

# OSAGE WATER COMPANY

**FILE COPY**

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CLEAN WATER FOR A GROWING COMMUNITY

*Exh. 4*

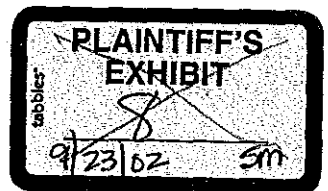
August 26, 2002

To Eagle Woods/Golden Glade Customers

Osage Water Company would like to address several issues our customers have inquired about:

**Foreclosure Sale** - Our office has received calls from a few of our customers regarding the future of Osage Water Company and the effect of the pending foreclosure sale on September 13 as announced in the Lake Sun Leader. To put it simply, Osage Water Company has several creditors, and more debt than it can repay. Its largest creditor is the attorney who has represented the company in litigation against the City of Osage Beach for five years - Greg Williams. Unfortunately, the County Courts have not upheld the rights of the Company, resulting in a loss of over 200 customers in the city limits of Osage Beach in the last five years, despite two victories in Missouri State Appellate Courts. Greg recently assigned his loan to Environmental Utilities, a new company he formed to foreclose the assets of OWC, (water and sewer systems) into so that operation of these systems can remain uninterrupted without interference from other creditors. If the foreclosure is successful, there will be no effect on your services other than a company name change. The Missouri Public Service Commission must approve all transfers of assets, and an application has been filed requesting their approval of the foreclosure sale. Environmental Utilities is owned by Greg and Debbie Williams.

**Broadwater Bay** - As many of you know, OWC's pump serving our Broadwater Bay customers caught fire and burned on August 8. The system had been experiencing leaks in the water lines ever since the City of Osage Beach came through the middle of it and disconnected the Pizza Hut and Mariner's Cove Apartments from our well about 3-4 months ago. The pump had been working continuously to keep up with the leaks, but finally went out in flames on that day during repairs. With an estimated repair bill of \$6,000 - \$10,000 to replace the pump and the knowledge that the City was going to disconnect our Broadwater Bay customers in the next 1-2 years, OWC asked the City to immediately supply water to the residents through our lines until we could reach a permanent agreement to transfer the system to them. The City gave OWC two options - either give them our existing water lines with no compensation, or purchase water from them at a rate that would result in a net loss to the company each month. The company did not feel it was fair to our creditors to give away its assets (if they have value, they should buy them -- if not, they shouldn't ask to use them), nor is it economically feasible to operate the system at such loss, with no chance of ever recovering the investment. This option would affect OWC's



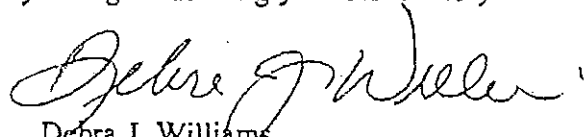
ability to provide service to its other customers. The most recent offer made to the City is to let them lease our water lines for 360 days for \$1.00 until they can complete their new lines if they won't buy ours. The City rejected all our offers and disconnected their temporary water supply to 23 homes in Broadwater Bay on August 19. The supply was reconnected August 22 when OWC agreed to pay them for water for a period of sixty days until it can get the pump repaired.

**Sewer permits** - OWC holds Construction Permits for 50 homes - 25 in Eagle Woods and 25 in Golden Glade. Phase I for Eagle Woods has been completed and approved, and the Operating Permit is in place. Phase II for Golden Glade has been completed and paid for, but the DNR has been withholding its Operating permit because some of the Eagle Woods sewer lines have been leaking groundwater into the treatment plant. Mr. Westenhaber has been working to repair those lines, most recently around his pond where much of the infiltration has been occurring. It appears those repairs have resolved the problem. As soon as the DNR is convinced the problem has been resolved they should issue the permit for Phase II. At that point the application for Phase III (the final houses for Eagle Woods) must be resubmitted, as the original construction permit has expired.

**Water quality** - The company continues to have periodic reports of smelly and discolored water, particularly in the cul-de-sac at Eagle Woods and the lower homes on Eagle Crossing. I have personally consulted with several professionals, including engineers, water treatment companies, Missouri Rural Water Association, the DNR (multiple times), and the Missouri Public Service Commission. Company staff will continue to consult with these people to solve or minimize the common problems associated with water quality from such a deep well. Most recently, Jeff has been systematically flushing the lines. OWC will continue to monitor the water quality, and will respond to all customer concerns, including additional testing at your residence if you feel necessary. Please call the office if you detect a significant change in odor or color of your water.

**Continuation of Service** - The management of Osage Water Company is committed to continuation of service to its customers on KK its customers quit paying their bills. If customers quit paying their bills, then service to those customers will be discontinued. Payment of water and sewer bills into an escrow account will result in termination of service to customers.

If you have any other questions or concerns regarding these matters, or other, please do not hesitate to contact me. OWC will communicate any changes affecting your service to you directly, immediately, and in writing.

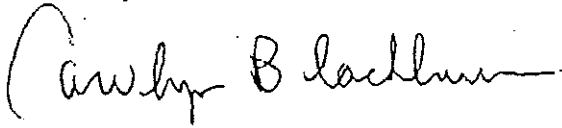
  
Debra J. Williams  
Manager, Osage Water Company

Attn: Ruth O'Neill

Thank you so much for attending our meeting last night. I am so sorry that it ran so long. I am writing a petition, we will get it signed and to you A.S.A.P.

Sincerely,

Carolyn Blackburn

A handwritten signature in cursive script that reads "Carolyn Blackburn". The signature is written in dark ink and is positioned below the typed name.