

Exhibit No. _____

Witness/Type of Exhibit: Debra J. Williams

Direct Testimony

Company: Environmental Utilities, LLC

Case No. WA-2002-65

Issues: Satisfaction of Requirements of *Tartan Energy*

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. WA-2002-65

ENVIRONMENTAL UTILITIES, LLC

DIRECT TESTIMONY OF

DEBRA J. WILLIAMS

FILED³

OCT 31 2001

Missouri Public
Service Commission

OCTOBER 31, 2001

QUALIFICATION OF WITNESS

Q. Please state your name and address.

A. My name is Debra J. Williams. I live at Lake Road 5-32K, Sunrise Beach, Missouri.

Q. Have you previously testified before the Commission?

A. No.

Q. What is your relationship to Environmental Utilities, LLC?

A. I am the managing member of Environmental Utilities, LLC.

Q. Are you affiliated with any other regulated utilities?

A. Yes, I am a director and presently serve as general manager of Osage Water Company, which owns and operates public water and sewer utilities in the Lake of the Ozarks Area. Osage Water Company is a Commission regulated water and sewer utility company.

Q. How long have you been the general manager of Osage Water Company?

A. Since July 9, 2001.

Q. Please explain how operation and management duties for Osage Water Company were transferred to you?

A. I have served on the Board of Directors of Osage Water Company since January of 1996. In connection with the recent rate case for Osage Water Company, it became apparent that field operations for OWC were not being conducted in a manner that was satisfactory to the company's customers, and that financial and regulatory accounting matters were not being conducted in a timely manner. My

husband and I had numerous discussions with William P. Mitchell, OWC's chief operating officer, regarding our dissatisfaction with these issues. On July 9, 2001, without prior notice or discussion to my husband or I, Mr. Mitchell left several boxes of records together with the keys to OWC's water wells and sewer plants on the front porch of our office. I have been in charge of general operations since that time. Mr. Mitchell has declined to execute any documents to transfer his ownership interest in OWC, to allow OWC to borrow any additional funds with which to pay its current obligations, or to resign as president of OWC. He remains the president of OWC, and as a shareholder and director, but is not active in company operations at the present time.

Q. Will this change in management of OWC have an impact on the management of OWC and its compliance with regulatory requirements?

A. Yes. While Mr. Mitchell had significant knowledge about the mechanical operation of water and sewer systems, his skills did not include good customer relations or detailed paperwork. Since the change in management to my supervision, we have been able to greatly improve customer relations, and have implemented a much more detailed record keeping system. Of course, this has involved adding additional employees at additional expense.

Q. What has been the response of OWC customers to the change in management?

A. I would have to describe it as very positive.

Q. Have there been any improvements in the quality of service provided since this change in management?

A. Absolutely. For example, at Cedar Glen Condominium the water system was tripping its electric breaker every two or three days when I took over management of the system, resulting in frequent water outages, customer complaints and expensive service calls. I hired a professional electrician to diagnose and repair the system. It has been running without interruption for over two months now. As another example, the effluent discharge line from the Cimarron Bay treatment plant is apparently plugged, resulting in surface flow of treated wastewater into residents yards and damage to their treats, grass and landscaping. Mr. Mitchell was aware of this, but took no remedial action. I directed Jeff Smith to divert the effluent away from their properties until the problem could be completely diagnosed and repaired. The customers are greatly relieved at this interim solution to their problem, which was not particularly expensive or time consuming. Further, our new receptionist was chosen for her computer and telephone communication skills. She has done an excellent job of responding to customer inquiries and complaints and resolving their concerns, whether with their bill or their service.

Q. Is there a direct legal connection between Osage Water Company and Environmental Utilities?

A. No. My husband and I are the members of Environmental Utilities, and my husband is also a shareholder and the corporate secretary and attorney for Osage Water Company, but at this time Environmental Utilities does not own any part of Osage Water Company, and Osage Water Company does not own any part of Environmental Utilities.

Q. Please describe your background and education.

A. I hold an undergraduate degree in political science with a minor in public administration. I also took paralegal coursework at the University of Missouri School of Law. I have held a Missouri Real Estate Broker's License since 1993. I owned and operated a property management company at the Lake of the Ozarks from 1993 until 1997, and until July 9, 2001 I was a paralegal and office manager for my husband's law practice.

QUALIFICATIONS OF ENVIRONMENTAL UTILITIES, LLC

Q. How long have you been the managing member of Environmental Utilities, LLC?

A. Since its formation on July 17, 2002.

Q. Please explain why Environmental Utilities, LLC was formed?

A. My husband and I have been engaged in the business of developing real estate into residential subdivisions at the Lake of the Ozarks since 1990. We originally applied to the Commission for a certificate of convenience and necessity for a company we formed under the name of Sunrise Water Company to provide water and sewer service to our development project in what is now known as the Chelsea Rose Service Area for Osage Water Company. At the suggestion of the then manager of the PSC Water and Sewer Department, Bill Sankpill, we entered into an agreement with William P. Mitchell to transfer our systems to Osage Water Company and to participate in the ownership of that Company with him. We have had significant problems and difficulties with that arrangement, which culminated in the "dumping" of the responsibilities on us on July 9, 2001. We

formed Environmental Utilities, LLC as soon thereafter as practical, as it is quite apparent that OWC is not in a position to continue to expand its operations, and may not be able to continue in business at all under its current ownership.

Because we own a number of properties within OWC's various service areas, we have a vested stake in the quality of water and sewer utility service provided in those areas. Environmental Utilities was formed to provide an alternative provider to OWC.

Q. Who are the owners of Environmental Utilities, LLC?

A. My husband and I are the sole members of Environmental Utilities, LLC.

Q. What are your duties and responsibilities with respect to Environmental Utilities, LLC?

A. I am the managing member of the Company. In that capacity I am in charge of the day-to-day operations of Environmental Utilities, including the operation of the water and sewer systems owned by OWC. This includes office operations, billing, depositing of funds, responding to customer inquiries, overseeing service connections, overseeing and making repairs when necessary, overseeing regular operation, maintenance, and testing of the Company's water and sewer utility systems, and regulatory compliance.

Q. Is Environmental Utilities, LLC currently authorized to provide public water and/or sewer utility service?

A. No. Environmental Utilities is a newly formed company, and is not currently authorized to provide utility service.

Q. Who is the member of Environmental Utilities, LLC?

A. My husband, Gregory D. Williams is only other member of the company.

Q. Please explain his qualifications and duties for Environmental Utilities.

A. He is an attorney licensed to practice in the State of Missouri, and does in fact maintain a private law practice in Sunrise Beach, Missouri. His principal areas of practice include real estate, taxation, business, and public utilities. He is also a real estate developer, and is in fact the developer of the property that is the subject of the application in this case. He is not active in the day to day operations or management of Environmental Utilities, but is available for consultation regarding the OWC water and sewer systems which he has knowledge of from his work with that company. He is the attorney for Environmental Utilities.

Q. Does Environmental Utilities, LLC have any employees?

A. Yes. It employs Jeffrey Smith for the purpose of performing construction of new water and sewer main extensions, service connections, and repairs to water and sewer lines and systems. Mr. Smith holds a master plumber's license issued by the State of Texas. He worked for OWC during 1999 and 2000, and has worked for my husband and I in constructing the water and sewer systems at our Golden Glade development project during late 2000 and all of 2001. Environmental Utilities also owns a mini-excavator and a bobcat for use in these activities. Environmental Utilities also employs Frances North as a secretary and receptionist. She is in charge of telephone contacts with customers, posting payments from customers, operating the computerized billing system, and general record keeping for operations. I serve as the general manager, and am in charge of reviewing and depositing receipts, accounting and record keeping, payment of

operating expenses and outstanding bills, and overseeing general operations, including compliance with MDNR testing and reporting requirements, and contacts with the Staff of the Commission. I currently employ all of these people for the purpose of operating Environmental Utilities and the existing OWC water and sewer systems.

Q. How does Environmental Utilities provide for the operation and maintenance of its water supplies and sewage treatment facilities?

A. Environmental Utilities has an operation and testing agreement with Mike McDuffy of Lake of the Ozarks Water and Sewer, Inc. under the terms of which he provides regular operation and testing of all of OWC's water supplies and sewage treatment facilities. Mr. McDuffy holds license number 4661 issued by the Missouri Department of Natural Resources. He will also operate and test the new water system at Golden Glade that is the subject of this Application. In addition, Jeffrey Smith has applied for an MDNR license under the "grandfather" provision of MDNR's licensing regulations, as he has sufficient training and prior work experience to be licensed under those provisions. He plans to take the test for the regular MDNR license this winter when construction work should slow down. The Company will be able to operate the systems directly once Mr. Smith is licensed, which will reduce the costs incurred in operating the water system.

TARIFF AND RATES

Q. Does Environmental Utilities have a water tariff currently on file with the Commission?

- A. No, it does not. A modified version of the Water and Sewer Department's Model Water Tariff was filed with the Application herein. The Company is currently reviewing Staff comments and suggestions regarding revisions thereto.
- Q. What is the Company's proposed rate for water utility service?
- A. Environmental Utilities has proposed to initially utilize the residential water rates set established in the most recent water rate case for Osage Water Company, and those have been incorporated in the tariff attached to the Application. When construction of the water system is completed and a certificate has been granted, a rate case for Environmental Utilities will be filed to establish rates that are appropriate specifically for Environmental Utilities.

PUBLIC NEED FOR SERVICE

- Q. Could you explain the purpose for the Application Environmental Utilities, LLC has made to expand its service area in this case?
- A. Yes. As the Commission is likely aware, OWC has had substantial difficulties in maintaining a good quality of service in light of its ongoing difficulties and conflicts with the City of Osage Beach over its water systems located within that municipality. This has had an adverse impact on our ability to develop and market properties within our Golden Glade and Chelsea Rose projects. In light of the inability of OWC to issue stock or debt because of the existing disputes between the shareholders thereof, it became apparent in July of 2001 that OWC was not a suitable option to own and operate a water system for our Golden Glade development project.

- Q. Does Environmental Utilities, LLC presently provide regulated utility service within the vicinity of Golden Glade?
- A. No.
- Q. Is there a current need for sewer utility service within the proposed service area?
- A. Yes. The Golden Glade project has been under development since 1998, and there are currently seven houses occupied therein, and an additional two that will be occupied this week, and two more which are on the market for sale. All of the lots were sold with the understanding and agreement that public water utility service would be available in the project.
- Q. Are all of the lots served by the central water system for the project?
- A. Yes, they are, however six of the currently occupied houses also have available a temporary water supply in the form of shared single-family wells which were constructed by the builder of those houses prior to sale in order to provide water to the houses prior to completion of the central water system.
- Q. Do all of the existing houses have a water supply other than the central water system?
- A. No. Of the existing 11 houses, six have shared single-family wells. The remaining five houses are or will be served by the central water system. In addition, all of the remaining 19 vacant lots are served only by the central water system.
- Q. Are all of the existing homes required to connect to the central water system?
- A. Yes. The subdivision restrictions for the project specifically require that all houses be connected to the central water system, and prohibit the use of single-

family wells. A variance from those restrictions was granted to the builder of the existing houses due to the time delays associated with MDNR permitting and construction of a public drinking water well and distribution system. However, the purpose of the restriction is to ensure that there are sufficient users on the water system for it to function in the manner for which it was designed. Proper operation of a public drinking water supply requires that sufficient flow through the system be maintained to avoid stagnation of the water system.

Q. Will these existing homes be required to connect to the central water system if the Commission does not grant a certificate to Environmental Utilities?

A. Yes. The requirement to connect is not dependent upon action by the Commission. It is set out in the recorded subdivision restrictions to which the entire project was subjected prior to the sale of any lots in the project. It was also set out in the contracts for sale of the various lots at the time my husband and I sold them.

Q. Are these existing homeowners aware of this requirement, and of the anticipated cost of water utility service?

A. I believe so. Since my husband and I have not dealt directly with all of these homeowners at the time of their purchase of the finished houses, we are not familiar with what disclosures were made to them. However, in talking with a number of them, they have indicated that they are aware of the central water system and the requirement that they connect thereto.

Q. What will happen to the central water system for the project if the Commission does not grant a certificate to Environmental Utilities?

- A. My husband and I will retain ownership of the water system, and lease it to Golden Glade Land Owners Association, Inc., a not-for-profit homeowners association provided for in the subdivision restrictions for the project, for operation, maintenance, and repair. It will pass its costs and expenses on to the residents of Golden Glade as homeowner's assessments.
- Q. Would it be cheaper for the residents of Golden Glade if the homeowner's association operated the well than if a certificate is granted?
- A. No, it would not. The same capital costs will be incurred either way, but there would be no opportunity for the homeowner's association to provide water service to anyone outside the Golden Glade project, effectively eliminating the possibility of economies of scale that can be derived by a regulated utility company. Operating the Golden Glade water system alone, without any other water or sewer systems, will be more expensive than operating it as part of a utility company.
- Q. Are there any other development projects within the vicinity of Golden Glade that might be served by Environmental Utilities?
- A. Yes. Eagle Woods Subdivision immediately adjoins the Golden Glade project to the South, and lies between Golden Glade and the Tan-Tar-A Resort property. Also, Harbour Ridge Subdivision adjoins Golden Glade to the north.
- Q. What arrangements have Eagle Woods and Harbour Ridge made for water utility service?
- A. Eagle Woods is part of an area certificated for water and sewer utility service to Osage Water Company in case WA-99-234. All of the pending appeals of that case by the City of Osage Beach were resolved in favor of OWC by the Circuit

Court of Cole County within the past couple of months. OWC is in the process of establishing water utility service for customers in that area, but does not have a public drinking water supply with which to serve those customers. A wholesale distribution arrangement between Environmental Utilities and OWC to provide additional water supply to Eagle Woods is contemplated if the Commission grants the requested certificate.

Q. Would such a wholesale water supply be possible if Environmental Utilities is not granted a certificate by the Commission?

A. No. Residents of Eagle Woods are not members of the Golden Glade homeowners association, and cannot be provided water by an unregulated homeowner's association.

Q. What about Harbour Ridge?

A. Ron Westenhaver is developing both Eagle Woods and Harbour Ridge. He has requested that the Harbour Ridge project be supplied with water from the Golden Glade water system. If the certificate requested herein is granted, a subsequent Application will be submitted for that project as well. It consists of twelve lots, five of which are currently developed with houses and a bed and breakfast facility.

Q. Will water be made available to Harbour Ridge if a certificate is not granted by the Commission?

A. No.

DESCRIPTION OF THE DEVELOPMENT PROJECT

- Q. Could you provide additional information about the status of development and overall development plan at Golden Glade?
- A. Yes. The project is designed to contain 100 lots, but may contain slightly more or less, depending upon market conditions as the project builds out. At the present time, 28 lots have been platted, 13 lots have been sold, and eleven homes are currently occupied or under construction.
- Q. What is the anticipated build-out time for the project?
- A. Based on the initial sales, the project should build out in five to ten years.
- Q. Are any commercial or multi-family structures anticipated to be located with the project?
- A. Not at this time.

TECHNICAL FEASIBILITY

- Q. Has Environmental Utilities, LLC made an evaluation as to the technical feasibility of providing regulated water utility service to the proposed service area?
- A. Yes.
- Q. Please explain your analysis.
- A. Applications were submitted to MDNR for permits to construct a public drinking water supply and distribution system for the Golden Glade project. The initial application was for the water well together with a 2" distribution main along KK-33, and was submitted in July of 1999, and was approved for construction by MDNR in March of 2000. The second application was for a water main extension. It was submitted in March of 2001, and approved by MDNR on May

31, 2001. All MDNR permits required for the Golden Glade project to date have been obtained. Both of these Applications were submitted in the name of Gregory D. Williams, and MDNR issued the permits in his name. He is the owner of the water facilities constructed in the project to date.

Q. Is there anything unusual about the water systems constructed to date or which are contemplated for future construction with the proposed Golden Glade service area?

A. No. The water system is a typical public drinking water system for a residential subdivision in a rural/suburban area in central Missouri.

Q. Will any special treatment of the water be required in order to make it safe for human consumption?

A. No. We took special precautions as the water well was constructed to eliminate undesirable conditions we discovered in the subsurface aquifers surrounding the water well. Two aquifers containing high iron content were eliminated from the well by extending the casing and grouting from its design depth of 400 feet to an actual depth of 529 feet. As a result of this, the total depth of the well had to be extended to 815 feet. This increased the cost of drilling from an anticipate sum of \$15,000 to approximately \$25,000, but will provide a water supply without a high iron content or associated discoloration. Chlorination should not be required to maintain water quality on a day-to-day basis.

Q. What type of pump was installed in the water well?

A. We installed a 15 hp 3-phase 480-volt pump.

Q. What is the anticipated water production capacity of the well as constructed?

A. The well is currently producing 120 gpm without any backpressure in the well house. We anticipate that the well will product in the vicinity of 100 gpm at 60 psi.

Q. Is this sufficient for the existing homes and lots within the Golden Glade service area?

A. Yes.

Q. Is there sufficient excess capacity over the current need at Golden Glade to meet the need for water utility service at Harbour Ridge?

A. Yes.

Q. Is there sufficient excess capacity over the current need at Golden Glade and Harbour Ridge to meet the need for water utility service at Eagle Woods?

A. Yes, with the addition of more storage capacity on the water system.

FINANCIAL ABILITY

Q. Is Environmental Utilities, LLC financially capable of carrying out this project?

A. Yes. The water system has been constructed by the project developer (Gregory D. Williams and Debra J. Williams), and will be conveyed upon completion, or granting of a certificate, to Environmental Utilities. The Company will capitalize the cost of construction of the water supply, including a general contractors fee of 10%. The cost of construction of the distribution system will be booked as a contribution in aid of construction by the developer. The capitalized portion will be divided into 40% equity ownership, and the Company will issue its promissory

note for the remaining 60% of the cost, bearing interest at the rate of 8% and amortized over 20 years.

Q. What is the anticipated cost of the water supply?

A. The total hard asset cost will be between \$50,000 and \$60,000.

Q. What is the anticipated cost of the distribution system?

A. We haven't tracked that separately from the sewer collection system. The exact cost is not particularly important because it will not be added to rate base.

Q. What other costs will Environmental Utilities incur?

A. Legal fees, employee salaries, costs and expenses of this certificate case.

Q. What are these costs anticipated to total?

A. If a full hearing and briefing schedule is required, between \$15,000 and \$20,000.

Q. Is any other form of financing available to Environmental Utilities?

A. Yes. Central Bank of Lake of the Ozarks has indicated its willingness to loan money to Environmental Utilities provided Gregory D. Williams and Debra J. Williams personally guarantee the same and provide adequate collateral to secure the loans.

Q. Do you have any concerns about the financial ability of Environmental Utilities, LLC to provide water utility service to the proposed service area?

A. No. My husband and I have provided the Company with the necessary capital to provide water utility service to our project.

Q. What about the cost of extending service to adjoining areas?

A. The proposed tariff has specific provisions intended to insure that the cost of extending such service does not become a financial burden to the Company.

Rules 15 (page 29), 16 (page 31) and 17 (page 32) are not part of the Staff's model tariff, and are intended to address situations that might require a substantial capital commitment by the Company, and establish specific procedures for dealing with such situations.

Q. Why will Environmental Utilities have greater financial resources available to it than Osage Water Company?

A. As a result of the differences among the shareholders of Osage Water Company regarding company management, Osage Water Company is unable to obtain any additional financing in order to resolve its outstanding short-term liabilities. As a result, a substantial portion of its current revenue is devoted to paying off liabilities for capital assets that would be better treated through either an injection of additional capital from either the existing or new investors, or through a long-term debt. Environmental Utilities does not have any shareholder disputes, and my husband and I are willing to either inject capital into it, or to personally guarantee bank debt in order to provide the capital necessary. Substantial issues would have to be resolved in a favorable manner before we would again be willing to inject additional capital, personal guarantees, or collateral pledges for OWC.

Q. Is there a plan for the transfer of ownership of OWC's assets to Environmental Utilities in the future?

A. My husband and I think that this would be a positive move, but have not submitted such a transfer to either OWC's Board of Directors or shareholders for their consideration and approval. We believe that it is in the interest of the

customers served by OWC that some of its systems be transferred to another utility company, as their systems have been adversely affected by problems with other systems. In particular, customers at Cedar Glen, Chelsea Rose, and the Golden Glade/Eagle Woods/KK systems have been adversely impacted by problems associated with systems inside the City of Osage Beach and problems with a condominium developer within the Cimarron Bay service area.

Q. Is OWC financially able to own and operate the water system for Golden Glade?

A. Not at this time.

Q. Who is responsible for preparing and filing the annual reports to the PSC for Osage Water Company?

A. As chief operating officer, the compilation of the necessary information and preparation of the annual reports has been Mr. Mitchell's responsibility.

Q. Why are those reports delinquent for 1999 and 2000?

A. I have no direct personal knowledge, but am advised by Mr. Mitchell that due to revenue shortages he was unable to employ adequate staff to keep the required records in a timely basis.

Q. What is the current status of OWC's 1999 and 2000 annual reports?

A. They are in draft form, and require additional work on the capital accounts and depreciation schedules in order to be completed.

Q. What is the current status of OWC's PSC assessments?

A. I have been able to reconstruct from Mr. Mitchell's records that OWC is delinquent for part of its 1999 and 2000 assessments, and all of its 2001 assessments. I have contacted the Commission's staff to verify the accuracy of

those records. I have also forwarded an installment payment to the Commission for some of those past due assessments from the revenues OWC is currently receiving from operations. However, the PSC assessments remain delinquent.

Q. If Environmental Utilities receives a certificate from the Commission, how will its treatment of its annual reports and assessments differ from OWC's treatment of those matters?

A. As an initial matter, Environmental Utilities will have completely different management than OWC has historically had. Under my management, OWC has made progress toward clearing up historical problems with record keeping and payment of obligations, as well as keeping current records and keeping current obligations paid. Further, Environmental Utilities is not engaged in litigation with the City of Osage Beach, vendors, prior shareholders, and project developers, all of which plague Osage Water Company. Finally, the proposed water system at issue here is a relatively simple system with an anticipated linear build-out of customer base in new housing on a new water system. It should not present significant operation and repair issues that have been associated with some of OWC's systems in the past.

ECONOMIC FEASIBILITY

Q. Is the expansion you are proposing economically feasible for Environmental Utilities, LLC and its existing customers?

A. Yes.

Q. Have you prepared a feasibility study for the proposed expansion?

- A. Yes. An updated spreadsheet is attached hereto as Schedule EU-1 reflecting changes to the feasibility study attached to the application suggested by Jim Merciel of the Commission's Staff.

SERVICE WILL PROMOTE THE PUBLIC INTEREST

- Q. Are there any other companies providing public water service in the areas you are proposing to serve?
- A. No.
- Q. What about in adjoining areas?
- A. Yes. Osage Water Company is providing water service with limited capacity in Eagle Woods, as described above. We aren't aware of any other public water utility service providers nearby.
- Q. Other than making public sewer utility service available to persons who desire that service, how would the granting of this Application promote the public interest?
- A. It provides the availability of centralized water service in compliance with the Missouri Department of Natural Resources Public Drinking Water Program Regulations in an area that has historically not had such service available
- Q. Has the developer of Golden Glade formed a homeowner's association?
- A. Yes, he has. If this Application is not granted, the developer will lease the water system to the homeowner's association.
- Q. Why would service by OWC better promote the public interest than service by a homeowner's association?

- A. Homeowner's associations are made up of the individual lot purchasers within a development project. They usually lack the technical expertise to operate public water systems, lack experienced personnel to repair problems with the system, and generally only charge their members a fee sufficient to cover current operating costs, and make no allowance for long term operating costs, major repairs, and replacement of the water distribution lines and public water supply. A regulated utility, on the other hand, does make provision in its charges for all of these costs, thereby providing a more long term and stable basis for operation of the water system.
- Q. It has been suggested by the Office of Public Counsel that the purpose of this application is to conceal the fact that the owners of Environmental Utilities are also principals of Osage Water Company. Is this an accurate view?
- A. Not at all. The Application herein deliberately makes reference to this relationship in the feasibility study. For example, on Page 2, it states "Mr. Williams also serves as a director and the corporate secretary of Osage Water Company." On Page 4 it states: "Environmental Utilities currently operates the facilities of Osage Water Company since the abandonment thereof by William P. Mitchell, its president ..." On Page 5 it states "The water system will be operated by the Company jointly with its operation of the Osage Water Company systems abandoned by William P. Mitchell." I don't think it is reasonable to conclude that the purpose of this application is to conceal something that is clearly disclosed in the feasibility study included as part of the application.

- Q. Would it better promote the public interest for OWC to provide water utility service to Golden Glade?
- A. If the question is whether it would be better for the ownership of the water system at issue in this case to be consolidated with the ownership of the water systems currently owned by OWC, the answer is yes, but not if that ownership is consolidated in the name of OWC with its current ownership and financial structure. It would be preferable for most, if not all, of the existing OWC systems to be transferred to a new entity with ownership and management dedicated to providing an acceptable quality of operation and management and with adequate financial resources to provide the facilities needed to provide such service. However, that is an issue beyond the scope of the application in this case, and will involve parties and issues beyond the scope of what is appropriate in a certificate application case.

CONCLUSION

- Q. Based on the foregoing information, do you have a recommendation to the Commission regarding what action it should take regarding the Application submitted by Environmental Utilities, LLC in this case?
- A. Yes, I do. It is clear that there is a present need for public water utility service within the proposed service area, and that Environmental Utilities, LLC is qualified and able to meet that need. Based on these factors, the Commission should conclude that there is a need for public water utility service and that Environmental Utility's Application will best meet the need for public water service in the proposed service area.

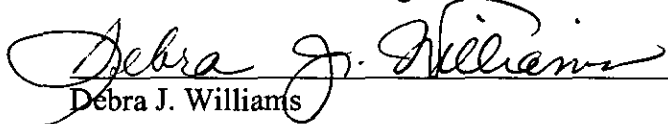
Q. Does this conclude your testimony in this case?

A. Yes.

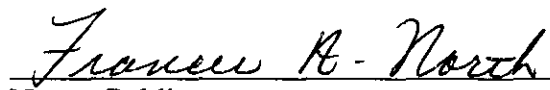
AFFIDAVIT OF DEBRA J. WILLIAMS

STATE OF MISSOURI)
) ss.
COUNTY OF CAMDEN)

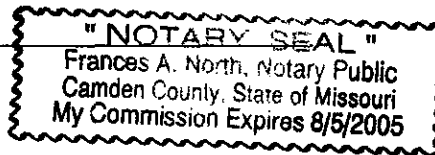
Debra J. Williams, of lawful age, on her oath states: That she has participated in the preparation of the attached written direct testimony, in question and answer form, consisting of 24 pages of direct testimony to be presented in the above case; that the answers in the attached written direct testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.


Debra J. Williams

Subscribed and sworn to before me this 31 day of October 2001.


Notary Public

My Commission Expires: _____



Eagle Woods & Golden Glade

Golden Glade Water System							
			2002		2004		2006
6" Water Well	1	60,000.00	60,000.00	1.0	60,000.00	1	60,000.00
Meters (existing unmetred - Eagle Woods w/ 1 master meter	8	500.00	4,000.00	33.0	16,500.00	53	26,500.00
Organization/Certificate	1	3,500.00	3,500.00	2.0	7,000.00	2	7,000.00
Subtotal			67,500.00		83,500.00		93,500.00
Total Estimated Water Cost			67,500.00		83,500.00		93,500.00
Water Gallons/Monthly Rate		6,000.00	31.84				
Projected Revenue			0.00				
Monthly Water Service	41		1,305.46	60.0	1,910.42	80	2,547.23
Annual Water Service Fees			15,665.48		22,925.09		30,566.78
Water Operating Expenses							
Electricity	\$0.02/1000 gallons		590.40		864.00		1,152.00
Operation & Maintenance	\$200/month		2,400.00		2,400.00		500.00
Repairs	Estimate		0.00		1,000.00		3,000.00
MDNR Fees	Estimate		100.00		100.00		100.00
PSC Assessment	Estimate		250.00		250.00		
Depreciation	40 year life (avg)		1,687.50		2,087.50		2,337.50
Gen. Overhead	Assume 20K total	9%	1,859.41	13%	2,608.70	17%	3,333.33
Insurance	MOPERM		100.00		100.00		100.00
Office Staff	18,000.00	9%	1,673.47	13%	1,800.00	17%	4,500.00
Management Staff	36,000.00	5%	1,673.47	7%	1,800.00	8%	4,500.00
Billing	Postage \$.35		172.20		252.00		222.60
Return on Capital @ 12%			8,100.00		10,020.00		11,220.00
Total Water Operating Expenses			18,606.45		23,282.20		30,965.43
Net Profit - Water			(2,940.97)		(357.11)		(398.65)