, Township 39 north, Range 16 west and sections 32, 33 and 34, Township 40 north, Range 16 west and Section 1, Township 39 north, Range 17 west, to the southeast corner of Davey Hollow Cove in section 1, Township 39 north, Range 17 west, then south to the shoreline (662 contour) then follow the shoreline (662 contour) easterly to a point 1,250 feet east of the west section line of Section 5, Township 39 north , Range 16 west, then

¹ Applicant was formerly known as Four Seasons Water and Sewer Company. The Commission approved Applicant's change of name to Lake Region Water & Sewer Company by order entered May 6, 1999 in Case No. WO-99-469.

leaving the shoreline (662 contour) and going north to the north right-of-way of State Route 42, then east along the north right-of-way of State Route 42, to the West boundary of Lot 56 Shawnee Bend No. 6, then follow the west boundary of Lot 56 Shawnee Bend No. 6 north until it intersects the shoreline (662 contour) at the point of beginning.

6. A Certificate of Convenience and Necessity for the proposed area was previously granted to Osage Water Company on September 30, 1999. However, Osage Water Company has not provided any services or erected any water or sewer facilities in this area. Applicant submits that Osage Water Company's certification for the geographical area above has lapsed under the provisions of Section 393.170.3, RSMo 2000.

7. In accordance with 4 CSR 240-2.060(4)(A)(5), Applicant has prepared a feasibility study for these areas and it is attached as **Appendix 3**.

8. There are no municipalities located within the proposed area, and approval by Camden County is not required for the Applicant to provide the water and sewer services in this area. The issuance of construction and operating permits from the Missouri Department of Natural Resources ("DNR") is subject to Commission certification inasmuch as the Commission's Certificate of Convenience and Necessity establishes the requirement of control and responsibility for the systems under DNR regulations. Applicant expects that its systems will meet all requirements of the DNR.

9. There are no other public utilities or governmental bodies rendering water or sewer service within the area proposed to be certificated.

10. Within the area requested to be certified are single family homes, duplexes, condominiums, hotels/resorts, and commercial restaurants. Also, there are areas that are still unimproved or in the earliest of development stages. Water and sewer services to these types of units, absent Commission approval of the CCN herein, would rely on many individually drilled

wells and septic systems. Operation of multiple wells and septic systems may adversely affect the quality of the aquifer which provides drinking water to all residents of the area. Therefore, public need exists for adequate water services within the area proposed to be served and the Applicant has received a request for water service for the 220 units of Majestic Pointe Condominiums. The public convenience and necessity will be promoted by the granting of the authority herein requested.

11. There are more than ten (10) residents or landowners in the area sought to be certificated. Accordingly, and pursuant to 4 CSR 240-3.305(1)(A)(2) Applicant lists the name and address of each of the following persons residing in the proposed service area:

Bob & Joanne Phillips
234 Cove Ridge
Sunrise Beach, MO 65079

Tom V Digirolamo
Shawnee Bend 4
Sunrise Beach, MO 65079

H B Dawson
77 HCR Box 224
Sunrise Beach, MO 65079

Harold B George
280 Cotton
Sunrise Beach, MO 65079

George & Pauline Thomas
State Rt. MM
Sunrise Beach, MO 65079

Ed & Jane Johnston
P.O. Box 556
Sunrise Beach, MO 65079

N G Mohler
State Rt. MM
Sunrise Beach, MO 65079

Karl & Sharon King
Shawnee Bend 3
Sunrise Beach, MO 65079

Jack & Mary Kay Bates
State Rt. MM
Sunrise Beach, MO 65079

Jim Julian
Shawnee Bend 3
Sunrise Beach, MO 65079

Dennis Pangborn
Shawnee Bend 4
Sunrise Beach, MO 65079

Mel Bauer
568 Linn Creek Road
Lake Ozark, MO 65049

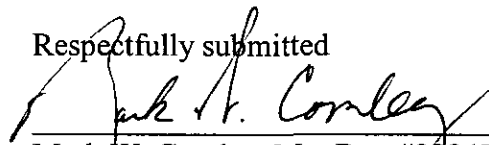
12. Applicant has no pending action or final unsatisfied judgments or decisions against

it from any state or federal agency or court which involve customer service or rates in which action, judgment or decision has occurred within three (3) years of the date of this application.

13. Applicant has no annual report or assessment fees which are currently overdue.

WHEREFORE, Applicant requests the Commission grant it permission, approval and a Certificate of Convenience and Necessity authorizing it to install, acquire, build, construct, own, operate, control, manage and maintain a water system for the public within the area referred to in Paragraph 5, authorizing Applicant to implement rates and charges for the provision of services consistent with those contained in the feasibility study, and for such other orders as the Commission deems proper under the circumstances.

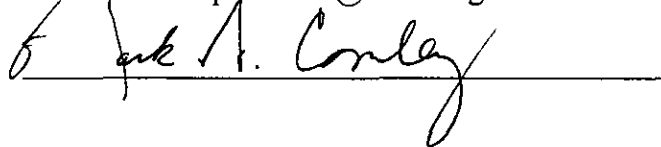
Respectfully submitted



Mark W. Comley, Mo. Bar #28847
Newman, Comley & Ruth P.C.
601 Monroe Street, Suite 301
P.O. Box 537
Jefferson City, MO 65102-0537
(573) 634-2266 (voice)
(573) 636-3306 (facsimile)
comleym@ncrpc.com


Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via e-mail on this 2nd day of June, 2005, to General Counsel's Office at gencounsel@psc.mo.gov; and Office of Public Counsel at opcservice@ded.mo.gov.

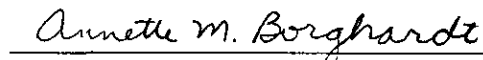


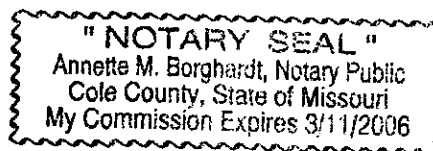
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

I, John R. Summers, being duly sworn, do depose and state that I am the General Manager of Lake Region Water & Sewer Company (Lake Region), Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of Lake Region; that the foregoing Application was prepared under my direction and supervision; and that the statements in the foregoing application with respect to Lake Region are true and correct to the best of my knowledge, information, and belief.


John R. Summers

Sworn and subscribed before me this 2nd day of June, 2005.


Notary Public



APPENDIX 1

Certificate of Corporate Good Standing

STATE OF MISSOURI



Robin Carnahan
Secretary of State

CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

I, ROBIN CARNAHAN, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

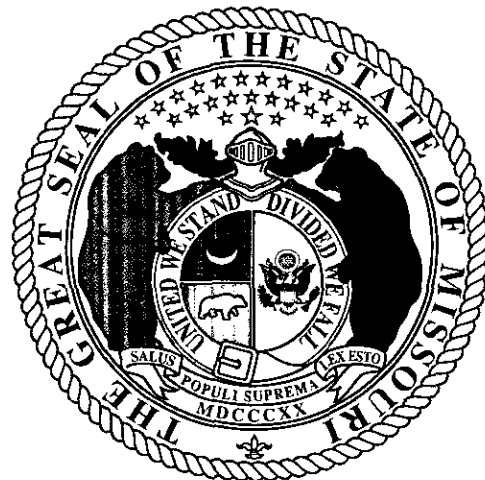
LAKE REGION WATER & SEWER CO.
00149504

was created under the laws of this State on the 10th day of August, 1971, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 2nd day of June, 2005

A handwritten signature in cursive script that reads "Robin Carnahan".

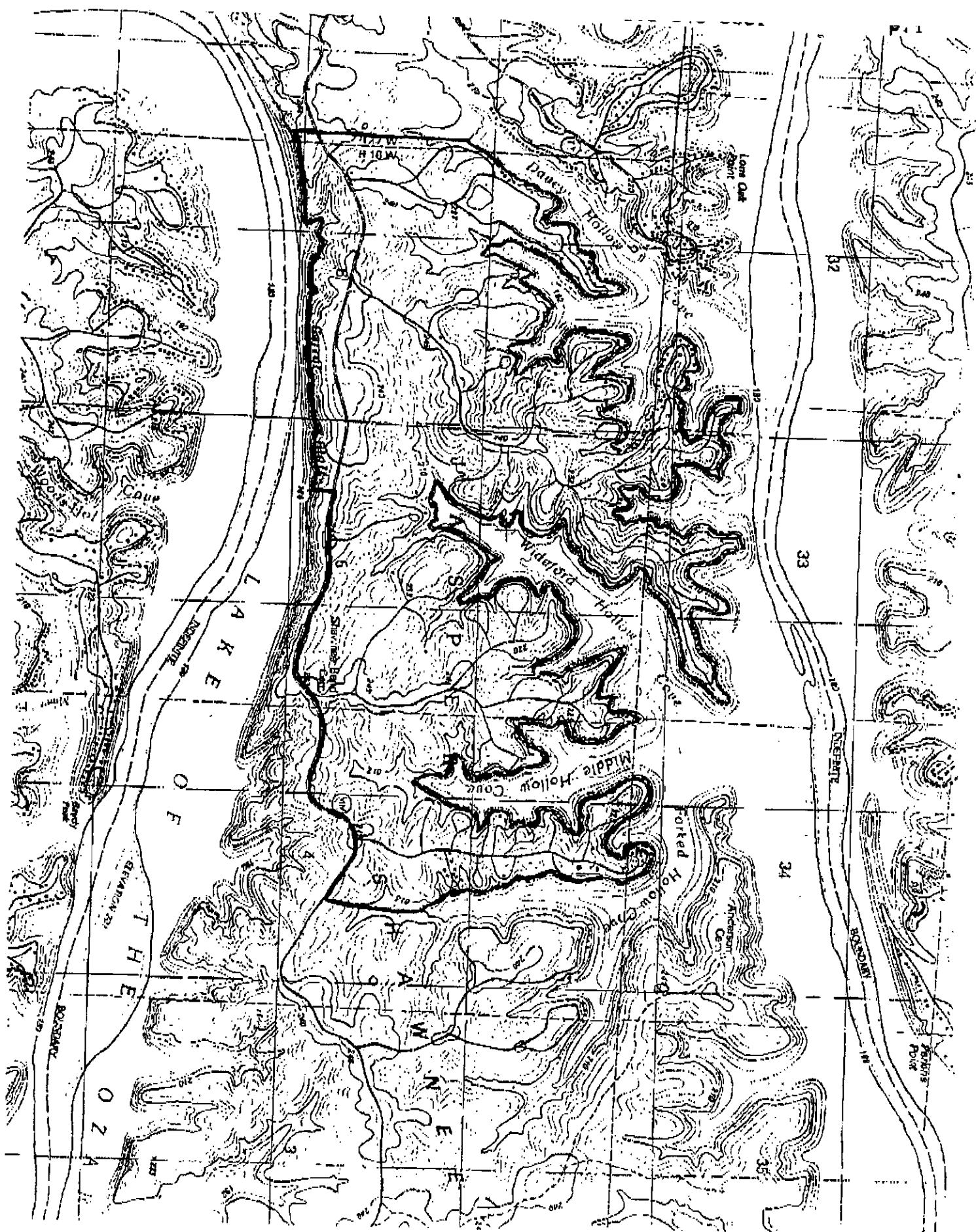
Secretary of State



Certification Number: 7740525-1 Reference:
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>

APPENDIX 2

Map of Proposed Service Area



APPENDIX 3

Feasibility Study

Lake Region Water and Sewer Company

Feasibility Study

This feasibility study addresses providing water and sewer service by Lake Region Water and Sewer Company (LRWSC) in an area the Company proposes to annex. A map is attached that generally pictures the newly proposed service area. A metes and bounds description of this area is filed with the Company's annexation application.

The area the Company proposes to serve is located at the Lake of the Ozarks in Camden County on what is commonly referred to as Shawnee bend. The property lays North of State Route MM and West of the existing LRWSC certificated area. The area to be annexed has two major developers who intend to build 264 residential units over the next five to ten years. LRWSC has service agreements with both developers which are submitted for Commission approval as part of the application. Currently there is a water line and sewer line that each extends from the Western edge of the LRWSC service territory approximately four and one half miles to the Majestic Pointe condominiums. LRWSC is providing water to this development from a meter located on the Western edge of its service territory. Majestic Pointe Development Corporation is the current owner of these lines. Majestic Point Development Corporation paid the capital cost of these lines with contributions from Shawnee Bend Development Company.

It is the intention of the LRWSC to accept ownership of these lines when approval of this application is obtained from the Commission. In general the water line is a 12" line for the first half of the distance to Majestic Pointe and 8" the remainder of the way. The sewer collection line is a 6" pressurized line. The lines were built to accommodate flows from Majestic Pointe, the Shawnee Bend development and from Shawnee Bend 3 and 4 developments. The total projected build out for these developments and other general development in the area is approximately 606 units by 2015. This includes 214 units for Majestic Pointe, 50 for Shawnee Bend Development, and an estimated 342 units for Shawnee Bend 4 and 4 and other general development.

Financing. The main distribution line and collection line to Majestic Pointe have been paid for by Majestic Pointe Development Company and by Shawnee Bend Development Company. The total cost of this construction as reported by Majestic Pointe was \$700,000. The cost of connecting to the system and of setting meters in the Majestic Pointe condominium complex will also be paid for by the Developers. The cost of setting meters and connecting individual homes in the Shawnee Bend Development will be paid for by LRWSC. The attached contracts listed as Exhibit A and B show the manner in which the Developers intend to be repaid for their investment. Overall as noted in Exhibit A \$1350 fee will be paid by LRWSC to Majestic Pointe Development

for each Majestic Pointe condominium water/sewer customer connecting to LRWSC. As noted in the contract in Exhibit A this payment is subject to PSC approval and subject to PSC approval that these fees will be allowed as rate base. In addition any new customers connecting to this line or **served by this line** will be required to pay \$600 for a sewer and \$600 for water as a line extension fee plus connection fees as per LRWSC tariffs in addition to any other fees or costs for extending from the customers connection to the Majestic Pointe line. All fees collected except for the cost of extending to the Majestic Pointe line will be rebated to Majestic Pointe Development. These fees will be rebated to Majestic Pointe and Shawnee Bend Development for a period of 10 years or until they have recovered 100% of their investment.

The cost of providing water storage, well capacity and sewage treatment to the customers in this area will be paid by LRWSC. The projected cost to provide a tower, well and sewage treatment plant to serve these new customers is \$1,525,000.

The current sewage treatment plant has a 100,000 gallon per day capacity. The peak average monthly flow is 29,000 gallons per day. The Missouri Department of Natural Resources has required the company to install additional capacity when the peak average flow reaches 75,000 per day. With the projected usage due to the expansion the plant capacity must be increased in 2006. The estimated cost of a 100,000 gallon per day plant expansion is \$525,000.

The existing water line between the Lake Region wells and water tower has sufficient capacity to provide domestic water supply to the proposed expansion area. Due to the distance from the tower to Majestic Pointe, approximately 4.5 miles, pressure losses are such that fire flow cannot be provided. In order to provide fire flow and to serve this area sufficiently in the future a tower must be built immediately. The cost of installing a 500,000 gallon per day tower in a spot to provide fire flow protection to the area is estimated to be \$1,000,000.

Lake Region currently has two wells that have approximately 250 gpm pumping capacity. With one well running its pumping capacity is approximately 360,000 gallons per day. The current peak day of water use at Lake Region is 231,000 gallons per day and it is not expected that a new well will be necessary due to this expansion or internal growth for five years or more.

The total number of water and sewer customers that could be added as a result of this expansion is 600. Assuming that Majestic Pointe builds out fully the capital cost to LRWSC to serve these customers will be \$1,525,000 for plant plus \$288,900 paid to Majestic Pointe for a total of \$1,813,900. In addition LRWSC will rebate to Majestic Pointe all connection fees it collects from customers that will be served by the Majestic Pointe line. Currently LRWSC has approximately \$800,000 in equity and \$800,000 in short term debt. Bank financing will be used to provide funds for this expansion and the Company will have when completed a 73% debt ration and a 27% equity ratio.

Proposed Rates and Charges. LRWSC intends to keep the same service and connection fees in place that it now has for the newly annexed area. It will however, require a tariff change in its line extension rule for the new area. LRWSC intends to charge each new residential customer a \$600 fee for water and \$600 for sewer connection in addition to the normal connection fees along with any other additional line extension costs. All such fees collected will be rebated to Majestic Pointe and Shawnee Bend Development for a period of 10 years or until the cost of the lines have been paid.

Approval by the PSC of the proposed expansion including Exhibits A and B will result in the need for a general rate increase of approximately 30% as shown on Exhibit E..

Estimates of Customers, Revenues, and Expenses. It is projected that the Company will add 80 water and sewer customers in 2005, 85 water and sewer customers in 2006 and 85 water and 185 sewer customers in 2007. Approximately one fourth of these customers will be located in the existing LRWSC certificated area and the remaining from the new service area. An estimate of the revenues generated from these customers and the cost of providing service is shown on the attached pro forma income statement. A pro forma Exhibit C shows the projected income statement for three years with the area to be certificated added. Exhibit D shows the projected balance sheet for the same period. Exhibit E shows the Company's revenue requirement as a result of the area expansion and Commission approval of Exhibits A and B.

Utility Service Available in the Area Requested. There is currently no other sewer or water service available in the area by regulated or non regulated entities. Osage Water Company has had a portion of the area certified since 1994 but has taken no action to provide service.

AGREEMENT

THIS AGREEMENT, made and entered into this 28 day of MAY, 2004, by and between Lake Region Water and Sewer Company, Inc. hereinafter referred to as First Party, and MAJESTIC POINTE DEVELOPMENT COMPANY, L.L.C., hereinafter referred to as Second Party;

WITNESSETH:

WHEREAS, Eugene F. Ritter is the Vice President of Lake Region Water and Sewer Company, Inc. and is hereby duly authorized to enter into this Agreement and is desirous to do so; and,

WHEREAS, Melvin Bauer is the Managing Member of Majestic Pointe DEVELOPMENT COMPANY, L.L.C., and is hereby duly authorized to enter into this Agreement and is desirous to enter into this Contractual Agreement; and,

WHEREAS, First Party is a "water corporation," as defined in Section 386.020 (58), and a "sewer corporation," as defined in Section 386.020 (48), and is subjected to the jurisdiction of the Commission pursuant to the provisions of Section 386.250 (3) and (4) and Section 393.140 (1). First Party, Lake Region Water and Sewer Company, Inc. has fewer than 1,000 customers; and,

WHEREAS, First Party is subject to the provisions of Section 393.140.1, wherein the Public Service Commission has general supervision over all water corporations and sewer corporations, including First Party, Lake Region Water and Sewer Company, Inc.; and,

WHEREAS, First Party has communicated its desire to enter into a contractual agreement to pay to Second Party, the sum of SIX HUNDRED AND SEVENTY-FIVE DOLLARS (\$675.00) per connection for each water customer and SIX HUNDRED AND SEVENTY-FIVE DOLLARS (\$675.00) per connection for each sewer customer; and,

WHEREAS, Second Party contemplates the construction of TWO HUNDRED AND FIFTEEN (215) units or FOUR HUNDRED AND THIRTY (430) water and sewer connections; and,

WHEREAS, First Party agrees to pay Second Party during a twelve (12) year period, the sum of TWO HUNDRED AND NINETY THOUSAND, TWO HUNDRED FIFTY DOLLARS (\$290,250.00). Said payments to be made on December 30th, of each year to a maximum of TWENTY FOUR THOUSAND DOLLARS (\$24,000.00) annually. Any additional sums due to Second Party shall be added to the amount due the following year up to the balance of TWENTY FOUR THOUSAND DOLLARS (\$24,000.00) until total

Exhibit A

equal the TWO HUNDRED AND SEVENTY NINE THOUSAND, FIVE HUNDRED DOLLARS (\$279,500.00). No interest is to be paid on this balance until payments are totally made; and,

WHEREAS, water and sewer lines are to be deeded upon execution of this Agreement and upon Lake Region Water & Sewer receiving C.C.N. certification from the Missouri Public Service Commission to serve the project; and,

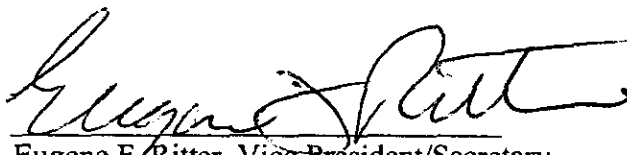
WHEREAS, the parties hereto understand that First Party shall be entitled to submit the transferred property as rate basis up to the total of TWO HUNDRED AND SEVENTY NINE THOUSAND, FIVE HUNDRED DOLLARS (\$279,500.00) for all legal purposes including rate case increases before the Public Service Commission of Missouri; and,

WHEREAS, this Contract is subject to the approval of the Missouri Public Service Commission.

NOW THEREFORE, both parties do hereby agree to the terms as set forth in this Agreement and having been duly sworn upon their oaths, state that they are authorized to sign this Agreement and that the facts stated herein are true according to the best knowledge and belief of the parties.

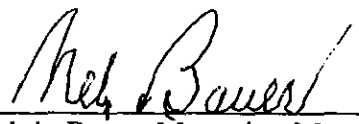
FIRST PARTY

LAKE REGION WATER AND SEWER CO., Inc.

BY: 
Eugene F. Ritter, Vice President/Secretary

SECOND PARTY

MAJESTIC POINTE DEVELOPMENT COMPANY., L.L.C.

BY: 
Melvin Bauer, Managing Member

AGREEMENT

THIS AGREEMENT, made and entered into as of the 26th day of May, 2004, (the "Effective Date") by and between **SHAWNEE BEND DEVELOPMENT CO., L.L.C.**, and T.H.B. Development Co. LLC., Missouri limited liability companies, with its principal office located at 100 Villages Way, Sunrise Beach, MO 65079, (sometimes hereinafter referred to as "SHAWNEE BEND"), and **MAJESTIC POINTE DEVELOPMENT COMPANY, L.L.C.**, a Missouri limited liability company with its principal office located at 568 Linn Creek Road, Lake Ozark, MO 65049, (sometimes hereinafter referred to as "MAJESTIC POINTE"); and **LAKE REGION WATER AND SEWER CO.**, a Missouri corporation with its principal office located at Number 1, Grand Point Boulevard, Sunrise Beach, Missouri 65079, (sometimes hereinafter referred to as LRWS");

WITNESSETH:

WHEREAS, MAJESTIC POINTE is the owner and developer of a single family residential condominium development in Camden County, Missouri. Said development is planned to comprise approximately Two Hundred Fifteen (215) residential condominium units and common areas, and is sometimes referred to herein as the Majestic Pointe Condominium Project; and,

WHEREAS, SHAWNEE BEND is the owner and developer of a single family residential development in Camden County, Missouri. Said development is sometimes referred to herein as the Shawnee Bend Project; and,

WHEREAS, LRWS currently provides potable water and wastewater sewer services in the general geographic area of the Majestic Pointe Condominium Project and the Shawnee Bend Project, said geographic area is sometimes referred to herein as the "Project Area"); and,

WHEREAS, LRWS has communicated its desire to enter into a contractual agreement with Shawnee Bend and Majestic Pointe to provide potable water flow, and sprinkler water to, and to collect and treat wastewater from, the Majestic Pointe Condominium Project under the terms and conditions as set forth herein; and

WHEREAS, SHAWNEE BEND has a mutual interest in the Project because the Shawnee Bend Project will be serviced by LRWS approximately twelve thousand five hundred (12,500) feet (the "Shawnee Bend Portion of the Project") of the approximately twenty-two thousand (22,000) feet of the Water and Sewer Lines; and,

WHEREAS, to achieve economies of scale in connection with the Project, SHAWNEE BEND has agreed to contribute the sum of up to Two Hundred Thousand Dollars (\$200,000) toward the payment of the costs of the construction of Shawnee Bend portion of the Project; and

Exhibit B

WHEREAS, the Water and Sewer Lines comprising the Project are to be located and installed in and along the Northern portion of an easement now owned by, or under the legal control of, Central Electric Company. (Said easement is sometimes referred to herein as the "Central Electric Company Easement", the location of which is depicted in the diagram marked Exhibit "A" attached hereto and incorporated herein by this reference).

NOW, THEREFORE it is agreed as follows:

1. **Parties to Share Cost of Project.** The parties hereby agree to share the costs of construction of the Project, in accordance with the terms and provisions of this Agreement.
2. **Legal Description of Shawnee Bend Property.** The real property currently owned by SHAWNEE BEND which is to be served by the Water and Sewer Lines comprising the Project is legally described as follows:

See Exhibit "B" attached hereto and incorporated herein by this reference.

3. **Legal Description of Majestic Pointe Property** The real property currently owned by MAJESTIC POINTE, including the Majestic Pointe Condominium Development and other land owned by MAJESTIC POINTE contiguous therewith, which is to be served by the Water and Sewer Lines comprising the Project is legally described as follows:

See Exhibit "C" attached hereto and incorporated herein by this reference.

4. **Representations and Warranties of LRWS.**

4.1 **Sufficiency of Size of Water Line.** According to the plans and specifications for the Project which were prepared by Midwest Engineering Company, L.L.C. (sometimes referred to herein as the "Project Engineer"), the Water Line component of the Project shall be 12" in diameter from the Villages to Chimney Point Road (Wilmore Road on Shawnee Bend #2), and then 8" diameter north on Chimney Point Road to Majestic Pointe, which LRWS represents and warrants to SHAWNEE BEND and MAJESTIC POINTE, is of sufficient size and capacity to deliver adequate supplies of potable water to serve the present and future needs for the full development of both the Majestic Pointe Condominium Project and the Shawnee Bend Project, and LRWS further represents and warrants to SHAWNEE BEND and MAJESTIC POINTE that after completion of the Project it will have available to it sufficient water to flow through the Water Line, including potable water flow, and sprinkler water.

4.2 **Sufficiency of Size of Sewer Line.** According to the plans and specifications for the Project which were prepared by the Project Engineer, the Sewer Line component of the Project shall be 6" in diameter, which LRWS

represents and warrants to SHAWNEE BEND and MAJESTIC POINTE, is a sufficient size and capacity to collect and treat wastewater to serve the present and future needs for the full development of both the Majestic Pointe Condominium Project and the Shawnee Bend Project, and LRWS further represents and warrants to SHAWNEE BEND and MAJESTIC POINTE that after completion of the Project that it will have available to it sufficient capacity to treat the wastewater from both the Majestic Pointe Condominium Project and the Shawnee Bend Project through the wastewater component of the Water and Sewer Lines, and that it will serve both the Majestic Pointe Condominium Project and the Shawnee Bend Project in accordance with its usual and customary charges, as approved by the Missouri Public Service Commission.

4.3. Applications. LRWS acknowledges that it currently has pending before the Missouri Public Service Commission various applications seeking authority to provide services to both the Majestic Pointe Condominium Project and the Shawnee Bend Project, and hereby represents and warrants to MAJESTIC POINTE and SHAWNEE BEND that, if necessary, it shall use its best efforts to immediately and timely submit and process revised applications, in such form which can be approved, to the Missouri Public Service Commission, for issuance of Certificates of Convenience authorizing LRWS to provide potable water and wastewater sewer services to both the Majestic Pointe Condominium Project and the Shawnee Bend Project. LRWS shall promptly correct any defects in any pending applications, or supply such analysis, information or assurances as may be required or requested by the Missouri Public Service Commission in order to receive the necessary authority to provide service to both the Majestic Pointe Condominium Project and the Shawnee Bend Project.

4.4. Compliance. LRWS represents and warrants to SHAWNEE BEND and MAJESTIC POINTE that from and after the execution of this Agreement, it shall take such action as shall be necessary or required to remain in compliance with the rules and regulations of the Missouri Public Service Commission, the Missouri Department of Natural Resources and all other governmental entities having authority over the operation and conduct of LRWS and its business.

4.5. Easements. LRWS represents and warrants to SHAWNEE BEND and MAJESTIC POINTE that on or before the completion of the Project, it shall have obtained (including the proper recording thereof), ownership of, or easements or rights-of-way for, all land upon which the Water and Sewer Lines and all appurtenances thereof shall be installed, including such easements necessary for the construction and subsequent operation and repair (said easements are sometimes collectively referred to herein as the "LRWS Easements"), and LRWS shall, at its sole cost and expense, provide satisfactory proof that it has obtained such easements to SHAWNEE BEND and MAJESTIC POINTE whenever reasonably requested by any party to this Agreement.

4.6. Organization, Powers and Qualifications of LRWS. LRWS represents and warrants to the other parties, that it is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri, has all requisite corporate power and authority to own its properties and assets and carry on its business as now conducted.

5. Representations and Warranties of MAJESTIC POINTE.

5.1 Construction of the Project shall be undertaken by MAJESTIC POINTE on behalf of itself, SHAWNEE BEND and LRWS, in accordance with the plans and specifications prepared by the Project Engineer, except that, the plans and specifications for that portion of the Project which covers the Water and Sewer Lines to be installed on property owned by SHAWNEE BEND shall be prepared by an engineer retained by SHAWNEE BEND at its sole cost and expense, but such plans and specifications shall be used, and incorporated in the overall plan prepared by the Project Engineer. Subject to the rights, obligations and benefits of the parties hereto, MAJESTIC POINTE shall contract, in its own name for the construction of the Project, and shall receive contributions from LRWS and SHAWNEE BEND in accordance with the terms and provisions contained in this Agreement.

5.2 Organization, Powers and Qualifications of MAJESTIC POINTE. MAJESTIC POINTE represents and warrants to the other parties, that it is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Missouri, has all requisite corporate power and authority to own its properties and assets and carry on its business as now conducted.

6. Representations and Warranties of SHAWNEE BEND. SHAWNEE BEND represents and warrants to the other parties, that it is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Missouri, has all requisite corporate power and authority to own its properties and assets and carry on its business as now conducted.

7. Conditions. The obligations of MAJESTIC POINTE to commence construction of the Project are subject to and conditioned upon the following events and conditions, any of which may be waived in whole or in part at the sole discretion of MAJESTIC POINTE:

7.1 The following are conditions precedent to the obligations of MAJESTIC POINTE to execute contracts for the Project:

7.1.1 **Easements.** LRWS shall at its sole cost and expense, have obtained (including the proper recording thereof), and shall maintain at all times during the construction of the Project and during the operation of the Water and

Sewer Lines, valid ownership of, or easements or rights-of-way for, all land upon which the Water and Sewer Lines and all appurtenances thereof will be installed, for both the construction and maintenance of the Project, and LRWS shall, at its sole cost and expense, provide satisfactory proof thereof to SHAWNEE BEND and MAJESTIC POINTE whenever reasonably requested by any party to this Agreement. All costs and expenses, including but not limited to professional fees and recording fees incurred in connection with obtaining all such ownership, easements, and rights-of-way shall be at the sole expense of LRWS and shall be paid directly by LRWS; and,

7.1.2 Certificates of Convenience and Necessity. LRWS shall at its sole cost and expense, have received valid Certificates of Convenience and Necessity (the "Certificates") issued by the Missouri Public Service Commission, authorizing LRWS to provide potable water flow, and sprinkler water to, and to collect and treat wastewater from, both the Majestic Pointe Condominium Project and the Shawnee Bend Project, provided, however, the parties hereto agree to use their best efforts to assist LRWS in obtaining such Certificates. All costs and expenses, including but not limited to professional fees and filing fees incurred in connection with obtaining all such Certificates shall be at the sole expense of LRWS and shall be paid directly by LRWS; and,

7.1.3 Approval of the Plans and Specifications. MAJESTIC POINTE shall have received final approval of the plans and specifications for the Project, to the extent required, from LRWS, SHAWNEE BEND, the Department of Natural Resources, and all other local governmental entities from which approval is required for the Project, provided, however, the parties hereto agree to use their best efforts to assist MAJESTIC POINTE in obtaining such final approvals; and,

7.1.4 Certificates of Occupancy. MAJESTIC POINTE shall have received from the Sunrise Beach Fire Protection District and all other local governmental entities from which approval is required for occupancy of the Majestic Pointe Condominium Project, adequate assurances of the issuance of certificates of occupancy for the Majestic Pointe Condominium Project based on its agreements to obtain water from adjacent developments, provided, however, the parties hereto agree to use their best efforts to assist MAJESTIC POINTE in obtaining such approvals. .

8. Rights of MAJESTIC POINTE and SHAWNEE BEND to Continued Use of Water and Sewer Lines. In the event that LRWS either ceases operations, or is placed in receivership, SHAWNEE BEND and MAJESTIC POINTE shall have the right to the continued use of the Water and Sewer Lines and appurtenances thereto, and all improvements thereto. And further in such event, all obligations of SHAWNEE BEND and MAJESTIC POINTE to LRWS under this Agreement shall terminate, and SHAWNEE BEND and MAJESTIC POINTE shall have the right, at their sole discretion, to take such actions as either may determine are

appropriate in order to provide water and wastewater sewer service to Majestic Pointe Condominium Project and the Shawnee Bend Project, including, but not limited to the right to contract with another utility for such services.

8.1 LRWS Obligations. In the event that the Certificates are not issued within one hundred twenty (120) days from the date the Project is completed, LRWS covenants with the other parties to immediately take the following actions:

8.1.1 Wholesale Transactions. LRWS shall sell potable water and sewer services to MAJESTIC POINTE at such rates as specified in the wholesale tariffs on file with the Missouri Public Service Commission as of the Effective Date of this Agreement.

9. Maintenance of Water and Sewer Lines. After completion of the Project, LRWS shall at its sole cost and expense, be solely responsible for the operation and maintenance of the Water and Sewer Lines. In the event LRWS does not receive CCN's from the P.S.C. as defined in 8.1, then maintenance and operations of said water & sewer lines revert to Majestic Pointe.

10. Cash Contributions of the Parties in Payment of the Project.

10.1 Advance Costs. Subject to the obligations of SHAWNEE BEND for contributions, MAJESTIC POINTE shall advance the total cost of the design and construction of the Project, provided, however, prior to remitting any payments, MAJESTIC POINTE shall have received mechanic's lien releases from the contractor, all sub-contractors and all suppliers.

10.2 Payments. MAJESTIC POINTE shall from time to time during construction of the Project, deliver written notice to SHAWNEE BEND describing the amount due as their contribution to the construction cost of the Project as determined in accordance with the terms and provisions of this Agreement, and SHAWNEE BEND shall remit such payments to MAJESTIC POINTE within twenty (20) days from the date of each such notice.

10.3 Contribution of Costs. For its contribution to the Project, and in consideration of the benefits to be derived from the completion of the Project, the sufficiency of which is hereby acknowledged, SHAWNEE BEND shall pay to MAJESTIC POINTE one-half ($\frac{1}{2}$) of the actual cost for construction of the Water Line component of the Project, plus one-half ($\frac{1}{2}$) of the actual cost for construction of the Sewer Line component of the Project (said amounts are sometime referred to herein as the "Shawnee Bend Contribution", provided, however, in no event shall the aggregate amount of the Shawnee Bend Contribution be greater than an amount equal to Sixteen Dollars (\$16.00) times the actual number of lineal feet for the Water Line component of the Project plus the actual number of lineal feet for the Sewer Line component of the Project,

(said amount is sometime referred to herein as the "Shawnee Bend Contribution").

10.4 Additional Contributions. The Shawnee Bend Contribution shall also include: (1) Two thousand four hundred eighteen dollars (\$2,418.00) to legal fees; and (2) One hundred seventy seven dollars (\$177.00) for permit fees without delay or set-off within ten (10) days of its receipt of a copy of the Invoice(s) by the Project contractor. This dollar amount is to equal approximately 29% of total.

10.5 Initial Payment. In part payment of the Shawnee Bend Contribution, SHAWNEE BEND shall pay MAJESTIC POINTE the approximate sum of Forty one thousand one hundred fifteen dollars and sixty four cents (\$41,115.64) within ten (10) days of its receipt of a copy of the Invoice(s) covering the purchase of materials for the Project by the Project contractor. This dollar amount to equal approximately 29% of total.

11. Future Revenues.

11.1 Non-Party Project Development Fees. The date of completion of the Project shall be as certified by the Project Engineer ("the Completion Date"). For a period of ten (10) years commencing after the Completion Date, or the maximum length of time permitted by the Missouri Public Service Commission, whichever is greater (the "Recoupment Period"), LRWS shall promptly collect and pay over to MAJESTIC POINTE and SHAWNEE BEND, all revenues generated from any fees collected by LRWS from developers and owners of all real property other than the Majestic Pointe Condominium Project and the Shawnee Bend Project served by any component of the Water and Sewer Lines comprising the Project under the "Line Extension Rule" of the Missouri Public Service Commission. Said revenues are sometimes collectively referred to herein as the "Non-Party Project Development Fees". LRWS shall promptly distribute the Non-Party Project Development Fees received or accrued during the Recoupment Period to MAJESTIC POINTE and SHAWNEE BEND in the same proportion of their aggregate contributions to the cost of the Project. For example, if MAJESTIC POINTE contributes 71% of the total cost of the Project, and SHAWNEE BEND contributes 29% of the total cost of the Project, then LRWS shall distribute seventy-one percent (71%) of the Non-Party Project Development Fees collected to MAJESTIC POINTE and twenty-nine percent (29%) the Project Development Fee collected to SHAWNEE BEND.

11.2 Majestic Pointe Condominium Project Development Fees. During the Recoupment Period, LRWS shall promptly collect and pay over to MAJESTIC POINTE, all revenues generated from any fees collected by LRWS from developers of, and unit owners within, the Majestic Pointe Condominium Project served by any component of the Water and Sewer Lines comprising the Project under the "Line Extension Rule" of the Missouri Public Service Commission. Said

revenues are sometimes collectively referred to herein as the "Majestic Pointe Condominium Project Development Fees". LRWS shall promptly distribute the Majestic Pointe Condominium Project Development Fees received or accrued during the Recoupment Period to MAJESTIC POINTE.

11.3 Shawnee Bend Project Development Fees. During the Recoupment Period, LRWS shall promptly collect and pay over to SHAWNEE BEND, all revenues generated from any fees collected by LRWS from developers of, and home owners of the Shawnee Bend Project served by any component of the Water and Sewer Lines comprising the Project under the "Line Extension Rule" of the Missouri Public Service Commission. Said revenues are sometimes collectively referred to herein as the "Shawnee Bend Project Development Fees". LRWS shall promptly distribute the "Shawnee Bend Project Development Fees received or accrued during the Recoupment Period to SHAWNEE BEND.

11.4 Limit. The obligation of LRWS to distribute all of the Non-Party Project Development Fees, the Majestic Pointe Condominium Project Development Fees, and the Shawnee Bend Project Development Fees collected during the Recoupment Period to MAJESTIC POINT and SHAWNEE BEND shall terminate with respect to each of the parties once the said party has received aggregate distributions of the said Non-Party Project Development Fees, the Majestic Pointe Condominium Project Development Fees, and the Shawnee Bend Project Development Fees equal to the aggregate amount of the respective contributions of MAJESTIC POINTE and SHAWNEE BEND to the Project.

11.5 Extension Service Area. The extension service area is limited to expansion North of State Route MM or as mutually agreed by all parties.

12. Attorney's Fees. In the event of any suit or action to enforce or interpret this Agreement or any provision thereof, the prevailing party shall be entitled to recover its costs, expenses and reasonable attorney fees, both at trial and on appeal, in addition to all other sums allowed by law from the non-prevailing party or parties.

13. Events of Default.

13.1 The following occurrences are Events of Default:

13.1.1 Monetary Default. A failure by a party to this Agreement in the prompt payment of all or part of any sums required by it to be paid under the terms of this Agreement;

13.1.2 Material Breach of Agreement. A material breach is made by

a party to this Agreement of or a default occurs under any warranty, representation, statement, promise, covenant, understanding, term or condition contained in this Agreement;

13.1.3 False Statement. Any false statement or representation contained in this Agreement or in any document furnished pursuant hereto, made by a party to this Agreement for the purpose of inducing another party to this Agreement to enter into this Agreement; and;

13.1.4 Insolvency and Bankruptcy. If a party to this Agreement becomes insolvent, admits in writing its inability to pay its debts as they mature, makes a general assignment for the benefit of creditors, or shall have an Order for Relief under The United States Bankruptcy Code entered with respect to it, or shall have filed a voluntary petition in bankruptcy or for reorganization or to effect a plan or other arrangement with creditors, or shall have filed an answer to a petition filed against it (admitting the material allegations thereof) for an adjudication in bankruptcy or for a reorganization, or shall have a receiver or trustee or custodian appointed to administer any of its assets, provided however, that upon the involuntary filing of a petition in bankruptcy, no Event of Default shall exist for as long as that party is contesting the adjudication of bankruptcy;

13.1.5 Cessation of Business. If prior to at anytime prior to, or during the Recoupment Period, LRWS ceases the operation of its business in its normal course for any reason.

13.2 Remedies upon Default

13.2.1 Remedies. Upon the occurrence of an Event of Default specified in **Section 13.1** of this Agreement by any party hereto, any other party shall, after first giving five (5) day's written notice to the defaulting party of the Event of Default, have the right, at its option and without further demand upon or notice to, pursue any and all rights and remedies available to it under this Agreement and/or applicable law and/or the principles of equity, all in such order and manner as it may elect from time to time in its sole and absolute discretion.

13.2.2 Equitable Remedies. All covenants and undertakings by any party under the terms and conditions of this Agreement are of the essence, and the parties agree that they will suffer irreparable harm and have no adequate remedy at law unless equitable remedies such as injunctive relief and specific performance are available to them to enforce their respective rights and remedies afforded under the terms and provisions of this Agreement. Accordingly, each Party hereto agrees that, upon application to a Court of competent jurisdiction, it shall be entitled to one or more decrees of injunctive relief and one or more decrees of specific performance with respect to a material breach of any undertaking or covenant made by the other under the terms and provisions of this Agreement.

13.2.3 Alternative Remedies. Any party shall have the right to enforce any or all of its rights or remedies partially, successively or concurrently, and any such action shall not stop or prevent said party from pursuing any further remedy that it may have under this Agreement or by law.

14. NOTICES. All notices required or permitted under the terms of this Agreement shall be in writing and shall be deemed to have been sufficiently given or served for all purposes when personally delivered or mailed by certified mail:

14.1 If to Lake Region Water and Sewer Company:

1 Grand Point Boulevard
Sunrise Beach, Missouri 65079
Attention: Fritz Ritter, Vice President/Secretary

14.2 If to Majestic Pointe Development Company, L.L.C.:

568 Linn Creek Road
Lake Ozark, MO 65049
Attention: Mr. Mel Bauer, Managing Member
with a copy to:
Constructive Engineering Design, Inc.
9091 State Line Road
Suite 300
Kansas City, MO 64114
Attention: Michael J. Farrahi, M.S., P.E.

14.3 If to Shawnee Bend Development Company, L.L.C.:

Shawnee Bend Development Company, L.L.C.
100 Villages Way, Sunrise Beach, MO 65079
Attention: Thomas H. Biggs, Managing Member

14.4 If to Midwest Engineering Company, L.L.C.:

Midwest Engineering Company, L.L.C.
Stone Castle Centre
Suite 204
237 West Highway 54
Camdenton, MO 65020

15. Relationship of the Parties. The relationship of the parties to this Agreement is and at all times shall remain one of independent contractors. Neither party is in any way a partner, joint venturer, agent, employee or legal representative of the other for any purpose whatsoever, nor has any legal right or authority to make any representation, promise or agreement in the name of or for the account of the other or any affiliate of the other. Each party shall have no authority to employ persons on behalf of the other, and no employee of either

party shall be deemed to be an employee or agent of the other, with said employee at all times remaining that party's employee. No employee of either party shall be represented as, or represent himself/herself as, an employee, partner or agent of the other. Each party shall have sole and exclusive control over its labor and employee relations, and is solely responsible for all payment to employees or applicable governmental agencies and subdivisions as required by any and all federal, state, or local laws and regulations. Each party shall meet all other legal requirements relating to its employer/employee relationship.

16. Indemnification. LRWS shall indemnify, defend and hold MAJESTIC POINTE and SHAWNEE BEND, and their respective members, managers, officers, directors, employees, agents and shareholders, and their respective assigns, heirs, successors and legal representatives, harmless from and against, any and all costs, losses, liabilities, damages, lawsuits, judgments, claims, actions, penalties, fines and expenses (including, without limitation, interest, penalties, reasonable attorneys' fees and all monies paid in the investigation, defense or settlement of any or all of the foregoing) ("Claims"), that arise out of, or are incurred in connection with: (i) the performance or failure of performance of LRWS under this Agreement and any direct or indirect results thereof; (ii) the lawful or unlawful acts or omissions of LRWS (or those of any of its employees or agents, whether or not such acts are within the scope of employment or authority of such employees or agents) relating to the Project; (iii) the breach of any of the representations or warranties of LRWS made herein; (iv) all purchases, contracts, debts and/or obligations made or incurred by LRWS; (v) the failure of LRWS to comply with, or any actual or alleged violation of, any applicable laws, statute, ordinance, governmental administrative order, rule or regulation; (vi) the failure of LRWS to comply with any provision of this Agreement; and (vii) the failure of LRWS to collect and disburse the Project Development Fees to MAJESTIC POINTE or SHAWNEE BEND as required herein. The provisions of this Section 16 shall survive expiration or termination of this Agreement indefinitely.

17. Governing Law. This Agreement and the relationship between the parties, including all disputes and claims, whether arising in contract, tort or under statute, shall be governed by, interpreted under and enforced in accordance with the laws of the State of Missouri. The federal and state courts of the State of Missouri shall have exclusive jurisdiction to hear and determine any claims, disputes, actions, or suits which may arise under or with respect to this Agreement. The parties agree and voluntarily consent to submit themselves to the personal jurisdiction and venue of such courts for such purposes. LRWS, SHAWNEE BEND and MAJESTIC POINTE each acknowledge and agree that it and their respective counsel have reviewed, or have been given a reasonable opportunity to review, this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or Exhibits hereto, if any.

18. **Requisite Authority.** Each party to this Agreement represents and warrants to the other parties, that: (1) the execution and delivery of this Agreement and the performance by said party of its obligations hereunder have been approved by appropriate resolution of its Board of Directors (if LRWS) or by its Members (if MAJESTIC POINTE or SHAWNEE BEND) at a meeting thereof, duly called and held prior to the execution of this Agreement; (2) that such resolutions shall remain in full force and effect, will not constitute a default under or violate (whether by the lapse of time, the giving of notice or otherwise) any provision of the Articles of Incorporation or Articles of Organization (as the case may be), its By-Laws or Operating Agreement (as the case may be) or any contract, deed, lease, agreement or other instrument to which the said party or any of its assets are bound; (3) that this Agreement is a valid and binding obligation of the representing party, and is enforceable in accordance with its terms; and (4) that neither the execution and delivery by the representing party of this Agreement nor the consummation by the representing party of the transactions contemplated hereby, nor compliance by the representing party with any of the provisions hereof will: (a) cause a default (or give rise to any right to termination, cancellation or acceleration) under any of the terms, conditions or provisions of any agreement, instrument or obligation to which the representing party is a party, or by which it or any of its operations, business or assets may be bound, except for such conflict, breach or default as to which requisite waivers or consents shall have been obtained prior to the effective date of this Agreement; or (b) violate or require any consent, approval, notice or filing pursuant to any statute, rule or regulation or any judgment, order, writ, injunction or decree of any court, arbitrator, mediator, administrative agency or governmental body, in each case applicable to the representing party or any of its operations, business or assets.

19. **Waiver.** The failure of any party to insist upon strict performance of any provision of this Agreement shall not be construed as a waiver of any subsequent breach of the same or similar nature. All rights and remedies reserved to any party shall be cumulative and shall not be in limitation of any other right or remedy which such party may have at law or in equity.

20. **Binding Agreement.** This Agreement and the obligations of the parties hereunder is binding upon the heirs, legal representatives, successors and assigns of the parties hereto. In the event that LRWS shall cease to exist, or in the event that a controlling interest in LRWS is transferred, the obligations of LRWS hereunder shall survive such event, and such obligations shall be enforceable by both SHAWNEE BEND and MAJESTIC POINTE against the successors of LRWS.

21 **Entire Agreement.** This Agreement, together with the Exhibits hereto and the final plans and specifications for the Project after approval by the parties, is the full and complete understanding between all of the parties and supersedes

any and all prior or contemporaneous oral or written understandings or agreements. Except as otherwise provided herein, this Agreement shall only be modified in writing by mutual agreement between the parties, unless otherwise provided in this Agreement. No party is relying on any representations other than as expressly set forth in this Agreement. Any provision of this Agreement which logically would be expected to survive termination or expiration, shall survive for a reasonable time period under the circumstances, whether or not specifically provided in this Agreement.

22. **Headings.** Headings in this Agreement are intended for reference and convenience only and shall not be used to interpret or construe any provisions contained in this Agreement.

TIME OF ESSENCE. Time is of the essence under the terms and provisions of this Agreement.

IN WITNESS WHEREOF, the parties, by their authorized representatives, have executed this agreement on the day and date first above written, intending to bind themselves, their successors, personal representatives and assigns.

SHAWNEE BEND DEVELOPMENT CO., L.L.C.

By: Thomas H. Biggs
Thomas H. Biggs, Its Managing Member

MAJESTIC POINTE DEVELOPMENT CO., L.L.C.

BY: Mel Bauer
Mel Bauer, Its Managing Member

LAKE REGION WATER AND SEWER CO.

By: Fritz Ritter
Fritz Ritter, Vice President/Secretary

ACKNOWLEDGMENT

STATE OF MISSOURI)
) ss:
COUNTY OF CAMDEN)

NOW, on this 26th day of May, 2004, personally appeared Thomas H. Biggs, the Managing Member, of Shawnee Bend Development Co., L.L.C., a Missouri limited liability company, and by me being first duly sworn, stated that he had signed above as the free and authorized act and deed of said entity.

"NOTARY SEAL"
Linda L. Moorman, Notary Public
Camden County, State of Missouri
My Commission Expires 4/23/2006


Notary Public

My Term expires: 4/23/06

ACKNOWLEDGMENT

STATE OF MISSOURI)
) ss:
COUNTY OF CAMDEN)

NOW, on this 2nd day of May, 2004, personally appeared Mel Bauer, the Managing Member of Majestic Pointe Development Company, L.L.C., a Missouri limited liability company, and by me being first duly sworn, stated that he had signed above as the free and authorized act and deed of said entity.

"NOTARY SEAL"
Linda L. Moorman, Notary Public
Camden County, State of Missouri
My Commission Expires 4/23/2006


Notary Public

My Term expires: 4/23/06

ACKNOWLEDGMENT

STATE OF MISSOURI)
) ss:
COUNTY OF CAMDEN)

NOW, on this 26th day of May, 2004, personally appeared Fritz Ritter, the Vice President and Secretary, of Lake Region Water and Sewer Co., a Missouri corporation, and by me being first duly sworn, stated that he had signed above as the free and authorized act and deed of said entity.

"NOTARY SEAL"
Linda L. Moorman, Notary Public
Camden County, State of Missouri
My Commission Expires 4/23/2006

Linda L. Moorman
Notary Public

My Term expires: 4/23/06

Lake Region Water and Sewer Company
Pro Forma Income Statement
Certificate of Convenience and Necessity Application
EXHIBIT C

	Base Year	Pro Forma W/O Expansion			Pro Forma Expansion			Pro Forma Total		
		2005	2006	2007	2005	2006	2007	2005	2006	2007
Revenue:										
Residential & Commercial	532,374	532,374	551,574	570,774	-	19,200	40,800	532,374	570,774	611,574
New Res & Comm	-	19,200	19,200	19,200	-	-	-	19,200	19,200	19,200
Expansion Res & Comm	-	-	-	-	19,200	21,600	51,600	19,200	21,600	51,600
Other Income	30,000	30,000	30,000	30,000	-	-	-	30,000	30,000	30,000
Total Revenue	562,374	581,574	600,774	619,974	19,200	40,800	92,400	600,774	641,574	712,374
Expenses:										
Labor	179,400	184,782	184,782	184,782	-	-	-	184,782	184,782	184,782
Power	28,954	29,943	30,931	31,920	989	2,101	4,757	30,931	33,032	36,677
Repairs	13,456	13,915	14,375	14,834	459	976	2,211	14,375	15,351	17,045
Operating costs	105,266	108,860	112,454	116,048	3,594	7,637	17,296	112,454	120,091	133,343
PSC Assessments	32,000	33,093	34,185	35,278	1,093	2,322	5,258	34,185	36,507	40,535
Depreciation	133,383	133,383	133,383	133,383	26,350	40,936	43,098	159,733	174,319	176,481
Interest	-	-	-	-	84,320	130,996	137,912	84,320	130,996	137,912
Total Operating exp	492,459	503,975	510,110	516,244	116,804	184,968	210,531	620,780	695,077	726,775
Net Operating Income	69,915	77,599	90,664	103,730	(97,604)	(144,168)	(118,131)	(20,006)	(53,503)	(14,401)

Lake Region Water and Sewer Company
Pro Forma Balance Sheet
Certificate of Convenience and Necessity Application
EXHIBIT D

Base Year	Pro Forma W/O Expansion			Pro Forma Expansion			Pro Forma Total		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
41,166	252,148	476,195	713,308	(71,254)	(103,231)	(75,033)	180,893	372,964	638,275
96,468	96,468	96,468	96,468	-	-	-	96,468	96,468	96,468
74,204	74,204	74,204	74,204	-	-	-	74,204	74,204	74,204
211,838	422,820	646,867	883,980	(71,254)	(103,231)	(75,033)	351,565	543,636	808,947
7,915	7,915	7,915	7,915	-	-	-	7,915	7,915	7,915
22,666	22,666	22,666	22,666	-	-	-	22,666	22,666	22,666
8,093,883	8,093,883	8,093,883	8,093,883	1,054,000	1,637,450	1,723,900	9,147,883	9,731,333	9,817,783
(892,510)	(1,025,893)	(1,159,276)	(1,292,659)	(26,350)	(40,936)	(43,098)	(1,052,243)	(1,200,212)	(1,335,756)
7,231,954	7,098,571	6,965,188	6,831,805	1,027,650	1,596,514	1,680,803	8,126,221	8,561,702	8,512,608
18,991	18,991	18,991	18,991	-	-	-	18,991	18,991	18,991
7,462,784	7,540,383	7,631,047	7,734,777	956,396	1,493,282	1,605,769	8,496,778	9,124,329	9,340,546
10,836	10,836	10,836	10,836	-	-	-	10,836	10,836	10,836
47,187	47,187	47,187	47,187	-	-	-	47,187	47,187	47,187
58,023	58,023	58,023	58,023	-	-	-	58,023	58,023	58,023
614,750	614,750	614,750	614,750	-	-	-	614,750	614,750	614,750
5,305,387	5,305,387	5,305,387	5,305,387	-	-	-	5,305,387	5,305,387	5,305,387
(215,739)	(215,739)	(215,739)	(215,739)	-	-	-	(215,739)	(215,739)	(215,739)
101,856	101,856	101,856	101,856	-	-	-	101,856	101,856	101,856
800,000	800,000	800,000	800,000	1,054,000	1,637,450	1,723,900	1,854,000	2,437,450	2,523,900
6,606,254	6,606,254	6,606,254	6,606,254	1,054,000	1,637,450	1,723,900	7,660,254	8,243,704	8,330,154
798,508	876,106	966,771	1,070,501	(97,604)	(144,168)	(118,131)	778,502	822,603	952,370
7,462,784	7,540,383	7,631,047	7,734,777	956,396	1,493,282	1,605,769	8,496,778	9,124,329	9,340,546