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Exhibit No. _____

Witness/Type of Exhibit: William P. Mitchell
Direct Testimony

Company: Osage Water Company
Case No. WA-99-437

Issues: Satisfaction of Requirements of *Tartan Energy*

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. WA-99-437

FILED

AUG 18 1999

OSAGE WATER COMPANY

Missouri Public
Service Commission

DIRECT TESTIMONY OF

WILLIAM P. MITCHELL

August 16, 1999



QUALIFICATION OF WITNESS

1

2 Q. Please state your name and address.

3 A. My name is William P. Mitchell. I live at 6161 El Terra Road, Osage Beach,
4 Missouri.

5 Q. Have you previously testified before the Commission?

6 A. Yes. I testified on behalf of Osage Water Company in Case WA-98-236 and SA-
7 99-268.

8 Q. What is your relationship to Osage Water Company?

9 A. I am a shareholder, director, vice-president and Chief Operating Officer of Osage
10 Water Company.

11 Q. Are you affiliated with any other regulated utilities?

12 A. Yes, I am the sole shareholder, director, and president of Missouri Utilities, which
13 owns and operates public water and sewer utilities in the vicinity of Sedalia,
14 Missouri. Missouri Utilities is a Commission regulated water and sewer utility
15 company.

16 Q. Please describe your background and education.

17 A. I hold an undergraduate degree in economics, and have completed the course
18 work for a Masters Degree in Civil Engineering. I am a shareholder and officer of
19 Water Laboratory Company, a corporation whose principal business is the
20 operation, maintenance, and testing of water wells and wastewater treatment
21 facilities in Central Missouri. I am also the owner of Jackson Engineering, a
22 professional corporation providing civil engineering services at the Lake of the
23 Ozarks, and which specializes particularly in the design of water systems and

1 Q. Was the developer of Eagle Woods able to obtain sewer utility service from the
2 City of Osage Beach?

3 A. He requested service from the City, but was told that service was not then
4 available to his property, and that the City had no current plans at that time to extend
5 service to his project.

6 **DESCRIPTION OF THE DEVELOPMENT PROJECT**

7 Q. Could you provide additional information about the status of development and
8 overall development plan at Eagle Woods?

9 A. Yes. The project is designed to contain 53 lots. At the present time,
10 approximately 12 lots have been improved and sold. Construction is under way
11 for additional lots. The project is being developed in two phases. The first phase
12 consists of 25 lots, and development of those 25 lots is basically complete. The
13 second phase contains an additional 28 lots, and is currently under construction by
14 the developer.

15 Q. What is the anticipated build-out time for the project?

16 A. Based on the initial sales, the project should build out in three to five years.

17 Q. How will water be supplied to the houses in the project?

18 A. An initial water system has been constructed in Phase 1 as described above.

19 OWC proposes constructing a public drinking water supply in conjunction with
20 the developer of Golden Glade to serve both projects.

21 Q. Does this Application contemplate that Osage Water Company will operate the
22 water system for Golden Glade also?

23 A. Yes, but that is not part of the authority requested by this Application.

1 Q. How will construction of the water system be financed?

2 A. The Eagle Woods developer has agreed to contribute his existing well and
3 distribution system to OWC, and to construct or pay the cost of construction of
4 any distribution system expansions. The developer of Golden Glade is willing to
5 transfer the completed water well in exchange for preferred stock or a debenture,
6 and to contribute the distribution system in Golden Glade without compensation.

7 Q. Has OWC constructed any public drinking water systems similar to that proposed
8 for this system?

9 A. Yes. OWC constructed the water well at Shoney's Restaurant in its Osage Beach
10 North service area in 1993, the water well at the Super 8 motel in 1995, the water
11 well at Parkview Bay in 1997, and is currently completing construction of a new
12 water well at Chelsea Rose at the present time.

13 Q. Will the extension of service to Eagle Woods result in any decrease in the
14 financial viability of Osage Water Company?

15 A. No.

16 .. ECONOMIC FEASIBILITY

17 Q. Is the expansion you are proposing economically beneficial to Osage Water
18 Company and its existing customers?

19 A. Yes.

20 Q. Is Osage Water Company proposing a change in its rates as a result of this
21 Application?

22 A. No. All of our financial projections and feasibility studies have assumed that our
23 current rates will not change.