

Exhibit No. \_\_\_\_\_

Issues: Termination of Agreement to Transfer Reflections Systems to Osage Utility; Lawsuit Filed by Central States; Public Interest

Witness: Lori Wright

Type of Exhibit: Surrebuttal Testimony to Rebuttal Testimony of Anthony Soukenik

Sponsoring Party: Reflections Condominium Owners Association, Inc.

File No.: WA-2019-0185

Date: September 4, 2019

**SURREBUTTAL TESTIMONY**

**OF**

**LORI WRIGHT**

**FOR**

**REFLECTIONS CONDOMINIUM OWNERS ASSOCIATION, INC.**

**SEPTEMBER 4, 2019**

**OSAGE UTILITY OPERATING COMPANY, INC.**

**CASE NO. WA-2019-0185**

**AFFIDAVIT**

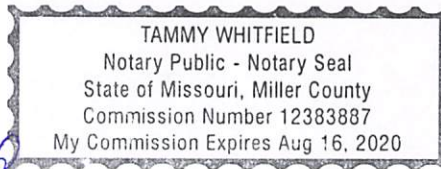
STATE OF MISSOURI     )  
  )     SS  
COUNTY OF CAMDEN    )

I, Lori Wright, state that I am the Vice President of Reflections Condominium Owners Association, Inc.; that the Surrebuttal 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.

*Lori Wright*

Subscribed and sworn to me this 3 day of September, 2019.

My Commission Expires:



*Tammy Whitfield*  
\_\_\_\_\_  
(SEAL)

1 **I. INTRODUCTION**

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

3 A. My name is Lori Wright. My residence address is 786 Pershing Dr., Unit 2A,  
4 Camdenton, Missouri 65020.

5 **Q. Are you an officer of Reflections Condominium Owners Association, Inc.?**

6 A. Yes. I am the Vice President of Reflections Condominium Owners Association, Inc.  
7 (“Reflections Condo”)

8 **Q. What is the purpose of your surrebuttal testimony?**

9 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Mr.  
10 Anthony J. Soukenik, President of Reflections Subdivision Master Association, Inc. (the  
11 “**Master Association**”), regarding the notice to terminate the Amended and Restated  
12 Agreement for Sale of Utility System (the “**Amended Agreement**”) to transfer the  
13 Reflections water and sewer systems (the “**Systems**”) to Central States Water Resources,  
14 Inc. (“**Central States**”) / Osage Utility Operating Company, Inc. (“**Osage Utility**”). I will  
15 also provide an update on events transpiring between Central States, Reflections Condo,  
16 the Master Association, and Great Southern Bank since Mr. Soukenik’s testimony.

17 **II. TERMINATION OF AMENDED AGREEMENT**

18 **Q. Was the Amended Agreement to sell the Systems to Central States terminated by**  
19 **the Master Association, Reflections Condo, and Great Southern Bank?**

20 A. Yes, the Master Association, Reflections Condo, and Great Southern Bank unanimously  
21 agreed to terminate the Amended Agreement. The notice of termination, attached to Mr.  
22 Soukenik’s rebuttal testimony, was issued to Central States President, Mr. Josiah Cox, on  
23 August 2, 2019.

1 **Q. The Amended Agreement to purchase the Systems was between Central States and**  
2 **Reflections Condo, the Master Association, and Great Southern Bank. What is the**  
3 **relationship between Central States and Osage Utility?**

4 A. We believe that Osage Utility is an assignee of Central States but are uncertain because  
5 no assignment agreement or other documentation has been provided to Reflections  
6 Condo, despite the requirement to do so in the Amended Agreement to purchase the  
7 Systems.

8 **Q. Why did the Sellers vote to terminate the Amended Agreement with Central States?**

9 A. As stated in Mr. Soukenik's rebuttal testimony:

10 "CSWR could not timely close its acquisition," and "it became apparent that  
11 Osage Utility Operating Company, Inc. would not provide the least cost, capable  
12 utility service to the Reflections development, given its requested rate base  
13 adjustment and acquisition premium."

14 **Q. Does Reflections Condo still believe that today?**

15 A. Yes. Central States could not timely close on its acquisition of the Systems and still has  
16 not closed on its acquisition of the Systems. Further, it became apparent through this  
17 proceeding that other water and sewer providers could close quicker on the purchase of  
18 the Systems and could provide necessary repairs and services at a lower cost.

19 **Q. When Reflections Condo was negotiating the Amended Agreement with Central**  
20 **States, did Central States inform Reflections Condo that Central States intended to**  
21 **include in its Application to the Public Service Commission a bundling of the**  
22 **Reflections Systems with the other systems that are included in the Application?**

23 A. No.

24 **Q. When Reflections Condo was negotiating the Amended Agreement with Central**  
25 **States, did Central States inform Reflections Condo that Central States intended to**

1           **include in its Application to the Public Service Commission a request for a rate base**  
2           **adjustment?**

3           A.     No.

4           **Q.     When Reflections Condo was negotiating the Amended Agreement with Central**  
5           **States, did Central States inform Reflections Condo that Central States intended to**  
6           **include in its Application to the Public Service Commission a request for an**  
7           **acquisition premium?**

8           A.     No.

9           **Q.     When Reflections Condo was negotiating the Amended Agreement with Central**  
10           **States, did Central States inform Reflections Condo that Central States intended to**  
11           **make repairs and improvements to the Systems beyond the repairs required by the**  
12           **Missouri Department of Natural Resources?**

13          A.     No.

14          **III.    THE LAWSUIT FILED BY CENTRAL STATES AGAINST REFLECTIONS**  
15          **CONDO, THE MASTER ASSOCIATION, AND GREAT SOUTHERN BANK**

16          **Q.     Did Central States file a lawsuit against Reflections Condo, the Master Association,**  
17          **and Great Southern Bank?**

18          A.     Yes. On August 15, 2019, Central States filed a lawsuit against Reflections Condo, the  
19          Master Association, and Great Southern Bank seeking a temporary restraining order,  
20          injunction and declaratory judgment, among other things, that the termination of the  
21          Amended Agreement was improper and “null and void”, that the Amended Agreement to  
22          purchase the Systems was still in effect, and to prevent the sale of the Systems to any  
23          other potential buyer (the “Lawsuit”). The Lawsuit was filed in Camden County,  
24          Missouri under Case No. 19CM-CC00158.

25          **Q.     What is the status of the Lawsuit?**

1 A. Central States, Reflections Condo, the Master Association, and Great Southern Bank  
2 engaged in extensive briefing and filings that culminated in a hearing on Central States'  
3 request for a temporary restraining order on August 22, 2019.

4 **Q. What was the outcome of the temporary restraining order hearing?**

5 A. After reviewing the parties' written submissions and hearing argument from the parties,  
6 the Court entered an Order denying Central States' request for a temporary restraining  
7 order, attached hereto as Exhibit LW 1-A.

8 **Q. Has Central States pursued its request for an injunction since its request for a**  
9 **temporary restraining order was denied?**

10 A. No. Central States has not yet even served the lawsuit on Reflections Condo, the Master  
11 Association, or Great Southern Bank.

12 **IV. THE INTERESTS OF REFLECTIONS CONDO AND THE PUBLIC INTEREST**  
13 **OF THE STATE OF MISSOURI**

14 **Q. Did Reflections Condo, the Master Association, and Great Southern Bank express**  
15 **concerns that Osage Utility will not provide the least cost option for Reflections**  
16 **customers?**

17 A. Yes. Mr. Soukenik states in this rebuttal testimony:

18 "Based upon the testimony and data request responses that have been filed and  
19 issued by the various parties in the matter to date, it became apparent that Osage  
20 Utility Operating Company, Inc. would not provide the least cost, capable utility  
21 service to the Reflections development, given its requested rate base adjustment  
22 and acquisition premium. The associations and the bank had agreed to transfer the  
23 utility systems to CSWR for one dollar, in order to allow rates to be maintained at  
24 the most economical level. By seeking the rate base adjustment and acquisition

1 premium, Osage Utility Operating Company, Inc. sought to increase rates beyond  
2 what is required to make the needed improvements to the systems.”

3  
4 **Q. Is that still true today?**

5 A. Yes.

6 **Q. Did the Reflections Condo, the Master Association, and Great Southern Bank**  
7 **develop concerns that Osage Utility has plans to over build the Systems?**

8 A. Yes. Mr. Soukenik states in his rebuttal testimony:

9 “Additionally, the improvements discussed by Osage Utility Operating Company,  
10 Inc. include items that are not required by the Missouri Department of Natural  
11 Resources (“DNR”); again adding to the costs that would be recovered through  
12 future rates.”

13 **Q. Does Reflections Condo, the Master Association, and Great Southern Bank still**  
14 **have the same concerns today?**

15 A. Yes.

16 **Q. Which entities have Reflections Condo, the Master Association, and Great Southern**  
17 **Bank instead contracted with to sell the Reflections systems since terminating the**  
18 **sale agreement with Osage Utility?**

19 A. Mr. Soukenik states in his rebuttal testimony:

20 “The non-profit entities Missouri Water Association and Lake Area Waste Water  
21 Association indicated that they were willing and able to provide the service to  
22 Reflections; to make the improvements required by DNR; to set rates based on  
23 costs incurred in their respective systems; and to close the acquisition before the  
24 end of August.”

1 **Q. Is there still a contract for Reflections Condo, the Master Association, and Great**  
2 **Southern Bank to sell the Systems to Missouri Water Association and Lake Area**  
3 **Waste Water Association?**

4 A. Yes.

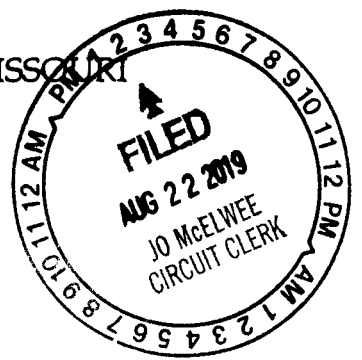
5 **Q. Should the Missouri Public Service Commission grant Osage Utility's**  
6 **application to acquire the Systems?**

7 A. No. Reflections Condo, the Master Association, and Great Southern Bank terminated the  
8 Amended Agreement with Central States. Further, Reflections Condo, the Master  
9 Association, and Great Southern Bank believe that a sale of the Systems to Missouri  
10 Water Association and Lake Area Waste Water Association would be in their best  
11 interest as they are capable of making the required repairs to the Systems and providing  
12 quality service at reasonable rates, which will be much lower than the rates we believe  
13 Central States / Osage Utility hopes to charge.

14 **Q. Does this conclude your surrebuttal testimony?**

15 A. Yes.





Central States Water Resources, Inc.  
\_\_\_\_\_  
\_\_\_\_\_

Plaintiff(s), )

Case Number: 19 cm-cc 0015 J

Great Southern Bank  
Reflections Subdivision Master Assoc.  
Reflections Condominium Owners, Inc  
Association, Inc.

Defendant(s) )

MEMORANDUM

Re: Temporary Restraining Order

Motion for Plaintiff's Temporary Restraining Order, called, heard all parties represented. Temporary Restraining Order is denied.

Approved: [Signature]  
\_\_\_\_\_  
\_\_\_\_\_

Attorney(s) for Plaintiff(s)

Dated: 8-22-19

SO ORDERED:

Anthony J. Souther 34097  
for Great Southern Bank  
[Signature] 36143  
Atty for Reflections  
Condo 61654

Attorney(s) for Defendant(s)

[Signature]  
\_\_\_\_\_  
Circuit Judge

