

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

In the Matter of the Joint Application of )  
Missouri-American Water Company and Both )  
Osage Water Company and Environmental )  
Utilities, L.L.C. for Authority for Missouri-American )  
Water Company to Acquire the Water and Sewer )  
Utility Assets of Both Entities, and for the )  
Transfer to Missouri-American Water Company of )  
Certificates of Convenience and Necessity to )  
Continue Operation of Such Assets as Water and )  
Sewer Corporations Regulated by the Missouri )  
Public Service Commission )

**Case No. WO-2005-0086**

**Dissenting Opinion of Commissioners Steve Gaw  
and Robert M. Clayton, III**

Through its Order Dismissing Joint Application in the above-captioned docket, the Commission has rejected an Application which provided for the sale of all of the utility assets from Osage Water Company, as well as a portion of the assets of Environmental Utilities. As noted in the pleadings and arguments throughout this proceeding, the pending transaction would not, however, provide for the transfer of assets associated with the Cedar Glen sewer system. Rather, Environmental Utilities would continue to exist and operate the Cedar Glen sewer system for some indefinite period of time.


In light of the repeated environmental and regulatory issues associated with these utilities as well as its underlying ownership and management team, the Commission deemed it inappropriate to proceed with any transaction which allowed any semblance of the current utility or management team to remain in existence. The Commission found in its Order that "[a]ny transaction that would sell off only a portion of Osage Water's sewer systems would leave that distressed company to attempt to operate a remnant of its system with dire implications for the service that it would be able to provide to its remaining customers. Such a result cannot be in the public interest." We agree with the importance of bringing new management to these utility assets. Other issues have also been raised which would

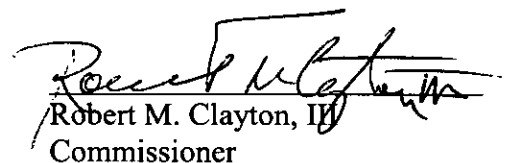
additionally cause concern regarding potential rates and quality of service. We believe, however, that dismissing this case may delay this objective. Allowing the case to remain open could provide some flexibility in working to a favorable resolution for the ratepayers.

Currently, the Commission has a receivership petition pending in Camden County to seize operational control of these utilities. It is unlikely, however, that any resolution can be reached through that proceeding until after the scheduled October 8, 2005 hearing. As such, the immediate sale application represents a viable avenue for a quicker resolution of this matter. Attempting to resolve the issues which would prevent a sale of all assets of the companies could have been discovered in this case.

As a final note we point out that Senate Bill 462 now has been enacted. This legislation provides additional tools which may be applicable to these companies in that it enhances the Commission's receivership authority and permits the Commission to appoint an interim receiver upon a determination that a current utility is "unable or unwilling to provide safe and adequate service" or "has been actually or effectively abandoned by its owners". This Commission should examine the applicability of this legislation to the companies here in issue.

Respectfully submitted,

  
Steve Gaw  
Commissioner

  
Robert M. Clayton, III  
Commissioner

Dated at Jefferson City, Missouri,  
on this 6th day of July, 2005.