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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS
Hearing
October 29, 2002
Jefferson City, Missouri
Volume 2

The Staff of the Missouri Public)
Service Commission,)
Complainant,)
v.) Case No. WC-2003-0134
Osage Water Company,)
Respondent.)

MORRIS L. WOODRUFF, Presiding,
SENIOR REGULATORY LAW JUDGE.

SHEILA LUMPE,
CONNIE MURRAY,
COMMISSIONERS.

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR, CCR
ASSOCIATED COURT REPORTERS

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P R O C E E D I N G S

JUDGE WOODRUFF: Welcome back for the second day of hearings in WC-2003-0134. When we left off on Friday, I believe Ms. Williams was on the stand with Public Counsel cross-examining.

So please take the stand, and you are still under oath.

DEBRA WILLIAMS testified as follows:

CROSS-EXAMINATION BY MS. O'NEILL:

Q. Good morning.

A. Good morning.

Q. Just to get us all back on the same page quickly, I'd like to recap a little bit about the duties that you performed when you were the manager of Osage Water Company.

You paid the employees; is that correct?

A. Yes.

Q. You made payments on monthly operating expenses?

A. Yes.

Q. You made payments on debt?

A. Yes.

Q. You took care of regulatory matters, you testified?

A. Yes.

1 Q. Can you describe your duties in this regard?
2 A. Well, I made payments on our annual
3 assessments to the Public Service Commission, made some
4 payments on some permitting fees to the Department of
5 Natural Resources.
6 Q. Okay. And --
7 A. And dealt with Staff.
8 Q. The Staff of the Commission?
9 A. Of the Commission.
10 Q. Okay. And you also supervised employees?
11 A. Yes.
12 Q. Did you receive a salary for these duties?
13 A. Yes.
14 Q. How much?
15 A. \$3,000 a month.
16 Q. And that's directed specifically to your
17 duties at Osage?
18 A. Yes.
19 Q. And now you're still doing all of those things
20 but on behalf of Environmental Utilities instead of --
21 A. Yes.
22 Q. -- as an employee?
23 A. Yes.
24 Q. And does Environmental Utilities receive a
25 monthly payment under this management contract you've

1 discussed?

2 A. Osage Water Company has assigned customer
3 revenues to Environmental Utilities, so it's not a monthly
4 payment.

5 Q. So the contract for services, is that all
6 revenues --

7 A. Yes.

8 Q. -- collected by Osage go to Environmental
9 Utilities?

10 A. Yes.

11 Q. And is that in payment for the management
12 services contract?

13 A. Partially.

14 Q. What else is it for?

15 A. It pays everything. Pays all of the
16 obligations for Osage Water Company, everything it did
17 before.

18 Q. Do you still receive a salary connected to
19 those duties?

20 A. Yes.

21 Q. And how much is that?

22 A. The same.

23 Q. \$3,000 a month?

24 A. Yes. Nothing changed.

25 Q. Do you know who drafted the contract for

1 management services?

2 A. I believe my husband did.

3 Q. Greg Williams?

4 A. Yes.

5 Q. You say you believe. Do you know for sure?

6 A. Yes. Greg drafted it.

7 Q. Do you know who signed it for Osage Water?

8 A. I believe Mr. Mitchell did. I don't have it

9 in front of me.

10 Q. Did you bring that with you here today?

11 A. I'm not sure. I know we sent it to the

12 Commission, and it's in their records.

13 Q. Do you know who signed that contract for

14 Environmental Utilities?

15 A. I did.

16 Q. Can you describe the negotiation that

17 Environmental Utilities had with Osage Water regarding that

18 contract?

19 A. Well, we didn't -- no.

20 Q. Were there negotiations?

21 A. Between?

22 Q. Osage and Environmental Utilities.

23 A. There were discussions.

24 Q. And did those discussions include conditions

25 that you had for whether or not you would continue to

1 perform those management functions for Osage Water?

2 A. Sure.

3 Q. What were those discussions?

4 A. Well, I was not involved in all of them
5 directly with Pat, but as I understood it, it was a legal
6 action and a legal document, and my duties weren't going to
7 be affected. So there wasn't a lot of negotiation or
8 discussion on my part.

9 Q. What was the purpose of the document?

10 A. I think that's a legal question.

11 Q. What was your understanding of the purpose of
12 the document?

13 MR. WILLIAMS: I'm going to object to the
14 witness testifying to her understanding, unless either she
15 has factual knowledge or she does not.

16 The question asks for an opinion on the part
17 of the witness rather than factual information.

18 MS. O'NEILL: She's testified that she signed
19 the document on behalf of a company that she's a principal
20 in.

21 JUDGE WOODRUFF: I'm going to allow the
22 question. Objection's overruled.

23 THE WITNESS: Could you repeat the question?

24 BY MS. O'NEILL:

25 Q. What was your understanding of the reason for

1 the document?

2 A. That -- I didn't fully understand the reason
3 for the document. I didn't fully understand it. I was not
4 involved in the legal -- I'm -- I'm not an attorney. I was
5 just managing the company.

6 Q. But you're an owner of Environmental
7 Utilities?

8 A. Yes.

9 Q. And as an owner of Environmental Utilities,
10 did you make some determination that this contract was good
11 for Environmental Utilities?

12 A. I felt like it was good for Osage Water
13 Company.

14 Q. Did you think it was good for Environmental
15 Utilities?

16 A. I thought it was good for everyone. That was
17 my understanding, yes, the customers and Environmental
18 Utilities, yes.

19 Q. Did the management services -- when did you
20 enter into this contract?

21 A. I'm sorry. I don't have it.

22 Q. Do you have a month?

23 A. It was within the last two months.

24 Q. Was it before or after you filed a Notice of
25 Foreclosure against Osage Water Company?

1 A. I don't remember.

2 Q. Now -- and I realize you don't have this

3 document in front of you, and I don't have a copy to point

4 you to the provisions, but Environmental Utilities gets all

5 of the revenue from Osage --

6 A. Yes.

7 Q. -- under the contract?

8 A. Yes, I believe so.

9 Q. And does Environmental have the obligation to

10 pay all the financial liabilities of Osage under that

11 contract?

12 A. I'm sorry. I don't have it in front of me,

13 but I have been paying all that I can. I pay all the money

14 that comes in back into the obligations for Osage Water

15 Company.

16 Q. And is one of those obligations your salary?

17 A. Yes.

18 Q. Is one of those obligations the note that your

19 husband holds, the promissory note, or that he held?

20 A. Yes.

21 Q. And you made payments on that note?

22 A. I paid him for some current legal fees. I'm

23 not sure if it was from the last five years on the note or

24 not. I'm unclear as to which legal fees I was paying.

25 Q. Okay. Now, you assumed in some form or

1 another your management duties for Osage in July of 2001?

2 A. That's right.

3 Q. And when did you become aware that Osage owed
4 Greg payment on this promissory note for attorney's fees?

5 A. Well, I've been aware that the company owed
6 Greg money for five years.

7 Q. When did you become aware of the promissory
8 note?

9 A. I don't know.

10 Q. Were you aware --

11 A. I don't know when he drafted it or when he
12 signed it. I don't know.

13 Q. When did you become aware that you were a
14 trustee on a Future Advance Deed of Trust for Osage Water
15 Company's assets?

16 A. I don't know.

17 Q. Did you become aware at the time that you
18 became the trustee?

19 A. Would you repeat that?

20 Q. Did you become aware of the fact that you were
21 named as trustee at the time you became trustee or were
22 named as trustee?

23 A. Yes.

24 MS. O'NEILL: May I approach the witness and
25 have an exhibit marked?

1 JUDGE WOODRUFF: Yes, you may. This will be
2 No. 7.

3 (EXHIBIT NO. 7 WAS MARKED FOR IDENTIFICATION
4 BY THE REPORTER.)

5 BY MS. O'NEILL:

6 Q. Okay. Mrs. Williams, I've handed you what's
7 now been marked as Exhibit 7.

8 Do you recognize that document?

9 A. Yes.

10 Q. And what is that document?

11 A. It's a Future Advance Deed of Trust and
12 security agreement.

13 Q. And what's the date?

14 A. February 15th, 2001.

15 Q. And are you listed as a trustee of this Future
16 Advance Deed of Trust?

17 A. Yes.

18 Q. And what kind of information did you consider
19 in deciding whether or not you'd become this trustee?

20 A. I'm sorry. I don't understand your question.

21 Q. Okay. Well, did you make the decision whether
22 you were going to be a trustee or did someone just tell you
23 you were going to be a trustee?

24 Maybe that's a better preliminary question to
25 ask.

1 A. Well, I was asked to serve as trustee, and I
2 agreed.

3 Q. And what did you consider in making that
4 decision?

5 A. The advice of my attorney.

6 Q. Was your attorney the person who drafted this?

7 A. Yes. I don't know. I don't know. I presume.

8 Q. And what attorney would that be?

9 A. Would be Greg Williams.

10 Q. And is the Future Advance Deed of Trust signed
11 on, it would be the second-to-last page of the exhibit?

12 A. Yes.

13 Q. And who's it signed by?

14 A. By William P. Mitchell, President, Osage
15 Water; Greg Williams, secretary.

16 Q. And there is a corporate seal on there?

17 A. Yes.

18 Q. And what corporate seal is that?

19 A. Osage Water Company.

20 Q. And you recognize those signatures?

21 A. Yes, I do.

22 MS. O'NEILL: I move for admission of
23 Exhibit 7.

24 MR. KRUEGER: No objection.

25 JUDGE WOODRUFF: Exhibit 7's been offered.

1 Any objection to its receipt?

2 MR. LORAIN: No objection, your Honor.

3 JUDGE WOODRUFF: Hearing none, it will be
4 received into evidence.

5 (EXHIBIT NO. 7 WAS RECEIVED INTO EVIDENCE.)

6 MS. O'NEILL: Your Honor, may I have another
7 exhibit marked?

8 JUDGE WOODRUFF: Yes. This will be 8.

9 (EXHIBIT NO. 8 WAS MARKED FOR IDENTIFICATION
10 BY THE REPORTER.)

11 BY MS. O'NEILL:

12 Q. Mrs. Williams, I've handed you what's been
13 marked as Exhibit 8, and ask whether or not you recognize
14 that document?

15 A. I do recognize it.

16 Q. Do you recognize it? Have you ever seen it
17 before?

18 A. Yes.

19 Q. How have you seen it before?

20 A. Well, I imagine I've made copies of it.

21 Q. Have you ever read it before?

22 A. Yes.

23 Q. And is this a promissory note?

24 A. Yes.

25 Q. What's the date on that promissory note?

1 A. February 15th, 2001.

2 Q. The same as the date of the Future Advance

3 Deed of Trust and Security Agreement you just talked about?

4 A. Yes.

5 Q. Is that the promissory note that's related to

6 that Future Advance Deed of Trust?

7 A. I presume it is.

8 Q. Do you have any reason to believe that it's

9 not?

10 A. No.

11 Q. And who's that signed by?

12 A. Williams P. Mitchell.

13 Q. As president of Osage Water Company?

14 A. Yes.

15 Q. And you recognize that signature?

16 A. It's not a very clear one, but I think so.

17 Q. When you were managing Osage Water Company,

18 did you make payments on this promissory note?

19 A. No, I don't believe I did.

20 Q. Were you aware that the promissory note was

21 out there?

22 A. Yes.

23 Q. Were you aware that Osage Water Company had an

24 obligation to make payments on the note?

25 A. Yes.

1 Q. And you did not make payments?

2 A. That's correct.

3 Q. And this note was payable in favor of your
4 husband; is that correct?

5 A. Yes.

6 Q. Greg Williams?

7 A. Yes.

8 MS. O'NEILL: I move for admission of
9 Exhibit 8.

10 JUDGE WOODRUFF: Exhibit 8 has been offered
11 into evidence. Are there any objections to its receipt?

12 MR. KRUEGER: No objection.

13 MR. LORAIN: No, your Honor.

14 JUDGE WOODRUFF: Hearing none, it will be
15 received into evidence.

16 (EXHIBIT NO. 8 WAS RECEIVED INTO EVIDENCE.)

17 BY MS. O'NEILL:

18 Q. I realize you did not take over management
19 duties at Osage Water Company until July of 2001, but you
20 had some connection to the company prior to that; is that
21 correct?

22 A. My involvement in the company prior to that
23 was simply basically attending the corporate meetings,
24 keeping track of the records, and processing the paperwork
25 that Greg prepared, the legal paperwork for the company.

1 Q. So you were not a director?
2 A. Well, my corporate duties, whatever I was.
3 Q. Were you a director at that time?
4 A. Whatever I was. I don't have that. I'm
5 sorry. I don't have that.
6 Q. Were you present at the time of this
7 transaction on the 15th of February of 2001?
8 A. I think so. Was this -- I'm not sure.
9 Was that the date of our -- right after our
10 board meeting?
11 Q. I don't know the answer to that question.
12 Was this promissory note discussed at a board
13 meeting?
14 A. Yes, I believe -- well, I don't have my notes
15 in front of me, but I think it was.
16 Q. Are you aware of whether or not Osage Water
17 Company at any time sought Commission approval for this
18 Future Advance Deed of Trust?
19 A. I'm not aware.
20 Q. Did you seek Commission approval for the
21 Future Advance Deed of Trust?
22 A. I did not.
23 Q. At the time that you became this trustee on
24 this deed, did you have any concerns as a director of Osage
25 Water or an officer, whatever you were at the time, about

1 whether or not this note was detrimental to the interests of
2 the customers of Osage Water Company?

3 A. I've always had concerns about Osage Water
4 Company's customers, and everything I've done has been in
5 their best interests.

6 Q. So you believe that this promissory note and
7 this Future Advance Deed of Trust was in the best interests
8 of the customers?

9 A. Yes.

10 Q. At some point in time, was it brought to your
11 attention or did you realize that Osage Water had not been
12 making payments on the promissory note?

13 A. I've known for years that he wasn't getting
14 payments on the promissory note.

15 Q. While you were manager, you weren't making
16 payments either?

17 A. That's right.

18 Q. And at some point in time, was there a
19 decision made by you and/or your husband that something
20 should be done about this lack of payment?

21 A. Not by me.

22 Q. Who decided something should be done about the
23 lack of payment?

24 A. Greg did. I don't -- you'd have to ask him.
25 I did not make the decision.

1 Q. Was a demand made to Osage Water Company by
2 Greg Williams to make a payment on the promissory note?
3 A. Not while I was in management, no.
4 Q. He didn't come to you and say, I need a
5 payment on this note?
6 A. Not that I remember. I mean -- well, no,
7 that's not true. He always needed payment on the note, but
8 the money was not there to pay him, and I chose to pay other
9 people instead of him.
10 Q. At what point in time did you and -- did you
11 discuss or decide that this note should be transferred to
12 Environmental Utilities?
13 A. I didn't make that decision.
14 Q. Did you make the decision as part owner of
15 Environmental Utilities whether to accept the transfer?
16 A. I relied on Greg's advice for the transaction.
17 Q. And what was the purpose of that transaction?
18 A. Of the application for transfer?
19 Q. What was the purpose of the transaction of
20 Greg turning over the note to Environmental Utilities?
21 A. I don't know. I think you should ask him. I
22 don't know.
23 Q. When that transfer happened, did you then do
24 something about that note that Environmental Utilities now
25 held?

1 A. I don't understand.

2 Q. Let me go back to this. At some point Greg
3 transferred his interests to Environmental Utilities to the
4 promissory note; is that right?

5 A. I'm not sure what Greg has done. Okay?
6 I'm managing the company, and Greg is handling the legal
7 matters, and I'm trying to manage the company and keep the
8 customers happy and keep the systems going. And I'm not
9 involved in all these things that you're asking me about.

10 Q. But you're also the trustee on the Future
11 Advance Deed of Trust, right?

12 A. Yes.

13 Q. And that Future Advance Deed of Trust promises
14 all the assets of Osage Water Company to Greg Williams if
15 the promissory note isn't paid basic -- in basic, simple
16 terminology; is that fair to say?

17 A. I don't know.

18 Q. You don't know what -- you don't know what the
19 deed does?

20 A. I don't understand the full implications of
21 these documents. I'm not an attorney. I manage the money
22 for Osage Water Company revenues, and there has not been
23 enough money to pay Greg or Dave or Pat. And that's what my
24 job has been.

25 Q. Did you see any conflict in your job as a

1 manager of Osage Water Company and the trustee on the Future
2 Advance Deed of Trust?

3 A. I believe that's why everything was
4 transferred over to Environmental Utilities, because there
5 was this conflict. That was my understanding.

6 MS. O'NEILL: May I have another exhibit
7 marked?

8 JUDGE WOODRUFF: Certainly. Be No. 9.

9 (EXHIBIT NO. 9 WAS MARKED FOR IDENTIFICATION
10 BY THE REPORTER.)

11 BY MS. O'NEILL:

12 Q. And, Mrs. Williams, did I give you a copy of
13 what's been marked as Exhibit 9?

14 A. Yes.

15 Q. And you just testified that there was some
16 transferring of some things, duties.

17 Do you recognize this letter?

18 A. Yes.

19 Q. And did you sign it?

20 A. Yes.

21 Q. And did Greg Williams sign it?

22 A. Yes.

23 Q. Do you recognize his signature?

24 A. Yes.

25 Q. And what is that letter?

1 A. It's our resignation letter of officers and
2 directors to Mr. Mitchell resigning our positions with Osage
3 Water Company, dated September 3rd, 2002.

4 MS. O'NEILL: I would offer Exhibit 9.

5 JUDGE WOODRUFF: Exhibit 9 has been offered
6 into evidence. Are there any objections to its receipt?

7 MR. KRUEGER: No objection.

8 MR. LORAIN: None, your Honor.

9 JUDGE WOODRUFF: Hearing none, it will be
10 received into evidence.

11 (EXHIBIT NO. 9 WAS RECEIVED INTO EVIDENCE.)

12 BY MS. O'NEILL:

13 Q. Why was this letter sent to Mr. Mitchell?

14 A. Because we felt that we could -- it was a
15 conflict to serve as officers of Osage Water Company and to
16 try to collect a debt against it.

17 Q. And yet you were still managing Osage Water
18 Company, you personally?

19 A. Well, I'm not sure which date we transferred
20 over Environmental Utilities.

21 Q. You personally were performing management
22 duties for Osage Water Company, either as an employee or
23 under the contract?

24 A. Yes, I was.

25 Q. Did you consider that to be a conflict?

1 A. I haven't -- I've been so overwhelmed with the
2 entire situation that I did not consider that to be a
3 conflict, because I was trying to focus on the service to
4 the customers. So, no, I didn't think about that.

5 Q. And this letter was sent to Mr. Mitchell,
6 even though you have previously taken the position that
7 Mr. Williams (sic) had abandoned the company?

8 MR. LORAINE: Mr. Mitchell.

9 BY MS. O'NEILL:

10 Q. Mr. Mitchell. I'm sorry.

11 A. Mr. Mitchell abandoned operations and
12 management in July of 2001. He never resigned as president
13 of the corporation.

14 Q. But isn't it true that you testified at a
15 previous hearing that Mr. Mitchell had not participated in
16 any way in the day-to-day operations of Osage since the day
17 he left those box of records on your porch?

18 A. At that point, that is a true statement.

19 Q. When did he start being involved again?

20 A. When we called him and asked for help with the
21 corporation.

22 Q. In September?

23 A. I don't know when -- I don't know when we
24 called him.

25 Q. Was it after -- was it after you testified

1 here --

2 A. Well -- yes.

3 Q. -- on the certificate case?

4 A. Yes.

5 Q. How long after?

6 A. I don't know. I called him on several matters
7 having to do with operations and management initially, and
8 he has been cooperative, everything we've needed help with
9 for the company.

10 Q. And yet you still don't want to do business
11 with him anymore?

12 A. That's correct.

13 Q. January 8th is when you had your board meeting
14 that we talked about on Thursday.

15 Is that when he started becoming involved with
16 the company again?

17 A. I don't remember when the phone calls were
18 made.

19 Q. Well, if Mr. Mitchell hadn't abandoned the
20 company and just had abandoned his duties, why is it that
21 you and Greg decided you didn't want him in the business
22 anymore, or didn't want to do business with him anymore?

23 A. Would you repeat that?

24 Q. Well, if he'd only abandoned his day-to-day
25 operation duties and he hadn't actually abandoned the

1 company, why did you feel that he shouldn't be involved in
2 your business dealings?

3 A. We did not see eye to eye with Mr. Mitchell on
4 several management issues.

5 Q. Is he involved in the day-to-day operations of
6 the company now?

7 A. No.

8 Q. Now, I want to go back to this situation with
9 EU getting this deed of trust and transferring.

10 Did Environmental Utilities pay Greg Williams
11 anything for that Future Advance Deed of Trust?

12 A. Not to my knowledge.

13 Q. Do you know how long it was between the time
14 that Greg transferred his interest in the note to the time
15 that you began foreclosure proceedings on Osage Water
16 Company?

17 A. No.

18 Q. Was it a long period of time? Was it months,
19 weeks, days?

20 A. I don't know. I have no idea.

21 Q. Whose decision was it that you attempt to
22 foreclose, you as trustee attempt to foreclose on the assets
23 of Osage Water Company?

24 A. It was Greg's decision.

25 Q. Did you -- were you consulted in that

1 decision?

2 A. Yes, I was.

3 Q. And was that a meeting of Environmental
4 Utilities members or was that a meeting between a trustee
5 and an owner of a note or how was that meeting named? Since
6 there seems to be some confusion about what you do in what
7 capacity, if you could clarify that for us, it would be
8 helpful.

9 A. Well, we don't name our conversations. We're
10 married. We work together, we run a law practice together
11 and we run a water and sewer company. So we don't really
12 name our conversations. So I don't know how to answer your
13 question.

14 There was nothing official. We sat down,
15 trying to solve the problems with the company and try to
16 collect the money that's owed us and still take care of
17 customers. It's a continual daily thing that we've
18 struggled with for five years.

19 Q. If Osage Water Company's assets were sold, it
20 would not have the means to provide service to its
21 customers; is that correct?

22 A. I presume. You have to have your systems to
23 provide service.

24 Q. And if the sale had taken place, Osage
25 wouldn't have a system anymore, would it?

1 A. It would be transferred to Environmental
2 Utilities, yes.

3 Q. Osage Water wouldn't have a system anymore?

4 A. That's right.

5 MS. O'NEILL: No further questions.

6 JUDGE WOODRUFF: All right. And then we'll go
7 to Osage Water for cross-examination.

8 CROSS-EXAMINATION BY MR. WILLIAMS:

9 Q. With respect to the revenues of Osage Water
10 Company during your period of management of the company, did
11 it have sufficient cash flow to pay all of its operating
12 expenses and repair expenses for the systems that it's
13 operating?

14 A. No.

15 Q. Did it have any money left over with which to
16 make any significant principal reductions in debt that's
17 outstanding?

18 A. No.

19 Q. Did the company make any disbursements of
20 dividends or other profit payments to any of its
21 shareholders?

22 A. No.

23 Q. Did the company make any payments of any
24 compensation to directors for their services?

25 A. No.

1 Q. Was all the money that was received from
2 customers of Osage Water Company spent on operation and
3 repair of the systems owned by Osage Water Company?

4 A. Yes.

5 Q. At any time has there been a situation where
6 Osage Water Company has refused to maintain or manage its
7 water and sewer systems and provide service to customers?

8 A. Not since I've been in management.

9 Q. In the Staff's complaint it makes reference to
10 an interruption of service to Broadwater Bay Subdivision.
11 Were you familiar with those circumstances?

12 A. Very.

13 Q. And the allegation of the complaint is that
14 the company obtained temporary service from the City of
15 Osage Beach, but during that time the company took no action
16 to repair its damaged facilities or to permanently restore
17 water service and service to Broadwater Bay Subdivision was
18 interrupted.

19 Do you agree with that allegation?

20 A. Absolutely not.

21 Q. And what part of that allegation do you not
22 agree with?

23 A. Well, I had called electricians out to work
24 on -- to target the problem prior to the failure of the
25 pump. I had Jim Atkison out after the pump failed

1 immediately to diagnose the problem and give me an estimate
2 on what it would cost to repair it.

3 Q. And who is Jim Atkison?

4 A. Jim Atkison is a local pump repair person.

5 Q. What other actions did you take?

6 A. Then I began researching the insurance policy
7 for the company that Pat had taken out, at which point I
8 discovered that there was a possibility that the repairs
9 might be covered under the policy.

10 I also -- well, immediately when the pump
11 failed, I called the City to request a temporary service for
12 the customers.

13 Q. Did you ever call for a storage tanker truck
14 to be brought?

15 A. Yes. I called Opie's in Eldon and was told
16 that they did not have a truck that they could put water in
17 and bring down to us.

18 What else did I do?

19 Q. Did you contact any insurance adjustors?

20 A. Yes. I was in contact with Ricky Burke from
21 our insurance company, and they flew someone in from Florida
22 to assess the damage and determine the cause of the damage.
23 And I was working frantically with people trying to get the
24 system back up.

25 Q. Now, does the Broadwater Bay system have more

1 than one water source or just one? More than one well or
2 just one well?

3 A. Well, Osage Water Company just had one well,
4 that I'm aware of, to serve it, and then the City had
5 another well nearby.

6 Q. Okay. But when it's normally operating, is
7 that particular system served by one water well or two?

8 A. Just one, to my knowledge.

9 Q. So if that source fails, is there a readily
10 available alternative source within the company's control?

11 A. No.

12 Q. Does the company have as part of its assets a
13 tanker truck with which it can provide temporary service --

14 A. No.

15 Q. -- when there's a failure?

16 A. The company doesn't own any trucks.

17 Q. Were you responsible for obtaining repairs to
18 that water well for the company?

19 A. Yes.

20 Q. And did you see the bills that were incurred
21 by the company with respect to getting that repaired?

22 A. Yes, I did.

23 Q. Can you give the Commission some idea of the
24 approximate amount of those bills?

25 A. Around \$20,000.

1 Q. And just so that's put in perspective for the
2 Commission, can you give the Commission an idea what the
3 water company's average monthly revenue received would be?
4 A. From Broadwater Bay?
5 Q. From all of its systems.
6 A. 15. It averages \$15,000 a month.
7 Q. So the cost of repair to the Broadwater Bay
8 water supply source exceeded a month's revenue for the
9 utility company?
10 A. The average monthly revenue, yes.
11 Q. And did the company incur any expenses
12 associated with obtaining temporary service from the City of
13 Osage Beach?
14 A. Yes.
15 Q. Can you give the Commission some idea what
16 that expense was?
17 A. For a six-week period of temporary water, it
18 was approximately \$5,000.
19 Q. And how much revenue does the company obtain
20 from the service to the Broadwater Bay area, if you know?
21 A. \$1,200 a month.
22 Q. Have you been able to determine what caused
23 the pump to fail, as far as was there a serious water main
24 break or other problem that occurred that initially caused
25 the mechanical failure of the system?

1 A. Well, we haven't proven it, but we suspect
2 that when the City disconnected the Mariners Cove
3 Apartments, they disturbed our lines, and there was a
4 continuous leak from that time until the pump failed in
5 July.

6 Q. Is that leak still occurring?

7 A. Yes.

8 Q. Have you been trying to isolate the location
9 of that?

10 A. Yes.

11 Q. Did you bring with you here today the bills
12 incurred by Osage Water Company with respect to the Harbor
13 Bay (sic) well failure?

14 A. Broadwater Bay?

15 Q. Yes.

16 A. I believe so.

17 MR. WILLIAMS: Your Honor, if I may, can we
18 group these as a single exhibit?

19 I have not yet made photocopies of all these,
20 as we were pulling documents yesterday, so I'm willing to do
21 that later.

22 JUDGE WOODRUFF: That would be fine.

23 MR. WILLIAMS: At this time can we mark, then,
24 the folder?

25 JUDGE WOODRUFF: These are bills for

1 Broadwater Bay?

2 MR. WILLIAMS: That's correct.

3 (EXHIBIT NO. 10 WAS MARKED FOR IDENTIFICATION
4 BY THE REPORTER.)

5 BY MR. WILLIAMS:

6 Q. Let me hand you what's been marked as Exhibit
7 No. 10 and ask you if that's the expenditures that you were
8 just testifying to?

9 A. Yes.

10 Q. And do those, to the best of your knowledge,
11 constitute substantially all of the expenditures that Osage
12 Water Company incurred in connection with the Broadwater Bay
13 well failure?

14 A. Except for the electrician's bill, which I
15 don't see, which is around 8 or \$900.

16 Q. Were those all you could find?

17 A. Somehow that one got left out.

18 Q. Okay.

19 A. Let's see.

20 MR. WILLIAMS: Offer Exhibit 10 into evidence,
21 your Honor.

22 JUDGE WOODRUFF: Exhibit 10 has been offered
23 into evidence. Are there any objections to its receipt?

24 MS. O'NEILL: Can I observe the exhibit first?

25 JUDGE WOODRUFF: Certainly.

1 THE WITNESS: Greg, you might want to clarify
2 that part of those are on the Shoney's well that went out at
3 the same time.

4 MR. WILLIAMS: Okay. We'll cover that as soon
5 as they're done looking.

6 MS. O'NEILL: With the -- it appears that
7 there's some duplication in some billing, and then there's a
8 claim payment notice that has some things that I can't
9 actually read on it.

10 I'm assuming that those things can be
11 clarified during questioning, and with that understanding, I
12 won't make an objection.

13 JUDGE WOODRUFF: Any other objection?

14 MR. LORAIN: I believe they're irrelevant,
15 Judge. I would rule on that basis -- object on that basis.

16 JUDGE WOODRUFF: What is the relevance?

17 MR. WILLIAMS: Your Honor, it's a simple
18 allegation in paragraph 9 of the complaint in this action
19 that the company abandoned service to Broadway Bay for a
20 period of three days.

21 And I think that evidence of what actions the
22 company took and the expenditures it incurred is completely
23 relevant to the allegations of the complaint. It's within
24 the scope of the pleadings and it's relevant material
25 evidence.

1 JUDGE WOODRUFF: I'm going to overrule the
2 objection. The exhibit will be received into evidence.

3 If you'd get us copies as soon as possible?

4 MR. WILLIAMS: I will do so. Thank you.

5 (EXHIBIT NO. 10 WAS RECEIVED INTO EVIDENCE.)

6 BY MR. WILLIAMS:

7 Q. Now, Mrs. Williams, you had testified or
8 commented that there might be some expenditures that aren't
9 directly related to the Broadwater Bay bill and would relate
10 to a different well.

11 Please, if you would, could you tell the
12 Commission why that might be?

13 A. Just a few days before the Broadwater Bay pump
14 failed, we discovered that our Shoney's pump had also
15 failed, which was our backup water supply for some
16 commercial customers in Osage Beach.

17 Q. Now, when you say that's a backup water
18 supply, would that have been one well on a system that had
19 two water wells?

20 A. Yes.

21 Q. And would that be in the Osage Beach north
22 service area?

23 A. Yes.

24 Q. And were you attempting to get that water well
25 repaired at the same time as the Broadwater Bay water

1 problem?

2 A. Yes.

3 Q. Did the company also incur expenses for that
4 water well?

5 A. Yes.

6 Q. There are no allegations in the complaint with
7 respect to that well.

8 Was there ever an interruption of service as a
9 result of the backup well failing?

10 A. Yes.

11 Q. What happened?

12 A. Little Rizzo's ran out of water on Saturday
13 night in the summer, in July, and they have filed a claim of
14 \$10,000 lost revenues.

15 Q. Okay. Was that a situation where there was no
16 water or there was just low pressure?

17 A. They didn't have enough pressure to flush
18 their toilets, so they had to shut the restaurant down.

19 Q. Did you use some of the same contractors to
20 repair both of the Broadwater Bay well and the Shoney's
21 well?

22 A. Yes.

23 Q. And that would be why some of the charges that
24 are in Exhibit 10 don't pertain solely to Broadwater Bay?

25 A. Yes.

1 (EXHIBIT NO. 11 WAS MARKED FOR IDENTIFICATION

2 BY THE REPORTER.)

3 BY MR. WILLIAMS:

4 Q. In paragraph 10 of the Staff's complaint, the
5 Staff has alleged that on page 5, as a result, OWC still
6 does not have any Department of Natural Resources-approved
7 source from which to supply water to Eagle Woods, more than
8 two-and-a-half years after the Commission authorized the
9 company to provide water service to Eagle Woods.

10 You have in your hands a document that's been
11 marked as Exhibit 11. I'd like you to take a moment to look
12 at that.

13 Do you recognize that document?

14 A. Yes.

15 Q. And what is that document?

16 A. It's a letter from Steven Jones, the
17 Department of Natural Resources, dated May 13th, 2002, which
18 is a follow-up to his verbal approval to temporary use of
19 the Golden Glade water system to serve the Eagle Woods
20 Subdivision until a final decision is made on the permanent
21 connection or until Eagle Woods disconnects.

22 Q. And was that letter obtained or the verbal
23 approval obtained at the time that Eagle Woods was
24 interconnected with the Golden Glade water system?

25 A. Yes.

1 Q. And so with respect to the Staff's allegation
2 that OWC does not have a DNR-approved source from which to
3 supply water to Eagle Woods, do you believe that to be an
4 accurate statement?

5 A. No.

6 MR. LORAIN: Your Honor, I'll object to that.
7 That calls for a conclusion on the part of this Commission.
8 That's one of the relevant issues here. I don't think she's
9 entitled to make an opinion on that.

10 MR. WILLIAMS: Your Honor, it called for her
11 opinion. It is an opinion. It's an understanding, and it
12 would be up to the Commission to determine whether or not it
13 disagrees with that conclusion or understanding, based upon
14 the documents presented.

15 But I would, based on her testimony, offer
16 Exhibit 11 into evidence, which is the document.

17 JUDGE WOODRUFF: I'm going to go ahead and
18 overrule the objection.

19 You can go ahead and answer, and then we'll
20 rule on the admission of the document.

21 MR. WILLIAMS: I think her answer was on the
22 record, your Honor.

23 JUDGE WOODRUFF: What was it?

24 THE WITNESS: My answer was, it was my
25 understanding we did have approval, based on this letter.

1 JUDGE WOODRUFF: Okay. Exhibit 11 has been
2 offered into evidence. Is there any objection to its
3 receipt?

4 MS. O'NEILL: If I could take a look at it
5 first.

6 JUDGE WOODRUFF: Certainly.

7 MR. LORAIN: No objection from Hancock.

8 JUDGE WOODRUFF: Any other objections?

9 (No response.)

10 JUDGE WOODRUFF: Hearing none, then Exhibit 11
11 will be received into evidence.

12 (EXHIBIT NO. 11 WAS RECEIVED INTO EVIDENCE.)

13 (EXHIBIT NO. 12 WAS MARKED FOR IDENTIFICATION
14 BY THE REPORTER.)

15 JUDGE WOODRUFF: All right. At this time
16 we're going to go ahead and take a 15-minute break and try
17 to fix the streaming video here. It's been streaming a
18 picture of the keyboard or of the computer screen all
19 morning, and since the Commissioners have gone to agenda,
20 we'll stop and take a break now and come back at 9:45.

21 (A BREAK WAS TAKEN.)

22 (EXHIBIT NOS. 13 THROUGH 15 WERE MARKED FOR
23 IDENTIFICATION BY THE REPORTER.)

24 JUDGE WOODRUFF: All right. Let's go ahead
25 and resume.

1 Ms. Williams is on the stand, and you may
2 proceed.

3 MR. WILLIAMS: Thank you, your Honor.

4 BY MR. WILLIAMS:

5 Q. Mrs. Williams, in paragraph 12 of the Staff's
6 complaint it makes an allegation of failure to resolve
7 informal complaint, and alleges the company's failed to
8 resolve an informal complaint brought by a customer that
9 claimed that effluent from the company's wastewater
10 treatment facility was surfacing in the customer's backyard
11 resulting in damage to landscape, mature trees and other
12 damages.

13 And according to the allegation of the
14 complaint, although the condition occurred more than two
15 years ago, it's not been resolved and the company has not
16 even determined whether it's the source of the discharge.

17 Are you familiar with an incident regarding
18 surfacing of effluent in a customer's backyard?

19 A. Yes.

20 Q. And can you tell the Commission who that
21 customer would be?

22 A. It was Reinhardt Bergmann.

23 Q. And did you have any conferences or
24 discussions with Mr. Bergmann regarding the problem?

25 A. Yes.

1 Q. To your knowledge, has the problem been
2 corrected?

3 A. Yes.

4 Q. And how long ago was that?

5 A. Well, I'm not real sure, but the problem --
6 we became aware of the problem a year ago last summer. It
7 recurred the entire summer of 2001 while we attempted to
8 locate the source of the problem. And when we believed that
9 we had performed the repairs necessary to resolve it, we
10 presented him with a release form and offered to pay him for
11 his dead tree. Last -- let's see. That would be the fall
12 of 2001.

13 Q. With respect to that, let me hand you what the
14 court reporter's marked as Exhibit 13, and ask you if you
15 recognize --

16 JUDGE WOODRUFF: Did we skip over 12?

17 MR. WILLIAMS: I've got one marked.

18 MR. LORAIN: I did not hear that, Judge. Is
19 there a 13 now?

20 JUDGE WOODRUFF: He just handed her 13, and 12
21 will be coming later.

22 BY MR. WILLIAMS:

23 Q. Do you recognize those documents?

24 A. Yes.

25 Q. What are they?

1 A. The first page is the release signed by
2 Reinhardt Bergmann, and the second page is a copy of the
3 check for \$543.27, where I paid him for his tree.

4 Q. So with respect to the allegations of the
5 complaint regarding surfacing effluent, damage to tree and a
6 failure of the company to take action to resolve that
7 informal complaint, would you agree that the allegation is
8 correct, or is it incorrect?

9 A. The allegation is incorrect.

10 MR. WILLIAMS: I would offer Exhibit 13 into
11 evidence, your Honor.

12 JUDGE WOODRUFF: Exhibit 13 has been offered.
13 Any objection to its receipt?

14 MS. O'NEILL: I'd like to review it first.

15 JUDGE WOODRUFF: Go ahead.

16 THE WITNESS: May I add that --

17 JUDGE WOODRUFF: Don't add anything right now.

18 MR. WILLIAMS: We'll wait until they're done,
19 then I'll ask a follow-up.

20 THE WITNESS: Sorry.

21 MS. O'NEILL: Your Honor, I don't know that
22 adequate foundation's been laid. I think there's some
23 hearsay contained in this that I don't necessarily -- that
24 may be able to be addressed on foundational purposes.

25 If it's being offered to show that there's a

1 signature and a check, I think there's adequate foundation,
2 but as far as the content of the release and the truth of
3 whether or not the information in the release, whether the
4 information in the typed portion of the release is true, I
5 think that's hearsay.

6 JUDGE WOODRUFF: Would you like an opportunity
7 to voir dire about these questions at this time?

8 MS. O'NEILL: Sure.

9 JUDGE WOODRUFF: Why don't you go ahead and do
10 that?

11 VOIR DIRE EXAMINATION BY MS. O'NEILL:

12 Q. Mrs. Williams, did you observe Mr. Bergmann
13 sign this document?

14 A. I believe the billing clerk notarized it. I'm
15 not sure if I was there when he actually signed it or not,
16 but that is the signature of my -- Kris Corum was Osage
17 Water Company's billing clerk at the time.

18 Q. Is she still the billing clerk?

19 A. Yes.

20 Q. And so you don't know if you saw this
21 signature being placed on here?

22 A. I don't. I don't remember if I actually saw
23 it or not.

24 Q. And was this signature required in order to
25 obtain the check?

1 A. Yes.

2 Q. I notice that on this form it's titled Release
3 of All Claims, and there is a line that says, Caution, read
4 before signing below, but that there's nothing that says
5 read the above before signing below.

6 Are you aware of that?

7 A. That form was drafted by the company's
8 insurance company.

9 Q. Drafted by the insurance company?

10 A. Yes.

11 Q. And you didn't participate in the drafting?

12 A. No.

13 Q. Do you know if Greg Williams participated in
14 the drafting?

15 A. I know he did not.

16 Q. And is it your understanding, again, that
17 Mr. Bergmann received the check upon signing this?

18 A. Yes.

19 MS. O'NEILL: I'm not going to make an
20 objection, your Honor.

21 JUDGE WOODRUFF: Any other objections?

22 (No response.)

23 JUDGE WOODRUFF: Hearing none, Exhibit 13 will
24 be received into evidence.

25 (EXHIBIT NO. 13 WAS RECEIVED INTO EVIDENCE.)

1 MR. WILLIAMS: Thank you, your Honor.

2 CROSS-EXAMINATION (RESUMED) BY MR. WILLIAMS:

3 Q. Is there anything further you wanted to add to
4 your previous testimony regarding the Reinhardt Bergmann
5 matter?

6 A. Well, I just remembered that we actually
7 prepared that in the fall, but they reserv-- they waited
8 until spring to come in and sign it. I don't remember the
9 date on it exactly, but they wanted to make sure that the
10 problem had been resolved before they released us of the
11 claim.

12 Q. Okay. In paragraph 11 of the complaint, the
13 Staff makes reference to Osage Water Company willfully
14 disconnecting existing condominium building and makes
15 reference to a formal complaint in Case No. WC-2001-195.

16 Are you familiar with that?

17 MR. KRUEGER: Your Honor, I object to
18 questions about this, because this is cross-examination of
19 the witness. It's about a matter that was not addressed in
20 direct examination. If he wants to present Mrs. Williams as
21 a witness on behalf of the company at some point, he can,
22 but I think he should be restricted to questions about the
23 direct examination.

24 MR. WILLIAMS: Your Honor, in Missouri, the
25 rule on cross-examination is that any issue touching upon

1 the matters raised in the complaint is a proper subject of
2 cross-examination. We have wide open cross-examination in
3 Missouri, not limited to the scope of the direct, and I
4 think this is clearly within the scope of the complaint and
5 is appropriate cross-examination.

6 JUDGE WOODRUFF: This is a bit of an unusual
7 case, in that a witness who is closely associated with
8 the respondent has been called by the complainant as a
9 witness.

10 I'm going to go ahead and allow you to ask the
11 questions, just simply to make things a little bit easier,
12 to try and get through this hearing a little bit faster,
13 rather than forcing him to try to call her back for direct.

14 MR. WILLIAMS: I would appreciate this, your
15 Honor.

16 You know, it is. At this point in time, there
17 are no management people at the Lake of the Ozarks who can
18 answer and resolve the serious issues that might arise --
19 and I am aware of at least one that has arisen since last
20 week's hearing that has required attention of the management
21 personnel, so we do need to get these folks out of the
22 hearing room as soon as possible.

23 JUDGE WOODRUFF: We'll certainly try to do
24 that as much as we can. And I know that Staff and Hancock
25 have both called her on direct. I'll allow you additional

1 leeway on your redirect, which will sort of be
2 cross-examination also, so we'll combine the two for the
3 purposes of this hearing.

4 MR. WILLIAMS: Thank you, your Honor.

5 BY MR. WILLIAMS:

6 Q. Looking at Exhibit 12, are you familiar with
7 that document and that it pertains to the complaint case
8 referenced in the Staff's petition WC-2001-195?

9 A. Yes.

10 Q. What is that document?

11 A. It's a Notice of Settlement Agreement and
12 Motion for Dismissal of Complaint.

13 Q. And does that pertain to the complaint that
14 was raised in -- or described in Staff's complaint in this
15 case in paragraph 11?

16 A. I believe it does.

17 MR. WILLIAMS: Okay. I would offer Exhibit 12
18 into evidence, your Honor.

19 JUDGE WOODRUFF: Can you describe for me what
20 12 is again?

21 THE WITNESS: A Notice of Settlement Agreement
22 and Motion for Dismissal of Complaint.

23 MS. O'NEILL: And I'd like to see it, please.

24 MR. LORAIN: Greg, what paragraph did you say
25 it dealt with, 11?

1 MR. WILLIAMS: Yes.

2 MS. O'NEILL: No objection from Public
3 Counsel.

4 JUDGE WOODRUFF: Okay. Exhibit 12 has been
5 offered.

6 Any objection?

7 MR. LORAIN: Judge, I haven't had a chance to
8 see it yet.

9 JUDGE WOODRUFF: I'm sorry. Go ahead.

10 MS. O'NEILL: Your Honor, just to clarify,
11 since Mr. Williams seems to also be doing some -- if he's
12 also doing direct, I have not had a chance to cross-examine
13 based on that, so perhaps after questions from the Bench I
14 could do that.

15 JUDGE WOODRUFF: Certainly you'll have the
16 opportunity to.

17 MR. WILLIAMS: Your Honor, my understanding is
18 that on redirect any party may cover any topic that was
19 covered on cross-examination, but redirect is limited to the
20 scope of cross.

21 That's my understanding of how we do that in
22 Missouri. Is that your understanding also or --

23 JUDGE WOODRUFF: Well, this is an unusual
24 situation and we're going to have to play it as best we can,
25 and I'm going to allow them to cross-examine -- since you

1 are asking direct-type questions and raising new issues, I'm
2 going to allow them to respond to that.

3 And if you feel that there's some redirect
4 that you need to do, we'll let you do that as well.

5 MR. WILLIAMS: Thank you, your Honor.

6 MR. KRUEGER: Staff has no objection.

7 JUDGE WOODRUFF: Any objection?

8 MR. LORAIN: No objection, Judge.

9 JUDGE WOODRUFF: Hearing no objection, then it
10 will be received into evidence.

11 (EXHIBIT NO. 12 WAS RECEIVED INTO EVIDENCE.)

12 BY MR. WILLIAMS:

13 Q. Mrs. Williams, after review of Exhibit 12,
14 which is now evidence, are you aware of any other issues
15 that were not resolved in the formal complaint case with
16 respect to the Harbor Bay (sic) incident that's described in
17 the Staff's petition?

18 A. No.

19 Q. Also in paragraph 12 of the Staff's complaint,
20 there is a statement to the effect that the company's failed
21 to resolve several other informal complaints that resulted
22 from the company charging connection fees, contrary to the
23 recommendations of the Staff. Are you familiar with that
24 incident?

25 A. Yes.

1 Q. And has the company had any discussions or
2 correspondence with the Staff regarding the charging of
3 connection fees for condominium unit owners?

4 A. Yes.

5 Q. And did you participate in those?

6 A. Yes.

7 Q. Did you participate in a conference here at
8 the Commission?

9 A. Yes, I did.

10 Q. Has the Commission ever made a determination
11 or has any formal proceeding ever been brought by the Staff
12 to obtain a determination as to whether or not the company
13 should be charging those connection fees?

14 A. Not to my knowledge.

15 Q. All right. And I've handed you a couple of
16 documents that have been marked as Exhibit 14.

17 Are you familiar with those documents?

18 A. Yes.

19 Q. Do those documents express both the company's
20 position with respect to the connection fee and the Staff's
21 response to that position?

22 A. Yes.

23 Q. And can you tell the Commission basically what
24 those documents are?

25 A. The first is a letter dated September 24th,

1 2001, to Martin Hummel from Gregory Williams, stating his
2 position on why we were charging new service connection
3 fees.

4 Q. Okay. And the second would be what?

5 A. The second document is a letter dated
6 October 3rd, 2001, to Gregory Williams from Martin Hummel
7 stating his opinion.

8 Q. And that is approximately a year ago; is that
9 correct?

10 A. Yes.

11 Q. Since that time, has Staff brought the matter
12 before the Commission for determination?

13 A. Not to my knowledge.

14 Q. Has the Staff given any direction to customers
15 of the company with respect to whether or not to pay for
16 connection fees for which the company is billing?

17 A. Yes.

18 Q. And attached to your answer in -- or the
19 company's answer in this complaint are a series of documents
20 labeled as Exhibit B.

21 Did you gather those documents together?

22 A. I did.

23 Q. You're familiar with them?

24 A. Yes.

25 Q. What are those documents?

1 A. They are correspondence from OWC customers to
2 me stating that Martin Hummel told them not to pay their new
3 connection fees; therefore, they were not going to do so.

4 Q. And are you familiar generally with the amount
5 of outstanding connection fees which have been billed but
6 not paid by customers, based on that information they
7 received from the Commission Staff?

8 A. Well, I've had trouble keeping up. It's, I
9 believe, in excess of \$10,000.

10 Q. Would those be for new customers that have
11 obtained service since July of 199-- or 2001?

12 A. Yes.

13 Q. And so the company has billed but has not
14 received connection fees in the neighborhood of
15 approximately \$10,000?

16 A. At least that.

17 MR. WILLIAMS: I would offer Exhibit 14 into
18 evidence, your Honor.

19 JUDGE WOODRUFF: Objections?

20 MS. O'NEILL: No objection.

21 MR. KRUEGER: Your Honor, I need an
22 opportunity to review that.

23 JUDGE WOODRUFF: Certainly.

24 MR. WILLIAMS: I would also offer Exhibit B,
25 attached to the answer. I believe it's part of the record,

1 but we would like it considered in evidence as well.

2 JUDGE WOODRUFF: Is it attached to 14?

3 MR. WILLIAMS: No. It's attached to the
4 petition -- or to the answer to the complaint in this
5 matter. It's already in the --

6 JUDGE WOODRUFF: To the complaint in this case?

7 MR. WILLIAMS: Yes. Do you want us to provide
8 separate copies of that or mark it as an exhibit, since it's
9 already in the Commission file?

10 JUDGE WOODRUFF: I don't think it's necessary,
11 but of course we'll need copies of 14.

12 What exactly is 14?

13 MR. WILLIAMS: 14 is two letters that she
14 testified to. It's regarding the condominium connection
15 fees.

16 (EXHIBIT NO. 16 WAS MARKED FOR IDENTIFICATION
17 BY THE REPORTER.)

18 MR. LORAIN: Judge, perhaps we should take a
19 short break and let Mr. Williams make his copies so we can
20 proceed. My client wants to review it. I don't have an
21 answer.

22 JUDGE WOODRUFF: All right.

23 MR. LORAIN: I realize that we need to
24 expedite this, but I think in the long run, perhaps the
25 extra copies would help expedite it.

1 MR. KRUEGER: I was about to say the same
2 thing. I think it would expedite the proceedings if we get
3 the copies made now.

4 JUDGE WOODRUFF: Do you have additional
5 exhibits also or is that it?

6 MR. WILLIAMS: Two.

7 JUDGE WOODRUFF: We will take a break until
8 10:30 to give you time to make those copies, and we'll
9 resume at that time.

10 If you can make copies of these other exhibits
11 as well.

12 (A BREAK WAS TAKEN.)

13 JUDGE WOODRUFF: We're back on the webcast and
14 we are ready to go back to session. Copies were made while
15 we were on break, and when we broke we were -- I'd asked for
16 objections on Exhibit 14.

17 Does anyone have any objections to admission
18 of Exhibit 14?

19 (No response.)

20 JUDGE WOODRUFF: Hearing none, it will be
21 received into evidence.

22 (EXHIBIT NO. 14 WAS RECEIVED INTO EVIDENCE.)

23 JUDGE WOODRUFF: And copies have been provided
24 of all the last five exhibits and have been provided to the
25 Commission.

1 All right. You may proceed.

2 MR. KRUEGER: Your Honor, I still haven't
3 received copies of Exhibits 10, 11, 12 and 13.

4 MR. WILLIAMS: I think I gave you all of them.

5 JUDGE WOODRUFF: You gave me all of them?

6 MR. LORAIN: I also don't have them.

7 JUDGE WOODRUFF: Is everyone set on copies
8 now?

9 MR. KRUEGER: Yes, your Honor.

10 JUDGE WOODRUFF: You may proceed.

11 MR. WILLIAMS: Thank you, your Honor.

12 BY MR. WILLIAMS:

13 Q. Mrs. Williams, in the scope and course of your
14 duties for Osage Water Company, did you have an opportunity
15 to address the issue of outstanding assessments made by the
16 Public Service Commission owed by the company?

17 A. Yes.

18 Q. And I've handed you a document that's been
19 marked as Exhibit No. 15.

20 Are those documents that you've obtained from
21 the records you maintained?

22 A. Yes.

23 Q. And can you tell the Commission what those
24 documents are?

25 A. Well, page 1 is an e-mail from Helen Davis of

1 the Commission describing outstanding assessments so that I
2 could determine what needed to be paid, dated November 16th,
3 2001.

4 Q. And at the bottom of that page, is that a copy
5 of a check?

6 A. The bottom of that page is copies of
7 Check 3245 for 872.81, which was for 1998 remaining
8 assessments and the first quarter of 2001-2, '01-'02.

9 Q. Okay. And the second page of that exhibit
10 would be what?

11 A. They're out of order. This is our most recent
12 billing from the Commission showing that we owe about \$3,600
13 for the year 2002-3.

14 Q. And what's the date of that notice from the
15 Commission?

16 A. Dated June 26th, 2002.

17 Q. And the third page of the exhibit?

18 A. That would be a copy of the check dated
19 October 1st for \$1,736.98, paying the remaining 2001 and
20 2002 assessments.

21 Q. And page 4 of that exhibit would be what?

22 A. It's a letter dated November 8th to Donna
23 Kolilis at the PSC in which I enclosed a check for \$1,736.98
24 for the rest of 2000 and 2001.

25 Q. Now, all of these payments were made since you

1 began management of Osage Water Company; is that correct?

2 A. Yes.

3 Q. And to your knowledge, are there any
4 assessments due to the Public Service Commission other than
5 the 2003 reflected in the June 26 letter from the
6 Commission?

7 A. Not to my knowledge.

8 MR. WILLIAMS: I'd offer Exhibit No. 15 into
9 evidence.

10 JUDGE WOODRUFF: All right. Exhibit 15 has
11 been offered into evidence.

12 Are there any objections to its receipt?

13 MR. KRUEGER: Your Honor, I have some
14 questions about it. I think I might need to voir dire the
15 witness.

16 JUDGE WOODRUFF: Go ahead.

17 MR. KRUEGER: With respect --

18 JUDGE WOODRUFF: You need to use the
19 microphone.

20 MR. KRUEGER: I'm sorry.

21 JUDGE WOODRUFF: You can do it from your seat,
22 but use the microphone.

23 VOIR DIRE EXAMINATION BY MR. KRUEGER:

24 Q. With respect to the first page of this
25 exhibit, is that a check?

1 A. It's one of the stubs off of a check.

2 Q. It's the stub off of a check?

3 A. Our computer prints out as a tri-part form,
4 and it is the top part of the check that was printed.

5 Q. Okay. So this isn't the check that you're
6 testifying that you paid it; is that what that amounts to?

7 A. That's correct.

8 Q. And this doesn't actually, in fact, support
9 that?

10 A. Yes. What's your question?

11 Q. Is there anything about this document that
12 would enable the Commission to determine that that's been
13 paid?

14 A. Well, they could check their records. Their
15 records should show that this was received shortly after
16 November 27, 2001, but this was what I had in my file that I
17 could find yesterday to bring up here to substantiate the
18 payments that were made from our records.

19 MR. KRUEGER: Your Honor, we will be offering
20 testimony concerning the status of these accounts and based
21 upon our check of the records, but I don't think this is
22 evidence that the amount has been paid, and so I would
23 object.

24 JUDGE WOODRUFF: Any other objection?

25 MR. LORAIN: I'll object on the best evidence

1 rule.

2 JUDGE WOODRUFF: Any response?

3 MR. WILLIAMS: Business records, your Honor,
4 they're records kept in the ordinary course and scope.
5 She's testified it was within her duties to make these
6 payments and keep these records and these are the records
7 that were kept. And I think they're certainly admissible on
8 that point.

9 Mr. Krueger seems to think he may have some
10 evidence to rebut that and that's fine. He may do that, but
11 it does not negate her testimony that here's the e-mail,
12 here's the check I sent in payment. I think that that is
13 evidence and it's certainly admissible, although it may be
14 rebutted if there's other evidence.

15 JUDGE WOODRUFF: I'm going to overrule the
16 objection and the document will be admitted into evidence.

17 (EXHIBIT NO. 15 WAS RECEIVED INTO EVIDENCE.)

18 JUDGE WOODRUFF: You may proceed.

19 MR. WILLIAMS: Thank you, your Honor.

20 CROSS-EXAMINATION (RESUMED) BY MR. WILLIAMS:

21 Q. In paragraph 14 of the complaint, in addition
22 to its allegations regarding unpaid assessments, the Staff
23 has made some comments. Says, The company also held itself
24 out and offered service to numerous areas outside its
25 service area, disregarding requirements to first obtain

1 certificates of convenience and necessity. Specific areas
2 where company actually acquired systems and charged for
3 providing service include the Moss Hollow Subdivision,
4 Cavern View Subdivision and Makilu Estates.

5 Commission ordered that company resolve issues
6 concerning these areas in the company's most recent rate
7 case, Case No. WR-2000-557.

8 Are you familiar with the systems described in
9 that paragraph?

10 A. No.

11 Q. Have you managed any of those systems?

12 A. No.

13 Q. To your knowledge, has -- does the company
14 provide any service outside of its certificated service
15 area?

16 A. Not to my knowledge.

17 Q. Let me hand you what's been marked as Exhibit
18 No. 16.

19 MR. WILLIAMS: I apologize, your Honor.
20 Apparently that one was left on the court reporter's desk as
21 we made copies. I'll make additional copies later of that.

22 BY MR. WILLIAMS:

23 Q. Are you familiar with that document?

24 A. Yes.

25 Q. What is that document?

1 A. It's the Staff's Second Report Regarding
2 Company Compliance with Provisions of Rate Case Disposition
3 Agreement.

4 Q. And would that be in Case WR-2000-557?

5 A. Yes.

6 Q. And what did the -- did the Staff tell the
7 Commission about the company's compliance with those
8 requirements in that?

9 A. Paragraph 5, the Staff has concluded that the
10 company now complies with all provisions of the disposition
11 agreement. The Staff, therefore, recommends that Commission
12 allow the company to remove the, quote, condition
13 statements, unquote, from its rate tariff sheet, thereby
14 making permanent the interim rate increase that the
15 Commission approved on March 29th, 2001.

16 Q. To the best of your knowledge, has the
17 company resolved all issues which the Commission asked the
18 company to resolve or ordered the company to resolve in
19 Case WR-2000-557?

20 A. That was my understanding.

21 Q. Have you received any notices from anyone
22 indicating anything to the contrary?

23 A. I have not.

24 MR. WILLIAMS: Offer Exhibit No. 16, your
25 Honor.

1 JUDGE WOODRUFF: Do the parties need a chance
2 to see it?

3 MR. LORAIN: No.

4 MR. KRUEGER: I would like to see it.

5 MS. O'NEILL: Yes.

6 No objection.

7 MR. KRUEGER: No objection, your Honor.

8 JUDGE WOODRUFF: Mr. Loraine, I think, wants
9 to see it.

10 MR. LORAIN: I'd like to be provided a copy,
11 Judge, whenever appropriate.

12 JUDGE WOODRUFF: Of course, the Commission
13 will need a copy as well, at the next break.

14 MR. WILLIAMS: At the lunch break I'll make
15 copies.

16 JUDGE WOODRUFF: Okay. Exhibit 16 has been
17 offered. I've heard no objections, so it will be received
18 into evidence.

19 (EXHIBIT NO. 16 WAS RECEIVED INTO EVIDENCE.)

20 BY MR. WILLIAMS:

21 Q. Mrs. Williams, in paragraph 21 of its
22 complaint, the Staff alleges that the company overcharged
23 customers for three months in May 2001 with respect to
24 implementation of a rate increase in WR-2000-557. It
25 alleges further the Commission ordered the company to refund

1 the overcharges during another three-month period later in
2 the year. And then it states that the company claimed it
3 was not able to refund these charges during the three-month
4 period and that the company requested the refunds be spread
5 over a six-month period.

6 Are you familiar with the refund of asserted
7 overcharges by the company?

8 A. Yes.

9 Q. Was it your responsibility to implement and
10 ensure that all customers were refunded the funds that the
11 Commission found they'd been overcharged?

12 A. Yes.

13 Q. Did you prepare a detailed listing by customer
14 account of the amount of each overcharge?

15 A. Yes.

16 Q. And did you keep track of credits on
17 customers' bills and payments to customers that had not
18 been -- that were no longer cus-- or prior customers who no
19 longer had service?

20 A. Yes.

21 Q. And can you tell the Commission whether all of
22 those overcharges were refunded?

23 A. To my knowledge, they were.

24 Q. And did the Commission make a finding to that
25 effect in that rate case?

1 A. Yes, they did.

2 Q. Did the Commission close that rate case
3 afterwards?

4 A. Yes, they did.

5 Q. Is there anything about paragraph 21 which
6 would indicate that the company could not or did not refund
7 those overcharges?

8 A. Not to my knowledge.

9 Q. Mrs. Williams, you testified on behalf of
10 Environmental Utilities in its application case before this
11 Commission for certificate of convenience and necessity to
12 operate a water system in Golden Glade subdivision that was
13 docketed as WA-2002-65; is that correct?

14 A. Yes.

15 Q. And you're familiar with the evidence
16 presented in that case?

17 A. Yes.

18 Q. And you have received an Order from the
19 Commission in that case; is that correct?

20 A. Yes. I don't have it in front of me.

21 Q. Let me hand you the original of the Report and
22 Order in that case issued on June 27th of 2002, and ask you
23 to review the paragraph that has a flag there by it.

24 A. (Witness complied.)

25 Q. Okay. In paragraph 32 of the complaint the

1 Staff alleges that Mr. Williams signalled his intention to
2 abandon the company in 2001 when he and his wife, Debra J.
3 Williams, formed Environmental Utilities, LLC, to provide
4 essentially the same kind of services as those that OWC
5 provides and provide them in essentially the same geographic
6 area where OWC operates, thereby forming a company to
7 compete with Osage Water Company.

8 Does the Commission's order in the Golden
9 Glade case speak to competition between Environmental
10 Utilities and Osage Water Company?

11 A. Yes, it does.

12 Q. What did the Commission find in that case?

13 A. On page 25, paragraph C, determining whether
14 Osage Water Company is a regulated utility, has a public
15 interest that is being harmed by allowing its assets to be
16 used by a competing utility company? That was the question.
17 The answer was, Osage Water is not a party to this case and
18 it is not in competition with Environmental Utilities. They
19 will serve adjoining subdivisions and will not compete for
20 customers.

21 There was no evidence presented by which the
22 Commission could conclude that EU was improperly using any
23 assets of OWC. Indeed, the evidence indicated that the
24 sharing of assets by the two companies when that use is
25 properly allocated between the companies will spread costs

1 more broadly and can only benefit both companies.

2 MR. WILLIAMS: Your Honor, I'm not going to
3 offer an official Report and Order of the Commission as
4 evidence, but I would ask that the Commission take judicial
5 notice of that portion of the Order that's just been
6 testified in this case.

7 JUDGE WOODRUFF: I don't believe it's
8 necessary to take judicial notice. It's already in the
9 record from her reading.

10 MR. WILLIAMS: Very well. Thank you.

11 BY MR. WILLIAMS:

12 Q. Mrs. Williams, in paragraph 48 of its
13 complaint, Staff alleged that the customers of the company
14 are in imminent danger of losing their water and/or sewer
15 service.

16 Are you aware of any factual basis for that
17 allegation?

18 A. No.

19 Q. To your knowledge, are there any customers who
20 are not receiving water or sewer utility service today?

21 A. No.

22 Q. Do you have any reason to know why they might
23 in the immediate future cease to receive water or sewer
24 utility service?

25 A. No.

1 Q. Are all of the company's revenues that are
2 being collected being applied towards payment of its
3 operating expenses and current obligations?

4 A. Yes.

5 MR. WILLIAMS: I don't believe I have any
6 further questions of the witness at this time, your Honor.

7 JUDGE WOODRUFF: Thank you.

8 Now, we're in a little bit of an unusual
9 situation here. Normally we come up for questions from the
10 Bench, but since the recent examination of Debra Williams
11 sort of turned into direct examination by Osage Water, with
12 the consent of the Commission, I'm going to give the parties
13 a chance to do cross-examination based on that quasi-direct
14 testimony that was just offered.

15 So we will begin with Staff for that limited
16 cross-examination.

17 MR. KRUEGER: Thank you, your Honor.

18 CROSS-EXAMINATION BY MR. KRUEGER:

19 Q. Good morning, Mrs. Williams.

20 Mr. Williams just asked you some questions
21 about paragraph 32 of the Staff's complaint. That's the one
22 that refers to the formation of Environmental Utilities as a
23 competing company.

24 Do you remember those questions?

25 A. Yes.

1 Q. Now, is it true that Environmental Utilities
2 recently sought to acquire all of the assets of Osage Water
3 Company?
4 A. I believe so, yes.
5 Q. Through foreclosure?
6 A. Yes.
7 Q. And why would Environmental Utilities do that?
8 A. Because we wanted to protect our interest and
9 continue service to our customers.
10 Q. When you say protect your interest, who --
11 A. Our investment, Greg and I. Our personal
12 investment.
13 Q. Your personal investments?
14 A. Right.
15 Q. And to serve the customers of Osage Water
16 Company?
17 A. And to continue the service to the customers.
18 Q. So you wanted to take all of the customers of
19 Osage Water Company?
20 A. Yes.
21 Q. You wanted to take all the customers of Osage
22 Water Company, but you weren't competing with them?
23 A. We're the same principals as Osage Water
24 Company.
25 Q. So is it --

1 A. Yes.

2 Q. -- your testimony that even though you wanted
3 to take all of the customers, you weren't competing?

4 A. I did not consider that competition.

5 Q. Okay. Thank you.

6 Mr. Williams also asked you some questions
7 about paragraph 21 of the Staff's complaint.

8 Do you have that in front of you?

9 A. No.

10 MR. KRUEGER: Okay. May I approach the
11 witness, your Honor?

12 JUDGE WOODRUFF: You may.

13 BY MR. KRUEGER:

14 Q. I'd like to show you paragraph 21, begins near
15 the bottom of that page, and ask you to read it. You don't
16 need to read it aloud.

17 Is there anything in that paragraph that's
18 untrue?

19 A. No.

20 Q. Thank you.

21 May I see Exhibit 16?

22 MR. WILLIAMS: It's right here (indicating).

23 BY MR. KRUEGER:

24 Q. Mr. Williams also asked you some
25 questions about the Report and Order that was issued in Case

1 No. WR-2000-557.

2 Do you recall those questions?

3 A. I need to see -- I need to see papers. I'm
4 sorry.

5 MR. KRUEGER: Okay. May I approach, your
6 Honor?

7 JUDGE WOODRUFF: You may.

8 BY MR. KRUEGER:

9 Q. The questions pertained to that document
10 (indicating).

11 A. Yes. Okay.

12 Q. We only have one copy, so I'm going to have to
13 be over here to --

14 JUDGE WOODRUFF: That's fine. You can stay
15 over there to inquire.

16 BY MR. KRUEGER:

17 Q. Do you know when the Report and Order was
18 issued in that case?

19 A. Is it on there?

20 Q. Well, it may be. I don't know. Do you
21 recall?

22 A. Not from my memory, no.

23 Q. Okay. Do you know when this Staff report was
24 filed?

25 A. No.

1 Q. Do you know if it was -- how long it was after
2 the Report and Order was issued?

3 A. No.

4 Q. The certificate of service here on the
5 third page of this document indicates that it was mailed on
6 May 17th, 2002.

7 Does that sound about right?

8 A. That's what it says.

9 Q. Does that -- do you recall whether that was
10 about the time that this was filed?

11 A. No, I don't remember.

12 Q. Call your attention to paragraph 1 there
13 of the first page. It says on March 29th, 2001 the
14 Commission -- it says the Commission issued its Report and
15 Order in that case.

16 A. Uh-huh.

17 Q. Do you recall if that's about the time that
18 that Report and Order was issued?

19 A. Oh, you mean for the rate increase? Is that
20 the case we're referring to?

21 Q. That is the rate case, yes.

22 A. Oh, yes, I believe that's the correct date.

23 Q. Okay. And the certificate of service states
24 that this second report was filed on May 17th, 2002?

25 A. Right.

1 Q. A little more than a year later?

2 A. Right.

3 Q. And at that time it is your testimony that the
4 company had complied with all of the requirements of the
5 Commission's Report and Order?

6 A. Yes.

7 Q. Is that what you testified?

8 A. Yes.

9 Q. A little more than a year later?

10 A. I believe so.

11 Q. Okay. Do you have a copy of Exhibit 15 in
12 front of you? That's the one pertaining to the assessments.

13 A. Oh, yes, I do.

14 Q. Looking at the first page there, at the bottom
15 it says, Check No. 3245, check date November 27, 2001, and
16 it indicates items to be paid, 1998 assessments, \$86.13?

17 A. Uh-huh.

18 Q. Was that check issued for payment of 1998
19 assessments?

20 A. I believe so.

21 Q. Do you know when that -- when those
22 assessments were due?

23 A. No.

24 Q. But they were paid on November 27, 2001?

25 A. Yes.

1 Q. Looking now to the third page there. It
2 indicates it's Check No. 3208 and check date October 1,
3 2001, correct?

4 A. Yes.

5 Q. And that indicates fiscal year 2001 remaining
6 assessments of \$530.40?

7 A. Yes.

8 Q. 44 cents?

9 A. Yes.

10 Q. And is it your testimony, then, that that was
11 paid, that the remaining fiscal year 2001 assessments were
12 paid on October 1, 2001?

13 A. Yes.

14 Q. And do you know when they were due?

15 A. No.

16 Q. Have you paid any part of the 2003
17 assessments?

18 A. I have not.

19 Q. Do you know when they are due?

20 A. Well, according to page 2, the first one was
21 due July 15th, and the second quarterly payment was due
22 October 15th of 2002.

23 Q. And you have not paid either of those?

24 A. I have not.

25 Q. Okay. Do you recall the testimony you gave

1 last Thursday in this proceeding generally?

2 A. Yes.

3 Q. Do you remember that I asked if you would
4 bring with you a copy of the Management Services Agreement
5 between Environmental Utilities and Osage Water Company the
6 next time you appeared here?

7 A. I did not remember that yesterday. I'm sorry.

8 Q. And you did not bring it?

9 A. I don't think we did.

10 Q. Do you think you can arrange to have that
11 produced for the Commission sometime later in this
12 proceeding?

13 A. You mean today?

14 Q. Today or sometime before the hearing
15 concludes?

16 A. Yes. I'm sorry. I forgot.

17 Q. You testified that Mr. Mitchell is not
18 involved in the day-to-day operations of the company at the
19 present time; is that right?

20 A. That's correct.

21 Q. What does he do now for the company, if
22 anything?

23 A. He answers questions if we call him.

24 Q. About how much -- do you have any idea about
25 how much time this requires?

1 A. No, because Greg talks to him. I don't know.

2 Q. Do you have knowledge of him doing anything

3 besides conversing with you or Mr. Williams on behalf of

4 Osage Water Company?

5 Is there anything that he does on behalf of

6 Osage Water Company other than converse with you and

7 Mr. Williams?

8 A. He does our lab testing.

9 Q. But he does that --

10 A. Gets paid for it.

11 Q. -- on a contract basis?

12 A. Right.

13 Q. And charges the company for it?

14 A. Right.

15 Q. And do you pay that bill?

16 A. Yes.

17 Q. Who is involved in the day-to-day operations

18 of Osage Water Company at the present time?

19 A. Myself, Kris Corum and Jeffrey Smith.

20 Q. And Mr. Williams is not?

21 A. He really isn't, and hasn't been since July

22 2001, or ever.

23 Q. Do you recall when the outage at Broadwater

24 Bay first occurred, do you recall the date of that?

25 A. It's in the exhibit. It was August -- it's on

1 that --

2 MR. KRUEGER: May I approach, your Honor?

3 JUDGE WOODRUFF: You may.

4 THE WITNESS: I think it's August 8th.

5 August 8, 2001 -- 2. I'm sorry.

6 BY MR. KRUEGER:

7 Q. That's when the outage initially occurred?

8 A. Yes.

9 Q. How long did it take to get service restored,
10 then, on a temporary basis?

11 A. Within 24 hours.

12 Q. But --

13 A. I don't remember how many hours it was. It
14 went out early afternoon, and it might have been the next
15 morning before the City established. I can't remember.

16 Q. And then how long did that temporary service
17 continue?

18 A. Until the 19th. That was ten days. They gave
19 us ten days to repair our system or negotiate a transfer.

20 Q. They, the City?

21 A. Yes, the City of Osage Beach.

22 Q. And did you accomplish that within the ten
23 days?

24 A. We did not.

25 Q. So then what happened?

1 A. Then the City went out and turned the water
2 off.

3 Q. How long did the water remain off?

4 A. Three days.

5 Q. During this time, did you make any
6 arrangements to provide water for the customers of Osage
7 Water Company?

8 A. I was busy from the time it went out trying to
9 figure out how to replace the pump, yes.

10 Q. But water was not provided for three days?

11 A. That's correct, by the City.

12 Q. Or by Osage Water Company?

13 A. Right. Our pump was destroyed.

14 Q. And ultimately you obtained -- had the service
15 restored after you discovered that there was insurance
16 coverage; is that correct?

17 A. The reason the City restored the service was
18 because Mr. Mitchell signed an agreement agreeing to pay a
19 higher rate for the water we were using temporarily, which
20 is why the City disconnected it on the 10th day.

21 Q. Was that option available to you on the 19th
22 to pay the higher rate?

23 A. Yes.

24 Q. But you chose not to restore it at that time?

25 A. Yes.

1 Q. Why was that?

2 A. No, we didn't choose not to restore it. It
3 was never a choice to us not to restore the service. We did
4 not have \$20,000 in the account, and I did not have
5 insurance lined up, and I had no choice. I had no service
6 available.

7 We were negotiating with the City. The City
8 told Mr. Mitchell they thought their negotiating position to
9 acquire our system would be improved if they just shut the
10 water off, because they were trying to take away our system
11 and our customers.

12 MS. O'NEILL: Your Honor, I'm going to object
13 to this answer on hearsay grounds, unless she can identify
14 whether or not there's a witness that's going to testify
15 regarding this statement who's going to come in to court
16 today or during this proceeding. She's got an unidentified
17 person that she's attributing comments to, and I'm not even
18 sure where she heard them.

19 I think that's at least one round of hearsay,
20 and maybe a couple.

21 MR. KRUEGER: I join in the objection.

22 JUDGE WOODRUFF: Mr. Loraine?

23 MR. LORAIN: Judge, I'd like to join in, but
24 I'd also like to ask the Court to strike that statement from
25 the record.

1 MR. WILLIAMS: Your Honor, hearsay is
2 admissible in a Public Service Commission proceeding unless
3 it's objected to and is not attributed in the record.

4 The question was asked. The statement said
5 clearly Mr. Mitchell said, and no objection was raised at
6 that point until an answer was elicited that the other
7 counsel here simply don't like, and that's not a legitimate
8 objection to hearsay.

9 JUDGE WOODRUFF: If the court reporter could
10 read back Mr. Krueger's question.

11 (THE REPORTER READ BACK THE REQUESTED
12 PORTION.)

13 JUDGE WOODRUFF: That's a broad enough
14 question to encompass the answer. I'm going to overrule the
15 objection.

16 MS. O'NEILL: Your Honor, just for
17 clarification, are you overruling the objection regarding
18 the statements of the unnamed party and Mr. Mitchell or just
19 of Mr. Mitchell, because he is listed as a witness?

20 JUDGE WOODRUFF: I'm going to overrule the
21 objections entirely and allow the answer to stand, and that
22 would include both the unnamed party and Mr. Mitchell. The
23 answer stood as was given.

24 Proceed.

25 BY MR. KRUEGER:

1 Q. Did the City present the company with the
2 option of continuing service on August 19th?

3 A. At the higher -- at a rate higher than they
4 were allowed to charge our customers, yes.

5 Q. Do you recall what the rate was prior to
6 August 19th?

7 A. No. I'm sorry. I don't have that in front of
8 me.

9 Q. And do you recall what the rate was after
10 August 19th?

11 A. I wouldn't want to give numbers. I just
12 don't -- I didn't review that. I'm sorry.

13 Q. But in any event, you did have the option of
14 obtaining additional service provided by the City after
15 August 19th?

16 A. Yes.

17 Q. On terms that were not satisfactory to you?

18 A. Yes.

19 Q. Did your decision ultimately to restore
20 service depend upon the availability of insurance coverage?

21 A. Absolutely.

22 Q. So if you had not discovered that there was
23 insurance coverage, you would not have restored service?

24 A. I don't know how we could have. We had no
25 money.

1 Q. I believe you testified that you suspected
2 that there is a leak at Mariner's Cove. Was that your
3 testimony?

4 A. There is a leak at Mariner's Cove.

5 Q. And that is still occurring?

6 A. Yes.

7 Q. And you said you were trying to isolate it?

8 A. Yes.

9 Q. Have you found it now?

10 A. We think we've narrowed down the area near
11 Building 3.

12 Q. Have you found it?

13 A. We don't know for sure. We'd have to dig
14 through the asphalt parking lot, which would require
15 thousands of dollars in repairs. We've determined that it
16 would be more cost effective to cap off the lines as they go
17 around the loop, since we don't have the apartments as
18 customers anymore, and simply bypass the area we suspect the
19 leak is in.

20 Q. Do you know how extensive that leak is?

21 A. No.

22 Q. Do you know if it's equal to the water that
23 you're delivering to customers or more?

24 A. I'm not sure. I really -- I don't know how
25 big it is. I believe it's extensive, though.

1 Q. You testified with regard to a settlement that
2 the company had made with Reinhardt Bergmann?

3 A. Yes.

4 Q. What was that payment for?

5 A. A tree.

6 Q. For damage to a tree?

7 A. A dead tree.

8 Q. You paid because you agreed that --

9 A. Yes.

10 Q. -- you had damaged his tree?

11 A. Yes.

12 Q. Do you know what caused that tree to die?

13 A. There was water standing in his yard that we
14 suspected came somehow from the sewer plant. We're not sure
15 how.

16 Q. Has that problem been resolved?

17 A. We believe that it has since we waited. He
18 didn't claim his money in the fall of 2001 when we had it
19 available to him, because he wanted to wait until spring to
20 make sure that the problem did not recur. And so he came in
21 and picked up his check, whatever the date of the check is
22 there, in the spring of 2002.

23 Q. So it's your testimony, then, that discharge
24 is no longer occurring?

25 A. He has not complained.

1 MR. KRUEGER: May I approach, your Honor?

2 I think I need to get a copy of the complaint.

3 JUDGE WOODRUFF: You may.

4 BY MR. KRUEGER:

5 Q. Do you have that?

6 A. Yes.

7 Q. Thank you.

8 Mr. Williams asked you some questions about
9 the -- about paragraph 11 of the complaint, which refers to
10 the Harbor Bay Condominiums development.

11 Do you recall those questions?

12 A. Yes.

13 Q. Do you know if the company did, in fact,
14 disconnect a condominium building there?

15 A. That was before I was involved, so I was not
16 involved in that.

17 Q. Okay.

18 A. I believe we were out of town and I heard that
19 that had happened.

20 Q. Do you know if all of the customers of Harbor
21 Bay that want service now have service?

22 A. As far as I know, they do.

23 Q. With meters?

24 A. They do -- I'm not sure if they all have
25 meters. We're having a dispute over connection fees because

1 we can't pay for the meters without the connection fees, and
2 Mr. Hummel told them not to pay their connection fees.

3 Q. Have you continued to charge connection fees
4 after receiving this letter from Mr. Hummel?

5 A. Yes, we did. We have.

6 Q. And have you attempted to seek any kind of
7 Commission resolution of that issue other than -- other than
8 the letter to Mr. Hummel which --

9 A. Yes. We drove up here and met with Commission
10 Staff in the fall of 2001 in an attempt to resolve it.

11 Q. And Staff disagreed with your position at that
12 time?

13 A. Yes, they did.

14 Q. And you have not done anything further to seek
15 resolution of it, then?

16 A. No.

17 Q. Okay. Have you continued to charge connection
18 fees since that time?

19 A. Yes, we have. They're essential to the
20 survival of the company.

21 MR. KRUEGER: Thank you. I believe that's all
22 the questions I have.

23 JUDGE WOODRUFF: Mr. Loraine?

24 CROSS-EXAMINATION BY MR. LORAIN:

25 Q. Good morning, Mrs. Williams.

1 A. Good morning.

2 Q. Mrs. Williams, in reference to the \$3,000

3 salary, can you tell me when that started?

4 A. July of 2001.

5 Q. And has it ever stopped?

6 A. There were months when the company could not

7 afford my salary.

8 Q. How many months since July have you not

9 received the salary?

10 A. Maybe one or two.

11 Q. What months would they have been?

12 A. I don't know.

13 Q. When you received -- when you resigned, there

14 was an earlier document showing that you resigned from the

15 management. Did you continue receiving your pay then?

16 A. Resigned from the management of?

17 Q. OWC.

18 A. I'm sorry. Could you repeat the question?

19 Q. Yes. When you resigned from the management of

20 OWC, did you continue to receive your \$3,000 salary?

21 A. Yes, I did.

22 Q. Now, you mentioned that you have two other

23 people helping you?

24 A. Yes.

25 Q. And I've forgotten their names, but you

1 mentioned them. Would you give them to me again?

2 A. Kris, with a K, Corum, with a C. C-o-r-u-m.

3 Q. And what's Kris' last name?

4 A. Corum.

5 Q. Kris Corum. And what's the other person?

6 A. Jeffrey Smith.

7 Q. All right. And what does Kris Corum do for
8 you?

9 A. She is our billing clerk.

10 Q. And --

11 A. And receptionist.

12 Q. And what does she get paid?

13 A. Do you want to know the rest of what she does?

14 Q. Sure.

15 A. She has been reconstructing the accounting for
16 the last five years. She helps coordinate complaint --
17 customer complaints, does the billings, keeps track of the
18 complaints, keeps track of the work orders, handles the
19 files.

20 I think that's most of it.

21 Q. A lot of those obligations were yours
22 formerly?

23 A. No.

24 Q. All right. What does Kris get paid a month?

25 A. She gets paid, I think it's -- I think it's --

1 I don't know what her -- I know what her net is. I'm not
2 real sure.

3 Q. Well, why don't you give me her net per month?

4 A. I think it's 1,600, 1,700.

5 Q. That's her net per month?

6 A. Uh-huh. I think so.

7 Q. And what --

8 A. I didn't bring that.

9 Q. What does Jeff Smith do?

10 A. Jeff is a master plumber, and he is our field
11 supervisor in charge of maintaining nine wells and four
12 treatment plants. He runs week-by-week, twice-a-week
13 routes, checking each system, and then does our monthly
14 testing for the Department of Natural Resources, does our
15 water sampling. He treats the treatment plants with
16 chlorine, responds to customer complaints, performs all the
17 repairs and the line breaks.

18 Q. What is he paid a month?

19 A. He gets \$12 an hour, 40-hour week.

20 Q. You mentioned during your -- one of your bouts
21 of testimony here that you tried to keep Greg current on
22 some legal fees that were current fees as opposed to the
23 past fees; is that true?

24 A. I said I made a payment, but I wasn't sure if
25 it was on current legal fees or on the promissory note.

1 That was the question I was asked.

2 Q. How many such payments have you made since you
3 took over in July?

4 A. Maybe one.

5 Q. How much money?

6 A. I paid him to file the appeal, I guess the
7 City of Osage Beach.

8 Q. How much money?

9 A. \$3,000.

10 Q. To the best of your knowledge, that's all
11 you've paid?

12 A. I'd have to check my record. That's the one I
13 remember for sure.

14 Q. Where do you bank with OWC?

15 A. I don't bank with OWC. I don't have an
16 account for OWC.

17 Q. Where is its checks written from?

18 A. Environmental Utilities has an account as the
19 management company for OWC.

20 Q. How long has OWC not had a checking account?

21 MR. WILLIAMS: Your Honor, I'm going to object
22 to this line of questioning as outside the scope of the
23 issues raised in the pleading of this case. All of the
24 parties have said this has to do with the abandonment of the
25 company by its owners. I don't think we need to get into

1 specific locations of bank accounts and assets. We can be
2 here for a very long period of time.

3 JUDGE WOODRUFF: I think the question was how
4 long has Osage Water not had a checking account, and I think
5 that is relevant to the question of whether or not the
6 company's been abandoned and the current operations of the
7 company.

8 So I'm going to overrule the question. You
9 can answer.

10 THE WITNESS: Within the last two months.

11 BY MR. LORAIN:

12 Q. Where was the checking account before the last
13 two months?

14 A. At Central Bank.

15 Q. Now, all checks are paid by EU?

16 A. That's right.

17 Q. And where's its account?

18 A. It's at Central Bank.

19 Q. Thank you.

20 You had stated during cross-examination from
21 Public Counsel that there were management issues that you
22 and Mr. Mitchell did not see eye to eye with. Can you tell
23 us what those are?

24 MR. WILLIAMS: Your Honor, again, I'm going to
25 object to this question as being outside the scope of the

1 pleadings in this case.

2 The issue is whether there's abandonment by
3 the owners of the company, not whether or not there's
4 disagreements between the owners of the company. We've
5 spent a long time talking about disagreements that have
6 nothing to do with any of the allegations of the complaint
7 in this matter. I think we need to stick to what's been
8 raised in the complaint.

9 This is an expedited hearing. The company is
10 not prepared to address any issues that aren't directly
11 raised by a paragraph in the complaint.

12 MR. LORAIN: Your Honor, if I may?

13 JUDGE WOODRUFF: You may.

14 MR. LORAIN: Judge, this is maybe a
15 management issue that -- I don't know what she's going to
16 tell us, but any management issue right now is central to
17 this hearing.

18 JUDGE WOODRUFF: I'm going to overrule the
19 objection.

20 You can answer the question.

21 THE WITNESS: I think there's just -- let me
22 say that Greg and I think that Mr. Mitchell managed
23 extremely well under the circumstances and with the limited
24 amount of revenues he had while he was in charge of
25 operations and management. It's a wonder that the company

1 ran as long as it did under his management.

2 He worked many, many, many hours without pay,
3 but I think there's just some basic philosophies in business
4 that maybe we differ in, in terms of attention to detail and
5 following through on tasks and a level of service, a level
6 of satisfaction that he may be satisfied with but maybe
7 we're not -- but we were not.

8 BY MR. LORAIN:

9 Q. You say that he abandoned the company in July
10 of 2000?

11 A. One.

12 Q. One?

13 A. Uh-huh.

14 Q. He's now back involved to some extent after
15 September 3rd of this year?

16 A. He has helped when we need him, yes.

17 Q. And you've paid him money?

18 A. No.

19 Q. You have paid him some money for that
20 consulting service?

21 A. No.

22 Q. You didn't say that earlier?

23 A. No. We pay him for his lab testing. He tests
24 the water and we pay him for that.

25 Q. And how much have you paid him, do you know,

1 since July?

2 A. For testing the water?

3 Q. Whatever you paid him for.

4 A. It's about \$80 a month for water and \$200 for
5 sewer.

6 Q. And that's been continuous through July --
7 since July?

8 A. Yes.

9 Q. You drilled the well at Golden Glade, someone
10 said. Is that true?

11 MR. WILLIAMS: Your Honor, again, I'm going to
12 object. We're wandering into issues that were heard,
13 determined in another proceeding that are not issues in this
14 complaint. I think that we're exceeding the scope of issues
15 that are raised by the pleadings.

16 JUDGE WOODRUFF: Can you tell me what the
17 relevance is to this complaint?

18 MR. LORAIN: I'd like to know where the money
19 came from for the well. It's obvious they've had problems
20 with OWC. I'd like to know where the money came from.

21 MR. WILLIAMS: Your Honor, again, that was an
22 issue in the Environmental Utilities application.
23 Mr. Hancock was a party. The Commission heard evidence, the
24 issue was found and determined by this Commission in that
25 case. It is not raised as an issue in the pleadings in this

1 case. It's outside the scope of the pleadings.

2 The company as I've stated is here on an
3 expedited basis. We've done no discovery. We have no idea
4 what questions might be asked. We've brought no evidence
5 that pertains to the questions that he's asking.

6 I'm simply going to object that that's not
7 proper cross-examination or redirect examination in this
8 case.

9 JUDGE WOODRUFF: I'm going to sustain that
10 objection. Proceed to your next question.

11 BY MR. LORAIN:

12 Q. There was a -- Exhibit 11 was presented by
13 Mr. Williams. That was the Department of Natural Resources
14 letter from Steven Jones.

15 Are you familiar with that?

16 A. Yes.

17 Q. Can you tell me the purpose of that letter?

18 A. It was to authorize us to go ahead and do the
19 interconnect when the well at Eagle Woods went out in
20 February.

21 Q. So how long was that well -- how long was that
22 well at Eagle Cove out -- or Eagle Woods out, do you know?

23 A. No, I don't remember exactly. It was --
24 seemed to me like we restored it in the same day or within
25 24 hours, because our well was already operational. We

1 called, we said, This well's gone down, the permit was
2 pending, did they want us to go ahead and fix the broken
3 well at Eagle Woods, or could we just go ahead and connect
4 it to our well that was already operational at Golden Glade.

5 And that was his response to our question.

6 Q. So it was a temporary use?

7 A. That's what it says.

8 Q. Under the emergency conditions that you've
9 described?

10 A. Yes.

11 Q. Nevertheless, that well was repaired the same
12 or the next day?

13 A. I don't remember. I don't know.

14 Q. Well, it was a short period of time, wasn't
15 it?

16 A. No. You asked me -- I'm sorry.

17 I thought you asked me how long they were out
18 of water.

19 Q. No. How long did the -- what did it take for
20 the well to be repaired?

21 A. We didn't repair the well.

22 Q. Did someone else?

23 A. I don't know.

24 Q. You didn't check into that? You just operated
25 off this temporary permit?

1 A. We were operating off the Golden Glade well
2 until they gave us the permanent permit. That was the plan
3 from the beginning. We never planned to hook back up to the
4 small well.

5 Q. Let me ask you this: Did you bill -- did you
6 give service to Eagle Cove customers prior to this letter of
7 May 13th, 2002?

8 A. Did OWC give service to Eagle Woods customers?

9 Q. Yes.

10 A. I believe so.

11 Q. And, in fact, it was as early as January;
12 isn't that true?

13 A. I don't remember exact dates, Tom.

14 Q. Well, my point I'm making to you,
15 Mrs. Williams, is that you served -- you served -- you
16 billed those people for well water, didn't you?

17 A. I believe so.

18 Q. So you would have been billing -- serving them
19 water, billing them water way before you got any temporary
20 use permit from Jones on -- as Exhibit No. 11 here; isn't
21 that true?

22 A. I don't have all my permits in front of me. I
23 don't know. I don't know.

24 Q. Well, you are responsible for the billing, so
25 I'm asking you to think back --

1 A. You're --

2 Q. -- to the billing.

3 A. -- asking me about permitting.

4 Q. Well, I'm -- and the follow-up question was,

5 didn't you bill those people for well water at Eagle Woods

6 prior to May 13th, 2002?

7 A. I don't have my records with me. I'm not

8 sure, but I think so.

9 Q. All right.

10 A. I don't have my records with me.

11 Q. And this would have been without authority to

12 do so?

13 A. I don't -- I don't know that that's true.

14 Q. Well, you didn't have any CCN for that, did

15 you, at the time?

16 A. I don't know.

17 Q. Who advised you that you could bill those

18 people for the water?

19 MR. WILLIAMS: Your Honor, again, I'm going to

20 object to the question as outside the scope of the issues

21 raised in the pleading in this case. I'm not aware of

22 anything in the complaint that raises any issues about

23 improper billing of customers at Eagle Woods for water

24 service.

25 The witness is obviously unprepared, because

1 it is not raised in the complaint, and again, this line of
2 questioning is simply wandering off into issues that have
3 nothing to do with the complaint.

4 And I think it's objectionable.

5 JUDGE WOODRUFF: Go ahead.

6 MR. LORAINE: Your Honor, this goes to
7 mismanagement. It goes to not following dictates, knowing
8 what those dictates are and ignoring them. It goes to the
9 management issues that we've been discussing throughout, and
10 it is alleged in here that there's mismanagement.

11 MR. WILLIAMS: Your Honor, there's no specific
12 allegation that would bring this to the company's attention,
13 and certainly it's unfair to ask the company to appear on an
14 expedited basis without discovery and to address all
15 possible questions that may be asked about the management of
16 the company since its inception in 1987.

17 The complaint has specific allegations. We've
18 done our best to prepare on limited notice and limited time
19 for this hearing, and to allow any counsel to go outside the
20 scope of what is in the pleading is simply to burden this
21 company with -- with implications and allegations that are
22 not before the Commission.

23 I think that's objectionable.

24 JUDGE WOODRUFF: I'm going to overrule the
25 objection.

1 I do want to try and stick as much as possible
2 to the complaint, and I'm not really sure where this is
3 going either. I'm going to allow it to go on for a while
4 further and see where we're going.

5 So you can go ahead and answer the question.
6 If you need to, you can have it read back.

7 MR. WILLIAMS: Your Honor, for the record, if
8 you would show my objection as continuing on this line of
9 questions.

10 JUDGE WOODRUFF: Certainly. Do you remember
11 what the question was?

12 THE WITNESS: No.

13 Are you asking me if -- if the company had a
14 CCN for Eagle Woods in July of 2001?

15 BY MR. LORAINÉ:

16 Q. No. I said January of 2002.

17 A. I don't know.

18 Q. But do you know that you were serving water at
19 that time?

20 A. Yes.

21 Q. And you're relatively certain you were billing
22 for it?

23 A. Yes.

24 MR. LORAINÉ: Judge, I don't have anything
25 further of -- I do have one more question.

1 BY MR. LORAINÉ:

2 Q. I asked you on direct examination several days
3 ago about the application, and you said you didn't have the
4 application at the time?

5 A. Uh-huh.

6 Q. And some questions have been asked about the
7 application.

8 MR. LORAINÉ: I have a certified copy of the
9 application now.

10 JUDGE WOODRUFF: Which application are we
11 talking about?

12 MR. LORAINÉ: It's on 2002-65, on that case.
13 May I approach this witness?

14 JUDGE WOODRUFF: Yes, you may.

15 MR. LORAINÉ: Judge, I only have one copy, so
16 I would like to --

17 JUDGE WOODRUFF: All right.

18 MR. LORAINÉ: May I remain here?

19 JUDGE WOODRUFF: You can remain there.

20 BY MR. LORAINÉ:

21 Q. Mrs. Williams, if I may approach you.

22 No. 6 of that application says, The proposed
23 water system will meet the requirements of the Commission
24 and DNR. A copy of the construction permit issued by
25 Missouri Department of Natural Resources Drinking Water is

1 attached hereto as Exhibit D.

2 Do you recall that?

3 A. Well, I didn't write this, but I've seen this.

4 Q. Who wrote it?

5 A. I guess I did write it.

6 Q. Take your time.

7 A. Sorry. I haven't seen it for a while.

8 Okay. Greg drafted it. I signed it as
9 manager of Environmental Utilities.

10 Q. My question to you, at the time that you filed
11 this application, it purports to have Exhibit D attached,
12 and it does not have it. It --

13 MR. WILLIAMS: Your Honor, I'm going to
14 object, again, to this line of testimony about another
15 Commission case and issues that were heard and decided in
16 that case before this Commission, and it's, again, outside
17 the scope of the pleadings in this case.

18 JUDGE WOODRUFF: What's the relevance,
19 Mr. Loraine?

20 MR. LORAIN: She's made a reference that
21 they've been serving water at this facility. The
22 construction permit was a limited one. It was not attached
23 to this permit. She says it was. And --

24 THE WITNESS: I didn't say it was.

25 MR. LORAIN: In the application you say it

1 was.

2 THE WITNESS: Oh, okay.

3 MR. LORAIN: And, therefore, it has something
4 to do with management, Judge, and representations and
5 credibility, which is what this hearing is about.

6 JUDGE WOODRUFF: I believe this is beyond the
7 scope of what's in the proceedings today.

8 I'm going to sustain the objection.

9 MR. LORAIN: Thank you, Judge. I have
10 nothing further.

11 JUDGE WOODRUFF: Public Counsel?

12 MS. O'NEILL: Thank you.

13 CROSS-EXAMINATION BY MS. O'NEILL:

14 Q. And, Mrs. Williams, do you have copies of your
15 exhibits there in front of you?

16 A. No.

17 Q. Did you have copies of them in front of you
18 when you testified earlier about those exhibits, do you
19 remember?

20 A. Sorry.

21 Q. Okay. I want -- the reason I'm asking is, I
22 want to refer you to Exhibit 10, which is documentation
23 regarding the pump at Broadwater Bay.

24 Do you recall looking at those this morning?

25 A. I did. When Greg was asking me questions, I

1 did look at those.

2 Q. Okay. And you prepared this exhibit; is that
3 correct?

4 A. Yes, I gathered that together.

5 Q. Okay. And there's -- there's a duplicate
6 invoice in here.

7 Was that just inadvertently put in there or
8 were you --

9 A. Yes.

10 Q. Okay. It's not actually two invoices for the
11 same thing?

12 A. If they're identical, it's an accidental
13 duplication.

14 Q. Okay. Also within Exhibit 10, there's a
15 handwritten page. Do you know who wrote that?

16 A. I did.

17 Q. Okay. And that's the page that indicates
18 that --

19 A. Timeline.

20 Q. -- the timeline, including August 19th, the
21 City turned off the water?

22 A. Right.

23 Q. And noon, August 22nd, the water turned back
24 on?

25 A. Right.

1 Q. And you testified that there were -- during
2 those three days you or Osage Water Company, someone on
3 behalf of Osage Water Company, was attempting to negotiate
4 with the City of Osage Beach --

5 A. Yes.

6 Q. -- about the rate?

7 A. Yes. Well, we were negotiating about the rate
8 and the acquisition of the system, the customers.

9 Q. At that point in time, you had Osage Water
10 customers without water service, correct?

11 A. That's correct.

12 Q. And at that time there was an offer to allow
13 you to purchase water to serve those customers over that
14 three-day period; is that correct?

15 A. That's correct.

16 Q. And Osage Water chose to not accept the terms
17 of that offer on the 19th of August; is that correct?

18 A. We were still negotiating.

19 Q. On the 19th?

20 A. Yes.

21 Q. Osage did not accept?

22 A. That's correct, by the 19th we did not.

23 Q. And on the 20th and 21st also, that offer was
24 out there but you didn't accept it, the company did not
25 accept it?

1 A. That's correct.

2 Q. It wasn't until noon on August 22nd that the
3 arrangements were finally made and Osage accepted those
4 terms?

5 A. We were negotiating and dealing with the
6 insurance company and learning that there was some hope that
7 we could restore the system that we did not have on the
8 19th.

9 Q. Now --

10 A. Which was why we were reluctant to enter into
11 an agreement to pay more for the water than we could collect
12 from our customers, because we didn't know how long it would
13 be before we could find a solution to the problem.

14 Q. And so you didn't want to pay this rate to the
15 City because you didn't know if you had insurance that would
16 cover it?

17 A. Right. We didn't think we could afford it.

18 Q. Osage Water is a regulated utility company?

19 A. Yes.

20 Q. And as such it has responsibilities defined by
21 law; is that correct?

22 A. Yes.

23 Q. Are you familiar with those responsibilities?

24 A. I'm sure that I'm not aware of all of them.

25 Q. Are you aware that Osage Water Company has a

1 statutory obligation to provide safe and adequate service --
2 A. Yes.
3 Q. -- to its customers?
4 A. Yes.
5 Q. And have you read the statute that has that
6 statement in it?
7 A. Yes.
8 Q. And do you recall where in that statute it
9 says if they have insurance to pay?
10 A. I'm sorry?
11 Q. Do you recall where in that statute it says
12 that the company only has that obligation if they have the
13 insurance money to pay?
14 A. No.
15 Q. Do you think it says that in that statute?
16 A. If there's no money to pay, how is the company
17 supposed to pay? That's what the company wants to know, is
18 how the Commission expects a company to pay when there is no
19 money to pay.
20 Q. You are managing a company that received a
21 certificate of convenience and necessity; is that correct?
22 A. Yes.
23 Q. And are you aware that when Osage Water
24 Company obtained that certificate, it agreed to comply with
25 the statutory requirements?

1 A. Yes.

2 Q. And you agreed and do you understand that
3 there is nothing in that statutory requirement that says if
4 we've got the money?

5 A. Yes, I do.

6 Q. All right. You testified earlier about
7 Exhibit 11, which is a letter written to Greg Williams, is
8 that correct, from Stephen Jones?

9 A. Yes.

10 Q. Do you recall that letter?

11 A. Yes.

12 Q. And did you testify about this letter as a
13 business record that you keep in the regular course of
14 business, or did you testify on this on the basis of your
15 knowledge of the contents of the letter?

16 A. I don't understand your question.

17 Q. Okay. As the manager you keep track of the
18 correspondence?

19 A. Yes.

20 Q. Is that why you identified this letter,
21 because you keep track of this correspondence?

22 MR. WILLIAMS: Your Honor, I'm going to object
23 to Public Counsel inquiring as to the basis of foundation
24 for a document already admitted into evidence.

25 MS. O'NEILL: I'm just -- I'm trying to lay

1 foundation to see whether or not she can answer further
2 questions, your Honor, but I can move along.

3 JUDGE WOODRUFF: I'll sustain the objection.
4 You can move on to your next question.

5 BY MS. O'NEILL:

6 Q. Was it your understanding as manager -- in May
7 you were the actual manager of Osage Water, right?

8 A. Of 2002?

9 Q. 2002.

10 A. Yes.

11 Q. Okay. This information from DNR discussed
12 permits from DNR regarding the use of the Golden Glade well
13 in Eagle Woods; is that right?

14 A. Yes.

15 Q. And you relied on that as far as hookups, that
16 sort of thing; is that right?

17 A. Yes.

18 Q. And were you aware at the time that DNR
19 approval and Commission approval are not identical for
20 permission to serve?

21 A. I'm not -- I'm not just real clear about all
22 the regulations and how they work together, no.

23 Q. Okay. So although you previously testified
24 that you handle regulatory matters, this is not one that
25 you're really familiar with yet; would that be fair to say?

1 A. I handle the payment of regulatory fees. I am
2 not an attorney, and I don't -- I'm not completely familiar
3 with regulatory matters, no --

4 Q. All right.

5 A. -- in the year.

6 Q. You testified and identified an exhibit that's
7 Exhibit 12, which has to do with a settlement pursuant to a
8 mediation between the Public Service Commission Staff and
9 Osage Water Company.

10 Do you recall that testimony?

11 A. I'll need to see that one.

12 Q. All right.

13 MS. O'NEILL: May I approach the witness?

14 JUDGE WOODRUFF: You may.

15 THE WITNESS: Is this the Harbor Bay? Yes.

16 BY MS. O'NEILL:

17 Q. And did this -- was this agreement reached
18 after you became manager of Osage Water?

19 A. I don't think so.

20 Q. Okay. So let's move on.

21 Exhibit 13 that Osage Water has introduced
22 and is in evidence, again, deals with this check to
23 Mr. Bergmann.

24 Can you clarify -- I just had one question
25 about this. You said something about having this ready to

1 pay him, but then he didn't come by for a long time.

2 Q. Could you explain that a little more clearly?

3 A. The problem occurred in the summer of 2001.

4 We worked at resolving it throughout the summer and fall,

5 told him his check was ready to be picked up, but he wanted

6 to wait until spring to make sure that the problem had been

7 resolved.

8 Q. And had a check actually been issued?

9 A. I did issue one in the fall, but I voided that

10 one and reissued another one when he said he was satisfied

11 that the problem was resolved and he would come in for it.

12 Q. Okay. So the check that's actually attached

13 here isn't one you wrote the fall before?

14 A. Right.

15 Q. It's dated June 5th?

16 A. Right.

17 Q. Okay. Just wanted to clarify that.

18 A. But I offered it to him in the fall.

19 Q. Okay. Exhibit 15 has to do with your -- with

20 assessment payments to the Public Service Commission, and I

21 just -- I have just a couple of clarifying questions to ask

22 you about this.

23 MS. O'NEILL: May I approach?

24 JUDGE WOODRUFF: You may.

25 BY MS. O'NEILL:

1 Q. Now, I think -- and I think you referred to
2 this a little bit when you looked at the exhibit, that it's
3 not exactly in the order that -- chronological order; is
4 that right?

5 A. Right.

6 Q. And you had sent a letter with a payment on
7 November the 8th. That's on the last page of that exhibit.

8 A. This check goes with this letter actually
9 (indicating). I don't have a copy of this check
10 (indicating).

11 Q. Okay. There's a handwritten notation of this
12 check from July 2002; is that right?

13 A. Right. Uh-huh.

14 Q. Now, you had sent the letter on November 8th
15 saying that you thought that that payment of \$1,736.98 was
16 going to put you up to date?

17 A. Right.

18 Q. And then it was after that that you received
19 the e-mail correspondence that said that there was still
20 some amounts owing; is that right?

21 A. No.

22 Q. No?

23 A. No. This is the original. In November of
24 2001 is the original.

25 Q. Okay. And that's dated what --

1 A. This was for 2000 and 2001, and then the --
2 this is the remainder. July 11 payment of 1,760.04 was for
3 the remaining 2001-2 assessments.

4 Q. On the last page, what's the date of this
5 letter?

6 A. November 8th, 2001.

7 Q. What's the date of the e-mail?

8 A. That's November 16, 2001. You're right. This
9 one should go first. I'm sorry.

10 Q. So your assumption in the letter of November 8
11 turned out to be incorrect as far as assessments due; is
12 that right?

13 A. Oh, right. She corrected me on this e-mail.
14 You're right.

15 Q. And there is also a handwritten correction on
16 the e-mail changing 1999 to 1998?

17 A. Right.

18 Q. Who did that?

19 A. I corrected it, because when I called her, she
20 said she had made a mistake. Ms. Davis had made a mistake.

21 Q. Okay. So --

22 A. It's all confusing.

23 Q. This was part of the problem you were having
24 with the records once you received them from Mr. Mitchell;
25 is that correct?

1 A. Yes.

2 Q. And it took quite a while --

3 A. Yes.

4 Q. -- for you to figure out what was going on
5 with those records?

6 A. It was very overwhelming.

7 Q. And the records were not being kept in a way
8 that was easy for you to understand when you first got those
9 records?

10 A. There was -- there was no employee to keep
11 them. There was no money to hire people to do what needed
12 to be done.

13 Q. Wasn't Mr. Mitchell supposed to be doing that?

14 A. Mr. Mitchell could not take care of operations
15 and management and the clerical work, no. No person could
16 do that.

17 Q. Now, you actually have three people on the
18 payroll dealing with different aspects of Osage Water
19 business; is that right?

20 A. That's correct.

21 Q. Yourself, Kris --

22 A. Corum.

23 Q. -- Corum and Jeff Smith?

24 A. Right.

25 Q. What percentage of Kris Corum's salary is

1 allocated to Osage?

2 A. All of it. No. Well, to EU now, yes.

3 Q. All of her -- all of her time is allocated to
4 admini--

5 A. She has been reconstructing five years of
6 accounting for Osage Water Company.

7 Q. Okay. And what percentage of Jeff Smith's
8 salary is allocated to Osage Water Company?

9 A. 100.

10 Q. Is he not doing any construction work for you
11 and Greg anymore?

12 A. He's doing some construction work on Cimarron
13 Bay, to complete that plant. There is some construction
14 work he's doing, but that's Osage Water Company.

15 Q. Is he doing any work for Environmental
16 Utilities?

17 A. He's -- he has been working on repairing the
18 leak in the Golden Glade treatment plant.

19 Q. And who keeps the records for allocation of
20 his salary?

21 A. I do.

22 Q. And how do you -- how do you allocate that to
23 time between the companies?

24 A. How do I allocate it?

25 Q. How do you allocate it?

1 A. He turns in his time sheets, and we've always
2 paid him separately from the water company. He got one
3 check for water company work and then Greg paid him
4 personally for personal work.

5 Q. But currently all of -- all of his work is on
6 behalf of Osage?

7 A. Well, with the exception of this -- this leak,
8 this is the final -- the plant's been completed. There's
9 just a leak. He's trying to find the leak.

10 Q. Environmental Utilities doesn't have any
11 revenue other than that from Osage Water right now; is that
12 correct?

13 A. That's correct.

14 Q. So all of -- even if some of his --
15 Mr. Smith's work is allocated to Environmental Utilities,
16 he'd be paid with Osage Water funds at this point; is that
17 correct?

18 A. I suppose.

19 Q. Because it would be revenue -- the only
20 revenue EU has to pay him on?

21 A. I suppose so, technically.

22 Q. And Ms. Corum is also paid from revenues
23 generated from Osage Water that come to EU under the
24 management agreement?

25 A. Yes.

1 Q. Now, you testified that occasionally there
2 wasn't enough revenue to pay you the \$3,000-a-month salary
3 that you were getting from Osage or the 3,000 under this
4 agreement --

5 A. Uh-huh.

6 Q. -- and that you didn't get paid.
7 Did you get paid part of that?

8 A. Yes.

9 Q. How much did you get paid on those one or two
10 months when that didn't get paid?

11 A. It was during the rebate, when we had to
12 rebate the money to our customers. I had to lay off my
13 billing clerk and cut my salary to survive through the whole
14 winter last winter.

15 Q. And that was the rebate that the Commission
16 ordered --

17 A. Yes.

18 Q. -- regarding the overcharges?

19 A. Yes.

20 Q. You testified about Exhibit 16, which was a
21 Staff-filed report in Case No. WR-2000-557; is that correct?

22 A. Yes.

23 Q. And did you read this document at any time?

24 A. I'm sorry. I need to see it again.

25 Q. Okay. Sure.

1 MS. O'NEILL: May I approach?

2 JUDGE WOODRUFF: You may.

3 THE WITNESS: Yes, I did read it.

4 BY MS. O'NEILL:

5 Q. Did you read the attachments?

6 A. You mean, did I read them today or when I came
7 in or --

8 Q. When you prepared Exhibit 16 -- first of all,
9 did you help in preparing Exhibit 16?

10 A. Yes. I spent a frantic day digging through
11 boxes pulling documents. So did I sit down and carefully
12 study this document? No. Yesterday, no.

13 Q. Have you read all of Exhibit 16 at any point
14 in time as part of your management duties?

15 A. Probably when it came in. That would have
16 been -- do you have a question?

17 Q. So you read this when it came in, you believe?
18 Probably came in at the end -- in May of 2002.

19 A. I'm not sure how carefully I read it when it
20 came in.

21 Q. Was it -- never mind.

22 Would it be fair to say that you're not
23 intimately familiar with the details in the report?

24 A. Yes.

25 Q. Okay. But that you know that this has

1 attached to it a Staff report --

2 A. Yes.

3 Q. -- about the conditions?

4 A. Yes.

5 Q. And do you know why those conditions were
6 imposed at the time of the 557 rate case order?

7 A. Well, without being familiar with what they
8 are, it's hard for me to say why.

9 Q. Did you read that Order, which I believe you
10 looked at?

11 A. Yes, I read the Order.

12 Q. And do you recall why the Commission decided
13 to impose conditions and make the rate increase temporary
14 until those conditions were complied with?

15 A. They were consi--

16 MR. WILLIAMS: Your Honor, I'm going to
17 object, again, to this line of questioning as raising issues
18 about why the Commission might have imposed conditions in
19 another case that has been heard, determined and closed by
20 this Commission, and which is not alleged as a basis for any
21 action in this complaint.

22 We've been told that this has to do with
23 abandonment of the company by its owners, and I think that
24 that's outside the scope of the issues in this pleading.

25 JUDGE WOODRUFF: Your response?

1 MS. O'NEILL: Yes. First of all, the
2 complaint has a number of provisions in it, and among them
3 are abandonment issues and also are allegations that the
4 company has failed to provide safe and adequate service or
5 comply with Commission requirements.

6 Mr. Williams introduced Exhibit 16, which is a
7 pleading noticing the filing of the Staff report and the
8 Staff report regarding compliance with conditions that the
9 Commission imposed in 557 and whether or not the company had
10 complied with them and, frankly, the level to which the
11 company was in compliance with those conditions.

12 And it's his exhibit and I'm asking
13 cross-examination questions regarding it.

14 JUDGE WOODRUFF: I believe it's proper
15 cross-examination of an exhibit that was entered by Osage
16 Water, and you may proceed.

17 Objection is overruled.

18 BY MS. O'NEILL:

19 Q. Do you recall why those conditions were
20 imposed?

21 A. There were concerns about service.

22 Q. There were a lot of customers who thought --

23 A. Yes.

24 Q. -- that their service was not safe or
25 adequate?

1 A. Yeah.

2 Q. And there were a lot of concerns about the
3 management of the company?

4 A. Yes.

5 Q. There were concerns about the way the
6 company's books and records were being kept?

7 A. Yes.

8 Q. There were concerns about the timeliness of
9 repairs and the --

10 A. Yes.

11 Q. -- efficiency of those repairs?

12 A. Yes.

13 Q. And effectiveness of those repairs?

14 A. Yes.

15 Q. In paragraph 35 of the complaint, there's
16 discussion regarding the allegation that Mr. Williams and
17 you as trustee on the Future Advance Deed of Trust attempted
18 to foreclose on Osage Water Company's assets.

19 Do you recall that?

20 A. Yes.

21 MS. O'NEILL: May I have an exhibit marked?

22 JUDGE WOODRUFF: You may. This will be
23 No. 17.

24 (EXHIBIT NO. 17 WAS MARKED FOR IDENTIFICATION
25 BY THE REPORTER.)

1 MR. WILLIAMS: Your Honor, for the record, I
2 did not cross-examine this witness with respect to the
3 allegations in paragraph 35 nor any of the contents nor any
4 of the matters that were related to the foreclosure sale.

5 It appears that counsel is preparing to on
6 redirect reopen issues that were originally addressed on
7 direct or cross by OPC and not on redirect.

8 JUDGE WOODRUFF: This is technically cross at
9 this time, rather than redirect. Public Counsel is actually
10 the only party that did not offer direct testimony with this
11 witness.

12 Where are you going with this?

13 MS. O'NEILL: I want to ask just a couple of
14 questions, basically identification questions regarding
15 this, and then I'm done.

16 JUDGE WOODRUFF: I'm going to overrule the
17 objection and allow you to ask your question.

18 BY MS. O'NEILL:

19 Q. Mrs. Williams, do you recognize what's been
20 marked as Exhibit 17?

21 A. Yes.

22 Q. And did you -- and on the back page of that,
23 did you sign this document?

24 A. Yes.

25 Q. Okay. And this is the Notice of Trustee Sale

1 regarding that deed of trust we talked about earlier?

2 A. Yes.

3 MS. O'NEILL: I would move for admission of
4 Exhibit 17.

5 JUDGE WOODRUFF: Exhibit 17 has been offered
6 into evidence.

7 Are there any objections to its receipt?

8 MR. KRUEGER: No objection.

9 JUDGE WOODRUFF: Hearing none, it will be
10 received into evidence.

11 (EXHIBIT NO. 17 WAS RECEIVED INTO EVIDENCE.)

12 MS. O'NEILL: I have no further questions.

13 JUDGE WOODRUFF: And it is 12 o'clock, so
14 before we come up for questions from the Bench, we'll break
15 for lunch.

16 We'll come back at 1:15. Thank you.

17 (A BREAK WAS TAKEN.)

18 JUDGE WOODRUFF: Okay. We're back on the
19 record, then, and we're coming up now for questions from the
20 Bench. As you can see, I'm the only one here. The
21 Commission is, in fact, still in agenda. I don't have any
22 questions, so there won't be any questions from the Bench at
23 this time.

24 The Commissioners may have questions when they
25 get out of agenda and we'll see at that time, in which case

1 we may ask you to come back to the stand. So please stay
2 around today, and I'll try and let you know by the end of
3 the day whether or not you have to come back tomorrow.

4 And since there are no questions from the
5 Bench, there's no need for recross based on questions from
6 the Bench, so we'll go back to redirect.

7 Now, again, in this case we had three parties
8 who did direct. So for the first redirect, we will go to
9 Staff.

10 MR. KRUEGER: No questions, your Honor.

11 JUDGE WOODRUFF: Okay. And for Hancock?

12 MR. LORAIN: No questions, your Honor.

13 JUDGE WOODRUFF: And for Osage Water?

14 MR. WILLIAMS: No questions, your Honor.

15 JUDGE WOODRUFF: All right. Then you may step
16 down.

17 As I indicated before, if you'll stay around
18 the courtroom in case we need you later.

19 Okay, Staff, if you'd call your next witness.

20 MR. KRUEGER: Staff calls Greg Williams.

21 (Witness sworn.)

22 JUDGE WOODRUFF: You may be seated, and you
23 may inquire.

24 MR. KRUEGER: Thank you, your Honor.

25 JUDGE WOODRUFF: Since, of course, this is

1 counsel testifying, it's a little bit of an unusual
2 situation, again, like so many other things in this case.

3 I'll allow you to object to a question as it's
4 asked, if you feel like you need to.

5 MR. WILLIAMS: Thank you, your Honor. I would
6 start by, again, objecting to being called as counsel and
7 renew the objection I made at the commencement of this case
8 and ask that it remain as a continuing objection to any
9 testimony I may give here.

10 JUDGE WOODRUFF: Very good. It will be shown
11 as that and overruled at this time.

12 You may inquire.

13 MR. KRUEGER: Thank you, your Honor.

14 GREGORY D. WILLIAMS testified as follows:

15 DIRECT EXAMINATION BY MR. KRUEGER:

16 Q. Good afternoon, Mr. Williams.

17 State your name and address for the record,
18 please.

19 A. Gregory D. Williams, P.O. Box 431, Sunrise
20 Beach, Missouri 65070.

21 Q. Are you a stockholder of Osage Water Company?

22 A. I am.

23 Q. How much of the voting stock do you own?

24 A. I own 50 shares.

25 Q. What percentage does that represent?

1 A. It's either a half or a third.

2 Q. Who is -- are the other shareholders?

3 A. Williams Patterson Mitchell, and I believe

4 there's some claim of ownership on the part of Mr. David

5 Hancock.

6 Q. To voting shares?

7 A. That's my understanding.

8 Q. Okay. And so you own 50 shares and

9 Mr. Mitchell owns 50 shares; is that correct?

10 A. That's correct.

11 Q. And Mr. Hancock claims to own 50 shares?

12 A. At one point in time he was issued 50 shares.

13 There was litigation pertaining to them. I have never seen

14 a canceled certificate where that was returned to the

15 company.

16 Q. Is Osage Water Company currently insolvent?

17 A. Osage Water Company lacks sufficient income

18 with which to pay its debts as they come due. It's able to

19 pay its current operating expenses, but is unable to pay

20 significant debt that it's incurred in the past.

21 And under that definition, it is insolvent.

22 It is not bankrupt in the sense that it has less assets than

23 liabilities.

24 MR. KRUEGER: I'd like to have an exhibit

25 marked, your Honor.

1 JUDGE WOODRUFF: You may. The next number is
2 18.

3 (EXHIBIT NO. 18 WAS MARKED FOR IDENTIFICATION
4 BY THE REPORTER.)

5 BY MR. KRUEGER:

6 Q. I've handed you a document that's been marked
7 as Exhibit 17.

8 Can you identify that document, please?

9 A. It appears to be an e-mail I sent to you on
10 August 24th of 2002.

11 Q. And calling your attention specifically to the
12 last part of the first page of that document, do you see
13 where it says there, OWC has been for a number of years
14 incurring expenses in excess of its income, particularly
15 with respect to its legal expenses and continuing --

16 A. I'm sorry. I don't.

17 Q. It's the last paragraph.

18 A. Okay. Yes.

19 A. I'm starting with --

20 A. Uh-huh.

21 Q. Continuing -- those legal outstanding expenses
22 now total more than the equity of OWC's shareholders and
23 more than it's approved and approvable rate base.

24 OWC cannot pay all of the debt it has
25 outstanding from the revenues it is deriving from its

1 remaining systems, and there's no reason to believe it will
2 be able to do so in the future.

3 Do you see that?

4 A. Yes.

5 Q. And did you say that?

6 A. I believe I did.

7 Q. And the date of that was August 24th?

8 A. Yes.

9 Q. Was that statement true then?

10 A. Yes.

11 Q. Is it true now?

12 A. To the best of my knowledge.

13 Q. So you now believe there is no reason to
14 believe that OWC will be able to pay its debt in the future?

15 A. Not at its current rates, no.

16 Q. And also that the outstanding expenses now
17 total more than the equity of OWC's shareholders and more
18 than the approved and approvable rate base?

19 A. I'm not absolutely certain whether the total
20 liabilities would exceed rate base at this point in time,
21 but it would be a close thing.

22 Q. Okay.

23 A. I think that those statements have generally
24 been true of Osage Water Company since at least 1984. It's
25 not in good condition.

1 Q. Do you believe that a cash infusion to the
2 company is necessary?

3 A. It depends on what your goal and objective is.
4 The company needs to be recapitalized.

5 Q. Do you know what Osage Water Company's goals
6 and objectives are?

7 A. Provide service to its customers and pay its
8 obligations.

9 Q. Is a cash infusion necessary for that purpose?

10 A. A recapitalization would be necessary in order
11 for the existing obligations to be paid. And if they were
12 all to be capitalized, it would require a significant
13 adjustment in the rates.

14 Q. Would this recapitalization involve the
15 provision of additional capital, additional cash from some
16 outside source?

17 A. It would require either that or extinguishment
18 of debt.

19 Q. Are you willing to provide any additional cash
20 to the company?

21 A. If I can earn a return on it, I certainly
22 would.

23 Q. Are you presently willing to borrow money or
24 guarantee the -- guarantee loans to the company?

25 A. You mean new loans?

1 Q. Yes.

2 A. New indebtedness?

3 Q. Yes.

4 A. Not at the current rate structure, no.

5 Q. Are you presently willing to purchase
6 additional stock and make additional contributions to the
7 equity of the company?

8 A. With reasonable assurance that it would be
9 placed in a rate base and that the company would derive
10 revenues from the additional capital, I could do that, but
11 at the present point in time, I'm quite certain the company
12 does not have rates sufficient to pay return on such
13 capital, since it can't pay a return on its existing
14 capital.

15 Q. Do you know of anyone else who is willing to
16 infuse cash into the company?

17 A. Not at the current rates, no.

18 Q. Can the company survive without an infusion of
19 cash?

20 A. As I've testified previously, it would require
21 either additional capital or a discharge of indebtedness for
22 the company to continue operations.

23 Q. Is it your desire to close out Osage Water
24 Company?

25 A. It's my desire to stop subsidizing Osage Water

1 Company.

2 MR. KRUEGER: I'd like to have another exhibit
3 marked, your Honor.

4 JUDGE WOODRUFF: Okay. That will be 19.

5 (EXHIBIT NO. 19 WAS MARKED FOR IDENTIFICATION
6 BY THE REPORTER.)

7 BY MR. KRUEGER:

8 Q. I've handed you the document that's been
9 marked as Exhibit 19. Can you identify that, please?

10 A. It's the cover page from an e-mail
11 transmission of August 14th, 2002. There was a document
12 attached to it that's not attached to this.

13 Q. And did you send that e-mail?

14 A. Yes.

15 Q. And to whom was it sent?

16 A. Sent to you, Ms. O'Neill and Mr. Johansen.

17 Q. Calling your attention to the second paragraph
18 there, beginning about the middle of the second line, did
19 you say, It is probably past time to close out OWC and put
20 its problems behind all of us?

21 A. Yes.

22 Q. Is that your desire, to close out OWC?

23 A. As I've indicated, it needs to be -- either be
24 recapitalized or have a debt restructure so that it can
25 continue to exist in its current format, and it's going to

1 require a rate adjustment for -- to pay its expenses that
2 are a return on capital. And if those things can't happen,
3 then it's going to be very difficult for the company to
4 continue to exist.

5 Q. Do you have any plans for recapitalizing the
6 company?

7 A. I personally have no plans. I will not
8 discuss any plans that may have been discussed with me by
9 any other principals of the company as they may be subject
10 to attorney/client privilege.

11 Q. Do you know if the company has any plans?

12 A. I believe it does.

13 Q. Can you tell me what those plans are?

14 A. No, I cannot.

15 Q. Because you don't know?

16 A. Because they would be something that has been
17 relayed to me in the scope and course of representation in
18 this matter.

19 Q. Do you have any plans to restructure the debt
20 of the company?

21 A. I do not have any plans. I'm not an officer
22 or director of the company.

23 Q. Have you -- do you have a rate case pending?

24 A. Not at this time.

25 Q. Given that you have no plans to recapitalize

1 the company or restructure the debt and don't have a rate
2 case pending, do you, therefore, conclude that it's probably
3 past time to close out OWC?

4 A. I'm sorry. I can't answer that. I've given
5 you information that there may be other persons who have
6 such plans.

7 Q. I'm asking for your personal view on whether
8 it is past time to close out OWC.

9 A. I think OWC needs some drastic remedies at
10 this point in time.

11 Q. You haven't taken any specific action to
12 accomplish those; is that correct?

13 A. I have not been retained to do so.

14 Q. And you have not done so either?

15 A. I do not have the ability to do so, as I'm
16 neither an officer or director of Osage Water Company.

17 Q. Nor has the company?

18 A. I cannot answer that question.

19 Q. To your knowledge, has the company done
20 anything like that?

21 A. I cannot testify as to knowledge I may have
22 obtained from my client.

23 Q. Do you wish to dissociate yourself from Osage
24 Water Company?

25 A. I have done so.

1 Q. You have done so?

2 MR. LORAIN: Judge --

3 JUDGE WOODRUFF: We have an objection.

4 Yes, sir?

5 MR. LORAIN: Judge, I realize this is
6 irregular, me asking this at this point, but because of the
7 irregularities of the situation, I just want to remind this
8 Court that the privilege that Mr. Williams is claiming is
9 not his to claim.

10 The attorney privilege belongs to the client,
11 and I see no one here objecting to him disclosing anything.
12 I would ask the Court to consider -- I mean, we're all in a
13 difficult position here, and I -- I think that when a proper
14 question is asked and there's no one to object to it that
15 represents the company, it would appear to me that he should
16 answer the question.

17 JUDGE WOODRUFF: Well, that's the danger
18 inherent in having an attorney testify in this kind of
19 situation, in that there's no one to make an objection other
20 than himself. That's --

21 MR. WILLIAMS: Your Honor, perhaps more
22 importantly, there's no one here to waive the privilege.

23 JUDGE WOODRUFF: That's true as well.

24 MR. WILLIAMS: I cannot waive that privilege
25 for the client. I simply cannot.

1 JUDGE WOODRUFF: The Commission is certainly
2 mindful of the problem here, but at this point there's no
3 objection that's actually been made. There's nothing to
4 rule on. I am certainly aware of what counsel brings up.

5 Under the circumstances, I can see no other
6 alternative other than to allow this to go forward in this
7 way.

8 MR. LORAIN: Well, you know, I understand the
9 Court's difficult position, Judge, but I am objecting to him
10 claiming that privilege and not answering Mr. Krueger's
11 direct question.

12 JUDGE WOODRUFF: Okay.

13 MR. LORAIN: That was the purpose for which I
14 interrupted this particular testimony.

15 JUDGE WOODRUFF: Then your objection will be
16 overruled.

17 MR. LORAIN: Thank you, your Honor.

18 JUDGE WOODRUFF: You may proceed.

19 BY MR. KRUEGER:

20 Q. You testified that you have dissociated
21 yourself with OWC?

22 A. That's correct.

23 Q. What do you understand that to mean, the term
24 "dissociate"?

25 A. I'm not an officer or director of the

1 corporation.

2 Q. Do you want to have anything further to do
3 with the corporation?

4 A. Only if I'm paid for my services.

5 Q. Do you want to have anything to do with the
6 day-to-day management of the company?

7 A. I do not now nor have I ever had anything do
8 with the day-to-day management of the company.

9 Q. Do you want to have any involvement in the
10 decision-making of the company?

11 A. No.

12 Q. Have you previously been an officer of Osage
13 Water Company?

14 A. Yes.

15 Q. Are you now?

16 A. No.

17 Q. Did you resign?

18 A. Yes.

19 Q. Why?

20 A. Excuse me. No, I did not resign as an
21 officer.

22 Q. How did your term of office come to an end?

23 A. It expired.

24 Q. Do your corporate bylaws require officers to
25 serve until their successors are duly qualified?

1 A. Maybe. I wouldn't know without looking at
2 them specifically.

3 Q. At the time that your term expired, was there
4 any -- were you involved in any discussion about filling
5 that vacancy?

6 A. Oh, absolutely.

7 Q. And whom did you discuss this with?

8 A. It was at the regular annual board meeting
9 specified in the bylaws of the corporation in January of
10 2000 or 2001. The exact year escapes me at this point in
11 time.

12 Q. Was it your desire to terminate your term?

13 A. Yes.

14 Q. Why?

15 A. The position of -- that I held at the time was
16 president of the corporation, and that implied a level of
17 involvement in the affairs of the corporation which I had
18 not, in fact, experienced. I thought it was inappropriate
19 to continue to hold the office without actually being able
20 to carry out the duties that most people seemed to expect
21 were associated with it.

22 Q. You said that involved a level of involvement
23 with the company that -- I'm sorry.

24 Could you state that again, please?

25 A. I don't think I could.

1 Q. What was your understanding of the duties of
2 the president of the company?

3 A. Well, the duties as I carried them out were
4 general supervision of company operations, but not
5 day-to-day involvement.

6 Q. And is it your testimony that that was more
7 than you wanted to do?

8 A. Absolutely.

9 Q. To your knowledge, are the duties of the
10 president the same now as they were then?

11 A. The definition of duties in the bylaws has not
12 changed.

13 Q. Is there some other reason why the duties of
14 the president may have changed other than a change in the
15 bylaws?

16 A. There have been changes in the scope and
17 course of activities by the corporation president at various
18 times in the past. When -- when I first became familiar
19 with the corporation, it had been in existence for some four
20 or five years.

21 That would have been in late 1991, early 1992.
22 At that point in time I believe the president was Bill
23 Mitchell. I'm not specifically familiar with what duties he
24 actually performed versus what duties the -- his son Pat
25 Mitchell performed.

1 At the time I became involved with the
2 corporation, I was elected as a secretary, I believe,
3 somewhere in '92-'93 time frame. From my observation at
4 that point in time, the president's activities were fairly
5 limited as day-to-day operations were handled on a
6 contractual basis with Water Laboratory Company, which had a
7 general water and sewer operating business that they
8 contracted with a number of different entities.

9 And that arrangement persisted after I
10 was elected president in '95 or '96 until late '97, at
11 which point in time the company hired its own officers,
12 but they worked under the supervision of Pat Mitchell as
13 the vice-president.

14 Q. Hired its own officers?

15 A. Hired its own operators is what I meant,
16 employees. It had not had any prior to that time.

17 Q. The reason you wished to terminate your role
18 as president of the company was because it involved more of
19 your time than you wanted to give to the company?

20 A. Absolutely. There were at that point in time
21 employees who had been hired directly for the company,
22 rather than as contractors or independent contractors, and
23 it involved a level of supervision which I was not, as an
24 attorney with a law practice, able to undertake.

25 Q. Have you been able to observe the level of

1 involvement of Mr. Mitchell who is, I believe, the current
2 president of the company?

3 A. Yes.

4 Q. Is he performing the same duties that you
5 understood that the president was required to do?

6 A. He would be performing the same sort of duties
7 that I performed in '96 and '97. As I stated, once the
8 company hired its own employees in '98, the level of duties
9 increased, and that's why I was not comfortable. But what
10 he's doing now is very comparable to the job of president as
11 it existed prior to '98.

12 Q. What is he doing now?

13 A. He does general supervision, assists with
14 problems that arise that he has personal knowledge of the
15 systems involved that other people working with the
16 company's business do not have familiarity with. He has
17 extensive knowledge and background. He is available to
18 consult as a Class A water and sewer licensed operator.

19 He has -- he participated extensively with
20 respect to the mechanical breakdown at Broadwater Bay,
21 handled much of the discussions with the city manager at
22 Osage Beach. I'm not sure what other duties he may be
23 involved in, because unless they touched on legal matters
24 within the past few months, I wouldn't be familiar with
25 them.

1 Q. Is he involved with the day-to-day management
2 of the company?

3 A. No.

4 Q. Does he supervise employees?

5 A. The company at this point has no employees.
6 Prior to September, he had limited supervision of employees.
7 Jeff Smith was frequently in his office, working with him
8 on resolving various problems that arose, mechanical
9 breakdowns, clogged systems, water sampling issues,
10 taking -- where to take them, how to take them.

11 He's been involved in helping with setting up
12 special sampling to determine iron content in the water,
13 lead and copper samplings, a procedure that he's been
14 through many times no one else has done. So, yes, I would
15 say he is involved to some extent in the day-to-day
16 operations.

17 Q. Does he do these in his capacity as president
18 of the company or as the owner of the water lab, as a
19 consultant?

20 A. My understanding is the only thing he does
21 through water laboratory is actually running the sewer
22 samples. I believe the water samples are now sent directly
23 to DNR's laboratory, although they may not all go to DNR. I
24 don't know exactly what's on his bills, but I know that from
25 what I've seen, they're fairly minimal. He's not billing on

1 a consulting basis.

2 Q. Have you previously been a director of Osage
3 Water Company?

4 A. Yes.

5 Q. Are you now a director?

6 A. No.

7 Q. Did you resign?

8 A. Yes.

9 Q. When did you resign?

10 A. September of 2002.

11 Q. And what was the reason for your resignation?

12 A. I did not wish to be a director.

13 Q. Can you be more specific?

14 A. There were a number of reasons involved.

15 Q. Can you name one of them for me, please?

16 A. Disagreements and conflicts.

17 Q. Philosophical disagreements over the direction
18 of the company?

19 A. Well, they weren't a physical confrontation,
20 so I suppose they would be philosophical.

21 Q. Differences of opinion as to the course that
22 the company should take; is that what you're saying?

23 A. Yes.

24 Q. Was there also conflict of interest? Was that
25 a reason for resigning as director?

1 A. Not directly, no. The corporation's articles,
2 because the corporation was originally established as a
3 closed corporation, have a specific provision in it -- in
4 them waiving related party transactions between the
5 corporations and its officers and directors.

6 That was contemplated at the time the
7 corporation was set up and when its articles were filed here
8 with the PSC and approved in its initial case with the
9 Commission. So from a legal standpoint, no, a conflict of
10 interest was not a primary concern.

11 Q. You did attempt to foreclose on Osage Water
12 Company's assets about that time; is that correct?

13 A. Yes.

14 Q. Did that -- was that a factor that you
15 considered in your decision whether to resign as director?

16 A. Yes.

17 Q. And you do consider that a conflict of
18 interest between yourself as the foreclosing party and Osage
19 Water Company as the one being foreclosed upon?

20 A. There is a conflict when the existing debts
21 are not paid, yes. As I've indicated, there is a waiver in
22 the articles; however, I did not feel particularly
23 comfortable sitting on the company's board.

24 Q. Has a successor been appointed to fill that
25 vacancy on the board of directors?

1 A. I don't know.

2 Q. Do you know who is on the board of directors
3 at the present time?

4 A. Williams Patterson Mitchell.

5 Q. Is he the only member of the board?

6 A. I don't know the answer to that.

7 Q. Do you know if the bylaws of Osage Water
8 Company require a director to serve until a successor is
9 appointed?

10 A. I don't know the answer to that.

11 Q. Have you previously served as a registered
12 agent of the company?

13 A. Yes, I have.

14 Q. Did you resign from that office as well?

15 A. I tendered my resignation to Mr. Mitchell.

16 Q. When?

17 A. It was in September.

18 Q. Was it September 3rd?

19 A. That sounds like the right date.

20 Q. That was more than 30 days ago, correct?

21 A. Yes.

22 Q. To your knowledge, has that been filed with
23 the Secretary of State?

24 A. My understanding is the Secretary of State is
25 not accepting filings with respect to Osage Water Company at

1 this time.

2 Q. So the answer would be no?

3 A. That would be my knowledge.

4 Q. To your knowledge, has any successor been
5 appointed?

6 A. I don't have any knowledge of that.

7 Q. Have you in the past performed legal services
8 for the company?

9 A. Yes.

10 Q. And have you billed the company for those
11 services?

12 A. Yes.

13 Q. Have you been paid for the services?

14 A. In part.

15 Q. How much have you been paid over the years?

16 A. I have absolutely no idea.

17 Q. Do you know what the balance, the current
18 balance of your account with the company is for legal
19 services?

20 A. It's approximately \$500,000.

21 Q. Would the amount that you have been paid
22 approach that sum?

23 A. No.

24 Q. Would it be as much as \$50,000?

25 A. Yes.

1 Q. And when were those payments made?
2 A. Between 1991 and either '99 or 2000.
3 Q. When was the most recent payment made?
4 A. I received a payment last month.
5 Q. How much was paid?
6 A. \$3,000.
7 Q. Prior to that, do you recall when the most
8 recent payment was?
9 A. Would have been in January or February of, I
10 believe, 1999, but it might have been 2000. I believe it
11 was '99.
12 Q. So you have -- have you received payments
13 occasionally on an intermittent basis over the past several
14 years?
15 A. I don't think I would describe it that way,
16 no.
17 Q. How would you describe the frequency that you
18 receive payments?
19 A. From 1991-92 through sometime in 1995, I
20 received a fairly regular payment. Then at that point in
21 time, Mr. Hancock took charge of the company's bank account
22 and he ceased all payments to myself and other creditors of
23 the company, other than a water pipe supplier who he had
24 purchased materials from, and that continued until January
25 of 1996.

1 At that point in time there was some changes
2 in the company's board. I know I received payments after
3 that point in time, but I don't think it was during 1996.
4 May have been in '97.

5 Q. Were the legal services that you provided
6 necessary for the company?

7 A. Yes.

8 Q. Were the charges for those services
9 reasonable?

10 A. Yes.

11 Q. Now, have you announced that you will no
12 longer provide legal services for the company?

13 A. Not unless I'm paid in advance, I won't.

14 Q. You are appearing here today. Have you been
15 paid for your representation here?

16 A. Yes.

17 Q. How much were you paid?

18 A. I received \$3,000 last month for a period for
19 preparing the answers to this case and also filing some
20 paperwork in another pending matter.

21 Q. Okay. I understood that was for the appeal,
22 but part of that was for this case as well?

23 A. Yes.

24 Q. Do you believe that the company will have a
25 need for legal services in the future?

1 A. I don't know the answer to that. Generally
2 it's been my experience that regulated utilities seem to
3 have need for legal counsel.

4 Q. Has the company had a pretty consistent need
5 for legal counsel over the recent years?

6 A. Yes.

7 Q. So you would expect that legal services will
8 be required in the future?

9 A. Based on past experiences, that could be a
10 reasonable conclusion, but I don't know a way to foretell
11 the future.

12 Q. But you will not provide legal services unless
13 you're paid in advance for them; is that correct?

14 A. That is my general rule with all clients in
15 the law practice, and it has been for a number of years.
16 Osage Water Company has been a special exception.

17 Q. Now, if you don't provide legal services to
18 the company, will the company be able to obtain legal
19 services?

20 A. I think there's lots of attorneys who will
21 work for money.

22 Q. Will the company be able to give them money?

23 A. I don't know.

24 Q. If the company cannot obtain needed legal
25 services, will that impair the company's ability to provide

1 safe and adequate services to its customers?

2 A. I don't think that the ability to obtain legal
3 counsel affects directly the provision of water and sewer
4 utility service.

5 Q. But you do think that the services that you
6 provided were necessary?

7 A. Many of the services pertained to regulatory
8 matters before this Commission, particularly with respect to
9 certificate cases. I don't believe the company has to
10 engage in future certificate cases.

11 Some of the cases involved disputes with
12 developers. I think it's reasonable, based on past
13 experience with developers, to anticipate that there may be
14 future disputes with developers which may or may not require
15 the assistance of an attorney for resolution.

16 Other disputes I would anticipate would not be
17 of a recurring nature, such as disputes that occurred with
18 the City of Osage Beach over building the company's systems.

19 Q. Are you providing services of any kind to
20 Osage Water Company at the present time, other than your
21 representation in this proceeding?

22 A. Yes.

23 Q. What services are you providing?

24 A. It utilizes equipment that my wife and I
25 purchased in order to make repairs to its systems. I also

1 let it use my telephones at the office and I let it use my
2 office space, my photocopier, things of that nature.

3 Q. Are you providing any of your personal
4 services?

5 A. Generally, I have not since September 3rd.

6 Q. What is the corporate status of Osage Water
7 Company?

8 A. It's an administratively dissolved
9 corporation.

10 Q. Do you know why it was administratively
11 dissolved?

12 A. It was a mistake by the Secretary of State's
13 Office.

14 Q. Is it still administratively dissolved as of
15 today?

16 A. The last paperwork that I saw indicated that
17 it was dissolved, but I did not check today.

18 Q. Do you understand that, as an administratively
19 dissolved corporation, the company may not carry on any
20 business except that necessary to wind up and liquidate its
21 business and affairs and notify claimants?

22 A. There's a statute on that that's very
23 specific. That sounds like a reasonable approximation of
24 what it says.

25 MR. KRUEGER: May I approach, your Honor?

1 JUDGE WOODRUFF: You may.

2 MR. LORAIN: Is there an exhibit here?

3 MR. KRUEGER: I don't intend to offer it as an
4 exhibit.

5 BY MR. KRUEGER:

6 Q. Can you answer the question, then, or do you
7 need me to re--

8 A. I did answer your question. Did you have a
9 different one?

10 Q. Well, I think you equivocated slightly. You
11 thought it was a reasonable approximation.

12 Do you understand that, as an administratively
13 dissolved corporation, the company may not carry on any
14 business except that necessary to wind up and liquidate its
15 affairs and notify claimants?

16 A. If that's what this statute says.

17 Q. Okay. Thank you.

18 Have you made any attempt to rescind the
19 administrative dissolution?

20 A. Yes.

21 Q. What attempt have you made?

22 A. I took an annual report prepared by
23 Mr. Mitchell to the Secretary of State's Office with the
24 required filing fee and tendered it to them.

25 Q. When was that done?

1 A. I don't remember the specific date. It was in
2 connection with a prehearing conference and the
3 Environmental Utilities application, Golden Glade
4 application case held here at the Commission's offices
5 within the past two months.

6 And I've been provided by Mr. Mitchell with a
7 letter from the Missouri Department of Revenue that he
8 obtained from them with respect to rescinding the
9 corporation's forfeiture or administrative dissolution.

10 Q. Did you hear your wife testify yesterday that
11 Mr. Mitchell abandoned the company in July 2001?

12 A. I believe she testified that he left, he
13 ceased his involvement in operations of the corporation and
14 she had described that as abandonment, yes.

15 Q. Would you agree that he abandoned the company
16 in July 2001?

17 A. That was my initial impression. He brought
18 all the books and records and left them on the door --
19 doorstep of our office. We subsequently at a later time had
20 sent out a notice of directors meeting and were much
21 surprised to see him appear and attend. He's consistently
22 participated in corporate meetings ever since.

23 Q. Mrs. Williams testified that he did not
24 provide any services to the company for the six months
25 following July 7th, 2001. Would you agree with that

1 statement?

2 A. He was not involved -- the company hired
3 another company to do the water sample, water and sewer
4 sample testing in that six-month period. Mr. Mitchell may
5 have been involved in answering questions and things of that
6 sort. I know the next regular board meeting would have been
7 in January of 2002. So approximately six months without
8 significant corporate meeting activity.

9 Q. Did Osage Water Company give a promissory note
10 for the legal services you provided to the company?

11 A. Yes. It gave me a future advance note with
12 respect to services that had been provided prior to the date
13 of the note and with respect to anticipated additional
14 services that would be needed in the future.

15 Q. What was the face amount of that note?

16 A. On a future advance note, the maximum amount
17 that would be covered under the note was \$500,000, and there
18 was a different amount, but I don't recall the specific
19 number, that was the balance outstanding at the time the
20 note was executed.

21 Q. Would that balance have been approximately
22 \$435,000?

23 A. Yes.

24 Q. And was that note secured by a deed of trust?

25 A. Mr. Mitchell executed one, yes.

1 Q. And you accepted it?

2 A. Yes.

3 Q. You attempted to foreclose on that deed of
4 trust this summer, correct?

5 A. Yes.

6 Q. And the Commission found that deed of trust
7 void?

8 A. That's my understanding, yes.

9 Q. And the Camden County Circuit Court issued a
10 preliminary injunction to prevent the foreclosure?

11 A. Yes.

12 Q. If the foreclosure had proceeded, would that
13 have resulted in all of Osage Water Company's assets in
14 Camden County being transferred to the buyer at the
15 foreclosure sale?

16 A. Not necessarily, no.

17 Q. Did the deed of trust cover all Osage Water
18 Company assets in Camden County?

19 A. To the best of my knowledge, it did.

20 Q. Is that not what was to be sold at the
21 foreclosure sale?

22 A. At a foreclosure sale there are multiple
23 parcels of real estate involved. The trustee is required to
24 offer each parcel separately, as well as offering all of the
25 parcels together as a whole.

1 If the note can be satisfied by sale of less
2 than all of the parcels, then there is no need to sell the
3 remaining of -- the remaining parcels. And if the sum of
4 the parcels is less than the amount offered for the whole,
5 which is not sufficient or just sufficient to satisfy the
6 debt, then the whole gets sold.

7 So that would be my basis for answering your
8 question as not necessarily.

9 Q. Whether the assets have been sold in parcels
10 or as a whole, is there any possibility, any reasonable
11 possibility that the proceeds of the sale would have been
12 sufficient to pay the balance due on the note?

13 A. Yes.

14 Q. You think that the assets, that the assets if
15 sold at the foreclosure sale might have brought more than
16 the outstanding balance at the time of the sale?

17 A. Yes.

18 Q. Do you know what the outstanding balance was
19 at the time of the sale?

20 A. Of the note?

21 Q. Yes.

22 A. Approximately \$560,000.

23 Q. And it's your testimony that the assets might
24 have been -- might have exceeded that sum?

25 A. I had received offers in the past from persons

1 interested in acquiring just the Cedar Glen system, and they
2 were willing to pay in excess of \$300,000 for that system.

3 There had been telephone calls from other
4 prospective purchasers expressing interest in other
5 components of the systems or the properties, some of which
6 are not currently utilized for utility service.

7 JUDGE WOODRUFF: Mr. Williams, I'm sorry to
8 interrupt, but can you speak up a little bit? I'm having a
9 hard time.

10 Thank you.

11 BY MR. KRUEGER:

12 Q. When did you receive that offer on Cedar Glen?

13 A. In the summer of 2001.

14 Q. Was that conveyed to you personally or to the
15 corporation or how?

16 A. It was conveyed to me by Jeffrey Tillman.

17 Q. Did you report that offer to the board of
18 directors of the company?

19 A. Absolutely.

20 Q. Why did the company not accept that offer?

21 A. One of the difficulties involved in Osage
22 Water Company is when you take some of the parts out, you
23 result in a very different cash flow structure. It would
24 have required that -- that particular component's loss would
25 have made it extremely difficult to operate the remainder of

1 the assets.

2 Q. If the foreclosure had gone through and if all
3 assets had been sold, would Osage then have had any assets
4 with which to serve its customers in Camdenton?

5 A. No.

6 Q. But yet it would have had an obligation to do
7 so?

8 A. Well, you know, there's a number of different
9 legal entities that can provide water and sewer utility
10 service, and a regulated public utility is just one of them.

11 Q. But Osage Water Company would have still had
12 an obligation to provide service to its customers; is that
13 not correct?

14 A. It would have had certificates without assets.
15 It has other certificated areas in which it has no assets at
16 this point in time.

17 Q. Does Osage Water Company presently own all of
18 the assets that it uses to provide water and sewer service
19 to its customers?

20 A. It either owns or has rights of possession to
21 those assets.

22 Q. Regarding the ones that the company does not
23 own, who is the -- who is the owner of those assets?

24 A. Well, there's a sewer plant at Cedar Glen
25 Condominiums which a documented transferred was signed by

1 Cedar Glen Condominium Owners Association transferring the
2 DNR permit to Osage Water Company. The developer there had
3 agreed to convey the real estate on which it was located to
4 the company, but I don't believe such a conveyance has ever
5 occurred.

6 Q. Let me interrupt for just a second.

7 Is that conveyance expected?

8 A. I have no reason to expect it after seven --
9 or five years of requesting it, that they're voluntarily
10 going to deliver the deed in the near future.

11 Q. How secure is the company in its reliance upon
12 that, upon that those facilities for providing service to
13 the customers there?

14 A. I'm sorry. I don't understand that question.

15 Q. Who owns -- who owns that facility?

16 A. Ownership of sewer plants is kind of an
17 interesting question. And as I've indicated, the real
18 estate is not owned by the company. The plant itself has
19 been transferred. The real estate, I believe, is on
20 property that belongs to the Union Electric Company, which
21 is now, I guess, the Ameren company, and is subject to an
22 easement in favor of the landowner above the 665 contour,
23 which grants that landowner the right to erect improvements
24 on the ground below the 665 contour. And the plant lies
25 between the 665 contour and the actual Lake of the Ozarks.

1 Q. Are there other facilities that are necessary
2 for providing service to customers, to the company's
3 customers that the company does not own?

4 A. Yes.

5 Q. Can you mention one, please?

6 A. The water well at Chelsea Rose Subdivision.

7 Q. Who owns that?

8 A. Hurricane Deck Holding Company.

9 Q. What kind of agreement does the company have
10 with Hurricane Deck Holding Company?

11 A. It's to pay the debt that was incurred to
12 construct a water well, and on that payment it can have a
13 deed to the land.

14 Q. Is that a long-term agreement?

15 A. Yes, a long-term contract.

16 Q. And is Hurricane Deck required to allow the
17 company to use that facility for an extended period?

18 A. As long as payments are made, it's no problem,
19 yes.

20 Q. So Hurricane Deck could not terminate the use
21 of that; is that correct?

22 A. Would have no desire to.

23 Q. What other facilities are necessary for
24 providing service that the company does not own?

25 A. The sewer plant at Golden Glade.

1 Q. Who owns that?

2 A. My wife and I own the land.

3 Q. What kind of an agreement do you have with the
4 company regarding the use of that?

5 A. Lease.

6 Q. How long is the term of the lease?

7 A. I don't recall, but it's a long-term lease.

8 Q. More than five years?

9 A. I believe so.

10 Let me take that back. I think it's a
11 five-year lease, which is coincident with the duration of
12 the DNR permits.

13 Q. Any other facilities that are necessary for
14 providing service that the company does not own?

15 A. None that come to mind.

16 Q. Okay.

17 A. Oh, I take that back. The sewer plant at
18 Chelsea Rose, the company was supposed to obtain a survey
19 and never has done so, but if it provided legal description
20 could have a deed at any time.

21 Q. Who owns that?

22 A. It's on property owned by Hurricane Deck
23 Holding Company, but like the Cedar Glen sewer plant, was --
24 the operating permit was transferred a number of years ago.

25 Hurricane Deck Holding Company claims no

1 ownership in the treatment plant.

2 Q. Now, there was recently an interruption of
3 water service to the Broadwater Bay Subdivision; is that
4 correct?

5 A. That's what I'm told.

6 Q. Do you have personal knowledge of that?

7 A. I was not there.

8 Q. You don't know whether service was
9 interrupted?

10 A. I have no personal knowledge. I only know
11 what other people have told me.

12 Q. Did you act upon what other people told you to
13 attempt to resolve an interruption of service at Broadwater
14 Bay Subdivision?

15 A. I made some inquiries, yes.

16 Q. Inquiries of whom?

17 A. Well, I contacted both Jim Merciel and Dale
18 Johansen of the Commission's water and sewer department
19 staff and inquired if there was some method that would allow
20 the cost of repairing those wells to be recovered over any
21 period of time, even if the City overbuilt those systems and
22 took the customer base, and they advised me that there was
23 not and that if the expenditure was made and the customers
24 taken, that whoever advanced that money would simply lose
25 it.

1 I had a brief conversation with the City
2 Administrator of Osage Beach.

3 Q. Your conversation with the Staff was directed
4 to the question of whether you would be able to recover any
5 investment that was made?

6 A. Well, I asked specifically about what
7 accounting treatment would be given to that, whether it
8 would be treated as a repair that could be expensed and the
9 cost of the expense recovered in rates or whether it would
10 be a capitalized item, where it would be amortized over a
11 long-term period.

12 And they stated it would definitely be
13 capitalized, and that if the customer base went away before
14 the depreciation period for the repair, that the investor's
15 money would be lost.

16 Q. Was any part of that discussion directed to
17 trying to find a way to restore service?

18 A. Absolutely. If there would have been some
19 assurance that, you know, the cost of repairing that well
20 could be recovered, with an assurance that the money simply
21 wasn't being poured down a rathole, to use a figurative term
22 of speech, then there -- there would have been ways to get
23 the system up and running in a very expedited manner.

24 Q. Were you acting, then, on the premise that if
25 you could recover the money, then you would be willing to

1 invest money in it and to restore service to the com-- to
2 the customers?

3 A. Yes.

4 Q. But if you were not able to figure out a way
5 to recover the money, you were not willing to restore
6 service to the customers?

7 A. I am generally not in the business of giving
8 money away with the idea it will never be recovered and no
9 return will ever be earned on it.

10 Q. You understand that the company has an
11 obligation to provide safe and adequate service to its
12 customers?

13 A. In accordance with the terms of its tariff, it
14 does, yes.

15 Q. And is it your opinion that the company was
16 providing safe and adequate service during the three-day
17 period of time that the service was interrupted?

18 A. It was providing service in accordance with
19 the terms of its tariff, which says the service may be
20 interrupted for emergency repairs when necessary, yes.

21 Q. And during this time, were repairs being
22 undertaken?

23 A. Absolutely.

24 Q. When did you begin making repairs, if you
25 know?

1 A. Well, all I would know is the testimony you've
2 already heard and my observations of what limited
3 involvement I had while I was busy in court cases during
4 that time period, but it's my understanding that efforts
5 commenced immediately.

6 There were electricians on site as soon as the
7 well quit working and various other contractors who appeared
8 on site, made investigations, examinations, conclusions,
9 made reports back to the company office as to what their
10 conclusions were, what anticipated cost might be for repair,
11 and that that continued until such time as, in fact, Flynn
12 Well Drilling came out, pulled the pump and put a new one
13 in.

14 Q. I believe Mrs. Williams testified that the
15 service was interrupted on August the 8th.

16 Does that sound right?

17 A. I would say that's within a day.

18 Q. Okay.

19 A. I believe that's when the well broke down
20 initially, yes.

21 Q. Service was temporarily restored until
22 August 19th and then interrupted again until August 22nd; is
23 that correct?

24 A. My recollection is that I saw some paperwork
25 that Mr. Mitchell was able to enter into a ten-day agreement

1 for temporary emergency supply from the City of Osage Beach.
2 That agreement, I know, expired at noon on a Monday.
3 Additional proposals, I wrote a letter to the City during
4 that ten-day period, inquiring as to a specific alternative
5 that the company and the City might agree to.

6 One important request was that they agree not
7 to overbuild that area for a period of ten years, which was
8 the -- at least my understanding of the depreciation period
9 that the Commission would give on the replacement pump in
10 the well, so that whoever invested the money, whether myself
11 and my wife or others in that well pump, would be able to
12 depreciate or recover that before they overbuilt the system.

13 And they -- another option was that a meter be
14 installed for permanent service with a wholesale rate along
15 the Broadwater Lane, which would enable the company simply
16 to not repair the well and be a wholesale company customer
17 of the City. And the third alternative was that the water
18 distribution system be acquired by the City at that point in
19 time.

20 And the City at four o'clock on Friday, prior
21 to the Monday shut-off deadline, sent a fax rejecting all
22 three alternatives, which I forwarded on to Mr. Mitchell, as
23 he was handling principally the face-to-face discussions
24 with them. And my understanding was he continued to talk to
25 them until noon on Monday, when they shut off the water.

1 Q. So the terms that the City proposed were
2 unsatisfactory to you, unacceptable to you?

3 A. I don't recall specifically what terms the
4 City proposed. I know that they -- my only interest was in,
5 if I invested additional money in that well pump, whether I
6 would get it back. And I know specifically they would not
7 agree not to overbuild that area for ten years.

8 Q. And you were unwilling to invest additional
9 money in that well pump without an assurance you'd be able
10 to get it back?

11 A. That's correct. I personally will not do
12 that.

13 Q. When did repairs actually begin to that well?

14 A. Repairs began on, I suppose, August 8th when
15 the electricians arrived and started trying to diagnose the
16 problem, shortly after the well stopped operating.

17 Q. Okay. I'd like to distinguish between
18 investigating and analyzing and getting estimates and so
19 forth, and actually undertaking repair.

20 When did the repair actually begin?

21 A. I have no idea.

22 Q. Did you wait to begin the repair until after
23 you had received assurance that there would be insurance
24 proceeds available to cover the cost?

25 A. Mr. Krueger, to be quite candid, I was not

1 involved at all in the repairs of that water system. Other
2 than the discussions I had with Staff and the letter I sent
3 to the City of Osage Beach, both directed towards protecting
4 either my or some other investor's money that would be
5 utilized to effectuate those repairs, I had no involvement
6 in repairing that well.

7 Q. You regard the interruption of service to the
8 customers of Broadwater Bay as a serious matter, don't you?

9 A. It's horrible. It's one of the risks you have
10 with a single-source water system. If that source fails,
11 there is no immediate -- I mean, this was a very fortunate
12 situation that there -- there was another water system in
13 the vicinity where, rather than them being out of water
14 until the well had been completely repaired, dechlorinated,
15 flushed, sanitarily tested and then placed back in service,
16 which can be a period of a matter of weeks, I mean, this was
17 a very fortunate circumstance that there was only a
18 three-day disruption. But that is one of the dangers of a
19 single-source water system.

20 Q. So it was a horrible consequence, but not
21 worth you personally getting involved in figuring out a
22 solution to it?

23 A. Mr. Krueger, if it does not involve some form
24 of a legal document, I don't know how to fix it.

25 Q. Thank you.

1 Do you know whether it is possible that there
2 might again be damage to equipment that would interrupt
3 service to customers of Osage Water Company?

4 A. Well, the company operates a number of
5 single-source water systems, and I suppose that any of them
6 are at risk of lightning strike or other mechanical damage
7 at any point in time. Those sorts of incidents recur on a
8 regular basis. They are ordinary and normal sorts of
9 incidents that occur. The consequences associated with them
10 range from minor to severe.

11 There was a water line break within two weeks
12 ago at -- at Golden Glade that was repaired within a matter
13 of an hour or two, and there was a brief interruption of
14 service, but nothing of an extensive period. And that would
15 be the perhaps more common type of incident, but again, it
16 depends somewhat on the nature of the mechanical failure or
17 as to the amount of time and amount of money expended to
18 correct it.

19 Q. Do you believe that you have insurance against
20 every conceivable interruption of service?

21 A. Yes, best I can tell.

22 Q. So --

23 A. Unless the company's employees deliberately go
24 out and blow something up, it appears to be covered by
25 insurance.

1 Q. So can you assure the Commission, then, that
2 if there's an interruption of service in the future, that
3 there will be insurance to cover it and that the company
4 will give its attention immediately to repair?

5 A. Oh, I think that's a fair statement, yes.

6 I can tell you most certainly that the policy
7 is not the ordinary fire and casualty type of building
8 insurance that you would normally expect in a commercial
9 insurance policy. It's a very broad mechanical failure and
10 then there's a separate failure for lightning damage and
11 things of that sort.

12 There's two separate policies, and they seem
13 to pretty well cover the gamut of anticipated causes of loss
14 to a water system or sewer system.

15 Q. How long did it take you to find the insurance
16 coverage after the service to Broadwater Bay was
17 interrupted?

18 A. I didn't.

19 Q. How long did it take the company to find
20 insurance coverage?

21 A. Mrs. Williams found that, and I don't know
22 exactly what time frame was involved there. She had been
23 working on it for quite some time, talking to the agent who
24 put her in touch with the company who put her in touch with
25 the adjustor. It's not an instantaneous process.

1 Q. So for some time, at least, the question of
2 coverage was doubtful; is that correct?

3 A. Well, I was not aware that there was even
4 potential coverage until shortly before the repairs or
5 shortly before the water service was placed back in service.

6 Q. But are you now confident that there is
7 insurance coverage for every conceivable interruption of
8 service?

9 A. Now that I've read both policies cover to
10 cover, yes.

11 Q. Mr. Williams, I'd like to direct your
12 attention again to Exhibit 18, the second page of that
13 document. And that document, again, is an e-mail message
14 that you sent to me on August 24th, correct?

15 A. Yes.

16 Q. Calling your attention to the second page, the
17 next-to-last paragraph, do you see there, the last sentence
18 of that paragraph, it says, The Broadway Bay scenario is
19 likely to be repeated if another major failure occurs which
20 cannot be repaired by a backhoe or a legal document if OWC
21 continues to own and operate the utility systems?

22 A. Yes.

23 Q. Did you believe that was true at the time that
24 you said that?

25 A. I did.

1 Q. Do you believe it is true now?
2 A. No, I do not.
3 Q. Because of what you know about the insurance
4 coverage --
5 A. That's correct.
6 Q. -- is that correct?
7 How is water now provided to the customers in
8 Eagle Woods?
9 A. It goes to their houses through pipes.
10 Q. Where do the pipes originate?
11 A. The pipes are run along the highway through
12 the entire project, along some streets interior to the
13 project and --
14 Q. My question was where the pipes originate.
15 What is the source of water?
16 A. Well, the primary source at this point in time
17 is interconnection with the Golden Glade water system.
18 There is a secondary source in an existing multi-family well
19 that was in the project at the time the Commission granted a
20 certificate to the company and which is referred to in the
21 Commission's order in that case.
22 Q. Who owns the well?
23 A. The secondary well I just talked about, I
24 believe, belongs to Osage Water Company.
25 Q. Is that where the water is now coming from

1 that serves the customers at Eagle Woods?

2 A. No.

3 Q. Who owns the well that is currently supplying
4 water to the customers at Eagle Woods?

5 A. The permit was issued in my name.

6 Q. Are you also the owner of that?

7 A. To the best of my knowledge, I am.

8 Q. Does Osage Water Company have an agreement
9 with you for the provision of service from that well?

10 A. It has an agreement with Environmental
11 Utilities, which we have advised the Commission in that case
12 that, upon the Commission finalizing the certificate, that
13 the well will be deeded to Environmental Utilities.

14 Q. What is the term of that agreement with
15 Environmental Utilities and Osage Water?

16 A. Well, it does not have -- let's see. The
17 original agreement was a perpetual agreement to terminate on
18 six months written notice, I believe. The current
19 terminology says that it's for a term of five years, and
20 thereafter it will be terminated by six months written
21 notice. So it's a perpetual agreement.

22 Q. Did you hear your wife testify this morning
23 that Osage Water Company does not have a bank account?

24 A. Yes.

25 Q. Do you believe that to be true?

1 A. I don't know.

2 Q. Do you know to whom the customers at Eagle
3 Woods make their payments for water service?

4 A. Most of them make their payments for water
5 service to Osage Water Company, care of Environmental
6 Utilities. Some of them, I understand, are paying
7 Mr. Westenhaver, even though they get their water service
8 through a bypass of the company's meters to their houses.

9 Q. Okay. I'm concerned about the payments that
10 eventually, I guess, end up in the bank account of
11 Environmental Utilities.

12 Some of the payments do end up in that bank
13 account, correct?

14 A. Yes.

15 Q. And do they make payments to Osage Water
16 Company?

17 A. I'm sorry. I don't handle that.

18 Q. Do you know if Environmental Utilities is
19 charging Osage Water Company's customers for service, for
20 water service?

21 A. The bills that I've seen are in the name of
22 Osage Water Company.

23 Q. Do you know if Environmental Utilities is
24 charging Osage Water Company for water?

25 A. No, it is not.

1 Q. What is the basis for Environmental Utilities
2 receiving the payments that are made by the customers of
3 Osage Water Company?

4 A. Contractual agreement.

5 Q. And what is the contract, what does Osage --
6 I'm sorry.

7 What does Environmental provide to Osage Water
8 Company under the terms of that agreement?

9 A. Operation and management of Osage Water
10 Company.

11 Q. And how much does Osage Water Company pay to
12 Environmental Utilities?

13 A. It reimburses all expenses incurred.

14 Q. Including the cost of the water?

15 A. No.

16 Q. So it pays --

17 A. The water, Mr. Krueger, that's coming from the
18 Golden Glade well and goes to Eagle Woods I have been paying
19 for and providing for free to Osage Water Company since the
20 time that that water system was interconnected with the
21 Eagle Woods system. And I don't get paid for it and I'm not
22 happy about it.

23 Q. Do you know how much is paid to Environmental
24 Utilities by the customers of Osage Water Company?

25 A. No, I do not.

1 Q. Or how much is paid to Environmental Utilities
2 by Osage -- by Osage Water Company?

3 A. Isn't that the same question?

4 Q. I think the first one was what was paid by the
5 customers.

6 A. As far as I know, the only money that
7 Environmental Utilities receives is from customers.

8 Q. Payments are made by the customers of Osage
9 Water Company to Environmental Utilities?

10 A. Yes.

11 Q. If the customers are paying Environmental
12 Utilities, doesn't that amount to Environmental Utilities
13 selling water to the customers?

14 A. No.

15 Q. Can you distinguish that?

16 A. Customers make their checks out to Osage Water
17 Company. They mail them to Environmental Utilities, which
18 processes them, credits their accounts.

19 Q. But credits their accounts with whom?

20 A. Osage Water Company.

21 Q. And then -- so that goes to the credit of
22 Osage Water Company?

23 A. Yes.

24 Q. But somehow it does end up in the hands of
25 Environmental Utilities; isn't that right?

1 A. Yes.

2 Q. And that is in exchange for the operation and
3 management services that Environmental pays?

4 A. It's under the contract, yes.

5 Q. And did those -- does the amount that is paid
6 exactly equal the amount that the customers of Osage Water
7 Company pay to Osage Water Company?

8 A. I'm sorry. I didn't understand your question.

9 Q. As I understand it, money is paid by the
10 customers of Osage Water Company and is credited to the
11 account of Osage Water Company by Environmental Utilities?

12 A. Yes.

13 Q. But then the money is transferred to
14 Environmental Utilities?

15 A. It's been assigned to Environmental Utilities,
16 but it is money that is derived by Osage Water Company.

17 Q. Okay. How is the amount that Osage Water
18 Company has to pay determined?

19 A. Well, the -- the agreement, in essence, is
20 that Environmental Utilities will collect the sums, it will
21 deduct therefrom the expenses, ordinary and necessary
22 expenses required to provide service, and the balance, if
23 any, will be applied to the debt owed on the note held by
24 Environmental Utilities.

25 Q. So far have the payments to Environmental

1 Utilities exactly equaled the amount that the customers are
2 paying?

3 A. I don't understand that question.

4 Q. Customers pay --

5 A. Are you asking if there's any money left over
6 after paying Osage Water Company's ordinary and necessary
7 expenditures?

8 Q. Yes.

9 A. To my knowledge, I don't believe there has
10 been. I believe, rather, that there's been a shortfall.

11 Q. Did you, as an officer of Environmental
12 Utilities, instruct Mrs. Williams to disconnect the
13 interconnection with Eagle Woods?

14 A. I'm not an officer of Environmental Utilities.

15 MR. KRUEGER: I'd like to have an exhibit
16 marked, your Honor.

17 JUDGE WOODRUFF: We're up to 20.

18 (EXHIBIT NO. 20 WAS MARKED FOR IDENTIFICATION
19 BY THE REPORTER.)

20 BY MR. KRUEGER:

21 Q. Can you identify that document, Mr. Williams?

22 A. It appears to be an e-mail from Victoria
23 Kizito to you.

24 Q. And is there an attachment to that document?

25 A. No.

1 Q. About -- do you see the place about halfway
2 down the page where it says original message?
3 A. Yes.
4 Q. From gregw@laurie.net. Do you see that?
5 A. Yes.
6 Q. To Ruth O'Neill with copies to Keith Krueger
7 and Jim Merciel?
8 A. Yes.
9 Q. Now, does that appear to you to be an e-mail
10 message that you sent to Ruth O'Neill?
11 A. Well, as I said, this is an e-mail message
12 from Victoria Kizito to you.
13 Q. I'm asking about the document.
14 What appears --
15 A. Disregard the part above where it says
16 original message, that could be something that I sent, but
17 this document is not something that I sent.
18 Q. Okay. The part at the bottom half of the
19 page, do you see where it says Ruth?
20 A. Yes.
21 Q. Did you send Ruth O'Neill that message at some
22 time?
23 A. Yes.
24 Q. Now, calling your attention to the first
25 paragraph of that message, I believe it's the third

1 sentence, the one that begins accordingly -- it reads,
2 Accordingly, I have advised Debbie to take the necessary
3 steps to discontinue the current interconnection of the
4 Golden Glade water system and the Eagle Woods water system
5 and to put Eagle Woods back on the water well drilled by Ron
6 Westenhaver and conveyed to OWC.

7 Did you say that?

8 A. After I said that I no longer have any
9 expectation the certificate will ever be granted that will
10 allow wholesale supply of water for Eagle Woods customers,
11 yes.

12 JUDGE WOODRUFF: Can you speak up a little
13 bit? It's kind of hard to hear sometimes.

14 BY MR. KRUEGER:

15 Q. So you said the part that preceded that, and
16 you also said the sentence that begins with the word
17 "accordingly" that I just read?

18 A. That's correct. There's never going to be a
19 certificate that would allow wholesale service to be
20 provided, then at some point the interconnection's going to
21 have to be terminated, because there's no reason to supply
22 water for free forever.

23 Q. And you said you had advised Debbie to take
24 the necessary steps to disconnect the interconnection?

25 A. Yes.

1 Q. Did you do that?

2 A. We talked about it, yes.

3 Q. And in what capacity were you acting when you
4 advised her to discontinue the interconnection?

5 A. Owner of the water well.

6 Q. Did you also say in that message, I don't
7 think it has enough capacity to adequately serve the
8 existing Eagle Woods homeowners, much less the new houses
9 Mr. Westenhaver is building, but that is not my problem?

10 A. In reference to the existing multi-family well
11 at Eagle Woods, yes.

12 Q. Calling your attention now to the last
13 paragraph on the first page of that document, you said, Our
14 primary concern is to make sure that our homeowners in
15 Golden Glade have adequate water and sewer service, correct?

16 A. That is my primary concern, Mr. Krueger. I
17 have a personal obligation to do that.

18 Q. And does -- is that concern, then, more
19 important than providing safe and adequate service to the
20 customers in Eagle Woods?

21 A. I'm not an officer or a director of Osage
22 Water Company, nor was I in either of those positions on the
23 date of that letter.

24 Q. In whatever capacity you act, Mr. Williams, do
25 you regard the obligation to the homeowners in Golden Glade

1 as more important than the obligation that Osage Water
2 Company has to provide safe and adequate service to the
3 customers in Eagle Woods?

4 A. Mr. Krueger, as I've testified, I have a
5 personal obligation to the people to whom I have sold lots
6 in Golden Glade Subdivision to see that they have water
7 and sewer utility service. That is my obligation. That is
8 my principal concern in connection with the case that we
9 were -- that was referenced here in the prehearing schedule
10 in the Environmental Utilities application.

11 I was particularly offended by the objections
12 that both the Staff and the Office of the Public Counsel
13 filed in that case to a fairly simple wholesale water supply
14 agreement that I prepared and Mr. Mitchell had signed and
15 the resulting suspension of the proposed tariff in that case
16 and the delay of -- of the granting of a certificate which
17 would have allowed recovery of the cost of providing that
18 water to Eagle Woods.

19 And I continue to be particularly perturbed at
20 the Staff and the Office of the Public Counsel's continued
21 efforts to delay a legitimate arrangement that has resulted
22 after some 14 to 18 months of litigation before this
23 Commission.

24 Q. You mentioned the personal obligation you feel
25 to the people who have bought --

1 A. No, no, Mr. -- I don't feel it. It's a
2 contractual obligation.

3 Q. Did you believe -- you did testify that you
4 have a personal obligation --

5 A. Yes, I do.

6 Q. -- to the customers, to the people who bought
7 homes in the Golden Glade Subdivision?

8 A. That's correct.

9 Q. You don't believe that you have any personal
10 obligation to the customers of Osage Water Company and Eagle
11 Woods?

12 A. I do not.

13 MR. KRUEGER: I would offer Exhibits 18, 19
14 and 20, your Honor.

15 JUDGE WOODRUFF: Exhibits 18, 19 and 20 have
16 been offered into evidence by the Staff. Are there any
17 objections to their receipt?

18 MR. LORAIN: Judge, I have no objections.

19 JUDGE WOODRUFF: Hearing none, they will be
20 received into evidence.

21 (EXHIBIT NOS. 18, 19 AND 20 WERE RECEIVED INTO
22 EVIDENCE.)

23 MR. KRUEGER: That's all my questions, your
24 Honor.

25 JUDGE WOODRUFF: Okay. I believe Hancock also

1 listed Mr. Williams, that they wanted to call him on direct.
2 So your opportunity to do direct examination now if you
3 wish, Mr. Loraine.

4 MR. LORAIN: Judge, am I going to get a
5 ruling of hostility at this point?

6 JUDGE WOODRUFF: Come forward and make your
7 arguments for us.

8 MR. LORAIN: Judge, I would move for this
9 witness to be listed as a hostile witness to Mr. Hancock's
10 position, based on his many conflicts of interest that have
11 been demonstrated, and based on the fact that whether he is
12 or he isn't an adverse party at this point, his wife and his
13 companies, one or the other of them is.

14 So I would ask for that determination to be
15 made.

16 JUDGE WOODRUFF: Again, speaking as counsel
17 for Osage Water, any determination or any response to that?

18 MR. WILLIAMS: I think that would be
19 appropriate.

20 JUDGE WOODRUFF: Okay. Your request to have
21 designated this witness as a hostile witness is granted.

22 MR. LORAIN: Thank you, your Honor.

23 Your Honor, my last exhibit is 20 that I
24 understand to be -- have submitted to the Court; is that
25 correct?

1 JUDGE WOODRUFF: That is correct.

2 MR. LORAIN: May I approach the witness,
3 Judge?

4 JUDGE WOODRUFF: You may.

5 (EXHIBIT NO. 21 WAS MARKED FOR IDENTIFICATION
6 BY THE REPORTER.)

7 DIRECT EXAMINATION BY MR. LORAIN:

8 Q. Mr. Williams, I just handed you what's now
9 been marked as Exhibit 21. You would agree, I know, that
10 this is the state of the affairs of OWC, in that as of the
11 4th day of September 2002, this company, Osage Water
12 Company, was administratively dissolved and you were the
13 registered agent; is that true?

14 A. It is true that this administrative
15 dissolution was issued on that date by the Secretary of
16 State. I strongly disagree with the contents of the
17 document that it was done for failure to file a correct
18 annual report.

19 Q. You do understand that this is a state
20 certified -- this is a state record? You understand that?
21 You've seen this before?

22 A. Yes.

23 Q. Okay. You're just saying you personally
24 disagree with what the Secretary of State's designation for
25 the reason was?

1 A. I've seen the complete corporate file at the
2 Secretary of State's Office, and I don't happen to agree
3 with what they've done on that date, based on the documents
4 that they have undertaken to file and the actions they took
5 prior to that date.

6 Q. I understand that, and I'll accept that, but
7 my point is, is this is what the records at the Secretary of
8 State say?

9 A. That's what their records show.

10 Q. Thank you.

11 Now, also on or about the 3rd of September,
12 you did resign as corporate counsel for Osage Water Company
13 in court in front of Mary Dickerson in a circuit court
14 matter; is that true?

15 A. I requested leave to withdraw, that is
16 correct, and it was granted.

17 Q. Now, you came back into this matter as
18 attorney of record, and I believe I heard you say that you
19 received some advance payment in the amount of \$3,000 to
20 file some appeal. And when was that check written by OWC to
21 you?

22 A. Prior to the filing of the answer here.

23 Q. Was it prior to September 3 of 2002?

24 A. I don't believe so, but I would have to look
25 at the document. I don't recall specifically.

1 Q. The -- was the purpose of that \$3,000 check,
2 was that also to do anything more than filing the answer
3 before this administrative body?

4 A. Yes.

5 Q. And what was that for?

6 A. Filing appellant's brief in the pending
7 appellate case.

8 Q. That would be on a different matter?

9 A. Yes.

10 Q. All right. And as I understand it, you're
11 here as attorney today and yesterday and I believe last week
12 on this matter before the Commission. Has that -- is that
13 all included within the \$3,000 retainer?

14 A. No.

15 Q. So you're violating your rule again about
16 representing somebody without having the money up front?

17 A. No.

18 Q. Well, tell me what's different about that.

19 A. Well, I obtained a retainer. To the extent
20 that the time incurred exceeds that retainer, I'll require
21 additional money, or I will ask for leave to withdraw.

22 Q. All right. So that you're back into this case
23 as the time records would indicate to you, at least as of
24 the time of your testimony here today and your appearance,
25 you're still within that \$3,000?

1 A. I don't know the answer to that.

2 Q. You would think so?

3 A. No. I don't know the answer to that.

4 Q. So the fact of the matter would be, if you had
5 your time tickets here and you were able to prove it up and
6 you thought to yourself, my gosh, I'm over that, you'd walk
7 out of here and we'd be without a lawyer again, wouldn't
8 you?

9 A. Mr. Loraine, I think you know the rules of
10 professional conduct better than that. I would have to
11 request leave of the Commission to be allowed to withdraw
12 and they would grant it. I asked leave to withdraw last
13 week, based upon your subpoena, and the Commission has
14 denied that.

15 I don't know whether or not they would deny my
16 request to withdraw in the middle of this proceeding, but I
17 doubt very much they would, given prior rulings already in
18 this case.

19 Q. So my original question to you was, it seems
20 to me that you're violating your principle that you try to
21 stand by, and that is to get retainers to cover the time
22 that you're going to spend?

23 A. Mr. Loraine, I base the retainer on Staff's
24 representation that this matter could be tried in one day or
25 less, and not -- I was rather disappointed to find a list of

1 14 witnesses in the case.

2 Q. Nevertheless, you're on the matter at this
3 point as attorney and you're on the stand to testify?

4 A. Over my objection, yes.

5 Q. All right, sir. I'm going to hand you what's
6 been marked Exhibit 22.

7 MR. LORAIN: I'd like to get this into the
8 record if I may.

9 (EXHIBIT NO. 22 WAS MARKED FOR IDENTIFICATION
10 BY THE REPORTER.)

11 BY MR. LORAIN:

12 Q. For the record, I'd like you to identify
13 Exhibit 22.

14 A. It's a letter signed by Williams P. Mitchell.

15 Q. This is the tired and broke letter and he
16 wants you to go ahead and take over control, and it's on or
17 about the 6th of July of 2001; is that true?

18 A. It's a letter dated July 6th of 2001. You may
19 characterize it however you prefer.

20 Q. First sentence says, I am tired and broke?

21 A. Yes, it does.

22 Q. Continuation of the next sentence, You want
23 all of the assets, you get all of the headaches?

24 A. That's what it says.

25 Q. What did Mr. Mitchell mean about "if you want

1 all the assets"?

2 A. I don't know the answer to that question.

3 You'd have to ask him.

4 Q. That is Mitchell's signature, to the best of
5 your knowledge and belief?

6 A. As far as I know, it is.

7 Q. Do you remember receiving a letter of this
8 nature?

9 A. It was in the box of stuff left on my porch.

10 Q. Okay. There has been some discussion about
11 the various assets of OWC. Mr. Krueger went through a
12 number of those, and I felt that he left out the Golden
13 Glade well. But maybe I just was sleeping during that time,
14 but that would be a particular example of something that is
15 not owned, according to you, by OWC, but is necessary for
16 them to do business in that subdivision?

17 A. Is that a question?

18 Q. I'm asking you, is that true?

19 A. No. Osage Water Company is not doing business
20 in Golden Glade Subdivision.

21 Q. Well, isn't it true that -- that Environmental
22 Utilities is using that well and using the OWC pipes in the
23 ground basically to convey the water in that area?

24 A. No.

25 Q. What is -- why is that not true?

1 A. I don't understand.

2 Q. All right. There is a Golden Glade well that
3 was in controversy about the ownership. You recall OWC --

4 A. No, I don't recall any controversy regarding
5 its ownership.

6 Q. Well, you're claiming ownership, aren't you?

7 A. Well, it's on property that I own and I paid
8 all the expenses to build it.

9 Q. Would it be your wife's also?

10 A. Yes.

11 Q. You said yours a while ago --

12 A. Uh-huh.

13 Q. -- so I just want to get it clear. That was
14 both of yours?

15 A. Yes.

16 Q. Where did you get the money to build that
17 well?

18 A. From a mortgage on my law office property.

19 Q. And where was that mortgage taken?

20 A. Well, I suppose the mortgage was taken to the
21 recorder's office and recorded by the bank that I gave it
22 to.

23 Q. What bank did you receive your loan from?

24 A. Central Bank of Lake of the Ozarks.

25 Q. Who was your loan officer?

1 A. Matt Red.

2 Q. Is that the same bank that you -- and same
3 loan officer that you borrowed money on the Parkview Bay
4 well?

5 A. It's the same bank that Osage Water Company
6 borrowed money for the Parkview Bay well, yes.

7 Q. And you and your wife signed on that note; is
8 that true?

9 A. No. We signed a personal guarantee of the
10 note.

11 Q. Okay. Is the -- I understand that the Chelsea
12 Rose sewer plant is on Hurricane Holding Company (sic)
13 property, but according to you, a deed would immediately
14 forthwith come from Hurricane Holding Company if, in fact,
15 the survey was provided.

16 Is that your testimony?

17 A. I believe you recounted it correctly, yes.

18 Q. Is it -- how did the property come to be
19 purchased by Hurricane Holding Company?

20 A. I would think they paid money for it.

21 Q. Well, did -- was there a written agreement for
22 Osage Water Company to use that ground?

23 A. No.

24 Q. So it just decided to put it on that ground?
25 Or I mean, how did that decision --

1 A. The sewer plant was constructed by Hurricane
2 Deck Holding Company in 1990, before I met Mr. Mitchell or
3 knew anything about Osage Water Company.

4 Q. All right. And was it sold to Osage Water
5 Company?

6 A. There was -- the Commission approved a
7 transfer of assets for stock back in 1992.

8 Q. And what was the -- what was the dollar amount
9 attributed to that transfer?

10 A. I have no recollection at all.

11 Q. But a deed never occurred?

12 A. Mr. Mitchell was going to have it surveyed
13 sometime.

14 Q. Mr. VanStaver offered to purchase the Park
15 Place (sic) well from OWC?

16 A. No. And he didn't offer to purchase the
17 Parkview Bay one either.

18 Q. You mentioned that Mr. Tillman was interested
19 in purchasing the Golden Glade well for -- pardon me -- the
20 Chel-- let's see, which one was that -- Cedar Glen well; is
21 that true?

22 A. Well, he was interested in purchasing all of
23 the utility systems at the Cedar Glen condominium project.

24 Q. So that would be well and sewer then?

25 A. Yes.

1 Q. And did he give you a price?
2 A. \$300,000.
3 Q. And what was the reason why that was not
4 accepted?
5 A. As I explained earlier, that is a pretty
6 substantial revenue component for the company, and it would
7 be extremely difficult to operate the remainder of the
8 systems without that revenue. And I think that the \$300,000
9 probably doesn't reflect the cash flow value of that system.
10 Q. In fact, you had entered into negotiations
11 with Mr. Tillman's attorney to sell that, haven't you?
12 A. Mr. Tillman's attorney? No. I haven't spoken
13 to any attorney on his behalf about it, I don't believe.
14 Q. Mr. McElyea?
15 A. I don't recall any negotiations on that
16 matter. There was -- there have been discussions about
17 resolving some other issues, but I don't recall any
18 discussions with Mr. McElyea about them simply buying that
19 system.
20 Q. Did you ever tell Mr. McElyea to make the
21 check payable to you and your wife personally?
22 A. No.
23 Q. So if that happened, you'd deny that? I mean,
24 if someone said that happened, you'd deny that?
25 A. Absolutely.

1 Q. Okay.

2 A. There would be absolutely no way for my wife
3 and I to sign such a deed.

4 Q. There was --

5 A. Now, Mr. Loraine, Mr. Tillman did offer to
6 make the check out that way, and I told him I couldn't do
7 that.

8 Q. So that something similar to that discussion
9 did occur, then, it was just from --

10 A. Well, not similar to what you said, but
11 similar to what I said. They offered to do it that way, and
12 I told them it could not be done that way.

13 Q. So you're the one that told them they couldn't
14 make that check out to you and your wife personally?

15 A. I think you've got that straight now, yes.

16 Q. All right. There was a long-term land
17 contract, I believe you said, that was entered into between
18 Hurricane Holding Company and Chelsea Rose for a water well;
19 would that be true?

20 A. No. There was an agreement between Osage
21 Water Company and Hurricane Deck Holding Company for the
22 water well at Chelsea Rose, but no agreement between
23 Hurricane Deck Holding Company and Chelsea Rose for a water
24 well.

25 Q. All right. That was OWC? And that is a

1 long-term land contract?

2 A. Yes.

3 Q. What are the terms of that?

4 A. Pay off the mortgage at the bank.

5 Q. How much is that mortgage?

6 A. Started at \$35,000 in 1999.

7 Q. And that money came from OWC?

8 A. The money came from Central Bank of Lake of
9 the Ozarks and is secured by property owned by Hurricane
10 Deck Holding Company.

11 Q. Was that long-term land contract approved by
12 the Commission, PSC?

13 A. No.

14 Q. Do you have a position that that is necessary?

15 A. I'm not aware that it would be.

16 Q. Nevertheless, you view that as an OWC asset at
17 this time?

18 A. No. It has a contract right, which I would be
19 delighted if it satisfied the contract and took the well.

20 Q. In regards to the preparation of the
21 application, I believe, on Environmental Utilities that we
22 discussed earlier, if I ask you a question, are you going to
23 object to that as being outside the scope of this pleading?

24 You did when I asked your wife. I just want
25 to know if I need to go into that.

1 A. I don't know what you need to do.

2 Q. All right. The question I want to ask is, did
3 you prepare that application for your wife?

4 A. I'm sorry, Mr. Loraine, I'm not following with
5 you on this one.

6 Do you have whatever it is you want to ask me
7 about?

8 Q. I believe I do. I'm going to show you what
9 I believe is a certified copy of the application on Case
10 2002-65.

11 A. Okay.

12 Q. Did you prepare that?

13 A. To the best of my knowledge, I did.

14 Q. It claims to have a construction permit
15 associated with it as an Exhibit D.

16 A. There was one. There was one offered and
17 admitted into evidence at the hearing in that case.

18 Q. Was it submitted at the time of the
19 application?

20 A. I believe it was omitted from the copies,
21 yeah.

22 Q. It was omitted?

23 A. It was not included in the copies that were
24 attached --

25 Q. All right.

1 A. -- inadvertently.

2 I believe there was testimony in that case
3 regarding that.

4 Q. All right. Thank you.

5 Now, that construction permit, there was never
6 a water service permit from the DNR, was there?

7 A. I'm not sure what you mean by water service
8 permit. Are you talking about a permit to dispense?

9 Q. Well, was there a permit to dispense water?

10 A. I have submitted the application for that, and
11 I've received correspondence from DNR with respect to it.
12 I've not received the permit yet.

13 Q. So the answer was -- at the time that you
14 submitted the application, the answer was no, there was not?

15 A. Well, in terms of the paper permit that they
16 mail out, they have not yet processed the paperwork.
17 Permission was given by Stephen Jones.

18 Q. I believe there was a letter around here,
19 Exhibit 11 or something of that nature; isn't that true?

20 You need to see that letter, do you?

21 A. That was after -- that was -- that came in
22 later, and the well had been up and operational for some
23 time prior to that.

24 Q. Let me -- I'm going to show you what has been
25 marked as Exhibit 11 for your use.

1 Is that the permission that you're talking
2 about from Mr. Jones?

3 A. That's the written letter with respect to the
4 interconnect with Eagle Woods. That is not when he gave
5 initial permission for the well to be turned on.

6 Q. It makes reference in there to an oral -- some
7 kind of an oral permit, doesn't it, in that letter?

8 A. A different oral permit.

9 Q. And that oral permit was -- was because of a
10 well breakdown; isn't that true?

11 A. Mr. Loraine, you're asking a series of fairly
12 confusing questions about this circumstance, so maybe I can
13 explain it to you.

14 The Golden Glade water well and system was
15 completed, and at the end where it is closest to Eagle
16 Woods, there was no interconnection with the Eagle Woods
17 system. It simply had a blowoff installed, which is a valve
18 with a pipe that comes to the surface that enables you to
19 flush the end of the line.

20 And Mr. Jones made a final inspection of the
21 well and water system and approved it to be placed in
22 service for service to Golden Glade only.

23 Q. So that was for --

24 A. At a subsequent time, when there was a water
25 well failure at Eagle Woods, he verbally authorized that

1 distribution system in Eagle Woods to be interconnected with
2 a distribution system in Golden Glade to provide an
3 alternative source of water for the Eagle Woods residents.

4 Q. And that letter deals with both; isn't that
5 true?

6 A. It deals with the last two items. It does not
7 deal with the initial placement of the well and system in
8 service for Golden Glade.

9 Q. Did --

10 A. There's a considerable amount of paperwork
11 that is involved, in terms of engineering plans and
12 specifications and engineer certification of completion,
13 that has to be submitted for water systems. And that was
14 done initially only for Golden Glade, without Eagle Woods;
15 subsequently revised after that letter was issued by
16 Mr. Jones. Another engineering plan was submitted for the
17 interconnected system.

18 Q. The fact is Eagle Woods was being served water
19 prior to this date and being billed for it; isn't that true?

20 A. From a multi-family well, just like the
21 Commission approved in its order in the Eagle Woods
22 certificate case.

23 Q. But that was before -- in fact, this was
24 before this date that they were being served?

25 A. The date of that letter has nothing to do with

1 provision of water in Eagle Woods.

2 Q. Well, the fact -- the question I'm asking you
3 is, in fact, they were being billed and they were being
4 served water in Eagle Woods prior to this date?

5 A. Absolutely.

6 Q. And there was at that time no PSC approval for
7 that action; isn't that true?

8 A. No. That's absolutely incorrect.

9 Q. Why is that incorrect?

10 A. The Commission granted a certificate in
11 WA-99-437 -- and it's laying over there on the table -- in,
12 I think, February of 2000, over a year before this letter
13 was issued by DNR allowing a change in the source of supply.

14 Q. Well, that was originally their own well,
15 wasn't it?

16 A. Whose own well?

17 Q. Eagle Cove (sic), the property owners' well.
18 Wasn't that where they were being served from?

19 A. They were being served by the wells that were
20 contributed by the developer in the Eagle Woods development,
21 just like the Commission's order said.

22 Q. That was their original own well, is that what
23 I said?

24 A. Well, I don't believe it ever belonged to the
25 homeowners.

1 Q. Okay. The developer?

2 A. The developer had contracted with Osage Water
3 Company, and he deeded those wells to Osage Water Company
4 and prepared the deeds and he signed them.

5 Q. All right. The letter, I believe, that you
6 sent -- let me ask you a question.

7 MR. LORAIN: Judge, I believe this is --

8 JUDGE WOODRUFF: Be 23.

9 MR. LORAIN: -- 23.

10 (EXHIBIT NO. 23 WAS MARKED FOR IDENTIFICATION
11 BY THE REPORTER.)

12 BY MR. LORAIN:

13 Q. Sir, I'm handing you what's been marked as
14 Exhibit 23. That purports to be a letter from you to
15 Mr. Dusenberg.

16 Do you recall the actual writing of this
17 letter?

18 A. Absolutely.

19 Q. Number -- paragraph 8 of that third page of
20 that letter, you promise to convey the Golden Glade water
21 system to Environmental Utilities upon certain items to
22 occur; that is, the PSC Commission for CCN and a permit to
23 dispense water from the Missouri Department of Natural
24 Resources.

25 Is that true?

1 A. Well, the language of the paragraph says
2 essentially that, yes.

3 Q. Now, do you recall Mr. Mitchell making a
4 similar promise to the PSC in reference to that same well,
5 only it was going to be conveyed to OWC in a prior
6 certificate case?

7 A. Mr. Loraine, I've heard you say that over and
8 over again, and I've tried to look through the transcript of
9 that proceeding and testimony and I've been unable to locate
10 such a promise.

11 My recollection of the testimony in the Eagle
12 Woods application case was that the water could be provided
13 from the existing water wells, that an alternative supply
14 could be constructed, including the possibility of utilizing
15 the well that was to be located in Golden Glade. But there
16 was never a promise. And the Commission in its order found
17 to --

18 Q. Well, I didn't ask you what the Commission
19 found, but what I asked you was whether or not you
20 remembered Mr. Mitchell making that promise?

21 A. No.

22 Q. All right. Very fine.

23 But you did make that promise to convey this
24 one to EU under the circumstances that we've got in here,
25 under paragraph 8?

1 A. That has been the plan since the Environmental
2 application -- Environmental Utilities application was
3 filed. I don't know if it will ever be finally approved by
4 the Commission or not. If it is not, then it will not be
5 conveyed to Environmental Utilities.

6 Q. Right now Environmental Utilities still
7 remains a non-CCN company; is that true? They don't have
8 permission to sell water anywhere?

9 A. I suppose that would be one way of describing
10 it, given the Commission's issuance of an Order with
11 contingency and other parties' objections to documents that
12 appear, to me, to satisfy those contingencies.

13 Q. In reference to Exhibit 20 earlier
14 submitted --

15 MR. LORAIN: May I approach the witness,
16 Judge?

17 JUDGE WOODRUFF: You may.

18 BY MR. LORAIN:

19 Q. One of the -- Mr. Krueger was asking you a
20 question. He left out this last line. It says, I will not
21 continue to subsidize OWC by providing free water for it to
22 sell to Eagle Woods customers.

23 That's what you said, isn't it?

24 A. That's what I said.

25 Q. And that's what you're sticking with even

1 today? That's your answer?

2 A. I don't believe in giving things away for
3 free, Mr. Loraine.

4 Q. And you understand that Mr. Krueger was
5 telling you that sometimes you lose money when you're a
6 regulated company and you have obligations? You understood
7 the thrust of that, didn't you?

8 A. No.

9 Q. All right.

10 A. That wasn't in reference to a regulated
11 company. That's the problem. It's not a regulated company
12 and it can't charge for the water.

13 Q. Well, you will not continue to subsidize OWC,
14 and OWC is a regulated company?

15 A. And I have no obligation to subsidize it.

16 Q. What did you mean in this letter that's
17 previously been admitted as Exhibit 18?

18 MR. LORAIN: If I may approach the witness
19 again, Judge?

20 JUDGE WOODRUFF: You may.

21 BY MR. LORAIN:

22 Q. You said that Mr. Hancock and Mr. Mitchell's
23 claims are worthless and have been worthless since the City
24 started overbuilding OWC's system without paying.

25 What exactly did you mean by that?

1 A. Just what it says.

2 Q. Well, you admit that Mr. Hancock has a
3 judgment, don't you, legal judgment for X amount of dollars?

4 A. Yes.

5 Q. There seems to be assets that exceed that,
6 according to your testimony here today?

7 A. And if that was the only debt, that would be
8 just dandy.

9 Q. But nevertheless, there certainly is more than
10 \$215,000 worth of assets, isn't there?

11 A. Maybe.

12 Q. What about the -- is that a maybe?

13 A. Maybe.

14 Q. Okay. Tell me why --

15 A. As long as people -- depends on what people
16 will pay for things on a given day and whether or not you're
17 allowed to sell them and how you sell them and when you sell
18 them and who you sell them to.

19 Q. All right. You do realize you make reference
20 in here also to the money you invested in OWC between '92
21 and '99.

22 I'm assuming you meant your attorney fees?

23 A. I'm assuming I did not.

24 Q. Over and above that?

25 A. Prior to it.

1 Q. There is some allegations in the pleadings
2 that have been filed here in the complaint that the company
3 has failed to provide safe and adequate service. You know
4 that Mr. Hancock has brought evidence continuously in a
5 number of cases to that effect in the past, such as the fire
6 hydrants and Pizza Hut's borrowed bladder tank.

7 I mean, those are issues that -- would you
8 agree that those are issues that do affect the safety of the
9 water?

10 A. Well, Mr. Loraine, let me start by saying that
11 my recollection, unless I'm greatly mistaken, is the only
12 case Mr. Hancock has ever participated in before this
13 Commission prior to this one was with respect to the
14 Environmental Utilities application to provide water utility
15 service to the Golden Glade Subdivision, which did not
16 involve any issues concerning fire hydrants or any issues
17 concerning whatever else that other thing you said was.

18 Q. The bladder tank at the Pizza Hut that was
19 transferred from one to the other.

20 You recall that testimony in the fire district
21 case, don't you?

22 A. It's been a long time.

23 Q. Well, do you recall it?

24 A. I don't recall anything about any bladder
25 tanks.

1 Q. Well, let me ask you that. Do you remember
2 the Pizza Hut tank that was borrowed from the Pizza Hut
3 without authority from the DNR and you got sanctioned -- OWC
4 was sanctioned for that? Do you remember that?

5 A. No.

6 Q. All right. Do you remember the No. 14 here,
7 we have a complaint against OWC that it's consistently
8 failed to file annual reports with the Commission on a
9 timely basis, frequently failed to make timely payments to
10 the Commission?

11 Well, we've dealt with the annual assessments
12 on direct, but I'd like to ask you about the filing of the
13 annual reports. Are you going to admit that that's been a
14 real problem in the past for OWC?

15 A. There have been times when it has been a
16 problem.

17 Q. It's a problem now, isn't it, when we're
18 asking for liquidation of the company and we don't know
19 where the assets are and we don't know where the -- we don't
20 have NERUC accounts to look at, we can't find where that
21 equipment is? Isn't that a problem?

22 A. I don't think so.

23 Q. Do you know if the Staff has begun their audit
24 to find the assets of OWC yet?

25 A. Mr. Loraine, they're in the same places

1 they've always been.

2 Q. Which are known to you and not well disclosed
3 to anyone else; would you agree with that?

4 A. They're known to the Staff. They're the
5 subject of a recent report from the Staff to the Commission.
6 I don't think there's any big secrets there.

7 Q. Would you agree that OWC has demonstrated
8 under paragraph 16 that they have severe management problems
9 and have had so substantially over the past? Would you
10 agree with that?

11 A. No.

12 Q. And you would not agree for the number of
13 reasons indicated that -- that the principals of OWC have
14 abandoned the company under paragraph 26 of their complaint?

15 A. What's a principal?

16 Q. Well, I guess Mr. Mitchell, I guess you, and I
17 guess Mrs. Williams.

18 You would agree with that?

19 A. The corporation has an officer. It has a
20 director. They are involved in the company's operations.
21 The company's systems continue to be operated on a contract
22 basis, much as they were prior to 1998.

23 Q. Well, there's no question that -- that when
24 you file in the application that we just examined on the
25 past rate base case for OWC -- for Environmental Utilities.

1 Pardon me. It wasn't a rate base case, it was Environmental
2 Utilities' application.

3 You recall on that particular occasion that
4 there was -- there was certainly an allegation by Mrs.
5 Williams and, I think, evidence to the fact that
6 Mr. Mitchell, quote, unquote, dumped the company records.
7 You took photographs. You talked about those things. You
8 do admit to that, don't you? You admit to that fact?

9 A. Mr. Mitchell left the company records on our
10 office doorstep with a letter, and after that he did not
11 involve himself in the operating day-to-day affairs of the
12 company.

13 Q. And he really didn't get actively involved
14 again until you needed a contract between OWC and
15 Environmental Utilities to comply with some request that was
16 put upon you by the PSC; isn't that true?

17 A. No. We sent -- as I testified earlier, we
18 sent out a notice for a board meeting probably within a
19 month following him leaving those records, and after that
20 application in the Environmental Utilities case had been
21 prepared. And Mr. Mitchell appeared for the board meeting
22 and participated in it and discussed company affairs and
23 continued to do so throughout the duration of the company's
24 existence, and does so today.

25 Q. Well, it seems to me there's been some

1 inconsistencies in your claims, and that's what I'm trying
2 to get to. Mr. Mitchell is either in the company or he's
3 out of the company. It's not that he comes in and comes out
4 when you want him to. I mean, that's the problem I'm
5 having. Is it just a perception issue on my part?

6 A. I think it is a perception issue on your part,
7 Mr. Loraine.

8 Q. Okay.

9 A. Mr. Mitchell does pretty much as he pleases,
10 and since July of 2001 it has pleased him not to be involved
11 in day-to-day operations. And I have very little control
12 over what Mr. Mitchell does or does not do.

13 Q. All right. There has been a paragraph in
14 here, No. 32, that you and your wife have formed a competing
15 utility company that they're making reference to
16 Environmental Utilities. That allegation has surfaced
17 before this particular proceeding.

18 You'd admit to that, wouldn't you?

19 A. Mr. Loraine, I would say that you had
20 previously raised that allegation and the Commission soundly
21 rejected it in its Order in the Environmental Utilities
22 case.

23 Q. No doubt about it, they didn't agree with us,
24 but it seems like it's come to pass, doesn't it?

25 A. No.

1 Q. All right. We have -- you sought, I believe,
2 in some of these letters here that you're willing to go
3 forward with Environmental Utilities at the expense of OWC.

4 There's been some evidence here on that,
5 hasn't there? Do you remember that?

6 A. Mr. Loraine, do you have a specific question
7 you want to ask me? I really don't understand what you're
8 getting at.

9 Q. All right. Mr. Williams, if OWC assets would
10 have been foreclosed on without intervention of the Court,
11 you do admit that OWC would not have been able to do any
12 further business for its customers, don't you?

13 A. I would give you the same answer to that
14 question I gave Mr. Krueger.

15 Q. Grace me with it again.

16 A. It would depend on the results of the
17 foreclosure sale.

18 Q. Did you -- what was your intent in giving or
19 granting a note and a deed of trust to Mr. Mitchell's water
20 lab and Jackson Engineering, those companies, at the same
21 time that you granted yourself this deed of trust in advance
22 that the foreclosure action occurred on?

23 What was your purpose in that?

24 A. Well, the problem that we were faced with at
25 that time is that I advised Mr. Mitchell that I would not

1 provide any additional legal services for the company unless
2 the existing obligation for past services was reduced to
3 writing in the form of a note and collateralized with a
4 security agreement and deed of trust.

5 And Mr. Mitchell indicated that he would only
6 continue to provide operating services for the company if he
7 received the same treatment with respect to the outstanding
8 balances owed to his companies.

9 And so the purpose of those was to memorialize
10 the existing outstanding indebtedness, provide at least a
11 year's worth of credit to the company so that it continued
12 to operate, rather than ceasing to operate at that point in
13 time.

14 Q. And that was in February of 2001 that those
15 occurred, is that roughly your estimate? Is that your
16 recollection?

17 A. Yes.

18 Q. At that time, as an attorney, were you aware
19 that you had to have PSC approval for those kind of
20 transfers?

21 A. I had looked at the statutes and was of the
22 opinion that they were within the type of transactions that
23 did not require approval.

24 Q. Do you think you made a mistake on that?

25 A. I've been told so.

1 Q. By the Court?

2 A. By the Commission.

3 MR. LORAIN: Thank you. I have nothing
4 further.

5 JUDGE WOODRUFF: All right. At this time
6 we'll take a break, and we'll come back at 3:40.

7 (A BREAK WAS TAKEN.)

8 JUDGE WOODRUFF: Before we go ahead and get
9 back on the proceeding here, there's one matter I wanted to
10 bring up.

11 When Debra Williams left the stand, I
12 indicated that some of the Commissioners might have some
13 questions and, in fact, that's the case. I'm going to leave
14 it up to Ms. Williams and to her counsel to decide whether
15 we bring her back today to finish her testimony or if we
16 want to finish Mr. Williams and then probably be tomorrow
17 before we get to her.

18 MR. WILLIAMS: Your Honor, she does need to
19 attend to some problems with systems at the Lake, so we need
20 her down there.

21 JUDGE WOODRUFF: That's kind of what I
22 thought. So we'll go out of order at this point and bring
23 Debra Williams back to the stand for questions from the
24 Bench.

25 You're still sworn, so just have a seat.

1 And, Commissioner Murray, you can ask your
2 questions.

3 DEBRA WILLIAMS testified as follows:

4 QUESTIONS BY COMMISSIONER MURRAY:

5 Q. Good afternoon, Mrs. Williams.

6 A. Hi.

7 Q. My first question is, what are the problems at
8 the water facility that are currently pending that you have
9 to go back to attend to?

10 A. We got word today at noon that there's a leak
11 in one of our treatment plants, something that one of our
12 lift stations has failed in Eagle Woods.

13 Q. At Eagle Woods?

14 A. Yes. And that sewage is spilling.

15 Q. You got word of that today?

16 A. Yes.

17 Q. And how did you get that word?

18 A. Well, Keith -- somehow Pat Mitchell told us at
19 the morning break that someone from the DNR had come into
20 the room and told him, and someone had called Jeff, our
21 field supervisor, and that's all I know.

22 Q. Is that why Mr. Williams is not here? I don't
23 mean Mr. Williams. Mr. Mitchell. Did he leave to go attend
24 to the problem?

25 A. I don't know where he went.

1 Q. Is anybody tending to the problem today?

2 A. Jeff Smith responded, it was my understanding.

3 Q. Now, tell me, Jeff Smith is one of the
4 employees that you still supervise; is that right?

5 A. Yes.

6 Q. And who is he employed by?

7 A. He is employed by Environmental Utilities.

8 Q. And who's he paid by?

9 A. He's paid by Environmental Utilities.

10 Q. All right. Let me try to find my questions
11 for you, as I was not realizing I was going to be
12 questioning you next.

13 Okay. One of my questions was, when you
14 managed Osage Water Company, who were the employees that you
15 managed then?

16 A. Well, originally we hired a lady named Fran
17 North as the billing clerk in July of 2001. She stayed
18 with us until I had to cut her back to part-time when we got
19 our -- the Commission asked us to do the rebates in the
20 winter. And she was unable to continue to work for us
21 because she needed full-time work, and we were just unable
22 to pay her. So we rehired -- let's see. I can't remember
23 when she left. We rehired Kris Corum in March of 2002.

24 Q. Who was that?

25 A. Kris Corum, who's our current billing clerk.

1 So we've had two billing clerks, and Jeff Smith's been with
2 us from the beginning.

3 Q. And that was at Osage Water Company?

4 A. Yes.

5 Q. Now, who are the employees you manage at
6 Environmental Utilities?

7 A. The same.

8 Q. That is Kris Corum and Jeff Smith?

9 A. Right.

10 Q. And what is Jeff Smith's role?

11 A. He is our field supervisor in charge of plant
12 maintenance and operation, testing, repairs. He's a master
13 plumber.

14 Q. In relation to this latest problem that
15 you have become aware of today, the sewage leakage, do
16 you propose that it is Osage Water Company's responsibility
17 to make those repairs or Environmental Utilities'
18 responsibility?

19 A. Environmental Utilities will make the repairs
20 for Osage Water Company.

21 Q. And is that regardless of whether Osage Water
22 Company can pay for the repairs?

23 A. Well, EU will pay for them out of OWC's
24 revenues.

25 Q. Okay. And assume they -- let's take a rough

1 figure. Say they're \$20,000. Will EU pay for them?

2 A. Well, it depends on -- it depends on if the
3 revenues are available. The problem we had last summer with
4 the pumps going out is that we had two pumps go out
5 simultaneously for a total repair cost of \$40,000.

6 Q. So it depends on how much they cost; is that
7 right?

8 A. Well, sure.

9 Q. What about insurance coverage for something
10 like that?

11 A. For a lift station, I'll have to investigate
12 that. We have not had to repair a lift station since I've
13 been in management for either company.

14 Q. And if there is insurance coverage, would it
15 be in the name Osage Water Company or Environmental
16 Utilities?

17 A. Well, it's still in Osage Water Company right
18 now, and we do have a \$1,000 deductible.

19 Q. Who is currently managing Osage Water Company?

20 A. I don't believe anyone is. Osage Water
21 Company has contracted with Environmental Utilities, and I
22 manage Environmental Utilities.

23 Q. In contracting with Environmental Utilities,
24 was this a written contractual arrangement?

25 A. Yes.

1 Q. Signed by who for Osage Water Company?
2 A. Pat Mitchell.
3 Q. And signed by whom for Environmental
4 Utilities?
5 A. Myself.
6 Q. And is that in this case? Is that filed in
7 this proceeding?
8 A. Is what filed?
9 Q. That contractual agreement.
10 A. I testified Thursday. My testimony's filed.
11 Is that what you mean?
12 Q. No. I'm talking about the agreement itself.
13 A. I did not bring it.
14 Q. So to your knowledge, it's not?
15 A. It has not yet been filed.
16 Q. In the record?
17 A. That's right.
18 JUDGE WOODRUFF: If I can interject, Staff has
19 requested that from the witness. She indicated she would
20 bring it tomorrow, or somebody would bring it tomorrow.
21 COMMISSIONER MURRAY: Thank you, Judge.
22 That's one of the problems with missing
23 portions of these hearings, trying to keep up with what's
24 going on.
25 BY COMMISSIONER MURRAY:

1 Q. Who sends the bills to the customers?
2 A. You mean which employee?
3 Q. No. Which entity?
4 A. I believe it's Osage Water Company's name on
5 the bills, care of Environmental Utilities.
6 Q. So when Osage Water Company customers -- and
7 do you still consider them Osage Water Company customers or
8 do you consider them Environmental Utilities?
9 A. They're Osage Water Company customers, because
10 Osage Water Company still holds the certificates.
11 Q. And when those customers pay the bills, their
12 checks are made payable to?
13 A. Osage Water Company.
14 Q. But they are mailed to Environmental
15 Utilities?
16 A. Same address, yes.
17 Q. Now, does Osage Water Company have a bank
18 account?
19 A. No.
20 Q. So these checks are then deposited?
21 A. They're signed over. I sign them Osage Water
22 Company by Environmental Utilities by Debra J. Williams.
23 That's how we sign them over, and we put them in the EU
24 account.
25 Q. In other words, they're signed by you,

1 they're -- they're endorsed by you on behalf of Osage Water
2 Company, payable to --

3 A. Right.

4 Q. -- Environmental Utilities?

5 A. Right.

6 Q. Now, you indicated earlier that you and your
7 husband formed Environmental Utilities in order to transfer
8 the assets of OWC to Environmental Utilities and to sever
9 the ties with OWC?

10 A. Right. And to continue service and try to
11 collect the money that was owed us, yes.

12 Q. Now, with whom specifically did you wish to
13 sever ties at OWC?

14 A. We would like to sever ties with Mr. Mitchell,
15 business ties.

16 Q. Okay. And would you like to elaborate on why?

17 A. Well, we disagree on priorities and the level
18 of service that's acceptable. Mr. Mitchell is a great
19 engineer. He knows a lot about the systems, and he worked
20 very hard for a long time and did a very good job with
21 limited resources, but he's not real good with people or
22 with words and is easily misunderstood.

23 I think we just had a lot of disagreements in
24 business in general.

25 Q. And when did those disagreements first start?

1 A. Oh, pretty much from the beginning of our
2 relationship.

3 Q. I know you were here participating in the
4 application that was filed by Environmental Utilities, but
5 you haven't been here participating in any of the Osage
6 Water Company --

7 A. No.

8 Q. -- applications; is that correct?

9 A. That's correct.

10 Q. Another one of your answers -- and I believe
11 this was to a question that was asked by Mr. Loraine -- you
12 stated that the goal in forming Environmental Utilities was
13 to save the assets of the company from all of its creditors.

14 Do you remember that question or that answer?

15 A. Yes.

16 Q. Okay. Who is the largest creditor of Osage
17 Water Company?

18 A. I think Greg Williams probably is.

19 Q. Okay. So it would be fair, then, to assume
20 that your goal would have been to save the assets from Greg
21 Williams?

22 A. I don't think that's fair.

23 Q. And the other creditors?

24 A. I didn't mean to save it from Greg.

25 Obviously, if Greg had been the type of person who wanted

1 his money regardless, he could have taken it at an earlier
2 time, making the company unable to pay its obligations at
3 any time during the last year and a half. I did not feel
4 threatened by Greg.

5 Q. So you wanted to save the assets of the
6 company from all of the creditors except for Greg Williams;
7 is that right?

8 A. I wanted to make sure that the company was
9 able to operate and serve its customers, that there would be
10 money to pay the bills every month and we could pay the
11 utility bills and pay the bank payments and make our monthly
12 obligations.

13 Q. And would you still be able to pay the largest
14 creditor and still be able to do that, just so long as the
15 other creditors did not have to --

16 A. That is not what I said.

17 Q. Okay.

18 A. Or not what I meant.

19 Q. Please explain what you mean.

20 A. What I meant was that if there was a
21 garnishment on an OWC account, then the company could not
22 serve its customers, a garnishment of any kind from any
23 creditors.

24 Q. Go on.

25 A. And I -- so I didn't -- the opening the other

1 account and transferring I thought would prevent a
2 garnishment. But I don't know if that was the purpose or
3 not.

4 Q. Well, you said you knew what the purpose was
5 earlier.

6 A. Well, I know there was a fear that a creditor
7 would garnish the account and make it impossible to pay the
8 employees and the utility bills and stay in business.

9 Q. And you did not fear that Greg Williams would
10 do that?

11 A. No.

12 Q. Because he had a promissory note and a future
13 deed of trust that you had issued to him to protect his
14 interests?

15 A. Right.

16 Q. So you knew that he was protected regardless?

17 A. Well, by the -- I don't understand, protected.
18 I don't understand what you mean by protected. Saving our
19 assets with the transfer was the only way we knew that we
20 would ever get any type of recovery on our investment at all
21 over the next 20 years.

22 We were not going to garnish the bank accounts
23 for \$20,000 and make it unable for the company to operate,
24 because obviously we could have done that at any time in
25 the -- in the time we had control of the bank accounts.

1 Q. And the other creditors, there's a judgment
2 against Osage Water Company by one of the creditors; is that
3 right?

4 A. Right. Two. I think two.

5 Q. Two of the creditors. I won't go into that,
6 because I think I'll be getting into legal issues. I won't
7 ask you to answer those.

8 A. Thank you.

9 Q. You indicated that Pat Mitchell had abandoned
10 OWC and you were very specific, you said in terms of
11 operations, and it sounded as if you were specifically
12 limiting it to that, and that he was unwilling to infuse any
13 more money into Osage Water Company.

14 In what ways did he not abandon Osage Water
15 Company?

16 A. Well, when it came to the point where we
17 needed his advice and assistance in matters and we called
18 him, he responded and became active. As Greg said, he
19 showed up at the board meeting. I feel like if I had called
20 him sooner, he probably would have helped me, but I didn't
21 feel like I needed his help in the first six months.

22 Q. In what capacity were you calling him, for
23 your help as manager of Environmental Utilities or for your
24 help as whatever it was you were with Osage Water Company?

25 A. As manager of Osage Water Company originally,

1 I began calling him. I don't know if it was the Broad--
2 probably the Broadwater Bay leak. He's advised us on a
3 number of problems that the company's had: Golden Glade
4 water quality, flushing. I don't remember the first one I
5 called him on, but as soon as I called him, he was
6 available. I never called him and he refused to help.

7 Q. Did you abandon Osage Water Company?

8 A. No.

9 Q. In what way are you still associated with it?

10 A. Well, I picked it up and ran it from July of
11 2001.

12 Q. Currently?

13 A. Until we transferred it over to EU. So have I
14 abandoned OWC? I don't look at it that way.

15 Q. How do you look at it?

16 A. I look at it as I was a principal of OWC. We
17 tried to collect the money that was owed us. We tried to
18 transfer the assets into Environmental Utilities. We're the
19 same principals, other than Mr. Mitchell, who agreed to the
20 arrangement, and how can I -- how can I abandon what I'm
21 still doing?

22 It's just a mat -- to me it's a matter of
23 legal terminology. I'm doing the very same thing I always
24 did.

25 Q. Okay. And you've testified earlier that you

1 don't understand these legal documents that you've signed?

2 A. I don't understand everything about all of
3 them, no.

4 Q. Would you explain to me what you do understand
5 about them, about any of them, because I haven't heard you
6 indicate your understanding about any of the documents that
7 you've signed.

8 A. Would you like to be more specific?

9 Q. Yes.

10 A. I don't think its uncommon for laypeople not
11 to understand legal documents, and I do rely on the advice
12 of my husband, who does have legal training. So I don't
13 feel badly about that.

14 Q. Okay. When you sign a legal document, are you
15 aware that you are assuming responsibilities when signing as
16 an individual --

17 A. Yes.

18 Q. -- when you sign as an individual?

19 And are you -- has your husband, as the
20 attorney in these matters, explained to you that if you
21 don't understand, that you need to understand prior to
22 signing what it is you're obligating yourself for?

23 A. Well, I do try to understand. Are you
24 referring to something I haven't done that I signed that I
25 would do?

1 Q. No. I'm referring to your inability to answer
2 questions about any of the issues because you don't
3 understand. The Future Advance Deed of Trust and Security
4 Agreement is one of the documents that -- okay.

5 You were the trustee on that?

6 A. Right.

7 Q. And tell me what it means to be the trustee.

8 A. I understand that it was my responsibility to
9 go to the courthouse and read the document, legal
10 descriptions, when it went up for sale.

11 Q. Did you understand why you were being asked to
12 be the trustee?

13 A. Maybe not completely.

14 Q. And who asked you to be the trustee?

15 A. Greg asked me to be the trustee.

16 Q. Did he explain to you that if you didn't
17 understand, you should get that understanding before you
18 agreed, or did he expect you just to trust him?

19 A. Well, I imagine there's a lot of trust
20 involved in our relationship. We've been together 20 years,
21 and I do trust him.

22 Q. Is the answer to that that he expected you
23 just to trust him?

24 A. Well, he's not sure what all I understand
25 either, and we don't always sit down and go over everything

1 and go through each line and discuss it.

2 Q. So --

3 A. Frequently we rely on each other and we trust
4 each other.

5 Q. Okay. So are you saying that frequently he
6 just puts something in front of you and you sign it?

7 A. No, I didn't say that. I said I don't always
8 understand everything in every legal document that I sign.

9 Q. Do you always read every legal document you
10 sign?

11 A. I try to.

12 Q. You try to?

13 A. Yes.

14 Q. What does that mean?

15 A. Well, I read it, yes. I read what I sign.

16 Q. Okay.

17 A. I don't always understand everything.

18 Q. And I believe you said you didn't understand
19 whether you were an officer or director of either company or
20 when you were or what and what it meant to be those things;
21 is that right?

22 A. I said I couldn't remember the dates that I
23 was what I was on each corporation that I am involved in.
24 I'm personally involved in over half a dozen corporations of
25 my own, plus I manage 40 or 50 corporations for our clients.

1 So it's not like that's the only corporation I
2 have to keep track of, and there's been a lot of change in
3 this corporation and the company and my life in the last
4 three months. And I'm -- yes, I'm confused and overwhelmed
5 by many things, and I think justifiably so.

6 Q. When did Environmental Utilities apply for its
7 certificate, do you recall, when you were here testifying
8 before?

9 A. I have no idea.

10 Q. Has it been over three months?

11 A. I'd have no idea.

12 Q. I've got that here somewhere.

13 MR. LORAINE: Commissioner Murray, would you
14 like to have the application?

15 COMMISSIONER MURRAY: No, thank you. I have
16 the file. The only thing I don't have is to know when the
17 dates of the hearing were. That's all right. I'll move on
18 from there.

19 BY COMMISSIONER MURRAY:

20 Q. I wanted to pursue a little bit more what it
21 was that you understood was the purpose of this attempted
22 transfer of assets of Osage Water Company into Environmental
23 Utilities.

24 Would you explain again your understanding of
25 what that was to accomplish?

1 A. Commissioner Murray, I was not really involved
2 in the formulation of that transfer and the idea. It was my
3 understanding that it was a legal matter, and Greg takes
4 care of legal matters. I was running the company. I didn't
5 feel like I had to understand it all. I don't understand it
6 all. I didn't. I don't. I'm sorry. I feel like you
7 expect me to, but I don't.

8 Q. I only expect people who assume obligations to
9 understand what obligations they are assuming, and if they
10 are advised by counsel, I expect their counsel to make them
11 understand, even if their counsel is their spouse.

12 Do you understand the relationship between
13 Hurricane Deck Holding Company and the Chelsea Rose
14 subdivision?

15 A. Yes.

16 Q. And would you explain that to me, because I'm
17 not sure I understand it.

18 A. Hurricane Deck Holding Company is a
19 corporation that my in-laws and Greg and I formed as a
20 development company for our Chelsea Rose subdivision on
21 Road F12 in Sunrise Beach. So it's the corporation that
22 holds the land. It's a land-holding company that we've
23 formed with Greg's parents.

24 Q. So when you say you formed it with Greg's
25 parents, you're talking about Hurricane Deck Holding

1 Company --

2 A. Yes.

3 Q. -- is -- the officers of that are?

4 A. Please don't. That's one of the other

5 corporations. I don't have that in front of me.

6 Q. Okay. But to your knowledge, it is you, your

7 husband and your husband's parents?

8 A. We are the investors, yes. I don't know who

9 the officers and directors are right now.

10 Q. Okay. And there is a long-term contract with

11 Hurricane Deck Holding Company to pay the debt that

12 Hurricane Deck Holding Company owes to the bank in exchange

13 for Hurricane Deck Holding Company allowing OWC to use its

14 wells to supply water to its customers. Is that accurate?

15 A. I think you need to ask Greg about that. I'm

16 sorry. I did not draft that, and I have not seen that

17 recently in the last ten years, and I really can't answer

18 any of your questions about that.

19 Q. Who is providing water at Chelsea Rose

20 subdivision?

21 A. Osage Water Company is providing water.

22 Q. Not Environmental Utilities?

23 A. It's the -- the certificate is for Osage Water

24 Company. Environmental Utilities is managing the systems

25 and the revenues for Osage Water Company.

1 Q. Okay. So as the manager of Environmental
2 Utilities, you are responsible for seeing that water service
3 is provided at Chelsea Rose; is that right?

4 A. Yes.

5 Q. But you have no idea how that service is being
6 provided?

7 A. I do not understand. You mean am I intimately
8 familiar with the terms of that contract? No. I don't
9 understand what you mean, how is it being provided. You
10 mean by what legal contract is it being provided?

11 Q. Is it being provided by a well that's owned by
12 Hurricane Deck Holding Company?

13 A. I don't know.

14 Q. Do you know --

15 A. I don't know who owns -- Greg just testified
16 while you were out about who owned which assets. It's in
17 the record.

18 Q. And he'll be back on?

19 A. He'll be back on. You can ask him all those
20 questions, because he handles that area.

21 Q. All right. I'm just trying to establish what
22 it is you know as the manager.

23 Is the -- you don't know, then, if the
24 contract with Hurricane Deck Holding Company is between
25 Osage Water Company and Hurricane Deck or between

1 Environmental Utilities and Hurricane Deck; is that right?

2 A. I have not seen it.

3 Q. Okay. Who is paying Hurricane Deck or who is
4 paying the debt that --

5 A. It is being paid from the revenues, the
6 customer revenues.

7 Q. By whom?

8 A. The Osage Water Company customers pay their
9 revenues. I take their money and I make the bank payment
10 with it.

11 Q. You put it into Environmental Utilities'
12 account first?

13 A. Yes.

14 Q. And then you pay the bank --

15 A. Yes.

16 Q. -- for the debt that is owed --

17 A. Yes.

18 Q. -- by Hurricane Deck Holding Company, which is
19 another one of your companies?

20 A. Yes.

21 Q. Do you know how many creditors there are that
22 Osage Water Company has?

23 A. Do you mean over and beyond the monthly
24 obligations?

25 Q. Yes.

1 A. Approximately ten.

2 Q. Can you tell us who those are?

3 A. The Internal Revenue Service, the Missouri
4 Department of Revenue, Greg Williams, Dave Hancock, Pat
5 Mitchell, EP Sales, Jim Clary Concrete, Flynn Drilling
6 Company, ABC Electric, Public Service Commission, Department
7 of Natural Resources.

8 That's all I can think of right now.

9 Q. You don't consider Hurricane Deck Holding
10 Company one of the creditors, then?

11 A. I didn't. I don't understand.

12 Q. Okay. So when you're saying that OWC is
13 trying to relieve itself of its obligations to its
14 creditors, that Hurricane Deck Holding Company wouldn't be
15 one of them?

16 A. Well, I guess you could look at it that way.

17 Q. So you want --

18 A. Central Bank Lake of the Ozarks then, if you
19 want to name the lenders on all the systems. I guess -- I
20 guess I consider those as part of the operating revenue,
21 because we make monthly payments on them.

22 Q. But this Central Bank Lake of the Ozarks debt
23 is really owed by Hurricane Deck Holding Company and not
24 Osage Water Company? Is that -- the arrangement with the
25 bank is with Hurricane Deck Holding Company; is that your

1 understanding?

2 A. I honestly don't remember.

3 Q. So of the creditors that you told me about
4 here, are any of the other creditors in any way related to
5 you or your husband or Environmental Utilities or --

6 A. No.

7 Q. -- your husband's family or your family?

8 A. No.

9 Q. And the amount of your husband's claimed debt
10 that OWC owes to him is approximately what amount?

11 A. It's approximately \$500,000.

12 Q. And what is the next largest creditor?

13 A. Probably Mr. Hancock.

14 Q. And that amount is?

15 A. 210, I think.

16 JUDGE WOODRUFF: 210,000?

17 THE WITNESS: 210,000.

18 BY COMMISSIONER MURRAY:

19 Q. So all of the other creditors, then, the
20 amounts are below 210,000?

21 A. I believe that's correct.

22 Q. How many customers are total number of
23 customers that are Osage Water Company customers?

24 A. Approximately 300.

25 Q. And what is the total debt that is owed by all

1 of the creditors?

2 A. I would need a pen and paper probably to add
3 it up.

4 Q. Okay. Well, let's just take your husband's
5 debt, say, roughly \$500,000 and divide 300 customers into
6 that. Really what we're saying is that each customer owes
7 your husband at this point at least \$1,000, is that right,
8 for legal fees for services to the company?

9 A. I suppose.

10 Q. And that's not including what these customers
11 would be considered to owe the other creditors?

12 A. Right. There's a lot of debt.

13 Q. So one of the proposals or it seems like the
14 only alternative proposal that the company -- whichever
15 company -- I guess it's Osage Water Company is proposing as
16 a solution in this matter, rather than put the company into
17 receivership, is that there be a rate increase.

18 Now, what are the rates currently?

19 A. They're \$16.36 a month base --

20 Q. For --

21 A. -- for the first 2,000 gallons. \$3.87 for
22 each additional thousand gallons. \$26.03 a month for sewer
23 service, flat.

24 Q. I'm sorry. Say that last one.

25 A. \$26.03 flat.

1 Q. And how much do your total operating expenses
2 exceed your current revenue, not counting the creditors that
3 you listed, but just your current monthly expenses and
4 revenues?

5 A. Well, our average monthly income is 15,000
6 currently, and our average monthly expenses ranges around
7 12 to 13 in established accounts payable, not counting
8 repairs, meters and other incidents that occur each month.

9 Q. So in order to meet the operating expenses and
10 meet its obligations to its creditors, what kind of a rate
11 increase would be required?

12 A. I think you should ask Greg that. He's done
13 the math on that and has the figures.

14 Q. Even though you're the manager?

15 A. Yes.

16 Q. Because I heard earlier he was being asked
17 questions and he said he didn't know the answer, that you
18 would.

19 A. It wasn't this question. There's some he
20 handles and some I do, and that's one for him.

21 Q. Okay.

22 A. He didn't pass that one to me.

23 Q. And that is the question about what the total
24 rate increase would have to be. He will know the answer to
25 that?

1 A. Yes.

2 Q. I'll take your word for it.

3 A. Yes. He handles that area.

4 Q. What exactly does he handle?

5 A. He's always handled the Commission affairs,
6 correspondence, almost all the communication with Commission
7 Staff. I've had some in the past year and a half, a little.
8 Not a lot.

9 So Greg's always handled applications, rate
10 cases and -- and lawsuits, and any other legal documents.

11 Q. For Osage Water Company?

12 A. Yes.

13 Q. And was there -- was there any point that you
14 are aware that he abandoned Osage Water Company?

15 A. No.

16 Q. Did he ever resign as a director from Osage
17 Water Company?

18 A. I believe that document is in evidence, yes.

19 Q. Did he ever resign as an officer?

20 A. I can't remember what the document says. I
21 believe he resigned from everything. Whatever he was, he
22 resigned in that letter that is in evidence.

23 Q. Okay. And that would leave him in what
24 capacity with Osage Water Company?

25 A. I don't believe he's -- he's just an attorney

1 today.

2 Q. I thought he resigned as attorney at one
3 point?

4 A. He withdrew for some cases, but he entered his
5 appearance in this case.

6 Q. He did not indicate at some point in time that
7 he wanted to withdraw from representing Osage Water Company
8 altogether?

9 A. He would like that very much. He would like
10 to withdraw altogether from Osage Water Company, as
11 attorney, because he doesn't get paid usually, hasn't got
12 paid in the past, but he's representing Osage Water Company
13 in this proceeding to protect our assets.

14 Q. Yours and Greg's?

15 A. Yes.

16 Q. And when I say Greg, I mean Mr. Williams.

17 A. Yes.

18 Q. Will Mr. Williams know whether you are an
19 officer of Environmental Utilities?

20 A. Probably.

21 Q. Will he know whether you are an officer of
22 Osage Water Company?

23 A. Probably.

24 Q. Will he know whether you are a director of
25 Osage Water Company?

1 A. Probably.

2 Q. Will he know whether you are a director of
3 Environmental Utilities?

4 A. Probably.

5 Q. Will he know whether you are the manager of
6 Environmental Utilities?

7 A. I am the manager of Environmental Utilities,
8 yes.

9 Q. Will he know whether you are the manager of
10 Osage Water Company?

11 A. Yes. He will know that I am not.

12 Q. Do you believe you have any personal
13 obligation to the customers of Osage Water Company?

14 A. Personal obligation? Yes.

15 Q. And what is that?

16 A. Well, I felt like I had a personal obligation
17 to try and ensure that they had water and sewer service in
18 July of 2001 until we could resolve this financial crisis
19 with the company.

20 Q. Do you think you have an ongoing personal
21 obligation to the customers of Osage Water Company?

22 A. I thought I just answered that question.

23 Q. I believe you answered something in past.
24 I'm saying, do you believe that you have an
25 ongoing obligation, personal obligation to the customers of

1 Osage Water Company?

2 A. I have a personal obligation to the customers.

3 Q. The reason I'm phrasing it that way is that
4 Mr. Williams stated earlier that he does not believe he has
5 any personal obligation to the customers of Osage Water
6 Company.

7 A. Well, I feel like if the company's employees
8 are getting paid and are allowed -- the company's allowed to
9 charge enough rates to cover the cost of operating the
10 company, that this wouldn't even be an issue, because we
11 didn't get into this business because of a personal
12 obligation, like we felt like we were born to provide water
13 and sewer service to people.

14 It was a business arrangement. We thought
15 that we would be compensated for what we did, and we thought
16 that the money we invested we would get back, plus a return.
17 That was how we got into the business.

18 We didn't get into it for charity, and we
19 don't feel like we should have to continue as a charity, and
20 we don't feel like we should be forced to donate money that
21 we'll never see again, just because we have an obligation to
22 the public. I do not feel that way. I'm sorry.

23 Q. Okay. I'm going to restate my question,
24 because I don't believe you've answered it.

25 Do you believe that you have any personal

1 obligation to the customers of Osage Water Company, yes or
2 no?

3 A. I guess I don't know what personal obligation
4 means.

5 Q. So is the answer, I don't know?

6 A. I don't know.

7 Q. Thank you.

8 The retainer that Mr. Williams indicated that
9 he had received from Osage Water Company in order to
10 represent Osage Water Company in this proceeding, who's
11 paying that retainer?

12 A. I cut the check out of Osage Water Company
13 revenues.

14 Q. But Osage Water Company does not have a bank
15 account, does it?

16 A. No.

17 Q. So whose check was it?

18 A. It was an Environmental Utilities check.

19 Q. Cut payable to Gregory Williams?

20 A. For Gregory Williams for legal services.

21 Q. For Osage Water Company?

22 A. Yes.

23 Q. So Environmental Utilities is paying the legal
24 fees for Mr. Williams to represent Osage Water Company?

25 A. Yes. It's protecting OWC with OWC's revenues.

1 Q. Does OWC even exist?

2 A. Is that a legal question? You mean legally?

3 Q. What about it is still here? What exists?

4 A. Certificates.

5 Q. What else?

6 A. I don't know of anything else other than the
7 certificates, debt. Lots of debt.

8 Q. No assets?

9 A. Has some assets, yes. Certificates, water and
10 sewer systems, debt.

11 Q. And assets?

12 A. Right.

13 Q. And is there -- have you provided to Staff or
14 anybody else, any other party in this proceeding, a list of
15 the assets that are still in Osage Water Company's --

16 A. Not in this proceeding.

17 Q. -- name?

18 Have you provided it somewhere else?

19 A. I don't know.

20 Q. Do you know what those assets are?

21 A. Wouldn't they be listed in the trustee's -- in
22 the Notice of Trustee's Sale?

23 Q. I'm asking you.

24 A. I thought that -- that was my understanding,
25 that that would be the assets, since that's what we were

1 attempting to sell.

2 COMMISSIONER MURRAY: I believe that's all I
3 have.

4 Thank you, Mrs. Williams.

5 JUDGE WOODRUFF: We'll give you opportunity
6 for recross and redirect again, then.

7 Again, she was actually called as a witness by
8 Staff and Hancock. So for recross, let me start with Staff.
9 Do you have any recross? I'll let you have redirect later
10 if you have redirect. I don't know how you'd make that
11 distinction.

12 MR. KRUEGER: I have questions based on
13 questions from the Bench.

14 JUDGE WOODRUFF: Okay. We'll call that
15 recross, then.

16 RE-CROSS-EXAMINATION BY MR. KRUEGER:

17 Q. Good afternoon. Are you confident that
18 there's insurance coverage for the problem that now exist at
19 Golden Glade?

20 A. I believe the problem's at Eagle Woods.

21 Q. I'm sorry. Eagle Woods. that's what I was
22 thinking of.

23 A. I hope so.

24 Q. Mr. Williams said that he was very confident
25 that there was insurance for any loss such as this that

1 might result in interruption of service.

2 Are you really confident as he is?

3 A. Well, there is a \$1,000 deductible, so as long
4 as it's under \$1,000, there won't be any coverage, but yes.

5 Q. Are you concerned that you may have to pay a
6 large sum for repair?

7 A. No.

8 Q. Are you concerned you may have to pay at least
9 \$1,000?

10 A. Yes.

11 Q. If do you have to pay \$1,000 or some lesser
12 amount covered by the deductible, who would pay that?

13 A. I would write a check out of the Environmental
14 Utilities' account to pay it. Does that answer your
15 question?

16 You mean who would write the check or what
17 account would it come out of?

18 Q. Who would write the check?

19 A. I would write the check.

20 Q. And the check would be drawn on the bank
21 account that is in the name of Environmental Utilities?

22 A. Yes.

23 Q. Would that somehow come out of Osage Water
24 Company funds?

25 A. Yes.

1 Q. Can you explain how that transaction would
2 occur?

3 A. Okay. Customer revenues come in to the office
4 for Osage Water Company. I sign them over to Environmental
5 Utilities based on an operating agreement between
6 Mr. Mitchell and myself. They're deposited into the
7 Environmental Utilities account, and all the bills for Osage
8 Water Company are paid out of the Environmental Utilities
9 account.

10 Q. And the bills for Osage Water Company include
11 what?

12 A. Utility, insurance, wages, parts, supplies,
13 utility bills, on and on and on, the monthly -- the monthly
14 obligations.

15 Q. And the net result so far has been everything
16 that ends up in Environmental Utilities' account?

17 A. Everything -- revenues go into the account and
18 all the bills are paid out of the account. There's nothing
19 left over.

20 Q. So all of the money from the Osage Water
21 Company customers --

22 A. Goes to taking care of Osage Water Company
23 customers.

24 Q. And it ends up in Environmental Utilities'
25 account?

1 A. Yes.

2 Q. Now, was Environmental Utilities formed to
3 avoid creditors?

4 A. It was formed to protect our assets.

5 Q. From creditors?

6 A. It was formed --

7 Q. Is that what you said?

8 A. -- as an attempt for us to be sure to continue
9 the service to our customers and to protect our -- to get
10 paid, to get paid. Yes, so that we could get paid and we
11 could continue, therefore, continuing to provide service to
12 our customers. Because if we didn't get paid, we couldn't
13 continue to provide service to our customers.

14 Q. You say we could get paid, and --

15 A. Yes. The people running the company; me,
16 Kris, Jeff. We have to pay the people who run the company.
17 We have to have money in the account to pay the bills.

18 Q. The employees?

19 A. Yes.

20 Q. You said that you are running the company?

21 A. Yes.

22 Q. But you don't understand the legal matters
23 such as the obligations under the contracts that the company
24 has entered into?

25 A. Are you referring to a specific contract that

1 I said I didn't understand?

2 Q. I understood your testimony earlier that you
3 don't fully understand the ramifications of the legal
4 agreement because you're too busy running the company. Is
5 that --

6 A. No. I said I don't fully understand all the
7 wording of all the contracts because I'm not a lawyer, and
8 yes, I'm very busy running the company. And if I had time
9 to study them and sit down with Greg and go over them, I
10 would understand them.

11 Q. What does running the company mean to you?

12 A. Well, I pay the bills. I manage Kris and
13 Jeff. I deal with customers and customer complaints. When
14 there are breakdowns, I go out and help Jeff, because we
15 don't have other employees.

16 I've manned the phones 24 hours a day, 7 days
17 a week with my cell phone for a year and a half, taken calls
18 at one o'clock in the morning, six o'clock in the morning.

19 I've been down in holes with Jeff in the rain,
20 repairing lines. I've helped Kris with the billings and all
21 of her tasks. I've trained Kris. I trained Fran. I help
22 with the legal proceedings. I processed the paperwork for
23 this proceeding, for example, I deal with creditors. I
24 deal with ordering supplies, manage the money. I handle the
25 corporate affairs.

1 I've been dealing some with Staff, regulators.
2 I deal with licensing issues for our operators. I've
3 attended classes in water distributorship. I make sure Jeff
4 has what he needs to do his job. I manage the office, and
5 on and on.

6 Q. Okay. That's sufficient. Thank you.

7 Who made the decision whether to retain
8 Mr. Williams for representation in this on behalf of Osage
9 Water Company?

10 A. Well, when we received the complaint, we sat
11 down with it and determined that the charges were
12 significant enough to require representation, and he agreed
13 to do it, and I agreed to pay him. We didn't feel that we
14 could let this go.

15 Q. You as the manager of Environmental Utilities?

16 A. Everyone. Pat, me, Greg, we all agreed. This
17 is just wrong.

18 Q. Who had the authority to make that decision?
19 You say that everyone agreed on it?

20 A. Uh-huh.

21 Q. But whose decision was it really? Was it the
22 decision of you as the manager of Environmental Utilities or
23 was it the decision of Osage Water Company or --

24 A. Which decision are you referring to?

25 Q. The decision to retain Mr. Williams in this

1 case and how much to pay him.

2 A. It was mutual. We all agreed that Greg would
3 do it, and I wrote the check. We all agreed.

4 Q. As I understood it, you testified that Osage
5 Water Company has certificates, assets and debts, but except
6 for that, as a practical matter it does not exist; is that
7 correct?

8 A. That is my understanding.

9 Q. You initiated a foreclosure proceeding in
10 which you sought to have the assets of the company sold; is
11 that correct?

12 A. Yes.

13 Q. And in connection with that, would the
14 certificates have been transferred as well?

15 A. I don't understand how that would work.

16 Q. Did you have any intention with regard to the
17 certificates at that time?

18 A. I know Greg had communicated with Staff about
19 whether or not they would support what we were doing, and it
20 was his understanding that they would verbally before we
21 ever did this.

22 Q. And you don't know whether Environmental
23 Utilities was trying to acquire the certificates of the
24 company, of Osage Water?

25 A. Well, obviously I don't -- they would have to

1 to operate as a public utility.

2 I don't know. I don't know.

3 Q. If they had accomplished that, then the only
4 thing that the company would have left is just the debts?

5 A. Is there a question?

6 Q. Yes. If you had accomplished that, the only
7 thing that Osage Water Company would have left would be the
8 debts; is that correct?

9 A. I suppose.

10 Q. You mentioned that there are judgments against
11 Osage Water Company by two creditors?

12 A. I believe that's true.

13 Q. Do you know who those creditors are and the
14 amounts of the judgments?

15 A. Dave Hancock has one for 210, and I believe
16 Jim Clary has one for around 9 -- 8 or 9,000.

17 Q. Okay. And Hancock is 210,000?

18 A. I believe that's correct.

19 Q. Does Osage Water Company owe money to Central
20 Bank of Lake of the Ozarks?

21 A. Yes.

22 Q. How much is that indebtedness?

23 A. I don't have that in front of me. I
24 honestly -- I didn't bring the balances.

25 Q. Can you give me an idea about how much it may

1 be?

2 A. No. There's a loan on Parkview Bay well,
3 Chelsea Rose well, and I guess those are the only two, but I
4 don't have the balances.

5 Q. Do you suppose it would be more than \$50,000?

6 A. Yes.

7 Q. More than \$100,000?

8 A. No. I think it's between 50 and 100.

9 Q. Do you know if Osage Water Company gave
10 Central Bank of the Lake of the Ozarks deed of trust for
11 those?

12 A. I don't know.

13 MR. KRUEGER: That's all the questions I have.

14 JUDGE WOODRUFF: Public Counsel?

15 MS. O'NEILL: Thank you.

16 RE-CROSS-EXAMINATION BY MS. O'NEILL:

17 Q. Mrs. Williams, does Hurricane Deck or Osage
18 Water owe the debt to Central Bank for the Chelsea Rose
19 well?

20 A. I'm not sure about that.

21 Q. Hurricane Deck is owned by you, your husband
22 and your in-laws?

23 A. Right.

24 Q. And the agreement that Hurricane Deck and
25 Osage Water Company have -- let me see if I have this clear

1 in my mind -- is that Osage will make the payments on
2 Hurricane Deck's debt for the well?

3 A. I believe that's correct.

4 Q. Okay. So it's not really an Osage Water debt,
5 that part of the obligation to Central Bank?

6 A. Whatever Greg said earlier. I didn't do that.
7 I don't know for sure.

8 Q. I'm asking, though, what you --

9 A. I don't know.

10 Q. Okay. You don't recall?

11 A. I didn't do that. I don't know.

12 Q. Okay. So when you were explaining to
13 Commissioner Murray about the Hurricane Deck debt and the
14 payment structure, you're not sure if that's right or not?

15 A. I'm not sure if the loan is in the name of
16 Hurricane Deck or if it's in the name of Osage Water
17 Company.

18 Q. But you know that that's the agreement, is
19 that Osage Water will pay -- make payments on the debt for
20 the well?

21 A. That's what Greg said earlier.

22 Q. That's also what you said earlier, isn't it?

23 A. Right. That's what -- yes.

24 Q. And I'm asking what you said.

25 A. Okay.

1 Q. Okay. Also earlier -- and I'm confused now --
2 I -- when you were speaking with Commissioner Murray, you
3 talked about Kris and Jeff and how their salaries are paid
4 and that they're paid by Environmental Utilities.

5 Do you remember that?

6 A. Yes.

7 Q. You also remember testifying earlier today
8 that the -- all the funds for those salaries comes from
9 Osage Water?

10 A. Yes.

11 Q. And that 100 percent of their salaries are
12 allocated to Osage Water Company?

13 A. Yes.

14 Q. And that's just that EU is the only one with
15 the checking account; is that right?

16 A. Yes.

17 Q. And your salary is also paid with revenues
18 from Osage Water?

19 A. Yes.

20 Q. And that's \$3,000 a month?

21 A. Yes.

22 Q. Now, in connection with Mr. Mitchell and your
23 belief at one point that he'd abandoned the company now,
24 that he'd abandoned operations of the company, this meeting
25 that he showed up at, was that the meeting on January 8th,

1 2002?

2 A. You mean the board meeting?

3 Q. The board meeting.

4 A. I believe so.

5 Q. That's the first time he exhibited interest
6 again in the company?

7 A. I don't remember exactly.

8 Q. The board meeting we have the minutes of?

9 A. I believe that's true.

10 Q. Is the first meeting that we're talking about
11 this afternoon?

12 A. Yes.

13 Q. And that happened the day after the first part
14 of the EU certificate hearing; is that right?

15 A. I don't know when the hearing was.

16 MS. O'NEILL: May I approach the witness?

17 JUDGE WOODRUFF: You may.

18 BY MS. O'NEILL:

19 Q. Mrs. Williams, I'm going to show you a copy of
20 a partial transcript. Do you see the case number on that?

21 A. Yes.

22 Q. And is that WA-2002-65?

23 A. Yes.

24 Q. And what's the date of that hearing?

25 A. January 7, 2002.

1 Q. I'm going to show you a copy, again, of what's
2 in evidence as Exhibit 5.

3 Are those the meeting minutes that you've
4 testified about also today?

5 A. Yes.

6 Q. What's the date on those?

7 A. January 8th, 2002.

8 Q. Okay. Thank you.

9 And since then you've been able to talk to
10 Mr. Mitchell about things that have come up?

11 A. Yes.

12 Q. One of the things you mentioned that you
13 talked to him about was problems in Golden Glade?

14 A. Yes.

15 Q. And that's really an Environmental Utilities
16 issue or a homeowners issue, rather than an Osage Water
17 issue, isn't it?

18 A. Is the Golden Glade well an Osage Water
19 Company issue? Well, it was serving Eagle Woods customers,
20 which are in OWC's certificate, so --

21 Q. But Osage doesn't own that well?

22 A. It's serving Osage customers, so I don't care
23 if it owns it or not. I'm concerned about the customers,
24 Ruth.

25 Q. In fact, you have a number of customers and

1 they pay their bills every month, and we talked a little bit
2 about the structure of that. And you testified about what
3 the sewer bill was, right?

4 A. Yes.

5 Q. And the minimum charge for the water bill, and
6 that only includes 2,000 gallons; is that correct?

7 A. Yes.

8 Q. And would you say that the average water bill
9 is higher than that for the customers?

10 A. Higher than the minimum?

11 Q. Higher than the minimum.

12 A. No. We have many, many condominium owners who
13 are only in their units three months out of the year. So
14 there are a lot of minimum customers at 42.39 a month.

15 Q. And that's total combined water and sewer?

16 A. Yes, that's the minimum water and sewer. It's
17 42.39.

18 Q. Okay. But as far as other customers who have
19 meters, would it be usual for them to pay the minimum bill
20 or is it more likely they're paying higher than that?

21 A. Full-time residents with children usually pay,
22 oh, closer to \$55 a month, average, currently.

23 Q. For water?

24 A. And sewer.

25 Q. For both?

1 A. Uh-huh.

2 Q. And you do get payments from customers every
3 month? That's the revenue that we've talked about?

4 A. Sure.

5 Q. Now, you testified in response to a question
6 from Commissioner Murray that you're personally involved in
7 six corporations that you have an interest in; is that
8 right?

9 A. Five or six.

10 Q. Okay. And those include Osage and
11 Environmental Utilities?

12 A. Yes.

13 Q. And Hurricane Deck?

14 A. Yes.

15 Q. And then 40 or more corporations that you
16 manage for clients?

17 A. My husband's law practice.

18 Q. How involved are you in the management of
19 those corporations?

20 A. Not as much as I should be.

21 Q. What are your duties typically for those
22 corporations?

23 A. What does that have to do with this case?

24 Q. Actually, I'm waiting for an answer. Is that
25 your answer?

1 A. I'm just -- I just don't understand why we're
2 taking off on this.

3 What does that have to do with the water
4 company?

5 JUDGE WOODRUFF: There's not been an objection
6 from your attorney, so you need to answer the question.

7 MR. WILLIAMS: Your Honor, I will object.

8 JUDGE WOODRUFF: The objection will be
9 sustained.

10 MR. WILLIAMS: Thank you, your Honor.

11 BY MS. O'NEILL:

12 Q. When you are involved in the management of
13 other corporations besides Osage Water, do you read the
14 legal documents that you sign?

15 MR. WILLIAMS: Your Honor, I'm going to object
16 to that question as outside the scope of issues raised by
17 the pleadings in this case.

18 JUDGE WOODRUFF: I believe, again, you're
19 asking about -- questioning her about her activities for
20 corporations outside of the scope of this case.

21 MS. O'NEILL: Well, your Honor, if I may be
22 heard on that.

23 JUDGE WOODRUFF: Certainly.

24 MS. O'NEILL: Mrs. Williams has testified that
25 she doesn't understand all the legal documents, and yet

1 she's also testifying that she is involved in managing
2 upwards of 50 companies.

3 And, frankly, this is a credibility issue, and
4 I believe that this goes to bias and to her credibility.
5 And I believe I'm allowed to inquire into those issues.

6 MR. WILLIAMS: Your Honor, we're on recross.

7 JUDGE WOODRUFF: I'm going to sustain the
8 objection.

9 BY MS. O'NEILL:

10 Q. You testified that you would need a list to be
11 able to see what the assets were of Osage Water Company?

12 A. Yes.

13 Q. And you also testified you believe that there
14 was a list of the assets in the Notice of Trustee Sale?

15 A. I think so.

16 MS. O'NEILL: May I approach?

17 JUDGE WOODRUFF: You may.

18 BY MS. O'NEILL:

19 Q. Mrs. Williams, I'm showing you what's been
20 placed in evidence as Exhibit 17.

21 Is that the Notice of Trustee Sale you're
22 referring to?

23 A. Yes.

24 Q. And that's something that you signed?

25 A. Yes.

1 Q. If you could just review that document
2 briefly, and then if you could tell me whether it appears
3 that all of the assets of Osage Water Company are listed on
4 that document?

5 A. It would be very difficult for me to do so.

6 Q. Is that because you do not know what all the
7 assets are or because you need to compare this with a
8 different list?

9 A. I would like an opportunity to compare it with
10 a different list and study it when I'm not so tired.

11 Q. I understand the part about you being tired,
12 at least, but --

13 A. This is a pretty important question to ask me
14 with nothing in front of me for reference in terms of our
15 systems and records, company records, so I would rather not
16 wing it in my testimony.

17 Q. So you don't know?

18 A. I don't know.

19 Q. At the time that you became the trustee on the
20 Future Advance Deed of Trust, do you recall whether it was
21 explained to you what assets of Osage Water Company were
22 involved in that deed of trust?

23 A. Well, it was my understanding that all of the
24 assets of Osage Water were on here.

25 Q. Okay.

1 A. But I did not double check it against my
2 records.

3 Q. You just kind of trusted that?

4 A. Yes.

5 Q. And was this another document, legal document
6 drafted by Mr. Williams?

7 A. Yes.

8 Q. Now, you'd indicated that Mr. Williams had
9 resigned all of his various positions or activities with
10 Osage Water Company; is that correct?

11 A. Yes.

12 Q. Except owner, right? He hasn't tendered over
13 his shares?

14 A. Right.

15 Q. And he hasn't canceled his debt, so he hasn't
16 eliminated his status as creditor?

17 A. Correct.

18 Q. And you said that Greg's interest in this
19 proceeding and your interest in this proceeding is to
20 protect your assets, Williams family assets; is that
21 correct?

22 A. We would like to be paid what we're owed, and
23 we would like to continue service to our customers, yes.

24 Q. So it's money that you believe is owed to you?

25 A. My husband worked for five years for this

1 company as much as 70 percent of his time, taking money out
2 of our family's pockets to run this company. And, yes, I do
3 believe he owes it to us, and I don't have any guilt about
4 answering that.

5 Q. And this is really not a proceeding to
6 establish guilt.

7 You and your husband chose to enter the water
8 and sewer business; is that correct?

9 A. My husband decided to enter the water and
10 sewer business.

11 Q. And at some point when you formed
12 Environmental Utilities, you chose to enter the water and
13 sewer business?

14 A. I chose to enter the business the day the
15 boxes appeared on the porch.

16 Q. But you did choose?

17 A. I made a choice that day.

18 MS. O'NEILL: I don't have any further.

19 JUDGE WOODRUFF: For Hancock?

20 MR. LORAIN: Your Honor, the next exhibit
21 number is 24?

22 JUDGE WOODRUFF: Yes, it is.

23 RE-CROSS-EXAMINATION BY MR. LORAIN:

24 Q. You listed a list of -- you said 10, but I
25 counted 14 creditors in response to Commissioner Murray's

1 questions. I would like to go down that list with you and
2 get an approximate debt balance, if possible.

3 IRS?

4 A. I haven't checked lately. This is just a wild
5 guess. I haven't kept track of it by the month, and it does
6 go up a lot every month, but I would guess it's at least
7 100.

8 JUDGE WOODRUFF: 100,000?

9 THE WITNESS: \$100,000, yes. I'm sorry.

10 BY MR. LORAIN:

11 Q. Missouri Department of Revenue?

12 A. I'm sorry. I'd better not guess on that one.

13 Q. Well, is it bigger than a bread box?

14 A. It's pretty big.

15 Q. Well, would you think it's 50,000?

16 A. Probably not that much. Maybe between 30 and
17 50.

18 Q. \$30,000.

19 Greg Williams testified that he was owed
20 \$564,000 this morning. You've testify to 500. I'm assuming
21 he's closer than you might be?

22 A. Yes.

23 Q. Would you agree that it's 560?

24 A. I agree with whatever he's keeping track of.

25 Q. All right. Dave Hancock you stated. Pat

1 Mitchell, do you know what the amount is on that?

2 A. I think it's around 250.

3 JUDGE WOODRUFF: Again, thousand?

4 THE WITNESS: Thousand. I'm sorry.

5 BY MR. LORAIN:

6 Q. EP Sales, what is that company?

7 A. EP Sales is a sewer supply company.

8 Q. Where are they out of?

9 A. Greenview.

10 Q. Closest 10,000 will do for me.

11 A. Approximately 9.

12 Q. 9,000?

13 A. Thousand.

14 Q. Jim Clary Concrete?

15 A. He's got a judgment. I don't remember. I

16 think it's around 9,000 as well.

17 Q. Flynn Drilling Company. Is that F-l-y-n-n?

18 A. That's correct.

19 Q. Where are they out of?

20 A. They are out of -- it's between Columbia and

21 St. Louis on I-70. There's also an office in Lebanon. I

22 can't remember the name of the town.

23 Q. All right. And what is the approximate on

24 that?

25 A. It is approximately 8,000, which represents

1 our deductibles on the Broadwater Bay and the Shoney's well,
2 plus the casing and all the other parts that the insurance
3 did not cover.

4 Q. ABC?

5 A. Electric. They were the electricians who did
6 the wiring for the Pizza Hut well.

7 Q. Pizza Hut?

8 A. Well, Broadwater Bay, Pizza Hut well.

9 Q. And what is the amount on that?

10 A. It's around \$900.

11 Q. 900?

12 A. Uh-huh.

13 Q. Where are they out of?

14 A. Springfield.

15 Q. PSC?

16 A. I believe that was 3,600.

17 Q. DNR?

18 A. 5,000 maybe in permit fees.

19 Q. Hurricane Deck Holding Company?

20 A. I don't know the balance on that note.

21 Q. Well, give me a close approximation within 5,
22 10,000, whatever.

23 A. Probably 23,000.

24 Q. And you pay them monthly. What's the monthly
25 payment?

1 A. I don't know right off the top of my head. I
2 have several.

3 Q. Pardon me?

4 A. I don't know.

5 Q. You pay them every month?

6 A. I pay lots of loan payments every month.

7 Q. Well, this is a company that you have a
8 personal holding in.

9 A. Tom, I didn't bring it.

10 Q. Okay.

11 A. I'm sorry. I don't have it on the top of my
12 head.

13 Q. Do you have an approximate amount? That's all
14 I'm asking for.

15 A. \$350.

16 Q. All right. That's your close approximation?

17 A. Yes.

18 Q. All right. Central Bank?

19 A. Our Parkview Bay loan payment is, I think,
20 approximately \$900 a month.

21 Q. What is the balance, if you know?

22 A. I don't know.

23 Q. And is that on the Parkview Bay?

24 A. Yes.

25 Q. And that's -- you're paying that from OWC's

1 revenue?

2 A. Yes.

3 Q. And that's the note that you and Greg are
4 guaranteed on that note?

5 A. That's the only way we could get the loan.

6 Q. And that has not been recognized as a rate --
7 included in your rate base by the PSC; is that true?

8 A. I don't know. We borrowed it for Osage Water
9 Company customers.

10 Q. You borrowed it for the well out there, didn't
11 you, at Parkview Bay?

12 A. We borrowed it for Osage Water Company
13 customers.

14 Q. I understand. Chelsea Rose?

15 A. That's the same as Hurricane Deck Holding
16 Company.

17 Q. Same one?

18 A. Yes.

19 Q. So as I understood your testimony, the joint
20 debt between Parkview Bay and Chelsea Rose to Central Bank
21 would be approximately 50,000 total?

22 A. I don't have the balances with me today. I
23 don't know.

24 Q. I know that. I'm just asking.

25 A. My answer is, I don't know.

1 Q. Okay. I thought you said 50,000 earlier.
2 EU, what do you owe them?
3 A. I don't remember saying I owed EU.
4 Q. Okay. What is the name of your insurance
5 company that you're going to submit this claim to, the
6 Broadwater Bay sewer leak?
7 A. I didn't say I was going to submit a claim,
8 but the name of our insurance company is --
9 Q. I can come back to that if you want.
10 A. It just won't come to me.
11 Q. What is the premium amount?
12 A. The premiums are paid for this year.
13 Q. For the year?
14 A. (Witness nodded.)
15 Q. Who paid that?
16 A. I paid them.
17 Q. Personally?
18 A. I paid them from water company revenues.
19 Q. All right.
20 A. The policy was in Osage Water Company's name.
21 It was paid from Osage Water Company revenues. It was
22 approximately \$380 a month for the first nine months, and
23 then it was paid up.
24 Q. You paid that in advance?
25 A. I paid it monthly for nine months.

1 Q. And that coverage was for OWC, and since they
2 don't have an account, it's paid out of the EU account?
3 A. Yes. It's paid up.
4 Q. Would that be money that EU -- you would owe
5 EU then, for example?
6 A. No.
7 Q. Just a pass-through?
8 A. Yes.
9 Q. Have you been able to establish the name of
10 the insurance company?
11 A. Not yet.
12 Q. You mentioned to Commissioner Murray that you
13 had an operating agreement between Mitchell and EU. I'm
14 assuming that's the one that's being referenced -- well, let
15 me ask you, what is that? Describe that.
16 Was that the one that was mentioned in the
17 case, the application case?
18 A. Which application case?
19 Q. EU case.
20 A. I don't know.
21 Q. You said something about an operating
22 agreement. Where is it? Who signed it?
23 A. I didn't bring it. Mr. Mitchell signed it for
24 Osage Water Company and I signed it for Environmental
25 Utilities. It's the one that Staff asked me to bring today

1 that I forgot.

2 Q. Okay. Is that in reference to -- there was a
3 contract --

4 A. Yes.

5 Q. -- that you alluded to in the application case
6 for EU. Is this that agreement?

7 A. I don't remember what I alluded to in the
8 other case in January. I don't think so. It must be -- I
9 don't know.

10 Q. Called a water agreement?

11 A. No.

12 Q. What's the nature of this operating agreement?
13 What's it supposed to cover?

14 A. Environmental Utilities operate and maintain
15 the systems for Osage Water Company.

16 Q. Okay. And you'll provide that? Without
17 coming back tomorrow, you'll provide that?

18 A. Without coming back?

19 Q. Well, let me ask you this question.

20 I'm going to want you to provide the balance
21 of the debts owed, specifically, and that agreement. And
22 since you're under subpoena for me, I will be happy to let
23 you go, if you will promise to have Greg -- Mr. Williams
24 bring those or something of that nature.

25 A. I see.

1 Q. Will that be acceptable?

2 A. If -- it's okay with me.

3 Q. Well, it's up to you.

4 A. I can send them.

5 Q. You can come back and visit us again.

6 A. I'd rather not.

7 Q. Okay.

8 A. It's been a lot of fun.

9 Q. Okay. You responded to Commissioner Murray
10 that you were wanting to protect OWC from its creditors so
11 they could not garnish the accounts and interfere with the
12 operations of OWC; is that correct?

13 A. I said that was a concern of mine.

14 Q. But it wasn't a concern of yours to transfer
15 all the assets to EU by the foreclosure sale?

16 A. Is that a question --

17 Q. I'm asking you --

18 A. -- is not a concern?

19 Q. Was that a concern of yours?

20 A. Was what a concern?

21 Q. The assets you wanted to protect the
22 creditors -- from the creditors such as Hancock and these
23 other people we mentioned here, IRS and et cetera and so
24 forth; Flynn, Clary. You wanted to protect that so that you
25 thought the best thing to do would be to foreclose on all of

1 OWC's assets.

2 Is that a correct statement?

3 A. I didn't know what to do personally.

4 Q. All right. You took Greg's advice?

5 A. I -- I took Greg's advice. It's just a big
6 mess.

7 Q. I realize that. Let me ask you this: I'm
8 going to hand you what's been marked as Exhibit 24.

9 Have you ever seen -- have you ever seen this
10 document?

11 MR. LORAIN: And I don't have copies for
12 everybody, Judge, so I'll have to provide them at a later
13 time.

14 BY MR. LORAIN:

15 Q. Have you seen this document before?

16 MR. WILLIAMS: Your Honor, I'm going to raise
17 an objection to this. We are on recross from questions from
18 the Bench.

19 Mr. Loraine is proposing to offer a new
20 exhibit, which does not appear to relate to any of the
21 issues discussed by Commissioner Murray. And I believe he's
22 exceeding the scope of the cross-examination on redirect at
23 this point, I think.

24 JUDGE WOODRUFF: Well, I'm at a disadvantage
25 here, because I have no idea what this document is.

1 Can you explain what it is?
2 MR. LORAIN: May I approach the Bench?
3 JUDGE WOODRUFF: Yes, you may.
4 It's the Assignment of Note and Deed of Trust?
5 MR. LORAIN: Yes.
6 JUDGE WOODRUFF: And how does this relate to
7 recross?
8 MR. LORAIN: May it please the Court,
9 Commissioner Murray asked this question: She asked the
10 question which was involving the foreclosure sale on the
11 deed of trust.
12 And it was mentioned that it would be a sale
13 that would occur of the assets and weren't really sure where
14 the assets would go. This is a document that says the --
15 that these assets are being assigned to Environmental
16 Utilities, and I think goes to the accuracy of that
17 statement that she made to Commissioner Murray.
18 JUDGE WOODRUFF: These are signed by Gregory
19 Williams?
20 MR. LORAIN: That's correct.
21 JUDGE WOODRUFF: Would it be better to ask
22 him?
23 MR. LORAIN: Well, I will certainly ask him,
24 Judge, but I mean, if she has familiarity with the document,
25 I just want to get it out of the way.

1 JUDGE WOODRUFF: I'll let you answer the
2 question.

3 BY MR. LORAIN:

4 Q. If you don't know, you can just tell me.

5 JUDGE WOODRUFF: Yes, exactly. If you don't
6 know the answer, you can just tell him you don't know.

7 THE WITNESS: Have you asked the question?

8 BY MR. LORAIN:

9 Q. Yes.

10 A. What was the question?

11 Q. I asked whether or not you had any prior
12 knowledge about this assignment from OWC to EU?

13 A. Well, I copied it.

14 Q. Okay. And not only did you copy it, but it
15 would have been the document that you would have foreclosed
16 on, isn't that true --

17 A. Had it -- had it -- I don't know.

18 Q. -- had it come to pass?

19 A. I don't know, Tom. You're the attorney. I'm
20 not an attorney.

21 Q. So you are familiar with this document?

22 A. I copied it.

23 Q. Have you read it?

24 A. Not really.

25 Q. Is your husband's signature on it?

1 A. Yes.

2 MR. LORAIN: Judge, I'll move for the
3 admission of this exhibit, but if necessary, I'll be happy
4 to move through Greg.

5 JUDGE WOODRUFF: All right. Exhibit 24 has
6 been offered into evidence.

7 Is there any objection to its receipt?

8 (No response.)

9 JUDGE WOODRUFF: Hearing none, it will be
10 received into evidence.

11 (EXHIBIT NO. 24 WAS RECEIVED INTO EVIDENCE.)

12 MR. LORAIN: Thank you. I have nothing
13 further, your Honor.

14 JUDGE WOODRUFF: All right.

15 Then for Osage Water?

16 MR. WILLIAMS: No questions, your Honor.

17 JUDGE WOODRUFF: Does anybody have anything
18 they want to term redirect?

19 (No response.)

20 JUDGE WOODRUFF: Hearing none, you may step
21 down.

22 MR. WILLIAMS: May the witness be excused,
23 your Honor?

24 JUDGE WOODRUFF: Yes, she may be excused.

25 MR. WILLIAMS: Thank you.

1 JUDGE WOODRUFF: One other thing before we
2 adjourn for the day.

3 Exhibits 21, 22 and 23 were marked by Hancock.
4 They were not offered.

5 Do you wish to offer them at this time?

6 MR. LORAIN: I certainly do, Judge. Thank
7 you.

8 JUDGE WOODRUFF: Exhibits 21, 22 and 23 have
9 been offered into evidence.

10 Are there any objections to their receipt?

11 I'll give you a moment to look and see what
12 they are if you wish.

13 MS. O'NEILL: No objection.

14 MR. WILLIAMS: No objection, your Honor.

15 JUDGE WOODRUFF: Exhibits 21, 22 and 23 will
16 be received into evidence then.

17 (EXHIBIT NOS. 21, 22 AND 23 WERE RECEIVED INTO
18 EVIDENCE.)

19 JUDGE WOODRUFF: And I'll need copies tomorrow
20 of Exhibit 24, and also Exhibit 16, which was offered by
21 Osage.

22 MR. LORAIN: Your Honor, I'm making the copy.
23 Should I just turn it in tomorrow?

24 JUDGE WOODRUFF: Tomorrow will be fine. With
25 that, we are adjourned for the day. We will resume tomorrow

1 at 8:30.

2 Thank you.

3 MR. LORAIN: Your Honor, on the record --

4 JUDGE WOODRUFF: Yes, we are still on the
5 record.

6 MR. LORAIN: I would just want to -- I have
7 asked for a couple of documents with this witness. If the
8 documents don't come, then I would like to -- subject to my
9 subpoena, I'd like to have her back with those documents.

10 JUDGE WOODRUFF: Okay.

11 MR. LORAIN: Thank you.

12 JUDGE WOODRUFF: Thank you.

13 We are then adjourned for the day.

14 WHEREUPON, the hearing was continued to
15 8:30 a.m. on October 30, 2002.

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