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August 27, 2002

Exh. 23

Mr. Larry L. Dusenberg, P.E.
Environmental Engineer
MDNR -PDWP
P.O. Box 176
Jefferson City, MO 65102

Re: Golden Glade Water System
Permit No. 3031299
Review No. 03678-02

Dear Mr. Dusenberg:

In reply to your letter of August 22, 2002, please be advised as follows:

1. The application for a Permit to Dispense for Golden Glade Subdivision is intended to cover Golden Glade Subdivision only. The water system within Golden Glade Subdivision was constructed in accordance with the applicable MDNR PDWP Specifications for Public Water Systems. To my knowledge, there is no reason why a permit to dispense cannot be issued for that water system immediately, and I would therefor request that you do so.
2. The Golden Glade Water System and the Eagle Woods water systems are not owned by the same legal entity at this time, and it is uncertain when a consolidation of ownership will occur, if ever. I have taken some steps toward consolidation, but final approval of consolidation by the Public Service Commission may not occur for quite some time, if at all. Therefore, a separate Permit to Dispense will have to be obtained by Osage Water Company for the Eagle Woods distribution system.
3. With respect to sampling, I believe that Jeff Smith has been sampling both within Golden Glade and Eagle Woods for the monthly monitoring samples that are submitted to MDNR, as that was one of the requirements Steve Jones made as a condition of interconnecting the two systems. Do you need separate written plans for Eagle Woods and Golden Glade since there will be separate Permits?
4. With respect to the Eagle Woods water system, that system was constructed by the subdivision developer, Ronald Westenhaver/Summit Investment, LLC. Although Mr. Westenhaver agreed with Osage Water Company to construct the water system in compliance with applicable MDNR PDWP Specifications, I am informed and believe that he failed to do so in several material respects, as follows:

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- a. No plans and specifications were submitted in advance to MDNR PDWP for review and approval prior to commencing construction. This action is confusing, as he had retained Rockne Miller, P.E. prior to contracting with OWC and Rockne had prepared plans and specifications for the water system. I am uncertain why those plans and specifications were not submitted to MDNR PDWP.
- b. Improper materials were utilized in the water distribution system. Rather than utilizing gasket seal pvc piping, Mr. Westenhaver chose to install pvc pipe with glued joints. Other than the type of joints utilized, the piping material is identical. Obviously the use of glued pipe will result in a higher incidence of pipe breakage than would otherwise occur. Some of the pipe segments within the subdivision did utilize gasket seal piping.
- c. Improper bedding material was utilized for the water distribution system. Mr. Westenhaver backfilled most of the water distribution system with dirt, rather than pea gravel, sand, or other approved bedding material. The use of improper backfill material will result in a higher incidence of pipe breakage than would otherwise occur.
- d. Poor construction practices were utilized, allowing dirt and other contaminants to enter the distribution piping. Based on observations when flushing lines within Eagle Woods, the distribution system was not protected from rain water and mud during construction, resulting in water quality problems within Eagle Woods.

Digging up the Eagle Woods water distribution system, or even sampling pits will only reveal that the Eagle Woods water distribution system does not meet state standards. I discussed these deficiencies with Ron Moeller and Steve Jones of MDNR PDWP prior to the time the interconnection was made, and was advised that PDWP preferred that the systems be interconnected and supplied from the Golden Glade water well.

If the Eagle Woods water system must be re-constructed as a result of the foregoing deficiencies, please so advise immediately, as Mr. Westenhaver and his development company contractually agreed to provide a lawful water distribution system for the Eagle Woods project, and there is no financially feasible way to reconstruct the distribution system to meet state standards from the operating revenues of the utility company.

5. The multi-family wells which formerly served Eagle Woods have been disconnected. At the time of disconnection it was determined that one of the wells was located on a homeowner's property, and that no easement was retained for that well by Mr. Westenhaver. The homeowner has refused OWC any further access to that water well, and intends to keep that well operational for his non-potable drinking water uses. The other well has been disconnected, and is located on an easement which has been conveyed to OWC by Mr. Westenhaver. Assuming that PDWP approves the use of the existing distribution system, that well can be properly plugged and sealed within 1 year as you have requested.
6. The engineering plans prepared by Ted Forester and submitted last March were intended to be "as-built" plans, as they were prepared from the field drawings provided by Mr. Westenhaver. I don't believe any additional information is available as to pipe locations beyond what is contained in those plans.
7. The relationship between Environmental Utilities and Osage Water Company at the present time is that Environmental Utilities is the holder of a secured note executed by Osage Water Company for some \$500,000 which is in default, and which it is attempting

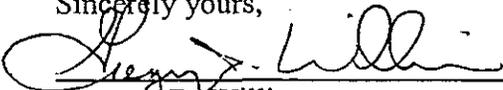
to foreclose, which may result in the transfer of ownership of OWC's assets to Environmental Utilities. Other than this debtor/creditor relationship, there is no legal relationship between the two entities. However, Environmental Utilities has agreed to sell water to OWC for the Eagle Woods distribution system.

8. The Golden Glade Water System is still owned by Gregory D. Williams and Debra J. Williams as developers of the subdivision. It is to be conveyed to Environmental Utilities upon completion of the requirements set out by the Missouri Public Service Commission for a certificate of convenience and necessity, which include receipt of a Permit to Dispense for the Golden Glade water system from MDNR PDWP.
9. The Eagle Woods water system is owned by Osage Water Company, as evidenced by the attached Easements executed by Summit Investments, LLC and Eagle Woods Homeowners Association, Inc. A copy of OWC's contract with Mr. Westenhaver is also attached.

I am not sure if the foregoing meets your expectations for a response or not, but it is the best I can do from the information available. The essence of the matter is whether PDWP wants to approve the Eagle Woods Distribution System "as built" knowing that it was not constructed to state standards for public drinking water systems, or not. This is a separate issue from the issuance of a Permit to Dispense for the Golden Glade Well and Water System, and there should be no reason to delay the Golden Glade permit.

If Eagle Woods has to be rebuilt, someone will have to enforce the contract requirement that Mr. Westenhaver is to provide a proper distribution system for his development project. This is likely to be both expensive and lengthy, and will likely involve litigation. OWC has operated to date under the assumption that reconstruction would not be necessary based on conversations with Ron Moeller and Steve Jones.

Sincerely yours,


Gregory D. Williams

cc: John MacEachen
Jim Merciel, MPSC