

# THE LAW OFFICE OF GREGORY D. WILLIAMS

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January 20, 2006

Mr. Keith R. Krueger  
Deputy General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Facsimile: 573-751-9285

Re: Your Correspondence of January 13 & January 19, 2006

Dear Mr. Krueger:

Please be advised that Environmental Utilities, LLC has promptly and fully responded to all requests by Mr. Cover for records and/or assets owned by or pertaining to Osage Water Company, to the extent of its ability to do so. Environmental Utilities has maintained records as to the information requested by and furnished to Mr. Cover. Your demands and threats to seek judicial remedies are without legal merit.

Please be further advised that Environmental Utilities operated certain assets of Osage Water Company under the terms of a written contract, which was terminated according to its terms for failure of Osage Water Company to comply with the requirements thereof, prior to the appointment of Mr. Cover. Environmental Utilities does not, did not, and never has had many of the records you have requested.

With respect to your specific requests:

- 1) The water and sewer system serving the Chelsea Rose development is owned by Hurricane Deck Holding Company. These systems have been the subject of a number of contracts between that corporation and Osage Water Company over the past decade, which allowed Osage Water Company to operate them, and, if certain payments and obligations were met, to acquire ownership of those assets. Osage Water Company did not make those payments or satisfy those obligations, and all of those contracts have been terminated.

*Attachment D, p. 1.*

Environmental Utilities does not have the authority to transfer possession of those systems to Osage Water Company.

- 2) The KK Wastewater Treatment Facility is not owned by Osage Water Company. Pursuant to a signed Stipulation filed with the Circuit Court of Camden County with the Missouri Department of Natural Resources, that facility was leased to Osage Water Company for a term expiring on October 12, 2005. Mr. Cover has elected not to renew that lease agreement. Osage Water Company has no right to use, operate, or possess that facility. Environmental Utilities does not own the facility, and has no right to transfer possession thereof to Osage Water Company.
- 3) If Osage Water Company owns any accounts receivable, Environmental Utilities is not aware of the same, and has no records or schedules pertaining to the same. You should contact Mr. Mitchell as president of Osage Water Company to determine whether that corporation has any accounts receivable.
- 4) Environmental Utilities has records of the revenues it has received and the disbursements it has made with respect to its operation of the Osage Water Company assets, and has furnished your agency with complete copies of the same as your auditors have requested. Mr. Cover has also received these records, or so much thereof as he has requested. To the extent there are other records pertaining to actual revenues received and expenses incurred directly by Osage Water Company, you should contact Mr. Mitchell as the president of Osage Water Company.
- 5) Environmental Utilities does not, did not, and never has had any records pertaining to Osage Water Company's federal and state income tax returns. Mr. Mitchell has been furnished a general ledger regarding operations each year from which to prepare such returns. It is our understanding that he may have filed some federal and state returns during the period of contract operations by Environmental Utilities, but no copies thereof have ever been received by Environmental Utilities. You should contact Mr. Mitchell regarding this request.
- 6) As noted above, the Chelsea Rose systems are not the property of Osage Water Company, and, absent an agreement between the owner of those systems and Mr. Cover, there are no customers served by Osage Water Company in that development.
- 7) Environmental Utilities utilized billing software which it acquired, and continues to utilize in its utility operations, to provide billing services under its contract with Osage Water Company. Osage Water Company utilized an older version of that software prior to execution of its contract with Environmental Utilities. Environmental Utilities did not retain the old version of that software, and the version currently utilized is the property of Environmental Utilities, not Osage Water Company.
- 8) Environmental Utilities did not maintain or retain system drawings for the physical facilities owned by Osage Water Company. I believe Mr. Mitchell, though his company Jackson Engineering, may have a comprehensive set, as he furnished the same to Missouri American Water Company recently. You should contact him regarding this request.

*Attachment D, p. 2*

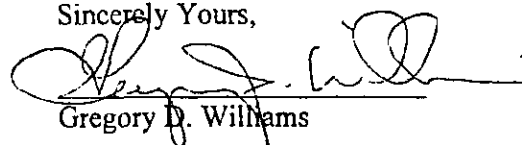
- 9) Environmental Utilities did not maintain any special locks on the control panels which could not be opened by the master key for Osage Water Company, of which Mr. McDuffy has always had a copy, and no requests for an additional copy of that key have been received from Mr. McDuffy or Mr. Cover. Separate locks are maintained for the Chelsea Rose and KK WWTP, as those facilities are not the property of Osage Water Company.
- 10) Environmental Utilities did not maintain maintenance repair records, other than invoices for materials and subcontractor work, with respect to the Osage Water Company systems, as the maintenance of such records was not required under the terms of its contract with Osage Water Company.
- 11) Environmental Utilities did not maintain an inventory of spare parts and equipment for Osage Water Company's facilities, as such items were purchased as need from local suppliers. There is an extensive repository of miscellaneous parts located adjacent to the Shawnee Bend WWTP which is left over from prior to execution of the management contract, but it appears to largely consist of junk that needs to be disposed of, rather than usable parts and equipment.

Please be further advised that due to the reduction in the scope of its operations, Environmental Utilities has reduced its staffing to the minimum necessary to maintain its remaining operations. Mr. Cover was so advised and requested to advise prior to November 30, 2005 as to any additional records which he might need. He did not request any additional records prior to that date. Environmental Utilities does not presently have the staff to locate or respond to any additional requests of any significant scope, and would have to be compensated for the cost of such additional staff time as might be required to respond to such additional requests, in advance.

I trust that the foregoing is a complete response to your inquiry, and merely duplicates the information previously provided to Mr. Cover. Your agency is wasting everyone's time in this matter. Your agency intentionally and deliberately bankrupted Osage Water Company, to the great harm of its investors, employees, creditors and customers. Your agency had the opportunity to allow its assets to be sold to Missouri American Water Company, and refused to even consider that alternative.

You have a mess on your hands, and you will have to figure out how to fix it. Further litigation, whether with Environmental Utilities, or others, will not fix the mess you have made.

Sincerely Yours,



Gregory D. Williams

cc: Gary Cover

Attachment 0, p.3