

Exhibit No.: \_\_\_\_\_

Issue: Rebuttal Testimony

Witness: Mr. Gail Snyder

On Behalf OF:

Big Island Water Company

Big Island Sewer Company

Case No: WO-2007-0277

Joined for Hearing With  
WC-2006-0082

Big Island Water Company

And

Big Island Sewer Company

**FILED**<sup>2</sup>

APR 02 2007

REBUTTAL TESTIMONY

OF

Mr. Gail Snyder

Missouri Public  
Service Commission

Roach, Missouri  
February 2007

393 Exhibit No. 100  
Case No(s) WC-2006-0082 / WO-2007-0277  
Date 3-2-07 Rptr DE

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Joint Application )  
of Big Island Homeowners Water and )  
Sewer Association, Inc. f/k/a Big Island )  
Homeowner's Association, Inc. And )  
Folsom Ridge, LLC seeking approval )  
of Transfer of Assets to Companies )  
Incorporated under Chapter 393 )

Case No. WO-2007-0277  
and WC-2006-0082

**AFFIDAVIT OF GAIL SNYDER**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF CAMDEN )

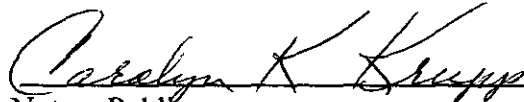
Gail Snyder, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 9 Pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
Gail Snyder

Subscribed and sworn to before me this 15 Day of February, 2007.



CAROLYN K. KRUPP  
My Commission Expires  
August 24, 2009  
Camden County  
Commission #05524702

  
Notary Public

My commission expires: 8/24/09

**REBUTTAL TESTIMONY OF  
Mr. Gail Snyder  
WO-2007-0277**

1.    **Q.     Please state your name and address**
2.    A.     Gail Snyder, 3352 Big Island Drive, Roach, MO 65787
3.    **Q.     On whose behalf do you appear in this proceeding**
4.    A.     Big Island Water Company and Big Island Sewer Company. I am
5.         the Vice President of both companies organized under Chapter 393
6.    **Q.     What is your interest in this case**
7.    A.     I, and a majority of the residents on Big Island want to see the
8.         community water and sewer systems transferred to the 393
9.         companies and we want the PSC to approve this transfer.
10.   **Q.     Why are you providing testimony**
11.   A.     I feel it is necessary to clarify and correct direct testimony filed by
12.         the interveners in this case.
13.   **Q.     Do you feel some clarification is necessary with regard to the**
14.         **direct testimony filed by complainant/ intervener Fortney?**
15.   A.     Yes. Ms. Fortney claims my direct testimony indicates I
16.         now have doubts about the transfer to the 393 companies. That
17.         is a mischaracterization of my testimony. My concern is that the
18.         393 companies will assume ownership and Ms. Fortney and other
19.         intervenors in this case will go on filing litigation after litigation. In
20.         fact, Ms. Fortney, Ms. Orler, and Mr. Pugh filed litigation against
21.         the 393 companies, and others, in Camden County Circuit Court

1. on February 2, 2007. I would like the final order of the  
2. Commission to firmly address issues presented by the  
3. complainants and thereby provide some protection to the 393  
4. companies from ongoing litigation in this or other court settings.

5. **Q. Did you wish to clarify any other statements by Ms. Fortney**  
6. **A.** Yes, she expressed some concern about the marking of individual  
7. taps. One of the complaints was that obsolete taps had not been  
8. removed. In response to that complaint the 393 group asked the  
9. developer to remove all obsolete standpipes so there could be no  
10. confusion between working taps and nonworking taps. The  
11. developer complied with that request. When meeting with Mr.  
12. McDuffey of the management company L.O.W. & S. we asked if  
13. it was necessary to label sewer taps from water taps. He said it  
14. was not necessary because all professionals could tell the  
15. difference and nonprofessionals shouldn't be accessing the taps.  
16. However, since the complainants had made it an issue that the taps  
17. were not labeled, we asked the developer if he could mark the taps  
18. in a way that would distinguish water taps from sewer taps. As a  
19. result, water taps were spray painted blue and sewer taps were  
20. spray painted green. Taps that were located next to individual  
21. homes and not at the roadside were not painted.

22. **Q. Do you wish to rebut any of the statements in Mr.**  
23.

1. **Pugh's testimony?**

2. A. The problems Mr. Pugh claims still exist with the water and sewer  
3. systems are all located on the private property of individual  
4. residents. DNR has no jurisdiction at those locations and  
5. neither will the 393 companies. Once a service line leaves the  
6. main and enters the private property of the resident, it is up to  
7. the resident to decide whether or not to address any problems  
8. on his or her property.

9. Q. **Do you wish to rebut any of the testimony filed by Ms. Orlor?**

10. A. Yes. I will stick with only those statements relative to the 393  
11. companies.

12. Q. **Do you have any comments on Ms. Orlor's request that a  
13. receiver be appointed?**

14. A. Yes, Ms. Orlor has requested the Commission to appoint attorney  
15. Gary Cover as receiver for the Big Island utilities. Mr. Cover is  
16. currently receiver for other utilities in the lake area and as receiver  
17. he has hired the very same management company that the 393  
18. companies plan to hire to manage the Big Island utilities. It seems  
19. that under 393 ownership the management would be the same as it  
20. would be under a receivership, but without the expense of a  
21. receiver.

22. Q. **Is the 393 option for ownership something new - as Ms.  
23. Orlor suggests on page 15 of her testimony.**

24. A. No. The idea of a 393 company taking over the operation of the  
25. Big Island utilities was first presented to residents by PSC staff  
26. nearly two years ago when the Complaints were first filed.  
27. Residents continually approached the developer about transferring  
28. ownership to the 393 companies but it wasn't until September of  
29. 2006 that the developer was willing to consider it as an option.
30. **Q. Do you feel the Big Island Utilities are substandard in con-**  
31. **struction and operation as alleged by Ms. Orlor on page 15.**
32. A. Absolutely not. There were some serious problems in the begin-  
33. ning and Mr. Pugh was very instrumental in getting those things  
34. resolved. I'm not aware of any problems with the system at the  
35. current time that would make me feel uncomfortable about the  
36. transfer. No system is perfect and if a problem were to arise, we  
37. would deal with it .
38. **Q. Is Pamela Holstead a "self appointed" President of the 393**  
39. **companies as Ms. Orlor claims. (Page 47 et al)**
40. A. Ms. Orlor has not attended any meetings of the 393 Board of  
41. Directors so she is obviously making some incorrect assumptions.  
42. The 393 Board of Directors held a meeting on December 16, 2006  
43. and the officers were elected at that meeting. Mrs. Holstead was  
44. unanimously elected President by a vote of the Board just as I was  
45. elected Vice President.
46. **Q. How were the Board of Directors for the 393 Companies**

1.           **selected.**
2.     A.     Mrs. Holstead is an attorney so she set up the corporations. The
3.           consensus among customers of the utilities was that they did not
4.           want non-customers in control of the 393 companies. There is a
5.           lot of anger that Ms. Orlor, who is not a customer of either the
6.           water or sewer, is spearheading the PSC complaints. The Board
7.           was going to be limited to only those people who utilize BOTH the
8.           water and sewer services and there was a preference for full-time
9.           residents. We decided to exclude from the first Board all people
10.          who had filed complaints AND all people associated with the
11.          developer, or who were serving on the Board for the homeowner's
12.          association. In the end, we couldn't locate enough full-time
13.          residents who were willing to serve so Mr. Burford was selected
14.          not only for his business expertise but also because he is on Big
15.          Island on a frequent basis.
16.     Q.     **Has Ms. Orlor characterized the 393 Board as being under**
17.           **the influence and control of the developer, Folsom Ridge.**
18.     A.     Yes and I take issue with that. The Board Members are all actual
19.           customers of the Big Island water and sewer system. Our primary
20.           concern is making sure we and the other customers continue to
21.           have a well functioning system. We are not going to compro-
22.           mise our own safety and that of our neighbors to please a
23.           developer or anyone else. Ms. Orlor seems to think that because

24. we are communicating with the developer's attorney we are being  
25. controlled by the developer. The developer has warranted the  
26. water and sewer systems for the last five years. They are  
27. operating properly and are monitored at least three times a week.  
28. The fact we are willing to accept the transfer AS IS should not be  
29. interpreted as evidence of incompetence as Ms. Orlor suggests.

30. **Q, Ms. Orlor states on page 18 (line 8) that the 393 companies will**  
31. **not be acquiring a capital reserve. Is that true.**

32. **A.** While it is true the 393 companies have no money at this time,  
33. the asset transfer agreement provides we will be receiving the  
34. funds in the bank account of the homeowners association as part of  
35. the transfer of assets. The homeowner's association has kept  
36. reserve funding in that account along with operating funds.

37. **Q. What real estate is being transferred to the 393 companies**  
38. **under the asset transfer agreement. (Orlor pg. 28)**

39. **A.** We haven't seen the actual legal description yet because it was  
40. being put together by the surveyors office. I did meet with the  
41. project engineer for the developer and we went over the survey  
42. stakes placed at the water and sewer plant by the surveyor. The  
43. 393 companies will be receiving all the land on which the water and  
44. sewer plant are located along with land for access and sufficient  
45. land to accommodate a third wastewater field, if needed. I don't  
46. understand Ms. Orlor's commentary on page 28 of her testimony.



1.     **Q.     Have the 393 companies provided information to Big Island**  
2.           **residents about the 393 companies? (Orler pg. 39)**
3.     **A.     In September 2006, Mrs. Holstead put out a mailing to all Island**  
4.           **residents asking if they would like for her to pursue setting up the**  
5.           **393 companies. The majority responded in the affirmative. The**  
6.           **Board got pretty busy putting together bylaws, trying to address**  
7.           **some of the management issues, and negotiating the asset**  
8.           **transfer agreement. There was no point putting out information**  
9.           **until it looked like we were going to be able to come up with an**  
10.          **agreement acceptable to us and to the developer. We did put**  
11.          **together a 4 page brochure explaining the 393 companies and**  
12.          **mailed it to all Big Island residents. Our mailing coincided with a**  
13.          **phone call by Ms. Orler's neighbor, Mr. Kasten, who volunteered**  
14.          **to set up a public meeting. It was a good thing we did the mailing**  
15.          **since roughly 30 people attended the meeting. Mr. Kasten**  
16.          **provided a list of written questions prior to the meeting and Mrs.**  
17.          **Holstead answered the questions in writing and sent them out via**  
18.          **email to all Big Island residents one week before the vote. Those**  
19.          **who did not have email were sent copies of the questions and**  
20.          **answers via U.S. Mail. All the Board members have taken calls**  
21.          **from residents who have had questions.**
22.     **Q.     Have "meters" been addressed by the 393 (Orler p. 50)**  
23.     **A.     That question came up at the library meeting in Camdenton. It**

24. was explained that under 393 ownership, the customers would  
25. make the ultimate decisions when and if meters would be installed.  
26. **Q. Are Ms. Orlor's allegations that 393 President, Pam Holstead,**  
27. **is basically unfit to lead the 393 companies well founded?**  
28. **(Orlor pages 47-49)**  
29. **A. Absolutely not. If it weren't for Mrs. Holstead the 393 companies**  
30. **would not have been formed and the residents of Big Island would**  
31. **probably end up being saddled with the desires of Ms. Orlor who**  
32. **isn't even connected to the system. Through Mrs. Holstead and**  
33. **the 393 companies, the residents now have a voice and they have**  
34. **spoken in favor of 393 ownership. Obviously, Mrs. Orlor**  
35. **does not want a resolution which is not of her own making.**  
36. **Q. Does this conclude your rebuttal testimony.**  
37. **A. Yes**  
38.  
39.  
40.