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RICHARD T. CIOTTONE

FILED²

MAY 16 2000

Missouri Public
Service Commission

May 16, 2000

Mr. Dale Hardy Roberts
Executive Secretary
Public Service Commission
Truman State Office Building
Jefferson City, Missouri

HAND DELIVERED

RE: Case No. SA-2000-295
Lake Region Water & Sewer Company

Dear Mr. Roberts:

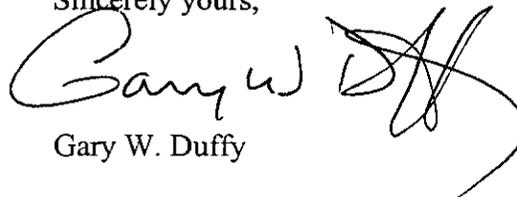
Enclosed for filing in the above-referenced proceeding please find an original and eight copies of the following two documents:

- (1) Direct Testimony of Eugene F. Ritter
- (2) First Amended Application

Copies are being sent this date to all counsel of record as reflected below.

If you have any questions, please give me a call.

Sincerely yours,



Gary W. Duffy

Enclosures
cc w/encl:

Office of Public Counsel
Office of the General Counsel
John W. Ellinger
John D. Landwehr
James M. Fischer

Eugene F. Ritter

Lakreg1amd&dirtescov/gdmydocs/wp8

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

FILED²

MAY 16 2000

Missouri Public
Service Commission

In the matter of the application of Lake Region)
Water & Sewer Company for a certificate of public)
convenience and necessity authorizing it to)
construct, install, own, operate, control, manage)
and maintain a centralized sewage collection and)
treatment system in an area in an unincorporated)
area of Camden County, Missouri, as an expansion)
of its existing certificated area.)

Case No. SA-2000-295

FIRST AMENDED APPLICATION

Comes now Lake Region Water & Sewer Company ("Lake Region" or "Applicant"), by and through its counsel, and for its first amended application pursuant to Section 393.170 RSMo 1994 and 4 CSR 240-2.060(2) for a certificate of public convenience and necessity, respectfully states as follows:

1. Applicant filed its original application in this case on October 22, 1999. An Order adopting procedural schedule was issued on April 13, 2000. Applicant has determined that it is appropriate at this time for it to seek a smaller area, and that determination causes Applicant to file this First Amended Application designed to reduce the service area requested.

2. All correspondence, communications, notices, order and decisions of the Commission with respect to this matter should be sent to:

Eugene F. Ritter, President
Lake Region Water & Sewer Company
#1 Grand Point Boulevard
Sunrise Beach, Missouri 65079.
Tel: 573 374-5850
Fax: 573 374-5172

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Gary W. Duffy, Attorney at Law
Brydon, Swearingen & England P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, Missouri 65102-0456
Tel: 573 635-7166
Fax: 573 635-3847

3. Applicant incorporates by reference paragraphs numbered 1 and 3 of its original application, with the exception of the address of Applicant, which does not now include a P.O. Box.

4. Applicant incorporates by reference paragraphs numbered 2, 4, 5, 8 and 12 of its original application as if set out herein.

5. Applicant incorporates by reference paragraph numbered 7 of its original application with the exception that the phrase "near the southeast corner" is hereby changed to "near the south central corner."

6. Applicant's existing rates and the majority of its regulations for sewer service contained in its tariff, as the same may change from time to time pursuant to law, will apply to service in the proposed area. Some of its regulations may need to be changed to comply with provisions in a treatment agreement with the City of Lake Ozark, Missouri.

7. Attached hereto and marked as **First Revised Appendix C** is a legal description of the proposed boundary of the revised new certificated area in Camden County. A map of the location of the proposed service area in Camden County is contained in the Feasibility Study.

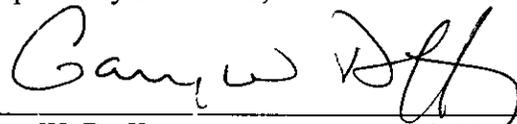
8. Attached hereto and marked as **First Revised Appendix D** is a First Revised Feasibility Study containing a summary of the plans and specifications for the project including the estimated cost of construction during the first three years. Lake Region's plans for financing the improvements are that there would be a combination of debt and equity financing. Lake

Region contemplates conventional bank debt at an interest cost of approximately the prime rate. The balance of the necessary funds will come from an equity infusion by the stockholder. Any debt financing meeting the statutory requirements for prior Commission approval will be made in a separate application to the Commission. A summary of revenues and expenses for three years is shown in the First Revised Feasibility Study.

9. Because six of the ten persons listed on Appendix F to the original application are located within the revised service area described in this First Amended Application, the Applicant does not believe that additional notice of this case needs to be provided. The Applicant believes the residents of this smaller area received adequate notification of the original application, as evidenced by the intervention of several different entities.

WHEREFORE, Applicant requests an order from the Commission granting it a certificate of convenience and necessity to construct, install, own, operate, control, manage, and maintain a system for the provision of wastewater/sewer service to the public pursuant to its approved rates, rules and regulations, as the same may change from time to time, in the requested area of Camden County, Missouri, as revised by this First Amended Application.

Respectfully submitted,



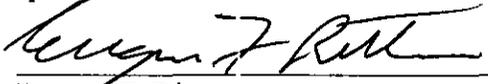
Gary W. Duffy MBE #24905
BRYDON, SWEARENGEN & ENGLAND P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, Missouri 65102-0456
(573) 635-7166
(573) 635-3847 (facsimile)
E-mail: Duffy@Brydonlaw.com
Attorneys for Lake Region Water & Sewer Co.

VERIFICATION

STATE OF MISSOURI)
) ss
COUNTY OF CAMDEN)

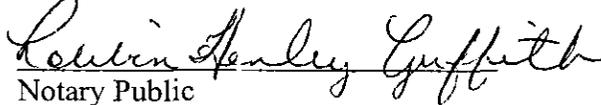
On the 11th day of May, 2000, before me appeared Eugene F. Ritter, to me personally known, who, being by me first duly sworn, states that he is the President of Lake Region Water & Sewer Company and acknowledged that he had read the above and foregoing document and believes that the allegations therein are true and correct to the best of his information, knowledge and belief, and that the above designated attorneys are authorized to file said application on behalf of Lake Region Water & Sewer Company.

Eugene F. Ritter further states that Lake Region Water & Sewer Company has received the required consent of the proper municipal authorities involved in this application since there are no municipalities contained within the proposed service area.



Eugene F. Ritter

Subscribed and sworn to before me this 11th day of May, 2000.

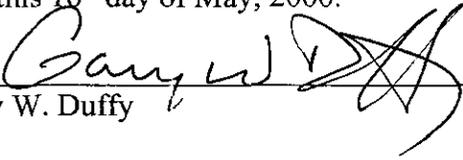


Notary Public

My Commission expires: _____
ROBBIN HENLEY GRIFFITH
A Notary Public of
Miller County, Missouri
My Commission Expires 12/28/2001

Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing was served by hand delivery on the following counsel of record this 16th day of May, 2000.



Gary W. Duffy

Clifford Snodgrass
Office of the General Counsel
Missouri Public Service Commission
Truman State Office Building
Jefferson City, Missouri

Shannon Cook
Office of the Public Counsel
Truman State Office Building
Jefferson City, Missouri

John W. Ellinger, Attorney at Law
708 East McCarty Street
Jefferson City, MO 65101

John D. Landwehr, Attorney at Law
Cook, Vetter, Doerhoff & Landwehr
231 Madison Street
Jefferson City, MO 65102

James M. Fischer
Fischer & Dority, P.C.
101 West McCarty Street
Suite 215
Jefferson City, MO 65101

Word Disk 7

Description CCN
For Lake Region Water and Sewer

All that part of Sections 23, 24, 25, 26, 27, 34 and 35, Township 40 North, Range 16 West, Camden County, Missouri, more particularly described as follows: Beginning at the intersection of the westerly line of the "City Limits" of the City of Lake Ozark, Missouri, and the southerly right-of-way of State Highway H-H in said Section 25, thence westerly along said southerly right-of-way to the easterly line of EMERALD BAY CONDOMINIUM; thence southerly along said easterly line to the shoreline of the Lake of the Ozarks; thence westerly along said shoreline to the westerly line of "BLACK HAWK ESTATES", a subdivision of Camden County, Missouri; thence northerly along said westerly line and the northerly extension thereof to the northerly right-of-way of said State Highway H-H; northeasterly along said northerly right-of-way to the westerly line of CAROL ROAD; thence northwesterly along said westerly line of CAROL ROAD to an intersection with the southwesterly extension of the northwesterly line of Lot 125, "EQUESTRIAN ESTATES NO. 2, AMENDED PLAT", a subdivision of Camden County, Missouri; thence northeasterly along said extension to the northernmost corner of said Lot 125; thence easterly along the northerly line of said subdivision to the northwesterly corner of Lot 67, of said subdivision; thence southeasterly along the northeasterly line of Lot 67 to the northeasterly corner of said lot; thence southeasterly to the northwesterly corner of Lot 98 of said subdivision; thence southeasterly along the northeasterly line of said Lot 98 to the easterly line of said subdivision; thence northerly along the northeasterly extension of said easterly line to the shoreline of the Lake of the Ozarks; thence northerly and southerly along said shoreline to the northwest corner of Lot 1, "HORSESHOE BEND ESTATES NO. 1", a subdivision of Camden County, Missouri; thence south along the west line of said Lot 1, 400 ft.; thence leaving said west line, westerly to the northeast corner of Lot 52, "SEASON RIDGE", a subdivision of Camden County, Missouri; thence westerly along the northerly line of Lots 52 to Lot 64, inclusive to the northwest corner of said Lot 64; thence southwesterly to the northwest corner of Lot 34, of said subdivision; thence southerly to the southwest corner of said lot 34; thence easterly along the southerly line of Lots 34 to Lot 49, inclusive, to an intersection with the west line of Lot 10, BLOCK 16, of said "HORSESHOE BEND ESTATES NO. 1"; thence south along said west line to the southwest corner of said Lot 10; thence east along the south line of said Lot 10, to the shoreline of the Lake of the Ozarks; thence southerly along said shoreline to the westerly line of the "CITY LIMITS", of said CITY OF LAKE OZARK; thence southeasterly along said westerly line to the point of beginning.

FIRST REVISED APPENDIX C
(May 16, 2000)



Lake Region water & sewer company



May 10, 2000

Missouri Public Service Commission
ATTN: Martin Hummel
Water & Sewer Department
P. O. Box 360
Jefferson City, MO 65102

RE: LRW&S response to PSC staff recommendations

Dear Mr. Hummel:

In your memo dated February 1, 2000, you asked that Lake Region address several items, thus, below I have listed the items and following each I have responded accordingly.

1. PSC

Identify and quantify the needs for service in the requested area, distinguishing between existing customers and expected new customers

LRW&S

There is no same or similar utility service; regulated or non-regulated available in the area requested. There are ten or more residents or landowners currently in the requested area, see attached Exhibit A.

2. PSC

Classify the expected customer base as to single family residential, condominiums by individual unit, condominium association, apartment or commercial. Which rate does LRW&S plan on using for each class?

LRW&S

For the classification of the expected customer base in regard to single family residential, condominiums, apartments, and commercial, please see Exhibit A. LRW&S plans to continue using the existing rates that we currently have in place, (the rates LRW&S currently has in place are on file with the Commission under tariffs issued to Four Seasons Lakesites Water & Sewer Company with an effective date of August 2, 1998.) i.e., flat rate of \$25.54 for single family residential customers



Phone: 573/374-5850 Fax: 573/374-5172
1 Grand Point Blvd., Sunrise Beach, MO 65079

FIRST REVISED APPENDIX D

and metered rates for condominiums, apartments, and commercial customers (base rate plus \$3.57 per 1,000 gallons).

3. PSC

How does LRW&S plan to extend service to established first tier lots and who is expected to pay for related lift stations and force mains?

LRW&S

We plan to run the force mains along primary roads to secondary lakeside roads to the first tier lots. We will pay for the related lift stations and force mains with LRW&S Company funds with some lift stations being paid by Developers or Property Owners Association's. Developer contributions are indicated by "*" on Exhibit F.

4. PSC

Give an estimate of the customer numbers (by class), projected expenses and revenues for each year of the three years (or construction phase) following approval of the new service area. Explain the basis for the projected expenses and revenues according to new expenses and revenues, existing expenses and revenues and total company expenses and revenues. Provide supporting calculations and work papers.

LRW&S

Please see Exhibit B.

5. PSC

What is LRW&S's plan for financing the proposed expansions, including the expected debt to equity ration? Has LRW&S secured a commitment for any loan funds? If so, what are the terms of those commitments?

LRW&S

LRW&S plans on financing the proposed expansions with 40% of the funds being comprised of cash from LRW&S and with 60% of the funds consisting of loans. At this time, LRW&S has not secured any commitments for loan funds in respect to these proposed expansions.

6. PSC

Has LRW&S entered into any contracts for either construction of plant or for other services in anticipation of the planned expansion?

LRW&S

LRW&S recently entered into a contract with the City of Lake Ozark in anticipation of the planned expansion. Please see Exhibit C for more detail.

7. PSC

Where will sewers or any other needed plant be located (i.e. – along what roads and in what easement)? Have any easements been obtained and what easements will be critical to obtain?

LRW&S

Please refer to Exhibit D for a map detailing locations of any other needed sewers and/or plants that are expected to be needed. The easements that LRW&S will need already have utility corridor easements, or are located on property owned by Four Seasons Lakesites, for which we have blanket utility easements.

8. PSC

Has LRW&S applied for any construction permits from DNR? What is the status of compliance with DNR requirements?

LRW&S

LRW&S has not applied for any construction permits from DNR, LRW&S will do so when the proposed CCN is granted. Furthermore, the status of compliance with DNR requirements is good.

9. PSC

Along with the Feasibility Study, submit an Engineering Report for the utility system that quantifies the size, footages, and capacities of sewers; lift stations, and any other plant components to be built. What is the estimated cost of each component?

LRW&S

See Exhibit F.

10. PSC

Provide a list of all DNR permitted wastewater treatment facilities, including the location of each facility, that are in the requested service area.

LRW&S

See Exhibit E.

11. PSC

What extra treatment capacity does LRW&S have at either of its two facilities on Horseshoe Bend? What are the plans for the continued use of these facilities?

LRW&S

Total capacity that LRW&S currently has at its two facilities on Horseshoe Bend is 326,000 gallons per day at the Lodge plant and 292,000 gallons per day at the Racquet Club plant. Currently the Lodge Plant is operating at a daily average of approximately 165,000 gallons and the Racquet Club Plant is operating at a daily average of approximately 135,000 gallons. The future plans for the continued use of these facilities is limited to the time period needed to convert these treatment plants to lift stations and to connect to the City of Lake Ozark line located on State Road HH near Duckhead Road.

12. PSC

Who is expected to build, and who is expected to pay for, each section of trunk sewer or collector sewer and each lift station (e.g., lift station # n to be built and paid for by xxx condominiums association)?

LRW&S

Please refer to the third question listed on page one.

If you should have any further questions, please, do not hesitate to call me.

Cordially,



Fritz Ritter
President

EXHIBIT "A"
AMENDED PROPOSED CCN AREA
DUCKHEAD ROAD

	<u>Existing Structures</u>	<u>Projected New Build</u>	
Single Family Homes	349	8	each year
Condos/Apartments	181	16	each year
Commercial	5	2	each year

EXPECTED TO HOOK ONTO LRW&S SEWER

	<u>Homes</u>	<u>Condos</u>	<u>Commercial</u>
Year 1 (30%)	105	54	2
Year 2 (35%)	88	50	2
Year 3 (20%)	33	19	2
Year 4 (5%)	7	4	2
Year 5 (5%)	6	4	2

EXHIBIT "B"
PROJECTED INCOME & EXPENSES
YEARS 1 - 3
NEW INCOME

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<i>New Income</i>			
Single Family Homes	\$ 48,032	\$ 88,543	\$ 103,590
Condos/Apartments	\$ 11,077	\$ 21,266	\$ 25,050
Commercial	\$ 12,000	\$ 24,000	\$ 36,000
TOTAL INCOME	\$ 71,109	\$ 133,809	\$ 164,640
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<i>New Expenses</i>			
Operating/Maint Expenses	\$ 10,000	\$ 11,000	\$ 15,000
Administrative Expenses	\$ 3,000	\$ 4,000	\$ 5,000
Other Expenses	\$ 1,000	\$ 1,500	\$ 2,000
City of Lake Ozark	\$ 12,366	\$ 23,268	\$ 28,556
PSC Assessment	\$ 12,000	\$ 12,500	\$ 13,000
Depreciation	\$ 19,538	\$ 19,538	\$ 19,538
Debt Service Expenses	\$ 20,586	\$ 41,172	\$ 41,172
TOTAL EXPENSES	\$ 78,490	\$ 112,978	\$ 124,267
NET PROFIT/(LOSS)	\$ (7,381)	\$ 20,831	\$ 40,374

EXHIBIT "B"
PROJECTED INCOME & EXPENSES
YEARS 1 - 3
EXISTING INCOME

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<i>Existing Income</i>			
Single Family Homes	\$ 75,385	\$ 103,600	\$ 142,075
Condos/Apartments	\$ 120,000	\$ 126,000	\$ 132,300
Commercial	\$ 200,000	\$ 210,000	\$ 220,500
Hook - Up Fees	\$ 31,150	\$ 48,950	\$ 66,750
TOTAL INCOME	\$ 426,535	\$ 488,550	\$ 561,625

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
<i>Existing Expenses</i>			
Operating/Maint Expenses	\$ 275,000	\$ 275,000	\$ 275,000
Administrative Expenses	\$ 80,000	\$ 110,000	\$ 130,000
Other Expenses	\$ 15,000	\$ 25,000	\$ 30,000
PSC Assessment	\$ 9,000	\$ 13,000	\$ 15,000
Depreciation	\$ 49,528	\$ 49,528	\$ 49,528
TOTAL EXPENSES	\$ 428,528	\$ 472,528	\$ 499,528
 NET PROFIT/(LOSS)	 \$ (1,993)	 \$ 16,022	 \$ 62,097

**AGREEMENT
BY AND BETWEEN
CITY OF LAKE OZARK, MISSOURI
AND
LAKE REGION WATER AND SEWER COMPANY
FOR THE TREATMENT AND TRANSPORT OF WASTEWATER
FROM THE COMPANY'S CERTIFICATED AREAS**

THIS AGREEMENT is entered this 9 day of ^{March} February, 2000, by and between the CITY OF LAKE OZARK, MISSOURI, a city of the 4 class, organized and existing under the laws of the State of Missouri (hereinafter referred to as "Lake Ozark") and LAKE REGION WATER AND SEWER COMPANY, a Missouri corporation operating as a public utility regulated by the Missouri Public Service Commission (hereinafter referred to as "LRWS").

WITNESSETH:

WHEREAS, the water quality of the Lake of the Ozarks is vital to the health and economic success and recreational enjoyment of the citizens living around and tourists visiting the Lake of the Ozarks; and

WHEREAS, Lake Ozark along with the City of Osage Beach own, maintain and operate a wastewater treatment facility permitted by the State of Missouri to properly treat and dispose of wastewater to the Osage River below Bagnell Dam; and

WHEREAS, Lake Ozark owns, operates and maintains certain sewers which convey sewage to the treatment plant; and

WHEREAS; LRWS is engaged in the business of providing wastewater treatment and collection services for areas designated by the Missouri Public Service Commission on Horseshoe and Shawnee Bends in unincorporated areas of Camden County; and

WHEREAS; LRWS wishes to expand sewerage services on Horseshoe and Shawnee Bends and provide greater availability of sewerage services without discharges into the Lake of the Ozarks; and

WHEREAS; Lake Ozark and LRWS recognize that improvements in the control of domestic sewage contemplated in this agreement will result in the regionalization and the reduced likelihood that additional treatment plant discharges will enter these important waters;

NOW THEREFORE, for and in consideration of the mutual agreements and conditions contained herein, it is agreed by and between Lake Ozark and LRWS as follows:

**ARTICLE I
TREATMENT OF SEWAGE**

A. Lake Ozark will treat all wastewater generated in areas of the LRWS on Horseshoe and Shawnee Bends in Camden County. Treatment shall be approved and permitted by the State of Missouri Department of Natural Resources, the United States Environmental Protection Agency or any successor agencies responsible for the proper operation of the plant.

B. Lake Ozark shall be solely responsible for the compliance with environmental laws and penalties for violations relating to the failure to be in compliance shall be the sole responsibility of Lake Ozark and its treatment plant partner. LRWS shall cause the termination of service to any customer who fails to comply with Lake Ozark sewer use ordinances.

C. LRWS shall convey only domestic sewage to Lake Ozark consistent with the Lake Ozark sewer use ordinances. Any discharge producing waste in excess of domestic sewage parameters set forth in the sewer use ordinances shall be subject to the specific approval and rules of Lake Ozark, including the right to periodically sample waste flow from sources in excess of domestic sewage, to assure proper operation of the plant.

**ARTICLE II
COLLECTION SYSTEM AREA, OPERATION
AND EXPANSION BY LRWS**

A. LRWS shall be responsible for and operate collection systems on Horseshoe and Shawnee Bends. Said collection areas shall be approved by the Missouri Public Service Commission. The collection systems include pump stations, lines, connections and any additional appurtenance necessary for their proper operation.

B. Lake Ozark acknowledges and accepts that LRWS is a principal provider of sewerage services for the Horseshoe Bend and Shawnee Bend peninsulas, excepting those areas on Route HH recently constructed by Lake Ozark and customers connected directly thereto. Lake Ozark agrees not to oppose any efforts by LRWS to expand their collection system in these areas before the Missouri Public Service Commission and will not compete with LRWS. The parties to this agreement recognize that due to topographic or political boundary constraints Lake Ozark may be an appropriate provider of sewerage service to portions of Horseshoe Bend. In the event that an area wishes service and Lake Ozark believes that the area is best served hydrologically to its service area by Lake Ozark, it will notify LRWS of its intention to serve an area on Horseshoe Bend and LRWS will have 180 days to begin efforts to provide service. If after 180 days, or earlier at the pleasure of LRWS, LRWS has not begun necessary efforts to serve the identified area, Lake Ozark may proceed to serve.

- C. LRWS is solely responsible for the operation of its collection systems.

**ARTICLE III
CONNECTION TO AND TRANSPORTATION
OF SEWAGE BY LAKE OZARK**

- A. LRWS collection systems shall join the Lake Ozark system at three locations:

1. Horseshoe Bend :

- a. The intersection of Duckhead Road and Route HH.
- b. The terminus of the Route HH sewer at or near Andres Restaurant.

2. Shawnee Bend:

- a. The intersection of the Community Bridge and Business 54 at a point to be determined by proper engineering design approved by Lake Ozark.

B. LRWS shall be responsible for the connection of its system to that of Lake Ozark. Said responsibilities include the design, construction, permitting, right of way acquisition, cost and financing and any associated liability relating to the construction.

C. Lake Ozark agrees to transport all sewage conveyed by LRWS to these locations through its lines, mains and pump stations to the wastewater treatment plant. Lake Ozark shall be responsible for all lines, mains and pump stations within its present service area including all liability thereto.

D. Other connection locations may be added to the above upon mutual agreement of the parties.

**ARTICLE IV
CONNECTIONS BY OTHER PARTIES AND COMMUNITIES**

A. It is anticipated that the wastewater flow of adjacent areas, both incorporated and unincorporated or under the control of private parties, will be transported through the system of LRWS for treatment by Lake Ozark. LRWS may accept such flow and receive compensation for such services and deliver said flow to Lake Ozark under this agreement.

B. LRWS shall notify Lake Ozark of such potential expansions for planning purposes upon receipt of a written request.

C. Rates shall be those consistent with the terms of Article V.

D. LRWS shall be responsible for all flow and costs related thereto which pass through the meters established in Article V(E).

ARTICLE V RATES

A. **Initial Rates.** By agreement of the parties and after proper debate by Lake Ozark by its City Council, the rate paid to Lake Ozark shall be \$1.08 per 1000 gallons of sewage for the initial year. \$0.71 of this rate is for the operation and maintenance of the wastewater treatment plant.

B. **Rate after year one.** Each subsequent year Lake Ozark shall evaluate the actual cost of operation and maintenance of the wastewater treatment plant. The actual rate shall be used in place of the initial \$0.71 per 1000 gallons of sewage. The rate shall be adjusted annually and implemented July 1 of that year.

C. The rate shall be determined on January 31 of each year.

D. In the event of the need to expand the wastewater treatment plant, LRWS shall be assessed that portion of the cost to Lake Ozark of the expansion consistent with the cost per 1000 gallons of sewage paid by residential users in Lake Ozark.

E. Sewage from LRWS shall be metered in bulk at the locations indicated in Article I. LRWS shall be solely responsible for the cost of purchase and installation of the meters. The meters shall become the property of Lake Ozark upon acceptance and Lake Ozark shall be responsible for all maintenance, repair and replacement of said meters.

F. LRWS shall deposit with Lake Ozark funds which represent ninety (90) days of estimated billings in advance of initial service. The deposit shall be reviewed and adjusted annually on January 31 of each year. The deposit may be eliminated at the discretion of Lake Ozark after a demonstration of adequate cash flow throughout the billing cycle presented in Article V(G).

G. LRWS shall receive a single bill from Lake Ozark. The bill shall consist of the amounts presented at each meter location. The bill shall be presented monthly. Payment shall be made on a 60- day cycle to allow LRWS to bill its customers.

H. All other components of the rate shall remain in effect for a period of two years after the first receipt of wastewater flow from LRWS to Lake Ozark. Lake Ozark shall review actual costs and report the same to LRWS. Thereafter, the remaining components of the rate shall be reviewed annually. Upon agreement of the parties the remaining rate components may be renegotiated.

ARTICLE VI
LRWS POLICIES AND PRACTICES TO CONFORM WITH LAKE OZARK
SEWER USE ORDINANCES FOR THE TREATMENT OF SEWAGE

A. LRWS shall conform to the sewer use ordinances of Lake Ozark relating to the treatment of sewage. Under no circumstances shall users be permitted to connect to LRWS system which exceed domestic sewage criteria as stated in the Lake Ozark sewer use ordinances without the approval of Lake Ozark. Said approval will be granted when the connecting party agrees to conform with the Lake Ozark sewer use ordinances and shall not be withheld when an appropriate submittal is made. All industrial users shall comply with applicable pretreatment standards and requirements.

B. All residential development shall be acceptable. All commercial development will be acceptable if the sewage load is the equivalent of domestic sewage.

ARTICLE VII
ANNEXATION

A. Lake Ozark has formally stated its intent to pursue annexation of a portion of Horseshoe Bend within the potential service area of LRWS where portions of the collection system of LRWS have already been installed. Should such annexation occur, LRWS shall continue to provide collection services in the areas designated in this agreement which may be included in Lake Ozark's corporate limits where said area is part of a previously authorized service area established by the Missouri Public Service Commission. Areas with pending applications before the Missouri Public Service Commission shall be considered established for purposes of this Article. LRWS shall not oppose said annexation on Horseshoe Bend.

B. The previous paragraph notwithstanding, Lake Ozark may acquire the sewers, pump stations, customers and other assets of LRWS in areas annexed on Horseshoe Bend for fair market value provided:

- 1) the acquisition will not result in a rate increase for the remaining customers of LRWS, and,
- 2) the acquisition is approved by the Missouri Public Service Commission.
- 3) no prior agreements exist which would prohibit such transaction.

ARTICLE VIII
MODIFICATION

Except as herein provided, this Agreement may be changed or modified only upon mutual consent of the parties. Such change or modification may be requested by either party,

in which event a meeting of the representative of both parties shall be held within ninety (90) days after giving them written notice, at which meeting the request change or modification shall be considered and discussed. Rate changes shall not be made except under the provisions of Article V.

ARTICLE IX ACTS OF GOD

No party shall be responsible or liable in any way for Acts of God or any other act or acts or omission beyond the control of such party which in any way may cause an interruption or a discontinuance of service appertaining to either parties sewerage system.

ARTICLE X APPROVAL OF MISSOURI PUBLIC SERVICE COMMISSION

This Agreement is subject to the approval and acceptance by the Missouri Public Service Commission.

ARTICLE XI ASSIGNMENT

This agreement may be assigned provided proper notice is provided the other party.

ARTICLE XII TERMINATION

This agreement is for a period of ten (10) years from date first authorized and signed by the parties. The agreement will automatically renew in subsequent ten (10) year terms unless a notice of termination is provided to the other party. Said notice shall be provided two (2) years prior to termination, shall be in writing, and shall state the reason for said termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on behalf of Lake Ozark by its Mayor and attested by its City Clerk and by Fritz Ritter the President of LRWS on the dates shown respectively.

THE CITY OF LAKE OZARK

LAKE REGION WATER AND SEWER COMPANY

By: [Signature]
Mayor

By: [Signature]
Fritz Ritter, President

Rachel C. Kelley
Notary

April 6, 2002
Commission Expires



EXHIBIT "E"

Currently the DNR permitted wastewater treatment facilities are as follows:

PHASE I:

- A.) Big Bear Condominiums & Resort
- B.) Greenleaf Condominiums
- C.) Greenview Bay Subdivision
- D.) Maywood Condominiums

All of the above treatment facilities are located on Duckhead Road in Lake Ozark.

EXHIBIT "F" PHASE 1 COSTS

1. MAIN COLLECTION LINES

1)	Monarch Cove to HH	8,000'	6" line	*
1)	Wilmore to Big Bear Estates	2,000'	6" line	*
2)	Big Bear Estates to end of Duckhead	1,800'	4" line	
2)	Circle Drive	450'	4" line	
2)	Private Drive	400'	4" line	
2)	Shady Lane	1,400'	4" line	
2)	High Line Road	1,650'	4" line	
2)	Bruce Road	1,600'	4" line	
2)	Spring Road	1,500'	4" line	
2)	Blackhawk	2,400'	4" line	
3)	HH	1,700'	2 - 6" lines	

Line 1.

1.)	6" lines - 10,000' @ \$35.00/ft.	\$ 350,000
2.)	4" lines - 12,900' @ \$25.00/ft.	\$ 258,000
3.)	2 - 6" lines - 1,700' @ \$40.00/ft.	\$ 68,000

Total Collection Lines

\$ 676,000

Lines	\$ 676,000
Less:	
6" lines	\$ (350,000)
(for develop pay)	\$ 326,000

EXHIBIT "F"
PHASE 1 COSTS

2. LIFT STATION COSTS

Lift Station No.	# of Customers	Daily Flow	Cost
1	Ridge Road/Willows		
2	52 Homes/20 Condos	26,640	\$ 46,620
3	14 Lots (Greenview Bay)	18,130	\$ 31,730
4	24 Homes	8,880	\$ 21,000
5	14 Homes	5,180	\$ 20,000
6	26 Homes	9,620	\$ 20,500
7	35 Homes	14,060	\$ 24,405 *
8	17 Homes	6,290	\$ 20,000
9	38 Homes	14,060	\$ 24,610
10	11 Homes/20 Condos	18,870	\$ 33,025
11	9 Homes/90 Condos	35,150	\$ 50,000 *
12	47 Homes	17,390	\$ 30,435
13	45 Homes	16,650	\$ 29,140
14	65 Homes	24,050	\$ 42,080 *
15	54 Homes (Maywood)	19,980	\$ 34,965
16	29 Homes/Condos	33,670	\$ 59,925
TOTAL LIFT STATIONS		268,620	\$ 488,435

Lift Stations	\$	488,435
Less:		
# 7, # 11, # 14	\$	(116,485)
(for develop pay)	\$	371,950

