

GREGORY D. WILLIAMS
ATTORNEY AT LAW
HIGHWAY 5 AT 5-33
P. O. BOX 431
SUNRISE BEACH, MO 65079

573 / 374-8761

FAX 573 / 374-4432

Mr. Cecil I. Wright
Executive Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

July 17, 1997

FILED
JUL 28 1997
MISSOURI
PUBLIC SERVICE COMMISSION

Re: Osage Water Company
Cedar Glen Application
New Filing

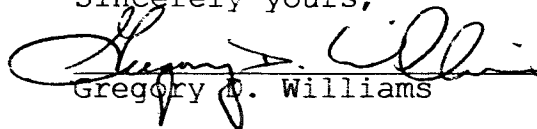
WA-98-36

Dear Mr. Wright:

Please find enclosed for filing an Original and 14 copies of an Application to provide Water and Sewer Service to Cedar Glen Condominiums in Camden County, Missouri. Copies have this date been mailed to the Developer, the Office of Public Counsel, and the Camden County Attorney.

If you have any questions regarding this filing, please call.

Sincerely yours,


Gregory D. Williams

cc: John Coffman, Office of Public Counsel
Charles McElyea, Camden County Attorney
Cedar Glen Construction, Inc.

FILED

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

JUL 28 1997

In the matter of the application of Osage Water Company
for permission, approval, and 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 portion of Camden County,
Missouri.

)
)
) Case No. WA-98-36
)
)
)

APPLICATION

Comes Now Osage Water Company (Applicant), pursuant to section 393.170, RSMo.
1993, and states as follows:

1. Applicant is a Missouri Corporation duly organized and existing under the laws of the State of Missouri with its principal office and place of business located on Highway 54 West, Osage Beach, Missouri, 65065. It is a public utility proposing to render regulated water and sewer service to the public under the jurisdiction of the Commission. A copy of its Certificate of Incorporation and Articles of Incorporation are attached hereto as Exhibit A.

2. Communications with regard to this application should be addressed to:

Gregory D. Williams,
President and General Counsel
Osage Water Company
P.O. Box 431
Sunrise Beach, MO 65079-0431

3. Applicant requests permission, approval, and a certificate of public convenience and necessity to install, own, acquire, construct, operate, control, manage and maintain a water and sewer system for the public in an area of unincorporated Camden County, Missouri to serve the project known as Cedar Glen Condominiums. A map and legal description of the proposed service area are attached hereto as Exhibits B-1 and B-2, respectively.

4. Applicant has prepared a feasibility study with respect to its proposed water and sewer operation, in accordance with its existing tariff, which is attached hereto as Exhibit C. No changes in Applicant's rates for water and sewer service are proposed in connection with this service area Application.

5. There are no municipalities located within the proposed area, and a letter of consent from the Camden County Sewer District was attached to the Application filed in Case SA-94-54. A copy of this Application has been furnished to the Camden County Commission, whose members constitute the Board of the Camden County Sewer District. The Camden County Sewer District has no assets, provides no service, and, to Applicant's knowledge and belief, is not able or willing to provide water and sewer service to the Cedar Glen project. To

Applicant's knowledge, no other entities have jurisdiction over water or sewer service by a public utility within the proposed service area.

6. The water and sewer systems to be constructed by Applicant will meet all of the requirements of the Commission and the Department of Natural Resources. To Applicant's knowledge, there are no existing sewage treatment facilities within the proposed service area.

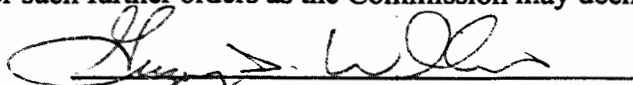
7. To the knowledge of Applicant, there are no other public utilities or governmental bodies presently operating or offering to provide water or sewer service within the area proposed to be served.

8. The area requested is presently being developed into a condominium project by Cedar Glen Construction, Inc. and residential condominiums have been and will continue to be constructed within the area, all of which will require adequate water and sewer service. A public need therefore exists for adequate water and sewer service within the area proposed to be served and the public necessity will be promoted by the granting of the authority herein requested. A copy of Applicant's contract with the condominium developer is attached hereto as Exhibit D

9. There are no residents within the proposed service area. The name of the Developer constructing the condominium project is Cedar Glen Construction, Inc., and its address is as follows:

Cedar Glen Construction, Inc.
c/o William Tillman
P.O. Box 1082
Lake Ozark, MO 65049

WHEREFORE, Applicant requests the Commission to 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 and sewer system for the public within the area referred to in Paragraph 3 hereof and for such further orders as the Commission may deem just and proper.




Gregory D. Williams #32272
Highway 5 at Lake Road 5-33
P.O. Box 431
Sunrise Beach, MO 65079
(573) 374-8761
Attorney for Applicant

STATE OF MISSOURI)
)
COUNTY OF CAMDEN) ss.

Gregory D. Williams, being duly sworn, deposes and says that he is the President of the Applicant in the above captioned action, that he has read the foregoing Application and knows

the contents thereof, and that the same is true of his own knowledge, except as to matters therein stated to be alleged on information and belief, and as to those matters he believes them to be true.


Gregory D. Williams

Sworn to before me this 24th day of July, 1997.

Notary Public

My commission expires:

Debra J. Williams
Notary Public, State of Missouri
County of Camden
My Commission Exp. 09/30/2000



STATE OF MISSOURI

ROY D. BLUNT, Secretary of State

CORPORATION DIVISION

CERTIFICATE OF INCORPORATION

WHEREAS, duplicate originals of Articles of Incorporation of
OSAGE WATER COMPANY

have been received and filed in the office of the Secretary of
State, which Articles, in all respects, comply with the
requirements of The General and Business Corporation Law;
NOW, THEREFORE, I, ROY D. BLUNT, Secretary of State of the State
of Missouri, by virtue of the authority vested in me by law, do
hereby certify and declare this entity a body corporate, duly
organized this date and that it is entitled to all rights and
privileges granted corporations organized under The General and
Business Corporation Law.



IN TESTIMONY WHEREOF, I hereunto set my hand and affix
the GREAT SEAL of the State of Missouri. Done at the City of
Jefferson, this 23rd day of SEPTEMBER ,

19 87

Roy D. Blunt

Secretary of State

EXHIBIT

A

CERTIFICATE OF
AMENDMENT OF THE
ARTICLES OF INCORPORATION OF
OSAGE WATER COMPANY

Secretary of State
State of Missouri
P.O. Box 778
Jefferson City, MO 65102

Pursuant to the provisions of The General and Business Corporation Law of Missouri, the undersigned Corporation certifies the following:

1. The name of the corporation is Osage Water Company, which is the name under which it was originally organized. The corporation's charter is number 00306945, issued on September 23, 1987.
2. An amendment to the Corporation's Articles of Incorporation was adopted on September 4, 1992 by the Shareholders of the Corporation.
3. Pursuant to said amendment, Article Number III of the original Articles of Incorporation was deleted, and the following Article was adopted in lieu thereof:

ARTICLE III

The aggregate number, class and par value of shares which the corporation shall have authority to issue shall be:

Class	Number of Shares	Par Value
A Common	3,000	\$10.00
A Preferred	3,000	None
B Preferred	3,000	\$100.00

The preferences, qualifications, limitations, restrictions, and the special or relative rights, including convertible rights, if any, with respect to each class of the shares of stock listed above are:

1. Class A Common Stock. The maximum number of shares of Class A Common Stock that may be issued by the corporation is three thousand (3,000), each of which shall have a par value of ten dollars per share. No shares of Class A Common stock shall be issued for less consideration than ten dollars per share, however, the Board of Directors may, from time to time, fix the consideration to be paid for such shares in excess of ten dollars per share.

Class A Common Stock shall share equally in the dividends of the corporation after payment of any cumulative preferred dividends with respect to the Class A Preferred Stock and

any other preferred dividends with respect to other classes of preferred stock that may from time to time be authorized by the Board of Directors.

Class A Common Stock shall participate pro-rata in the proceeds of the liquidation of the corporation, after payment of any sums to which the classes of preferred stock are entitled.

Each share of Class A Common Stock shall be entitled to cast one vote for the election of each director of the corporation, except in the event of Class A Preferred Stock voting rights as provided below. Voting rights shall be cumulative.

2. Class A Preferred Stock. The maximum number of shares of Class A Preferred Stock that may be issued by the corporation is three thousand (3,000) each of which shall have a no par value. No shares of Class A Preferred Stock shall be issued for more or less consideration than one thousand dollars per share.

Class A Preferred Stock shall be entitled to cumulative preferred dividends at the rate of eight percent (8%) per annum from and after the date of issuance of the same. Said cumulative dividends must be paid in full prior to the payment of any dividends with respect to the Class A Common Stock or the Class B Preferred Stock of the corporation.

Class A Preferred Stock shall be entitled to the repayment of one thousand dollars, together with any accumulated but unpaid dividends, in the event of liquidation of the corporation, prior to any payments in liquidation with respect to the Class A Common Stock or the Class B Preferred Stock of the Corporation.

Class A Preferred Stock shall have no voting rights unless the corporation has failed to pay any dividends with respect to said stock for five consecutive fiscal years of the corporation. In such event, the Class A Preferred Stock shall have the exclusive right to vote for the directors of the corporation. Each Class A Preferred share shall be entitled to cast one (1) vote for each position on the Board of Directors. Said votes may be cumulated with respect to any board position. The voting rights of the Class A Preferred Stock shall terminate upon the payment of the corporation of the preferred dividends with respect to said stock for two consecutive fiscal years of the corporation.

3. Class B Preferred Stock. The maximum number of shares of Class B Preferred Stock that may be issued by the corporation is three thousand (3,000) each of which shall have a par value of one hundred dollars (\$1,00.00). No shares of Class B Preferred Stock shall be issued for more or less consideration than the par value of such shares.

Class B Preferred Stock shall be entitled to cumulative preferred dividends at the rate of eight percent (8%) per annum from and after the date of issuance of the same. Said cumulative dividends must be paid in full prior to the payment of any dividends with respect to the Class A Common Stock.

Class B Preferred Stock shall be entitled to the repayment of its par value, together with any accumulated but unpaid dividends, in the event of liquidation of the corporation, prior to any payments in liquidation with respect to the Class A Common Stock.

Class B Preferred Stock shall have no voting rights unless the corporation has failed to pay any dividends with respect to said stock for five consecutive fiscal years of the corporation. In such event, the Class B Preferred Stock shall have the exclusive right to vote for the directors of the corporation. Each Class B Preferred share shall be entitled to cast one (1) vote for each position on the Board of Directors. Said votes may be cumulated with respect to any board position. The voting rights of the Class B Preferred Stock shall terminate upon the payment of

the corporation of the preferred dividends with respect to said stock for two consecutive fiscal years of the corporation.

Class B Preferred Stock may be called at any time by the Board of Directors of the Corporation by tendering payment of the par value of said stock together with the amount of any accumulated but unpaid dividends through the date of such call. No dividends shall accrue with respect to any shares that have been called and are not surrendered for payment within thirty (30) days of the date of notice of such call.

4. Of the existing outstanding common shares of the corporation, all of the shares were entitled to vote on such amendment, and the amendment was unanimously approved. The number of outstanding shares of any class entitled to vote on the amendment were as follows:

Class	Number Outstanding
Class A Common Stock	50

5. The number of shares voted for and against the amendment was as follows:

Class	Voted For	Voted Against
Class A Common Stock	50	0

In Witness Whereof, the undersigned, William P. Mitchell, President has executed this instrument and it secretary has affixed its corporate seal hereto and attested said seal on the 21st day of OCTOBER, 1994.

Corporate Seal

Osage Water Company

Attest:

[Signature]
Secretary

[Signature]
President

[Signature]
William Patterson Mitchell

[Signature]
David L. Hancock

[Signature]
Gregory D. Williams

Being all of the Directors of the Corporation

STATE OF MISSOURI)
COUNTY OF CAMDEN) ss

On this 21st day of OCTOBER, 1994, before me appeared William Patterson Mitchell, to me personally known, who, being by me duly sworn, did say that she is the President and a Director of Osage Water Company, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by

authority of its board of directors, and said William Patterson Mitchell acknowledged said instrument to be the free act and deed of said corporation.

Sharon Tolson
Notary Public

My commission expires: 5/22/98

SHARON TOLSON
NOTARY PUBLIC STATE OF MISSOURI
MOLDOAN COUNTY
MY COMMISSION EXP MAY 22, 1998

ARTICLES OF INCORPORATION
OF
OSAGE WATER COMPANY

FILED AND CERTIFICATE OF
INCORPORATION ISSUED

HONORABLE ROY D. BLUNT
SECRETARY OF STATE
STATE OF MISSOURI
JEFFERSON CITY, MISSOURI 65101

SEP 23 1987

Roy D. Blunt

The undersigned natural person of the age of twenty-one years or more for the purpose of forming a corporation under the General and Business Corporation Law of Missouri adopts the following Articles of Incorporation.

ARTICLE I

The name of the corporation is Osage Water Company.

ARTICLE II

The address of the corporation's initial registered office in the State of Missouri is P. O. Box 1157, Osage Beach, Missouri, 65065, and the name of its initial agent at such address is Faye M. Coultas.

ARTICLE III

The aggregate number, class and par value of shares which the corporation shall have authority to issue shall be:

Class	Number of Shares	Par Value
A Common	3,000	\$10.00

The preferences, qualifications, limitations, restrictions and the special or relative rights, including convertible rights, if any, with respect to the shares of stock listed above are:

No holder of shares of the corporation nor of any security convertible into, nor of any warrant, option or right to purchase, subscribe for or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive right to purchase, subscribe for or otherwise acquire shares of any class of the corporation or any security convertible into, or any warrant, option or right to purchase, subscribe for or otherwise acquire shares of any class of the corporation whether now or hereafter authorized.

ARTICLE IV

The number and class of shares to be issued before the corporation shall commence business, the consideration to be paid therefor and the capital with which the corporation will commence business is as follows:

Number of Shares	Class	Consideration To Be Paid	Par Value
50	A Common	\$500.00	\$10.00

The corporation will not commence business until consideration of the value of at least \$500.00 has been received for the issuance of shares.

ARTICLE V

The name of the INCORPORATOR is Billie Oth, P. O. Box 1157, Coega Beach, Missouri, 65065.

ARTICLE VI

The number of directors to constitute the first Board of Directors of the corporation is two. The number of directors to constitute subsequent Boards of Directors shall be fixed by, or in the manner provided in the bylaws of the corporation. Any change in the members of the Board shall be reported to the Secretary of State within thirty days.

ARTICLE VII

The duration of the corporation is perpetual.

ARTICLE VIII

The corporation is formed for the following purposes:

To buy or otherwise acquire, to own, hold, to lease, to sell, or otherwise dispose of, and to mortgage or otherwise encumber real property and personal property of all kinds, and to operate, manage and maintain the same;

To own, hold, build, construct, and erect buildings and structures of all types, and to buy, sell, lease, own, manage, operate, maintain, repair, restore and rebuild the same;

To own and operate a general insurance agency; to represent as agent, broker and attorney-in-fact, insurance companies of all kinds; to engage in the general agency and brokerage business of judicial bonds, fidelity and surety bonds, and all other forms of

whatsoever kind of character; to do all things incident to the conduct of a general bond brokerage business; all to the extent permitted a corporation by law;

To borrow money and for such purpose to execute notes, bonds, debentures or any other form of evidence of indebtedness and to secure the payment of the same by mortgages, deed of trust, or other payment of the same by mortgages, deed of trust, or other forms of encumbrance, pledge or other form of hypothecation;

To establish, acquire, purchase, own, hold, sell, assign, transfer or otherwise dispose of, mortgage, pledge or otherwise encumber, shares of stock of this company or of any other corporation or corporations of this State, County, Nation, or Government, or any interest therein, and while owner thereof to exercise all rights, powers and privileges of ownership pertaining thereto;

To loan or otherwise invest its funds, from time to time, secured or unsecured, for such time and upon such terms and conditions as its Board of Directors may authorize;

To buy or otherwise acquire, sell or otherwise dispose of, pledge or otherwise hypothecate, stocks, bonds, notes, debentures, accounts receivable, and all other types of securities, evidences or indebtedness or chooses in action;

To sell or otherwise dispose of stocks, bonds, debentures or other securities issued by the company, or any other corporation, and to pay compensation for services rendered in connection therewith;

To acquire, own, hold, buy, sell, transfer and otherwise dispose of patents and patent rights, trade-marks and trade-names, copyrights, licenses, franchises, permits and other evidence of right;

To engage in the real estate business, and in connection therewith to buy or otherwise acquire, sell or otherwise dispose of, real estate, buildings, houses, residences, office buildings and all other structures of every type whatsoever;

To acquire, deal in, purchase, own, hold, lease, mortgage, or otherwise encumber, develop, exploit, dispose of, operate and manage a going business concern, including, but not limited to a night-club, restaurant, snack-bar, lounge or cafe;

To perform and render the services involving in conducting a public utility, including the furnishing of water or of wastewater services;

To perform and render the services of a general contractor, for residential, commercial and industrial construction; further to engage in the manufacturing, sale and distribution of any and all types, forms, shapes, sizes and colors of building products, which shall include, but not necessarily be limited to, the manufacturing, construction, sale and distribution of prefabricated houses and prefabricated building and housing structures;

To act as agent for others in the sale of franchises, and to act as agent for others and for its own account in selling, owning and otherwise developing and managing any and all types of going business, whether retail or wholesale, and to serve in the capacity of or to employ, either as an employee or as a duly authorized agent or representative, manufacturing representative;

To purchase, incorporate and/or cause to be merged, consolidated, reorganized, or liquidated, and to promote, take charge of and aid, in any way permitted by law, the incorporation, merger, consolidation or liquidation of any corporation, association or entity;

To borrow or raise monies for any of the purposes of the corporation and from time to time, without limit as to amount, to draw, make, accept and endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, convertible or non-convertible, and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment thereof and of the interest thereon by mortgage on or pledge conveyances of assignment and trust of the whole or any part of the assets of the corporation, real, personal or mixed including contract rights, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such securities or other obligations of the corporation for its corporate purposes.

To conduct business in other States, the District of Columbia, the territories, possessions and dependencies of the United States, and in any and all foreign countries, to have one or more offices out of the State of Missouri, and to hold, purchase, lease, let, mortgage and convey both real and personal property out of said State as well as therein;

To purchase, take, receive or otherwise acquire, hold, or pledge, transfer or otherwise dispose of its own shares; provided that the corporation shall not purchase either directly or indirectly its own shares when its net assets would be reduced below its stated capital; notwithstanding the foregoing the corporation may purchase its own shares for the purposes of (a) eliminating fractional shares, (b) collecting or compromising claims of the corporation or securing any indebtedness to the corporation previously incurred, (c) paying dissenting

shareholders entitled to payment for their shares in the event of a merger or consolidation or a sale or exchange of assets, or (d) affecting, subject to the provisions of "The General and Business Corporation Act of Missouri", the retirement of the redeemable shares of the corporation by redemption or by purchase at not to exceed the redemption price; and provided further that the shares of its own capital stock belonging to the corporation shall not be voted upon by the corporation;

In general, to carry on any other business in connection with the foregoing permitted to manufacturing and business companies, and to have and exercise all the powers conferred by the laws of Missouri upon corporations formed under the law hereinbefore referred to, and to any and all things hereinbefore set forth to the same extent as natural persons might or could do.

ARTICLE IX

The corporation is to have and to exercise all powers necessary or incident to carry out its corporate purposes; and can exercise all other powers permitted by law, and to possess and enjoy all rights and powers which now or at any time hereafter may be granted to or exercised by a corporation of this character.

ARTICLE X

Except as otherwise specifically provided by statute, all powers of management and direct control of the corporation shall be vested in the Board of Directors.

The Board of Directors shall have power to make, and from time to time, amend and alter the bylaws of the corporation; provided, however, that the paramount power to repeal, amend and alter the bylaws or to adopt new bylaws, shall always be vested in the shareholders, which power may be exercised by a vote of a majority thereof present at any annual or special meeting of the shareholders, and the Directors thereafter have no power to suspend, repeal, amend or otherwise alter any bylaws or any portion thereof so enacted by the shareholders, unless the shareholders in enacting such bylaws or portion thereof shall otherwise provide.

ARTICLE XI

No contract or other transaction between this corporation and any other firm or corporation shall be affected or invalidated by reason of the fact that any of the Directors or Officers of this corporation are interested in or are members, shareholders, directors, or officers of such other firm or corporation; and any director or officer of this corporation may

be a party to, or may be interested in any contract or transaction of this corporation or in which this corporation is interested, and no such contract shall be affected or invalidated thereby; and each and every person who may become a director or officer of this corporation is hereby relieved from any liability that might otherwise exist from this contracting with this corporation for the benefit of himself or any person, firm, association, or corporation in which he may be in any wise interested.

ARTICLE XII

Each director or officer, or former director or officer of this corporation and his legal representatives, shall be indemnified by the corporation against liabilities, expenses, counsel fees and costs reasonably incurred by him or his estate in connection with, or arising out of, any action, suit, proceeding or claim in which he is made a party by reason of his being or having been such director or officer; and any person who, at the request of this corporation, served as director or officer of another corporation in which this corporation owned corporate stock, and his legal representative, shall in like manner be indemnified by this corporation; provided, that in neither case shall the corporation indemnify such director or officer with respect to any matter as to which he shall be finally adjudged in any such action, suit or proceeding to have been liable for negligence or misconduct in the performance of his duties as such director or officer. The indemnification herein provided for, however, shall apply also in respect of any amount paid in compromise of any such action, suit or proceeding or claim asserted against such director or officer (including expenses, counsel fees, and costs reasonably incurred in connection therewith), provided the Board of Directors shall have first approved such proposed compromise settlement and determined that the officer or director involved was not guilty of negligence or misconduct; but, in taking such action, any director involved shall not be qualified to vote thereon, and if for this reason a quorum of the Board cannot be obtained to vote on such matter, it shall be determined by a committee of three persons appointed by the shareholders at a duly called special meeting or a regular meeting. In determining whether or not a director or officer was guilty of negligence or misconduct in relation to any such matter, the Board of Directors or committee appointed by the shareholders, as the case may be, may rely conclusively upon a opinion of independent counsel selected by such Board or Committee. The right to indemnification herein provided shall not be exclusive of any other rights to which such director or officer may lawfully be entitled.

IN WITNESS WHEREOF, these Articles of Incorporation have been signed this 16th day of September, 1987.

Billie Oth
BILLIE OTH

STATE OF MISSOURI)
) ss
COUNTY OF CAMDEN)

On this 16th day of September, 1987, before me personally appeared Billie Oth, to me known to be the person described in and who executed the foregoing and states that the statements contained therein are true.

John W. Smith
Notary Public

My commission expires: June 7, 1990

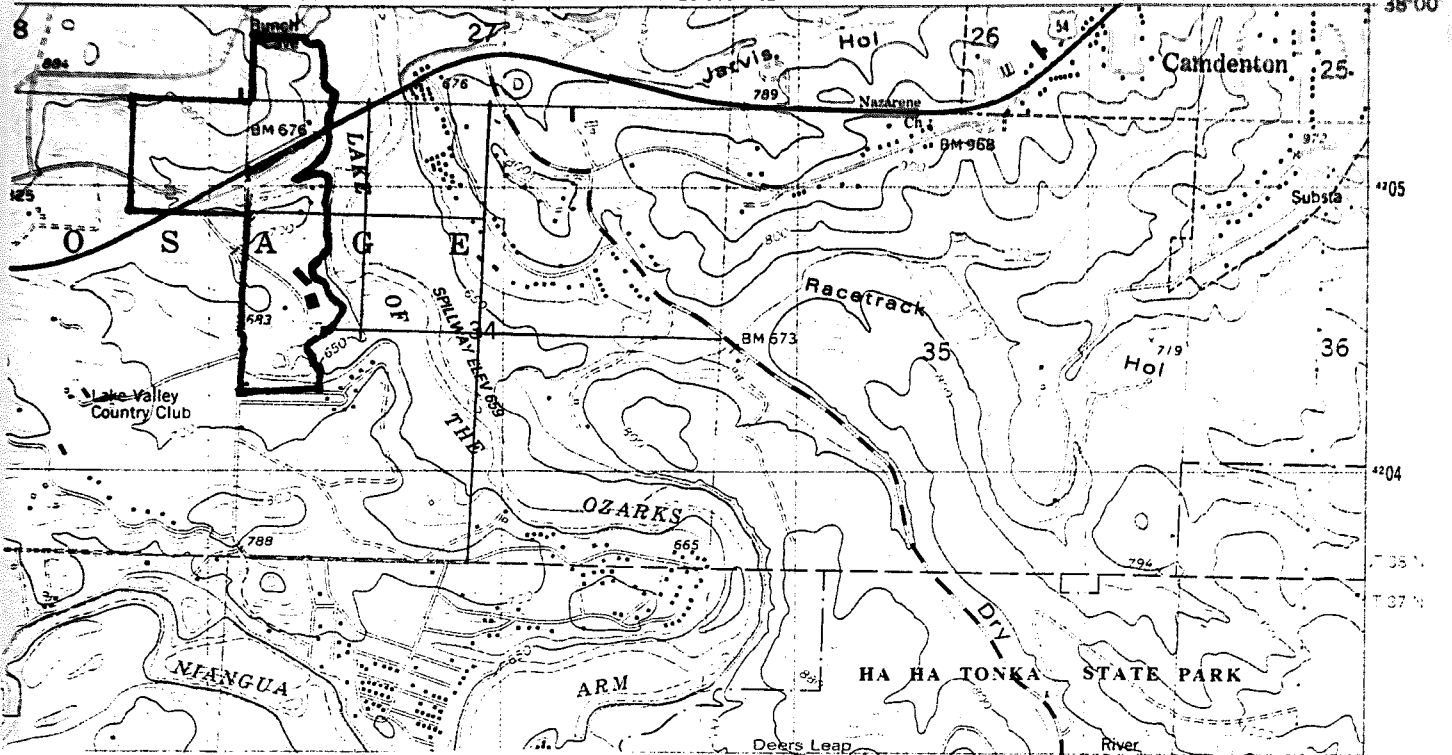
CEDAR GLEN SERVICE AREA

MAP OF SERVICE AREA

HAHATONKA QUADRANGLE
MISSOURI
7.5 MINUTE SERIES (TOPOGRAPHIC)

NE/4 MACKS CREEK 15' QUADRANGLE

18 47'30" 19 420 000 FEET 21 92°45' 38'00"



EXHIBIT

B-1

CEDAR GLEN SERVICE AREA

LEGAL DESCRIPTION

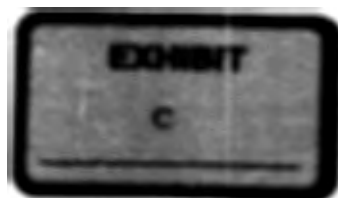
All that part of the following described property lying West of the Niangua Arm of the Lake of the Ozarks, to wit:

The West Half of the Northwest Quarter, and the North Half of the Northwest Quarter of the Southwest Quarter of Section 34, and the Northeast Quarter of the Northeast Quarter of Section 33, and the South Half of the Southwest Quarter of the Southwest Quarter of Section 27, all in Township 38 North, Range 17 West, in Camden County, Missouri.



**FEASIBILITY STUDY
FOR
PUBLIC WATER AND SEWER
UTILITY SERVICE
CEDAR GLEN CONDOMINIUMS**

**OSAGE WATER COMPANY
P.O. BOX 431
SUNRISE BEACH, MO 65079**



DESCRIPTION OF PROJECT

Cedar Glen Condominiums is a unit condominium project located on the Big Niangua Arm of the Lake of the Ozarks south of Camdenton, Missouri at the former Lake Park Marina site on Lake Road 54-79. Construction on the project commenced in late spring, 1997, and as of July 17, 1997, 21 units had been pre-sold, although construction of the first building has not been completed. The Developer, Cedar Glen Construction, Inc. plans to construct 216 residential condominium units in 14 buildings. The first building contains 16 units. Subsequent buildings may contain more units, and the final project may encompass more than the 216 units initially proposed. The project is located in an unincorporated portion of Camden County, Missouri, and is not subject to any planning or zoning authority.

THE DEVELOPER

Cedar Glen Construction, Inc. is a Missouri Corporation incorporated for the purpose of developing the Cedar Glen Condominium Project. Two of the principals, William Tillman and Jeffrey Tillman, are also principals in The Ledges on the Beach Condominium project on Dude Ranch Road in Osage Beach, which has sold some 180+ units since its inception in 1993. The third principal, Dan Foster, is the son of the landowner at Lake Park Marina, and is a practicing dentist with offices in Camdenton and Osage Beach, Missouri. In addition, Mr. Foster has been involved in the construction of residential lakefront houses for many years as an investment. Mr. Foster is a native of the Lake area. With the combined construction and development experience of the principals, and prior experience in the development, construction, and sale of a large scale condominium project, the Developer appears to have all of the necessary skills to carry out its development plans.

WATER SERVICE

Water service will be provided through the construction of a new public drinking water supply, i.e., "state approved well" to be constructed by the Developer at the project. Individual condominium units in the project will be metered inside the units, with a remote reader to facilitate meter reading placed on the exterior of the building. The project will entail a minimal distribution system between the well site and the first building, as the condominium buildings will be located only a short distance apart. The Developer will install 5,000 gallon pressure tanks on the water system as construction of the project progresses to provide adequate storage capacity on the system.

The water system will be conveyed to Osage Water Company upon construction for operation, maintenance, and repair, but the Developer will remain obligated to pay for any improvements to the system necessitated by the construction of additional condominium buildings. The Developer will also provide a 1 year warranty for defects in materials and workmanship.

The Developer will be credited with a CIAC account on the Company's books for the cost of construction of the water well and installation of water meters, plus a construction overhead of 10% of cost. The Company will pay to the Developer \$500 for each metered condominium unit connected to the water system by the Developer, in excess of the first 32 such units.

The Company estimates, based upon its July 15, 1997 meter readings at Parkview Bay Condominiums in Osage Beach, that the average condominium unit will use 3,000 gallons of water per month, and, at the Company's current rates, will generate a water bill of approximately \$11.00. For the first phase of the project consisting of the two buildings currently under

construction, the anticipated annual water revenue is \$4,565.76. Annual water expenses attributable to this project are expected to be \$2,010.40, providing a contribution to general overhead of \$2,555.36. The Company will have no rate base investment, other than expenses incurred in obtaining its certificate, in Phase 1 of the project.

As shown in the attached spread sheet, upon completion of Phase 2, the Company will have a rate base investment of \$16,000 in the water system, which will have an anticipated cost to the Developer of \$51,400. The water system will generate \$9,131.52 in gross revenue, with direct expenses of \$2,720.80, return on capital of \$1,920, and a contribution toward overhead of \$4,490.72.

If the project is completed with the proposed 216 units, the project will have an anticipated cost to the Developer of \$111,600, of which the Company will have reimbursed \$107,500. The system will generate \$30,818.88 in annual revenue, with direct expenses of \$6,095.20, return on capital of \$11,040, and a contribution toward overhead of \$13,683.68.

SEWER SERVICE

The Developer will construct a septic tank and recirculating sand filter sewage treatment system to provide wastewater treatment for the project. The sand filter units will consist of modules capable of serving 2 buildings each, with 7 modules anticipated in the project.

Each phase of the sewer system will be conveyed to Osage Water Company upon completion of construction for operation, maintenance, and repair, provided that the Developer will remain responsible for the construction of all upgrades required by the construction of additional units, and will provide a 1 year warranty for defects in materials or workmanship.

The Developer will be credited with a CIAC for the cost of construction of the sewage treatment facility. The Company will make payment to the Developer against this account at the rate of \$500 per condominium unit served in excess of the initial 64 units in the project.

Sewer service will be billed to individual condominium units owners at the Company's proposed rate of \$23.90 per month (See Case No. WA-97-110). The anticipated revenues and expenses for Phase 1, Phase 2, and completion of the project are set out in the following spreadsheet. Due to the limited experience of the Company in providing sewer service to condominium units utilizing a septic tank and recirculating sand filter system, the Company does not consider the estimate of expenses to be of comparable reliability to its water expense estimates. For this reason, the Company is uncertain whether the Cedar Glen project will ultimately have a positive or negative impact on the Company's sewer operations and rates. However, since the existing sewer systems operated by the Company are in single family residential subdivisions, it would appear likely that the cost of operation per unit should be lower in a higher density project like Cedar Glen.

CONCLUSION

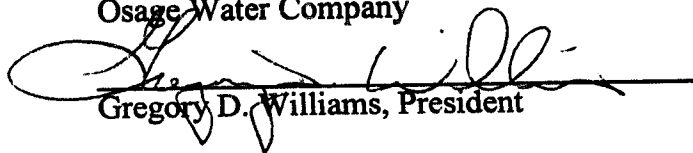
The Company has reached a mutually agreeable arrangement with the condominium Developer under the terms of which the Developer will bear all of the risk of the success of its project, and the Company will not have a substantial investment in the systems until such time as it appears certain that there will be sufficient rate-payers to justify the level of investment. The project would appear to be beneficial to the existing water rate-payers, as it will generate additional funds to defray overhead and potentially reduce future rates. The project also greatly

expands the Company's sewer customer base, and is projected to benefit those customers by contributing toward payment of general overhead, and could potentially reduce future rates.

Based on the foregoing criteria, the project meets all of the criteria necessary to determine that it is feasible and in the best interests of the Company, its rate payers, and the general public, and the Application should be approved.

Respectfully submitted,

Osage Water Company

A handwritten signature in dark ink, appearing to read "Gregory D. Williams", is written over a horizontal line. The signature is stylized with a large initial "G" and a long, sweeping underline.

Gregory D. Williams, President

Cedar Glen

Cedar Glen Condominiums							
Sewer		1998	1998		1999		2005
Item	Units	Unit Cost	Phase 1	Phase 2		Completion	
Sand Filter & Circulating Tank	1	40,000.00	40,000.00	2	80,000.00	7	280,000.00
Residential Hookup	2	500.00	1,000.00	4	2,000.00	14	7,000.00
Subtotal			41,000.00		82,000.00		287,000.00
Engineering	1	7%	2,870.00	1	5,740.00	1	20,090.00
Surveying	1	5%	2,050.00	1	4,100.00	1	14,350.00
Administration/Legal	1	6%	2,460.00	1	4,920.00	1	17,220.00
Inspection	1	6%	2,460.00	1	4,920.00	1	17,220.00
Total Estimated Sewer Cost			50,840.00		101,680.00		355,880.00
6" Water Well & Distribution System	1	45,000.00	45,000.00	1.00	45,000.00	2	90,000.00
Meters w/ Remote Reader	32	100.00	3,200.00	64	6,400.00	216	21,600.00
Subtotal			48,200.00		51,400.00		111,600.00
Total Estimated Water Cost			48,200.00		51,400.00		111,600.00
Total Phase I Cost			99,040.00		153,080.00		467,480.00
Company Investment			0.00		16,000.00		168,000.00
Developer CIAC			99,040.00		137,080.00		299,480.00
Sewer Gallons/Monthly Rate		3,000.00	23.90				
Water Gallons/Monthly Rate		3,000.00	11.89				
Projected Revenue			0.00				
Monthly Sewer Service	32	23.90	764.80	64	1,529.60	216	5,162.40
Monthly Water Service	32	11.89	380.48	64	760.96	216	2,568.24
Annual Sewer Service			9,177.60		18,355.20		61,948.80
Annual Water Service Fees			4,565.76		9,131.52		30,818.88
Total Annual Revenue			13,743.36		27,486.72		92,767.68
Sewer Operating Expenses							

Cedar Glen

Electricity		2,382.72	4,765.44	16,083.36
Operation & Maintenance	200/mo.	2,400.00	2,400.00	2,400.00
Repairs		1,384.62	2,769.23	9,346.15
Tank Pumping	500/bldg / 3 years	166.67	333.33	1,125.00
Meter Reading & Billing		480.00	960.00	3,240.00
Return on Capital @ 12%		0.00	0.00	9,120.00
Total Sewer Expenses		6,814.00	11,228.00	41,314.51
Net Profit - Sewer		2,363.60	7,127.20	20,634.29
Water Operating Expenses				
Electricity		230.40	460.80	1,555.20
Operation & Maintenance		1,200.00	1,200.00	1,200.00
Insurance		100.00	100.00	100.00
Meter Reading & Billing		480.00	960.00	3,240.00
Return on Capital @ 12%		0.00	1,920.00	11,040.00
Total Water Operating Expenses		2,010.40	4,640.80	17,135.20
Net Profit - Water		2,555.36	4,490.72	13,683.68
Combined Annual Net Profit		4,918.96	11,617.92	34,317.97

WATER AND SEWER SUPPLY CONTRACT

THIS CONTRACT is made and entered into this 17th day of July, 1997, by and between Osage Water Company, a Missouri Public Utility Corporation, "OWC", and Cedar Glen Construction, Inc., referred to herein as the "Developer".

Whereas, OWC is a Missouri Corporation authorized by the Missouri Public Service Commission to provide water and sewer service; and

Whereas, Developer is the owner of property located off of Highway 54 near Camdenton, Missouri, which property is commonly known as Cedar Glen Condominiums / Lake Park Marina (the "Project"), and which is more particularly described in Exhibit A attached hereto; and

Whereas, Developer has prepared and desires to implement a plan for the overall development of its various tracts of land into resort condominiums and other facilities compatible therewith; and

Whereas, said development plan contemplates the construction of approximately two hundred condominium and other residential units over a period of several years, and sixteen condominium units are being developed in the project; and

Whereas, Developers desire to obtain the benefit of public water and sewer utility service for the present and future residents of their properties and desire to contract with OWC for said public water and sewer utility business.

NOW, THEREFORE, in consideration of the mutual obligations of the parties hereto, the undersigned do hereby covenant, contract, and agree as follows:

1. Developers do hereby request public water and sewer service from OWC for their various properties, and request that the Missouri Public Service Commission ("PSC") grant to OWC a certificate of convenience and necessity to provide such service to their properties. OWC shall be solely responsible for the cost of preparing and filing such applications, feasibility studies, engineering plans, and other documentation that may be required by the PSC for the processing and approval of service by OWC to Developers.
2. Osage Water Company agrees to accept from Developer and to hold and operate for the benefit of the public, including Developer, a water supply and distribution system for the Project together with all equipment appurtenant thereto, including, but not limited to, water meters and, where necessary, remote meter reading devices. Osage Water Company further agrees to accept from Developer and to hold and operate for the benefit of the public, including Developer, a sewage collection and treatment system for the project, together with all equipment necessary for the operation and maintenance of said sewage collection and treatment system.
3. OWC and Developer understand and agree that at the time of transfer to OWC said water supply and distribution system and said sewage collection and treatment system will not be completely constructed in that Developer is constructing said water and sewer systems in various phases as the construction of residential units in the Project proceeds, but each such phase shall be substantially complete at the time of transfer to OWC. Developer shall be solely responsible for the cost of completion of said water and sewer systems, including all expansions thereto as may be necessary to increase the

capacity thereof to provide service to future residential units constructed by Developer in the Project, except for such obligations of OWC as are expressly set forth herein.

4. After transfer of each completed phase of said water or sewer system, OWC shall be solely responsible for the cost of maintenance, repair, and operation thereof, including compliance with all applicable environmental laws, except for repairs or environmental non-compliance necessitated or caused by defects in the construction thereof which arise within one (1) year of the date of transfer of such phase, the cost of which repairs or environmental remediation shall be reimbursed to OWC by Developer. OWC does hereby agree to indemnify Developer against any claims arising from any violation of environmental laws after transfer of each completed phase of said water or sewer system, other than environmental claims arising from defects in the construction of said systems which claim or damage occurs within one (1) year of the date of transfer of such phase.

5. Developer agrees to convey to OWC such easements for the construction, operation, maintenance, and repair of all water distribution and sewer collection lines, including an easement of access to repair all meters and remote reading devices installed within individual condominium units, as are necessary for the proper operation, maintenance, and expansion of said Water System and Sewer System, together with the real estate upon which the water well, well house, storage facility, and sewage treatment facility are located, together with such additional property adjacent thereto as may be necessary for future expansion of the water supply and sewage treatment systems.

6. Developer agrees to provide to OWC copies of all of its records pertaining to the cost of construction of the water well, storage facility, water distribution system, and of the sewage treatment plant, collection sewers, and pressure sewers, so that OWC may accurately establish the cost thereof on its books and records and obtain approval thereof by the Missouri Public Service Commission.

7. OWC agrees to credit Developer with a "Contribution in Aid of Construction" (CIAC) account on its books and records for the actual cost to Developer, including a construction overhead allowance of not more than 10%, of the water well, storage facility, and sewage treatment plant contributed by Developer to OWC, but not including the cost of any water distribution mains or collecting sewer lines. OWC agrees to pay Developer installment payments up to the amount of said CIAC account at the rate of \$500.00 per metered condominium unit for each metered condominium in excess of the first thirty-two (32) condominium units constructed by Developer and served by said water system, up to the cost of said water well and storage facility within ten (10) years of the establishment of the CIAC account. OWC agrees to pay Developer at the rate of \$500.00 per condominium unit in excess of the first sixty-four (64) condominium units constructed by Developer and served by said sewage treatment system within ten (10) years of the establishment of the CIAC account. Said payments shall be due and payable at the time that water and/or sewer service is provided to each such condominium unit constructed by Developer.

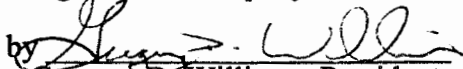
8. OWC agrees that will furnish to Developer, at its cost, all equipment, specifically including but not limited to, water meters, remote readers, interior shutoff valves, and other equipment which OWC requires be of a specific type or manufacture, so that OWC may insure uniformity of such equipment throughout its utility systems. OWC may, subject to time limitations and availability of OWC's employees, furnish the labor to install such equipment, including, but not limited to, water meters, remote readers, and interior shutoff valves, in which event OWC shall bear the cost of such labor for installation, and Developer shall have no obligation therefor, and shall receive no CIAC credit from OWC for such labor.

9. This Contract and the obligations of the parties hereunder shall be subject to the granting by the Missouri Public Service Commission of a Certificate of Convenience and Authority to OWC establishing OWC's right and authority to provide Water and Sewer service in a geographic area which includes the Project., Developer does hereby request that the Missouri Public Service Commission grant said Certificate to OWC, and does further agree to execute such documents as OWC may require in connection with its applications to the Missouri Public Service Commission. OWC shall be solely responsible for all costs and expenses incurred in obtaining said Certificate from the Missouri Public Service Commission.

10. Developer acknowledge that OWC's current rates for water service are \$7.75 per month base rate which includes 1,000 gallons, plus \$2.07 for each additional 1,000 gallons used each month. OWC's current rates for sewer service are \$23.90 per month flat rate for residential users, and \$23.90 per month base which includes 6,000 gallons plus \$3.98 per month for each additional 1,000 gallons of water consumption for commercial users. Developer further acknowledges that said rates are subject to adjustment under the ratemaking procedures of the PSC.

In witness whereof, the parties have set their hands the day and year first above written..

Osage Water Company

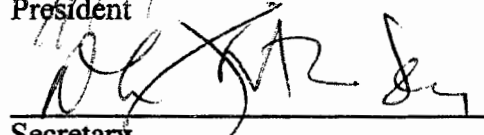
by 
Gregory D. Williams, President

Approved by Board of Directors

William P. Mitchell, Vice President

Cedar Glen Construction, Inc.


President


Secretary