

**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. WO-2005-0086
and sewer assets of both entities, and for the	)	Case No. SO-2005-0087
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.	)	

**NOTICE CONCERNING CEDAR GLEN SEWER**

COMES NOW Missouri-American Water Company (MAWC or the Company), and, as its notice concerning Cedar Glen Sewer, states as follows to the Missouri Public Service Commission (Commission):

1. On January 25, 2005, the Commission issued its Order Adding Party and Directing Filing. The Order added Union Electric Company d/b/a AmerenUE as a party to this case. The Commission stated that it did so "in order to help resolve the title issues, and to allow the transaction to be modified to include the Cedar Glen sewer facilities." The Commission further stated in its Order that it "is unwilling to consider the transaction as currently configured, that is, with only a portion of the Osage system being transferred."

2. AmerenUE later provided Osage Water Company with a "Lake of the Ozarks Permit," which was filed in this case on February 2, 2005.

3. More recently, the Office of the Public Counsel (Public Counsel) filed its "Position of the Office of the Public Counsel Regarding Whether a Need Exists to Increase Rates

Customers Pay in Osage Water Company's Service Territories." In that document, the Public Counsel stated that its "calculations assume the inclusion of Cedar Glen's water and sewer operations in determining whether or not a rate increase is required, because *it appears that AmerenUE has resolved the title issues to the extent necessary to allow a transfer* of the sewer facilities to Missouri-American" (emphasis added).

4. Unfortunately, the ownership issues regarding the Cedar Glen sewer properties are more complex than just the AmerenUE permit issue. Accordingly, MAWC wishes to notify the Commission that MAWC is not interested in amending its original application to include entering into a contract to acquire the assets known as the "Cedar Glen Sanitary Sewer" system (Cedar Glen sewer assets). The reasons for this position include, but are not limited to:

- A. Uncertainty about ownership of the Assets;
- B. Disinterest and negative reaction of the potential customers; and,
- C. The costs and risks likely to resolve the foregoing complications relative to the potential benefit to the acquiring Company.

**Asset ownership complications.**

5. Not less than five individuals and entities claim to have color of title to certain of the Cedar Glen sewer assets. These include AmerenUE, the Cedar Glen Condominium Association, Cedar Glen Construction, Inc., Osage Water Company and an individual property owner.

6. The original Agreement "E" for the acquisition of the Cedar Glen sewer assets was drafted with Cedar Glen Construction, Inc. as the seller. MAWC had been led to believe that this corporation owned and could convey the Cedar Glen sewer assets, including the sewage

treatment plant with all related physical facilities, easements, etc. This Agreement was never executed because Cedar Glen Construction refused to agree to provide a Warranty Deed, and instead offered only to provide a Quit Claim to such Assets.

7. The Agreement "E" presently offered by Osage Water Company does not involve Cedar Glen Construction, Inc., at all; but rather purports to be willing and able to sell all the Assets excepting "real property" (but including easements).

8. MAWC has retained a title company to provide a title commitment relating to the sewage treatment plant. Initial feedback from the title company is not promising and obtaining such a commitment is unlikely. It is estimated that this title work will be completed within approximately three weeks.

9. Because the only real property rights obtainable is likely to be the assignment of the license from AmerenUE, the issue of real property rights is apparently now separate from the question of ownership of facilities located on the real estate. It is uncertain whether the sewage treatment plant and mains are considered by some of those claiming an interest in them to be personal property. It would be further uncertain how a sale price paid to Osage Water Company could provide Buyer with any certainty or likelihood that all those claiming an interest in the facilities or the property rights would consider themselves to have been properly compensated.

**Disinterest of the potential customers.**

10. The Cedar Glen Condominium Association has indicated an interest and inclination to detach from the presently operated system, and establish another of their own. Regardless of the legality of such action, this would jeopardize any investment in the Cedar Glen sewer assets.

**The costs and risks likely to resolve the foregoing complications relative to the potential benefit to the acquiring Company.**

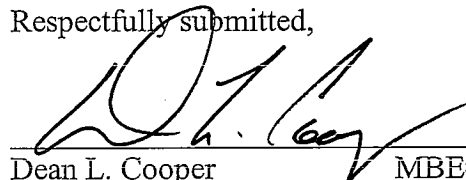
11. MAWC has already made substantial expenditures related to this transaction. These expenditures are likely to pale in comparison to the additional expenditures that will be necessary to negotiate a contract related to the Cedar Glen sewer assets, try this case and then address the significant hurdles that would have to be overcome to have a chance to ultimately close this transaction. As a result, the risks to close this transaction far exceed any marginal benefits in owning the Cedar Glen sewer assets.

**Conclusion.**

12. MAWC will pursue the application as filed, including the requirement that certain contingencies be satisfied. However, for the reasons stated above, MAWC has no interest in amending its application to include the acquisition of the assets of the Cedar Glen sewer system.

WHEREFORE, MAWC respectfully requests that the Commission consider this notice.

Respectfully submitted,



Dean L. Cooper MBE#36592  
BRYDON, SWEARENGEN & ENGLAND P.C.  
312 E. Capitol Avenue  
P. O. Box 456  
Jefferson City, MO 65102  
(573) 635-7166  
(573) 635-3847 facsimile  
[dcooper@brydonlaw.com](mailto:dcooper@brydonlaw.com)

ATTORNEYS FOR  
MISSOURI-AMERICAN WATER COMPANY

## CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by U.S. Mail, postage prepaid, or electronic mail, on March 9, 2005, to the following:

Cliff Snodgrass  
Office of the General Counsel  
Governor Office Building, 8<sup>th</sup> Floor  
Jefferson City, Mo 65101

Ruth O'Neill  
Office of the Public Counsel  
Governor Office Building, 6<sup>th</sup> Floor  
Jefferson City, MO 65101

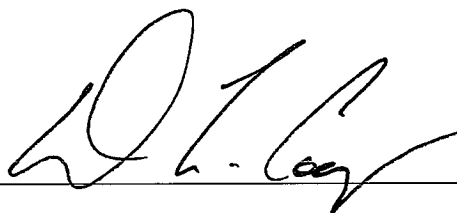
Gregory D. Williams  
P.O. Box 431  
Sunrise Beach, MO 65079

Terry Allen  
P.O. Box 1702  
Jefferson City, MO 65102

Mark Comley  
P.O. Box 537  
Jefferson City, MO 65102

Timothy Duggan  
P. O. Box 899  
Jefferson City, MO 65102

Tom Byrne  
AmerenUE  
1901 Chouteau Avenue (MC1310)  
St. Louis, MO 63103



---