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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

HEARING
October 24, 2002
Jefferson City, Missouri
Volume 1

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

BEFORE:

MORRIS L. WOODRUFF, Presiding,
SENIOR REGULATORY LAW JUDGE.
KELVIN SIMMONS, Chair,
CONNIE MURRAY,
SHEILA LUMPE,
BRYAN FORBIS,

COMMISSIONERS.

REPORTED BY:

KRISTAL R. MURPHY, CSR, RPR, CCR
ASSOCIATED COURT REPORTERS

1 APPEARANCES:

2

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15 FOR: Hancock Construction Company.

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20 FOR: Office of Public Counsel and the Public.

21 KEITH R. KRUEGER, Deputy Counsel
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25 FOR: Staff of the Missouri Public Service
Commission.

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P R O C E E D I N G S

(Written Entries of Appearance filed.)

JUDGE WOODRUFF: Let's begin. We're here for a hearing in Case No. WC-2003-0134, which is a complaint by the Staff of the Public Service Commission against Osage Water Company.

And we're going to begin by taking entries of appearance, and we'll begin with Staff.

MR. KRUEGER: Keith R. Krueger for the Staff of the Missouri Public Service Commission. My address is P.O. Box 360, Jefferson City, Missouri, 65101.

JUDGE WOODRUFF: And for Osage Water Company?

MR. WILLIAMS: Gregory D. Williams. My address is P.O. Box 431, Sunrise Beach, Missouri, 65079.

JUDGE WOODRUFF: And for Office of the Public Counsel?

MS. O'NEILL: Yes. Good morning.

My name is Ruth O'Neill for the Office of the Public Counsel and the public. Our address is P.O. Box 7800, Jefferson City, Missouri, 65102.

JUDGE WOODRUFF: And for Hancock Construction?

MR. LORAIN: Your Honor, my name is Thomas

1 Loraine. I represent Hancock Construction Company,
2 4075 Highway 54, Suite 300, Osage Beach, Missouri,
3 65065.

4 JUDGE WOODRUFF: Thank you.

5 And we'll begin with a preliminary matter in
6 that Staff has filed a Motion to Disqualify Company
7 Counsel. It was filed yesterday.

8 For Osage Water, do you have a response?

9 MR. WILLIAMS: Yes, your Honor, I do.

10 I have not seen the motion that Staff
11 apparently filed yesterday. It was not transmitted to
12 me electronically or otherwise, so I can't respond
13 directly to that.

14 I do have three preliminary motions, one of
15 which is leave to withdraw in that I've been
16 subpoenaed to testify here today, and for a
17 continuance for leave for the Company to find
18 alternative counsel given the short notice of the
19 subpoena and the requirement that I testify, or, in
20 the alternative, for a finding by the Commission that
21 disqualification would work an undue hardship on Osage
22 Water Company if this proceeding were to continue
23 without counsel. And I do have that in written form
24 or the Commission.

25 JUDGE WOODRUFF: All right.

1 MR. WILLIAMS: If I may address that from up
2 here?

3 JUDGE WOODRUFF: You certainly may.

4 MR. WILLIAMS: Your Honor, there is a
5 Missouri Supreme Court rule, 4-3.7(a) which provides
6 in general that a lawyer shall not act as an advocate
7 at a trial in which the lawyer is likely to be a
8 necessary witness.

9 My understanding of prior Commission
10 decisions is that Commission proceedings are treated
11 as trial subject to the Rules of Civil Procedure.

12 I was served yesterday but with a general
13 subpoena to appear here today to testify. The
14 subpoena does not indicate the issue or issues for
15 which my testimony is requested; it is impossible for
16 me to determine at this point in time whether my
17 testimony would relate to contested issues or
18 uncontested issues, and it's therefore -- it does not
19 fall within that exception under the rule.

20 As soon as I received it, I notified
21 Mr. Mitchell, the president of Osage Water Company,
22 advised him that pursuant to the rules it is my
23 opinion I should withdraw in this proceeding and that
24 he should retain other counsel. I don't believe he
25 has been able to do so between approximately yesterday

1 morning and today when we appeared here for hearing.

2 The other alternative for the Commission
3 under Rule 4-3.7(a) (3) is a finding that
4 disqualification of the attorney would work a
5 substantial hardship on the client. It would be my
6 position, if this matter may not be continued for any
7 reason, that it would be an undue hardship to
8 disqualify me. It is not my desire to testify and
9 serve as attorney; however, as an attorney, that is my
10 request, that either a continuance be granted or that
11 the disqualification be denied and that my entry of
12 undue hardship be entered on the record.

13 JUDGE WOODRUFF: Mr. Loraine?

14 MR. LORAIN: Judge, I want to join in
15 that -- the Motion to Disqualify on behalf of Hancock
16 Construction Company. We have just received that
17 motion this morning, but I also want to join in that,
18 if I may, without a written disqualification.

19 JUDGE WOODRUFF: Okay. Now, the Supreme
20 Court rule that deals with attorneys testifying as
21 witnesses in cases is not an absolute bar to attorneys
22 testifying. There is provision that if it would work
23 an undue hardship on the client, that such testimony
24 can be allowed, and the commentary to the rules
25 suggests that a balancing test needs to be applied

1 balancing the possible harm that could be caused to
2 the opposing parties against the possible harm that
3 would result from disqualifying the attorney.

4 So I'm going to ask Staff, since you filed
5 the motion, what harm do you foresee occurring to
6 Staff if Mr. Williams is allowed to testify, as well
7 as being counsel for the client?

8 MR. KRUEGER: I think that all of the
9 reasons that underlie the rule apply here. We would
10 be asking him to testify about contested issues. I
11 expect my questioning of him would be fairly lengthy,
12 and then he would be serving as an advocate regarding
13 the same issues. I think that the Motion to
14 Disqualify should certainly be granted.

15 And I understand that he is willing to
16 withdraw as counsel. I would not object to him having
17 an adequate amount of time to prepare for the case and
18 to obtain substitute counsel, and so I would not
19 oppose a continuance if it can be kept reasonably
20 short.

21 I think possibly hearing dates may become
22 available next week or the week after. And in the
23 Complaint that we filed, we asked for expedited
24 treatment in which our objective was to have the
25 hearing before November 1st, and I think it's possible

1 we could still do that if the -- a continuance was
2 granted to allow him to retain counsel.

3 JUDGE WOODRUFF: Mr. Loraine?

4 MR. LORAIN: Your Honor, may it please the
5 court here?

6 I would like to point out that our position
7 would be the exact same that's just been espoused by
8 counsel for Staff.

9 We would like to comment also that the
10 balancing matter not only involves what might happen
11 here but it also involves the knowledge of -- the
12 prior knowledge of this potential conflict on behalf
13 of OWC. OWC has been aware of this conflict issue.
14 It's been raised many times before in this body. It's
15 also most recently been raised when Mr. Hancock took
16 his judgment in the court down in Camden County, and,
17 in fact, at that point Mr. Williams did withdraw at
18 the hearing, recognizing the conflict, and that was in
19 September.

20 So I think the Company comes into this with
21 the full knowledge that the likelihood of this
22 occurring was very great. So I don't think the
23 balanc-- I think that portion of the balancing act the
24 court needs to be aware of.

25 We would not have a problem with a

1 continuance issued for a short period of time, as
2 Mr. Krueger has indicated.

3 JUDGE WOODRUFF: Mr. O'Neill, do you wish to
4 be heard?

5 MS. O'NEILL: Just briefly, your Honor.

6 A couple of things that I just ask the
7 Commission to take into consideration in deciding what
8 to do regarding this.

9 We have a number of concerns because I
10 believe that this is not going to be a situation where
11 Mr. Williams is only being asked questions on
12 uncontested issues, because I'm not sure we have any
13 uncontested issues in this case.

14 We do recognize and I think that in our
15 Response I filed to Mr. -- to Osage Water's request
16 for a procedural schedule, I think I made the
17 Commission aware that we were concerned about a
18 possible conflict of interest, and that was several
19 days ago. And I know this has been on a fast track.

20 Certainly, the hardship issue may weigh in
21 favor of answering the question of whether or not
22 Mr. Williams is required to get off the case.
23 However, it does not necessarily eliminate the issue
24 of the conflict. Generally, the courts believe that a
25 party is entitled to counsel of their choice. Osage

1 Water Company has evidently chosen Mr. Williams to
2 represent them in this matter, but that choice is an
3 absolute.

4 There is a U.S. Supreme Court case, "Wheat
5 versus United States" -- and I can get you the cite; I
6 apologize for not having it with me right now -- that
7 does place limits on that counsel of choice provision
8 when there is a conflict of interest even if the
9 client waives the conflict. So that's another thing
10 for the Commission, I think, to consider.

11 As far as the application and motion of
12 Mr. Williams to withdraw, in the last paragraph of
13 that motion, what he's actually asking for and what we
14 do oppose is continuance to a date certain not less
15 than 90 days from the date of this motion. We believe
16 that's far too long.

17 We believe that, although it's my
18 understanding that currently there is water on at
19 Broadwater Bay, there's been a lot of contentious
20 situations going on here in the past several months,
21 and we don't believe it's in the public interest or
22 the interest of Osage Water's customers to put this
23 matter off for 90 days.

24 If the Commission wants to let him withdraw
25 and/or grant Staff's motion which has, we believe,

1 substantial merit, we would ask that the continuance
2 be very brief.

3 JUDGE WOODRUFF: All right. Mr. Williams, a
4 response?

5 MR. WILLIAMS: Yes, your Honor, briefly.

6 With respect to the issues of conflict of
7 interest, I do have a written waiver from Osage Water
8 Company with respect to certain conflicts of interest
9 that I have with that company. I'm not going to
10 tender that for the record because I don't believe it
11 needs to be part of this record, but I would advise
12 the Commission that such a waiver was executed by
13 Mr. Mitchell prior to my filing an entry in this case.

14 With respect --

15 JUDGE WOODRUFF: Mr. Williams, could you use
16 the microphone, please?

17 MR. WILLIAMS: I'm sorry.

18 With respect to length of a continuance, I
19 would simply advise the Commission one of the reasons
20 why I was requested to appear here as counsel is
21 because of extensive of knowledge of prior Commission
22 proceedings, many of which are referred to in the
23 Complaint in this matter. I know of no other attorney
24 who has such knowledge, nor do I think it's reasonable
25 to anticipate that in a matter of four or five

1 business days that another attorney could become
2 familiar with all of those matters such that an
3 adequate representation could be tendered.

4 That's why we requested a continuance of a
5 somewhat longer duration, simply because it is, I
6 believe, 52 paragraphs in the Complaint. It's
7 broad-ranging, covers a number of topics. In the time
8 I've had, we are unable to obtain all of the documents
9 even from the files in my own office that we think
10 would be important and relevant on the issues in this
11 matter. And it is simply going to take some time for
12 another attorney to get up to speed in this matter.
13 So that would be my response.

14 And it would be my request that I not be
15 required to testify and serve as attorney in this
16 case, and that under those circumstances, that it
17 would be best for the matter to be continued for other
18 counsel to be retained.

19 JUDGE WOODRUFF: Okay. I'm going to hold
20 off on ruling on that for a few minutes.

21 Mr. Williams, I believe you said you had
22 another motion also.

23 MR. WILLIAMS: I do, your Honor. Actually,
24 two.

25 I'll start with the simplest one, and that

1 is a Motion to Quash Service of Subpoenas.

2 Subpoenas were issued by this Commission on
3 October 27th. At the time of service of those
4 subpoenas, demand was made for fees for travel
5 expenses to and from the place the witness was
6 required to appear and for one day's attendance as per
7 the Statute 386.440.2 which authorizes the Commission
8 to issue such subpoenas.

9 No such fees were tendered at the time of
10 service, and we request then that the Commission quash
11 those subpoenas.

12 JUDGE WOODRUFF: Did have you a written
13 motion on that?

14 MR. WILLIAMS: I did.

15 JUDGE WOODRUFF: I'm not sure I have a copy
16 of that.

17 MR. WILLIAMS: I handed you two of the same?

18 JUDGE WOODRUFF: Maybe. But I don't have
19 that one.

20 MR. WILLIAMS: The other, your Honor, would
21 be a continuing objection to the expedited hearing on
22 this complaint that is brought pursuant to Section
23 536.062, Sub 3, which is the Administrative Procedures
24 Act, which requires that prior to a hearing in a
25 matter that a reasonable opportunity for the

1 preparation of evidence bearing on the issues raised
2 and relief sought be provided prior to commencement of
3 a hearing, and also that an adequate opportunity for
4 the presentation of evidence be provided.

5 We've had absolutely no opportunity to
6 conduct any discovery as to what evidence the Staff
7 may intend to present in support of its Complaint.
8 I've had a very limited opportunity to gather
9 evidence, as I've indicated, from records available in
10 my office, which are extensive, that might pertain to
11 the issues in this matter. And for that reason, we
12 would like this to remain as a continuing objection to
13 the expedited treatment of this proceeding and make
14 that a part of the record, and would request that the
15 Commission allow ample time for preparation of a case.

16 And simply put, what is at issue here is a
17 proposal to take from Osage Water Company control and
18 management of the properties which it owns, which, I
19 think, is a very aggressive action. It is something
20 that is not to be done lightly. It's not to be done
21 quickly, nor should it be done without a full and
22 adequate hearing on all evidence that may pertain to
23 those issues.

24 Considerable response was provided in the
25 Answer. There is additional evidence which, I think,

1 could and should be brought before this Commission
2 that certainly I have not had time to gather in
3 preparation for today.

4 So we would object, again, to an expedited
5 hearing pursuant to the Administrative Procedures.

6 JUDGE WOODRUFF: I'll ask for responses to
7 those two motions, beginning with Staff, beginning
8 with the Motion to Quash Subpoenas.

9 MR. KRUEGER: Thank you, your Honor.

10 Mr. Williams relies on 386.440.2. It's
11 rather lengthy. I believe the portion that he's
12 relying upon is the second sentence which provides,
13 "Any witness subpoenaed except one whose fees and
14 mileage may be paid from the funds of the Commission
15 may at the time of service demand the fee to which he
16 is entitled for travel to and from the place at which
17 he is required to appear and one day's attendance."

18 The fees and mileage in this case would be
19 paid from funds of the Commission, and, therefore,
20 that exception -- there is that exception to the
21 general rule stated, and so, therefore, he is not
22 entitled to have the fees and mileage tendered at the
23 time that service is made.

24 JUDGE WOODRUFF: You're saying that the
25 Commission would pay the fees and mileage later or not

1 at all?

2 MR. KRUEGER: Yes. And, furthermore, I
3 believe the last sentence of 386.440.1 states that the
4 fees are to be paid upon the presentation of proper
5 voucher sworn to by such witnesses and approved by the
6 Commission, and, of course, no vouchers have been
7 submitted.

8 So I think for both of those reasons, he is
9 not entitled to be paid for the fees and mileage at
10 the time of service.

11 JUDGE WOODRUFF: Okay. For Hancock, do you
12 have a response to that motion?

13 MR. LORAIN: Yes, I do.

14 There was no -- we are prepared to present
15 evidence that there was no demand for fees at the time
16 of service, and it's just that simple.

17 JUDGE WOODRUFF: Okay. Ms. O'Neill?

18 MS. O'NEILL: In relation to that Motion to
19 Quash Subpoenas, we don't have any further argument to
20 make. We concur with what Mr. Krueger stated.

21 JUDGE WOODRUFF: Okay. Then as for the
22 other Motion for Continuance, Staff?

23 MR. KRUEGER: Thank you, your Honor.

24 I think this case was set for an expedited
25 hearing for good reasons, for -- because of the

1 interest of the public in obtaining safe and adequate
2 service and in retaining safe and adequate service.

3 Mr. Williams talks about the rights --

4 JUDGE WOODRUFF: Mr. Krueger, if you could
5 speak into your microphone. We can't hear you.

6 MR. KRUEGER: Okay. Mr. Williams spoke of
7 the --

8 JUDGE WOODRUFF: You can sit down. It would
9 be easier to use the microphone.

10 MR. KRUEGER: Okay. Mr. Williams spoke
11 about the substantial rights that are at stake in this
12 proceeding, and, indeed, they are substantial rights,
13 but this is actually a preliminary phase of the
14 proceeding. This Commission is not going to take away
15 any of the Company's property or obtain the
16 appointment of a receiver. What the Commission is
17 being asked to do is direct the General Counsel to
18 file a Petition in the Circuit Court to seek the
19 appointment of a receiver.

20 The factual issues about which he is
21 concerned about having an opportunity to present
22 evidence, and justly so, will be -- he will have an
23 opportunity to litigate those in the Circuit Court
24 proceeding if the Commission approves the Staff's
25 motion in this case, and so he is not at substantial

1 danger. I think that the purpose of this motion is
2 just to stall and delay as long as he possibly can,
3 but the interest of the public is in seeing that this
4 matter is resolved promptly.

5 JUDGE WOODRUFF: Mr. Loraine?

6 MR. LORAIN: Your Honor, I assume I should
7 sit also?

8 JUDGE WOODRUFF: Yes, please.

9 MR. LORAIN: Our position on this is
10 exactly that of the Staff's. Inasmuch as the due
11 process that he seeks will be afforded by the court,
12 the Circuit Court of whatever county it is that they
13 bring this matter, that's where the discovery will
14 occur; that's where the evidence will be heard. This
15 is just a preliminary issue of whether the Staff can
16 be directed to do so here. It is not to afford him
17 all of his fundamental procedural due process rights.

18 JUDGE WOODRUFF: Okay. Ms. O'Neill?

19 MS. O'NEILL: Your Honor, we at Public
20 Counsel are very aware of due process rights, and we
21 believe that everyone in this proceeding is entitled
22 to due process and entitled to have an opportunity to
23 present evidence. And we sympathize with the fact
24 that this is expedited treatment, but everyone else
25 had the same notice that Osage Water Company had.

1 I do note at Paragraph 5 of this motion
2 there is a claim that the Respondent has not had an
3 adequate opportunity to identify the person or persons
4 who possess knowledge concerning the issues raised in
5 Staff's Complaint, nor has the Respondent had an
6 adequate opportunity to obtain subpoenas and subpoenas
7 duces tecum to compel the attendance of such person or
8 persons at the hearing.

9 Now, I'm not sure whether or not
10 Mr. Williams is referring to people outside the
11 structure of -- of Osage Water Company as it has
12 existed in recent years, but information that this
13 Commission has from a number of sources and
14 information that I have is that the primary people who
15 would have this information would be Mr. Williams, his
16 wife, and Mr. Mitchell, who is present here today.

17 Now, I don't know if there is somebody else
18 he's concerned about and he wants to address that
19 issue in further detail, but that does not seem
20 like -- that paragraph, at least, doesn't seem like
21 adequate cause to have an objection to the expedited
22 treatment.

23 JUDGE WOODRUFF: Okay. Mr. Williams, any
24 further argument?

25 MR. WILLIAMS: Yes, your Honor.

1 Very problematic allegations that somehow
2 this is a procedure to which due process does not
3 attach. Under the Administrative Procedures Act in
4 Chapter 536 every contested case is a procedure in
5 which due process rights attach, and I don't think
6 there is any question but that this is a contested
7 matter. Simply, a simple review of the style of the
8 case, it says, "Staff versus Osage Water Company."
9 This is a contested matter. Due process rights do
10 attach and they do apply.

11 Unlike the Staff, which is a government-
12 funded agency with numerous attorneys and employees,
13 and unlike the Office of Public Counsel which is also
14 a government-funded agency with attorneys and
15 employees, Osage Water Company is a small water
16 utility company required to obtain independent outside
17 counsel to represent it in this proceeding.

18 We haven't had enough time, simply put.

19 JUDGE WOODRUFF: Okay.

20 MR. WILLIAMS: We need more time.

21 JUDGE WOODRUFF: Okay. All right. I'm
22 going to go ahead and make a ruling now on all of the
23 motions.

24 Beginning with the Staff's Motion to
25 Disqualify Company Counsel, as I indicated previously,

1 the rule is not an absolute bar to an attorney serving
2 as both the witness and as counsel. Ordinarily,
3 that's frowned upon by the Commission and by most
4 courts because of the confusion it can create with an
5 attorney serving both as a witness and as counsel.

6 That concern is a little bit less in this
7 case, first, because, of course, there is no jury
8 here. If while testifying Mr. Williams were to make
9 some sort of objectionable statement, the objection
10 can be made without tainting a jury.

11 The potential harm to the client of Osage
12 Water is obviously very great in that if we were to
13 proceed today, they would have to proceed without
14 counsel. And since they are a corporation, no one --
15 they would have no one to represent them here today,
16 and that certainly would not be an appropriate way to
17 proceed.

18 The other alternative would be to continue
19 this matter, and contrary to the assertions of Staff,
20 a four- or five-day continuance is not going to be
21 sufficient to allow Osage Water to obtain services of
22 another counsel and have another counsel become
23 up-to-speed and aware of what needs to be done in this
24 case. So that's not a reasonable alternative.

25 On the other hand, Staff has filed serious

1 allegations that -- and made the allegation that this
2 case needs to be handled on a very expedited manner.
3 That's why we set this hearing only 17 days after the
4 Complaint was filed. And it's not appropriate to
5 continue it for a longer time for the time requested
6 by counsel that would be needed to obtain a different
7 attorney to represent Osage Water.

8 And for all of those reasons, I'm going
9 to -- I'm going to overrule the Motion to Disqualify
10 Company Counsel, and I will make the finding that
11 Osage Water is requested and that Mr. Williams can be
12 allowed to testify in this case and also to act as
13 attorney for Osage Water Company.

14 Moving on, then, to the objection to
15 expedited hearing on the Complaint, again, this case
16 is expedited at the request of Staff because of
17 various serious allegations about possibility of harm
18 to the customers of Osage Water; therefore, the
19 Commission wants to rule on this matter, very, very
20 quickly.

21 Obviously, due process does attach in this
22 case, and we want to try and provide due process, all
23 of the process that is due. However, it is also
24 important to keep in mind that the Commission is not
25 going to be appointing a receiver at the end of this

1 case. All that's being requested is that the
2 Commission appoint -- or ask its counsel to go into
3 Circuit Court. So there will be an opportunity in
4 Circuit Court to further argue these matters, if
5 necessary.

6 So that motion -- or that objection to
7 expedited hearing will be overruled.

8 MR. WILLIAMS: Your Honor, would you show
9 that objection as a continuing objection throughout
10 this hearing?

11 JUDGE WOODRUFF: Certainly.

12 And, finally, the Motion to Quash Subpoenas
13 and Subpoena duces tecum for failure to tender witness
14 fees and mileage, Staff has indicated and shown me
15 the -- where in the statute it indicates that fees and
16 mileage do not need to be tendered when Staff is
17 subpoenaing someone. And on that basis, I'm going to
18 overrule the Motion to Quash Subpoenas.

19 Any other preliminary matters anyone wants
20 to bring up?

21 (No response.)

22 JUDGE WOODRUFF: All right. At this time
23 we're going to take about a ten-minute break. We'll
24 come back at 9:10 with opening statements, beginning
25 with Staff.

1 (A recess was taken.)

2 JUDGE WOODRUFF: Let's come to order,
3 please. Please be seated.

4 All right. We're back to begin with opening
5 statements, and we'll begin with Staff.

6 MR. KRUEGER: Thank you, your Honor.

7 Good morning. May it please the Commission?

8 My name is Keith R. Krueger, and I represent
9 the Staff of the Missouri Public Service Commission in
10 this proceeding. The Staff filed the Complaint in
11 this case to ask the Commission to direct its General
12 Counsel to petition the Circuit Court for an order
13 attaching the assets of Osage Water Company and
14 placing Osage Water Company under the control and
15 responsibility of a receiver.

16 Section 393.145 of the Revised Statutes of
17 Missouri authorizes the Commission to seek the
18 appointment of a receiver and specifies the basis for
19 such an action. That statute provides if a Commission
20 shall determine that any sewer or water corporation
21 having 1,000 or fewer customers is unable or unwilling
22 to provide safe and adequate service, or has been
23 actually or effectively abandoned by its owners, the
24 Commission may petition the Circuit Court for the
25 appointment of a receiver.

1 There are, therefore, three issues in this
2 case. They are: Is Osage Water Company unable or
3 unwilling to provide safe and adequate service; has
4 Osage Water Company been actually or effectively
5 abandoned by its owners, and should the Commission
6 petition the Circuit Court for the appointment of a
7 receiver? The actual decision on whether a receiver
8 should be appointed would be left to the Circuit Court
9 which would also decide who that receiver would be and
10 how the receiver should be supervised.

11 The main issue in this case is whether the
12 Company has been abandoned by its owners. To answer
13 that question, it will help to first ask, Who is in
14 charge here? Who is running this company? The owners
15 of the company are easily identified. There are only
16 two people who own voting stock in Osage Water
17 Company, Gregory D. Williams and William P. Mitchell.
18 They each own about 50 percent or exactly 50 percent
19 of the voting stock of the company.

20 But it is a little harder to tell who the
21 officers, directors, and managers of the company are
22 and who actually controls the activities of the
23 corporation because those things change from time to
24 time.

25 The Company sent an annual registration

1 report to the Secretary of State on October 8th,
2 2002. That report listed William P. Mitchell and
3 Debra J. Williams as officers of the company, and
4 listed William P. Mitchell, Gregory D. Williams and
5 Debra J. Williams as directors of the company. But
6 the Company contends that the annual registration
7 report does not legally identify who the officers and
8 directors of the company actually are.

9 Furthermore, Mr. Williams tendered his
10 resignation as a director on September 3rd. On the
11 same date, Mrs. Williams also tendered her resignation
12 as a director and an officer. So who's in charge
13 here? Who's running this company?

14 In its Answer to the Staff's Complaint, the
15 Company stated that the president and the only
16 director of the company is William P. Mitchell.
17 Mr. Mitchell is the same individual who, according to
18 Debra Williams, abandoned the company on July 7th,
19 2001, and provided no services to the company for at
20 least six months after that.

21 In fact, in the Answer that it filed in this
22 case, the Company admitted that Mr. Mitchell abandoned
23 the company on July 7th, 2001. The Company contends,
24 though, that the president of the company does not
25 have to actively participate in the day-to-day

1 operations of the corporation. If the president is
2 not running the company, who is? Who is in charge
3 here?

4 For a time, Debra J. Williams served as what
5 was called manager of the company. More recently, she
6 has associated herself with Environmental Utilities,
7 another water company that she formed with her
8 husband, Greg Williams. In fact, she recently signed
9 a contract with Osage Water Company as the manager of
10 Environmental Utilities. Mr. Mitchell signed that
11 contract on behalf of Osage Water Company.

12 So we have a contract that Mrs. Williams,
13 the former manager of Osage Water Company, signed as
14 the manager of Environmental Utilities, and that
15 Mr. Mitchell, who abandoned Osage Water Company in
16 July 2001, signed on behalf of Osage Water Company.
17 Mr. Williams, having disappeared as a corporate
18 officer, is nowhere to be seen. So who's in charge
19 here?

20 Mr. Williams has also served for several
21 years as the registered agent of the company, but he
22 tendered his resignation from that position to
23 Mr. Mitchell on September 3rd at the same time that he
24 resigned as director of the company.

25 He's also provided extensive legal service

1 to the company over the years. He valued those
2 services at nearly half a million dollars. He
3 recently said that he would not provide any further
4 legal services to the corporation. So who's in charge
5 here?

6 The answer to the question of "Who's in
7 charge of the company?" changes from time to time.
8 It's hard to know how the Company will answer that
9 question in this hearing. The only persons that the
10 Staff has been able to identify is either owners of
11 voting stock or as officers or directors of the
12 company, or as the manager or registered agent of the
13 company, are Mr. Williams, Mrs. Williams, and
14 Mr. Mitchell. They are the only persons who might
15 have authority to manage the company. The Staff has
16 therefore called them as witnesses to get the answers
17 to these questions. You may have some questions for
18 them as well, particularly about who is in charge
19 here.

20 The evidence will show that the Company is
21 unable to pay its bills as they come due. In fact,
22 the Company admitted this fact in its Answer to the
23 Staff's Complaint. The company has debts that far
24 exceed the annual operating revenues of the company
25 and also the recognized rate base of the company.

1 Hancock Construction Company, an intervenor
2 in this case, recently obtained a judgment against the
3 company for more than \$215,000 in Circuit Court of
4 Camden County because the Company could not pay the
5 balance due on a note that it had executed in favor of
6 Hancock Construction Company.

7 Clary Concrete Company also obtained a
8 judgment against the company for more than \$18,000
9 because the Company failed to pay a construction bill.
10 Mr. Williams claims that the companies owes him nearly
11 half-a-million dollars for legal services he provided
12 to the company. There are numerous other debts that
13 the Company cannot pay.

14 The evidence will show that Mr. Williams,
15 Mrs. Williams, and Mr. Mitchell are not willing to
16 invest any more of their money in the company, nor are
17 they willing to borrow additional money to meet the
18 Company's operating expenses, nor have they identified
19 any other source of capital.

20 The only solution that the Company can
21 suggest to this problem is to seek an increase in the
22 rates that it charges its customers, but the Company
23 recently settled a rate case by a Stipulation and
24 Agreement in which it agreed to and accepted the rates
25 it is now charging, and it has not sought additional

1 rate relief since then.

2 The evidence will also show that there have
3 been two consequences of the Company's inability to
4 pay its debts as they come due. They are that the
5 company has been unable to provide safe and adequate
6 service to its customers, and the persons who have
7 been running the company are now running away from it.

8 Greg and Debra Williams are the sole owners
9 of Environmental Utilities, a new corporation that
10 they formed to provide water service. They
11 acknowledge in an application that Environmental filed
12 in 2001 with the Commission that Osage Water Company
13 is not able to make necessar-- is not able to make
14 necessary repairs to its system and to repair its
15 facilities. That statement has proven true -- was
16 proven true about one year later.

17 Osage Water Company's water service to the
18 Broadwater Bay Subdivision in the City of Osage Beach
19 was interrupted because of damage to some of the
20 Company's equipment. Company officials arranged a
21 temporary solution to this problem by purchasing water
22 from the City of Osage Beach, but they were not
23 willing or able to affect a permanent solution until
24 they belatedly discovered insurance coverage for the
25 loss. In the meantime, water service to the customers

1 in Broadwater Bay was interrupted for a period of
2 about three days.

3 There have also been problem at Eagle Woods
4 Subdivision. The Company obtained a certificate of
5 authority to provide water service to Eagle Woods on
6 February 23rd, 2000. Today, more than two-and-a-half
7 years later, the Company still does not have a
8 Department of Natural Resources-approved source of
9 water supply for the Eagle Woods Subdivision.

10 The well that the Company said it would use
11 to supply water to Eagle Woods is located in the
12 Golden Glade Subdivision which adjoins Eagle Woods.
13 Golden Glade is being developed by Greg and Debra
14 Williams, who also own the well that is located there.
15 Mr. Williams recently stated that he would instruct
16 Debra to disconnect the water service from that well
17 to Eagle Woods because his primary concern was with
18 the homeowners in Golden Glade.

19 The evidence will further show that the
20 company has woefully disconnected water service to
21 customers in the Harbor Bay Condominiums without
22 cause. The customers have frequently complained about
23 the service that the company provides and that the
24 Company has failed to resolve informal complaints.

25 The second consequence to the Company's

1 financial dilemma is the company officials are running
2 away from the company. Pat Mitchell bailed out on
3 July 7th, 2001. In its Answer to the Staff's
4 Complaint in this case, the Company admitted that
5 Mr. Mitchell abandoned the company on that date.
6 Mr. Mitchell provided no more services to the company
7 for at least the next six months. Debra Williams has
8 stated she and Greg Williams do not want to associate
9 themselves with the people who manage Osage Water
10 Company and that they want to disassociate themselves
11 from the company.

12 The Williamses have formed a new company,
13 Environmental Utilities, for the purposes of providing
14 water and sewer service in the same general area where
15 Osage Water Company operates. Mrs. Williams has also
16 resigned as an officer and director of Osage Water
17 Company. This suggests that she has abandoned the
18 company. Mrs. Williams is not an owner of the
19 company, of course, but her husband, Greg Williams,
20 is.

21 On September 3rd he resigned as a director
22 of the company, and he's not listed as an officer of
23 the company on the latest annual registration report
24 that he sent -- that was sent to the Secretary of
25 State's Office. He submitted his resignation as

1 registered agent of the company to Mr. Mitchell on
2 September 3rd, and he stated that he was not willing
3 to provide any further legal services for the company.
4 These facts all suggest that he has abandoned the
5 company as well.

6 Mr. Williams did sign the Company's Answer
7 to the Staff's Complaint, however, and he is here this
8 morning to represent the company in this proceeding.
9 And one can only speculate as to the reason why he's
10 had the change of heart about his decision or plan
11 never to represent the company again.

12 In addition to the Company's failure to
13 provide safe and adequate service, and the evidence
14 that the company officials have effectively abandoned
15 the company, the evidence will show that the company
16 has a poor record of compliance with administrative
17 requirements.

18 For example, the Company has repeatedly
19 failed to file annual reports and statements of
20 revenue reports with the Commission when they are due,
21 failed to pay Commission assessments when due, charged
22 increased rates for service to its customers before
23 the applicable tariffs became effective, sold water
24 and sewer services to customers outside the
25 certificated area without authority to do so and

1 charged inappropriate connection fees and service
2 charges.

3 There is one more noteworthy recent example
4 of the Company flouting its duties to the Commission.
5 In February of 2001 the Company issued a promissory
6 note to Greg Williams in the face amount of \$500,000
7 and two other promissory notes to companies owned by
8 Pat Mitchell for services provided to the company.

9 To secure payment of those notes, the
10 Company executed deeds of trust that purported to give
11 the holders of the note a security interest in all of
12 the property of the company in Camden County, but the
13 Company failed to seek or obtain an order from the
14 Commission authorizing it to execute the deeds of
15 trust as required by Section 393.190. The Commission
16 therefore determined that the deeds of trust were
17 void.

18 Greg Williams attempted to foreclose on one
19 of those deeds of trust, but the Camden County Circuit
20 Court issued a preliminary injunction stopping the
21 foreclosure sale. If Mr. Williams had been successful
22 in his attempt, the Company would have lost title to
23 all of the assets that it uses to provide water and
24 sewer services to its customers in Camden County. If
25 Mr. Williams' attempt to foreclose had succeeded, the

1 Company would still have had an obligation to provide
2 service to those customers, but it would have had no
3 assets with which to do so.

4 The record will therefore show the Company
5 is unable or is unwilling to provide safe and adequate
6 service to its customers and that the company has been
7 effectively abandoned by its owners. The Commission
8 should therefore direct its General Counsel to
9 petition the Circuit Court for the appointment of a
10 receiver for the corporation. Thank you.

11 JUDGE WOODRUFF: Thank you.

12 For Public Counsel?

13 MS. O'NEILL: Good morning, your Honor,
14 Commissioners, and Counsel.

15 I'm Ruth O'Neill, and I represent the Office
16 of the Public Counsel, and it is our job to represent
17 the interests of the public, which, in this case, is
18 primarily the interest of the customers of Osage Water
19 Company.

20 We're here today because the Commission
21 Staff has asked for permission to seek a receiver for
22 this company, and the Office of the Public Counsel
23 joins the Staff in this request.

24 This is not a decision that my office takes
25 lightly and we've really thoughtfully reviewed both

1 now and as we've gone forward in matters with this
2 company in a number of previous cases what the best
3 thing to do is for the customers, and we've considered
4 all of the options at this time in coming to the
5 conclusion that we believe Osage Water does need to be
6 placed under the control of a receiver. Seeking a
7 receivership may seem like a drastic step, but in this
8 situation, Public Counsel believes that the step's not
9 only justified, but that it's necessary.

10 You heard from Mr. Krueger just now a number
11 of specific actions that have occurred over the last
12 couple of years, especially over the past year, which
13 raise a lot of concerns for Public Counsel. And this
14 Commission itself has seen time and again that this
15 company, as they say, will come into this hearing room
16 and talk the talk, but when it -- when they leave this
17 hearing room, they do not walk the walk; they do not
18 follow Commission orders; they do not follow
19 Commission rules. The Company always seems to be
20 looking for an angle or a loophole to explain why it
21 won't or can't comply with Commission rules or
22 Commission orders instead of just making their best
23 effort to comply.

24 This tactic does not serve the public
25 interest, and it does not serve their customers.

1 Their customers suffer this detriment because the
2 Company prefers to spend its time and energy on these
3 challenges instead of doing the things that it has a
4 certificate to do, which is to provide safe and
5 adequate water and sewer service to its customers.

6 As the Commission knows, Section 393.145 has
7 some requirements that the Commission must find that
8 at least one of several things are going on before it
9 can seek or have its counsel seek receivership in the
10 Circuit Court.

11 The statutes requires that the Commission
12 determine that the water and sewer company -- water or
13 sewer company -- this has both -- has less than 1,000
14 customers, and that either it is unable to provide
15 service or unwilling to provide service or has
16 actually abandoned -- the owners have actually
17 abandoned the company or that the owners have
18 effectively abandoned the company.

19 Public Counsel believes there is more than
20 adequate evidence to determine, and its evidence that
21 I believe you will see and hear in this proceeding, to
22 determine that a receivership would be appropriate
23 under several of these conditions.

24 Osage Water Company has far fewer than 1,000
25 customers. In the last proceeding where any of the

1 witnesses related to Osage Water testified about it, I
2 believe that they approximated their customer base at
3 about 400. It is a regulated water and sewer utility,
4 and it's under your jurisdiction.

5 In evaluating the evidence in this case,
6 Public Counsel believes that you will see what a
7 precarious situation these operations are in and that
8 the customers really are at risk of losing again water
9 service and/or sewer service based on the fact that
10 this company is just not putting the time and effort
11 in that's necessary to adequately maintain these
12 facilities.

13 One of the easiest things to look at and
14 most recent things to look at, of course, is the pump
15 at Broadwater Bay that Mr. Krueger discussed, and I
16 don't want to go over that in detail again, but that
17 was three days with no water for the Company's
18 customers. There were other outages as well.

19 We are glad that there was insurance money
20 and we're glad that the company decided to use the
21 insurance money to create a situation where those
22 customers are getting water service again, but, again,
23 had the insurance money not been there, we don't know
24 what the situation would be today.

25 And I also ask you not to discount evidence

1 that you will see regarding actual statements by the
2 owners and management people of this company saying
3 that they don't want to have anything further to do
4 with this company at different times. But I urge you
5 to pay special attention also to the second and fourth
6 conditions that I mentioned, an unwillingness to
7 provide service and effective abandonment of the
8 company by its owners.

9 Part of the current situation with Osage
10 Water may have a relation to Mr. and Mrs. Williams'
11 decision to form another company, and the evidence
12 that you'll receive in this proceeding will show that
13 that was done following actions by Mr. Mitchell and
14 because Mr. and Mrs. Williams made statements about
15 not wanting to make further investments into Osage
16 Water Company.

17 Environmental Utilities is owned by Greg
18 Williams and Debra Williams. Greg Williams is a
19 stockholder, as you've already heard, has been an
20 attorney and officer, director of the corporation at
21 various times.

22 Debra Williams has been a manager of Osage
23 Water Company. Under many more layers, it appears she
24 may still be exercising some management duties,
25 although it is really unclear and perhaps the evidence

1 in this case will sort that out. And that may be some
2 things that you want to address with her as well.

3 Basically, the impetus for Environmental
4 Utilities, according to Mrs. Williams when she
5 testified before this Commission in the certificate
6 case, was that Mr. Mitchell had abandoned Osage Water
7 Company, and she presented substantial and significant
8 evidence to that effect, and that evidence also may
9 very well be before you here in this proceeding.

10 When this Commission made a conditional
11 grant of a certificate to Environmental Utilities,
12 that was conditioned on Environmental executing a
13 wholesale water agreement with Osage Water for its
14 Eagle Woods territory, which seemed to be something
15 that could be accomplished fairly quickly if the
16 people who are involved are all of the same people.

17 However, after considerable delay,
18 finally -- and there is another proceeding and it
19 has-- I don't want to spend too much time on this
20 because there is another proceeding going on, but
21 there may be evidence in this case regarding an
22 agreement which is -- is being negotiated or is being
23 presented between Osage Water and Environmental
24 Utilities now with Mr. Mitchell signing on again as
25 Osage Water's president.

1 So, again, this whole question of who's in
2 charge, as Mr. Krueger stated, is a very crucial
3 question. It seems that people are in charge and out
4 of charge when it's convenient. And by "convenient,"
5 I do not mean convenient or necessary to the public
6 interest, but convenient to the Company and the people
7 who have ownership interests.

8 Osage Water Company did have a rate case not
9 too long ago. In that rate case the Commission
10 granted a rate increase of over \$54,000 a year. That
11 increase was interim, and it was subject to some
12 conditions, and those conditions were related
13 primarily to problems that Osage Water Company had in
14 provided service to its customers. Despite some
15 testimony from Mr. Mitchell in that case, which was
16 before the abandonment, that there wouldn't be any
17 problem in complying with those conditions quickly, it
18 was over a year before those interim rates were
19 finally made permanent by this Commission. It was
20 over a year before the Company could demonstrate that
21 it had complied with the necessary conditions.

22 Also in connection with that rate case,
23 following the Commission's order granting the rate
24 increase, but before the tariffs were approved, Osage
25 Water overbilled its customers for about three months,

1 and then it had litigation with this Commission about
2 how those overcharges were going to be refunded, and a
3 lot of delay ensued by -- and a lot of litigation
4 about exactly how that was going to be accomplished.

5 Again, this was detrimental to the interests
6 of the customers. They were being overcharged.
7 Getting refunds became a long and drawn out process.
8 This was not a good deal for them. This was
9 detrimental to the public interest.

10 The evidence is going to show in this
11 proceeding that the persons who are charged with the
12 management and operation of Osage Water have done
13 little to meet their obligations to provide their
14 customers with safe and adequate service. Therefore,
15 we believe the Commission has no viable option other
16 than to direct its General Counsel to seek a receiver.

17 Further, we believe that this Commission has
18 the authority, and we would ask it to consider,
19 because of the longstanding nature and the variety of
20 this Company's problems, we also recommend that the
21 Commission consider a request in the Circuit Court to
22 find that it would be in the best interest of the
23 company's customers for the company to not be returned
24 to its current owners, whoever they may be.

25 Thank you.

1 JUDGE WOODRUFF: Thank you.

2 For Hancock Construction?

3 MR. LORAIN: Good morning, Commission.

4 Good morning, Judge.

5 May it please the Court and the Commission?

6 This matter is, I believe, the most grave
7 thing that can possibly be decided by the Commission;
8 that is, taking away ownership and leadership of a
9 publicly regulated utility and to do so by replacing
10 that body with a foreign individual or individuals to
11 run it. And I'm sure there haven't been many of these
12 before this Commission. In fact, I only know of two
13 other instances where this has -- has occurred.

14 The facts before this Commission are, I
15 think, undisputed. In a case in 1998 one of my
16 witnesses called these people rogue operators. That
17 turns out to be exactly what has happened. This is a
18 longstanding problem with OWC and the management of
19 OWC. They have spent more money and time in trying to
20 get around the rules than following and doing what
21 they are supposed to do.

22 This is a case that I think justifies this
23 kind of extreme measure that's being requested of
24 Staff and of Mr. Hancock and of Public Counsel on
25 behalf of the public. This is a situation that this

1 Commission, regardless of what it does, that it really
2 won't occur. All you're doing is recommending that
3 the Staff take this matter before a Circuit Court
4 somewhere and to have a full adjudication on these
5 issues.

6 This is not something that you yourself as
7 Commissioners will -- will actually be depriving --
8 you're not doing the taking. I heard that word used.
9 This is something that is a recommendation that --
10 that no one can do without this recommendation.

11 Hancock cannot go to -- by statute cannot go
12 to the Circuit Court. If he could have, he would have
13 done that long ago. Because Mr. Hancock's position
14 has been that the management and operations of the
15 rogue operators have been consistent throughout in
16 that it is inconsistent. There is -- what is good at
17 one time is not good the next time. There has been
18 no -- no consistency other than the change itself. So
19 Mr. Hancock would have done so, but he does not have
20 that authority.

21 The State has vested that authority with
22 this Commission and with this Commission alone, and
23 that is to make the recommendation to appoint a
24 receiver. And for that reason, this very serious
25 matter will be demonstrated, once again, before this

1 Commission to invite you to look at all of the facts,
2 the history of OWC and its management, and to try to
3 correct this problem for the public and for OWC.

4 Whether or not OWC can remain a viable
5 entity is doubtful, regardless what happens here, but
6 on behalf of the public, there is no CCN for
7 Environmental Utilities. That's the other Williams --
8 Greg Williams' and Debbie Williams' company that has
9 filed an application in -- I believe it's WA-2002-65.
10 That matter is still pending.

11 And it is relevant as to what happens here
12 because, as has been pointed out -- all of my thunder
13 has been stolen by the previous speakers, but all of
14 what they say is true. The fact remains that the one
15 thing remaining that the Commission asked to be done
16 in the Environmental Utilities application case was
17 that at least a viable contract be entered into
18 between OWC, which owned the actual pipes, the
19 transmission pipes, if you will.

20 Some question in Mr. Hancock's mind whether
21 or not that well is owned by Mr. Williams. He's
22 certainly said that it is. But we believe a prior
23 promise by Mr. Mitchell, as this Commission will
24 remember, was that it was to be donated to OWC as an
25 aid-in-construction matter, a contribution. So

1 regardless whose well it is, certainly OWC has to be
2 involved in a contract so that water can, in fact, be
3 served from the pump through the pipes to the people.

4 And it's interesting that after everyone has
5 quit, abandoned OWC, that now that this contract that
6 requires OWC's consent should give rise to everyone
7 jumping back on the bandwagon, Mr. Mitchell included,
8 Mr. and Mrs. Williams, and miraculously a contract
9 appears in the case that I mentioned in the water
10 application, WA-2002-65. For that to be a viable
11 contract, one would hope that someone had the best
12 interests of OWC at mind so that it may, in fact,
13 receive proper transmission fees for the water that
14 would go through its pipes.

15 I'm doubtful of that. I believe this is
16 just a subterfuge to further draining OWC for the
17 benefit of the Williams. In fact, there has been --
18 there was a dissent originally in the case 65, that
19 Commissioner Murray mentioned that she -- the only
20 thing she saw that would be benefited was the Williams
21 by allowing you to be formed. In fact, that has
22 become -- I believe the exact quote was -- this
23 pattern was crystallized in dissent in WA-2002-65. "I
24 am convinced, however, that today's decision will
25 serve only the interest of the applicant and the

1 principals of OWC."

2 The point I'm making is even though we asked
3 for this drastic measure, I believe it's justified
4 under the facts of the case. The Williams,
5 Mr. Mitchell, have all abandoned this company. There
6 is no question about that.

7 Mr. Hancock will present evidence when he
8 took his judgment against OWC, on the very day of
9 trial, Mr. Williams resigned in front of the court and
10 said he would have no further dealings with OWC, and
11 then I find him back here on this matter representing
12 the Company.

13 I find Mr. Williams -- Mr. Mitchell back
14 here signing the water contract between OWC and EU,
15 and I see him back in this matter at this time, even
16 though unequivocally in the application for
17 Environmental Utilities it was clearly stated that he
18 abandoned this company.

19 And I believe, to be very graphic,
20 Mrs. Williams described it as, We came back to our law
21 office and there were boxes and boxes and a letter.
22 And, in fact, she applied -- she asked this Commission
23 to read the letter, and she attached it to the
24 Application in that EU application case. And it
25 clearly stated -- I believe it says, I'm tired and I'm

1 done. Good luck. You're going to need it. That was
2 the quote from Mr. Mitchell.

3 Now they are all back again. This kind of
4 mockery of the system is, in fact, being rogue. They
5 are rogue operators, and they need to be -- this
6 matter needs to be taken away on behalf of the public,
7 behalf of Hancock, on behalf of legitimate creditors
8 of this company. And I would urge this Commission to
9 consider this, the evidence as it comes in, because it
10 is unequivocal.

11 Thank you for your attention.

12 JUDGE WOODRUFF: Thank you, Mr. Loraine.

13 For Osage Water Company?

14 MR. WILLIAMS: Thank you, your Honor,
15 Commissioners.

16 I will start by agreeing with Mr. Krueger in
17 part, and then I think I'll disagree with everything
18 else he has to say.

19 The issues, I think, he's framed correctly,
20 and he stated there's three, and I think those are the
21 things that this Commission needs to decide.

22 Is the Company unwilling or unable to
23 provide safe and adequate service? There's a lot of
24 blanket allegations of that. You'll find nothing
25 specific in the Complaint that says where service is

1 not being provided in a safe and adequate manner.

2 The second question, Has Osage Water Company
3 been abandoned by its owners? That's an interesting
4 statutory phrase. The phrase seems to indicate an
5 abandonment of utility service would seem to be my
6 understanding of it. Staff's interpretation seems to
7 be whether or not the corporation which this
8 Commission required when the company was formed that
9 it be formed as a corporation has been abandoned by
10 its owners.

11 And I think there is a distinction there
12 that this Commission should keep in mind, has service
13 to the customers and the utility business been
14 abandoned versus has there been changes in the
15 management structure of the company?

16 And in that regard, I don't know how long
17 the Commission has kept its records, but I can tell
18 you that Osage Water Company was incorporated, I
19 believe, in 1987. It received its first certificate
20 of convenience and necessity from this Commission in
21 1989. I was not involved at that point in time. I
22 was not an officer. I did not incorporate this
23 company. Its incorporators were William Mitchell,
24 Martha Mitchell, and William Patterson Mitchell, the
25 gentleman that's referred to frequently here as Pat

1 Mitchell.

2 At different times the corporation has
3 changed its registered agent. It's changed its
4 directors. It's changed its president. It's changed
5 its other officers. That is something that is
6 contemplated under applicable Missouri law for
7 corporations.

8 The evidence today will be that the
9 corporation does have an officer. It does have a
10 director, and he has not abandoned the operations of
11 the company. The corporation does have shareholders.
12 The shareholders vote for who the directors will be.

13 It is very difficult to respond to an
14 allegation that because officers and directors have
15 changed, that a corporation has been abandoned. There
16 is simply not a legal basis for that under the law,
17 and I think the evidence today will be that the
18 corporation's existence continues. The corporation's
19 business continues. The corporation's customers are
20 receiving services.

21 We have three issues that Staff tells you,
22 and I concur, frame the question for a decision as to
23 whether -- or actually two issues, and then the third,
24 based upon your determination, is whether a receiver
25 should be appointed. Let's focus on what those issues

1 are.

2 Is the Company unwilling or unable to
3 provide safe and adequate serviced an has the company
4 been abandoned by its owners? If you find either one
5 of those two things, then you may authorize your
6 General Counsel to seek appointment of a receiver.
7 But the evidence today will be that neither of those
8 conditions exist. That's what it says in the answer.
9 That's what it will say in the evidence.

10 You may hear a lot of evidence about other
11 things. Does the Company have financial difficulties?
12 I don't think that issue is contested. Yes, it does.
13 Those financial difficulties arise in large part from
14 the loss of some at this point 220 customers, water
15 customers, within the City of Osage Beach within the
16 past three years. That poses a significant difficulty
17 for the company.

18 The evidence will be that those customers
19 were on older systems of the company for which capital
20 had been either contributed or paid for long ago. The
21 customers the company now has are on systems for which
22 capital has been raised and for which money is owed.
23 And that creates a difficulty when you're trying to
24 operate on rates that assumed a customer base that
25 involved systems that are paid for versus operating on

1 a system base that involves systems that are not paid
2 for and have higher cost.

3 And that's the financial difficulty facing
4 the company. That's why the Company has suggested in
5 its Answer that the real remedy here is a rate case.
6 That's a complex proceeding. Staff has indicated it's
7 unwillingness to undertake such a rate proceeding in a
8 small rate -- pursuant to your small company rate case
9 rule, that they want a formal rate case with the
10 extensive testimony and hearing, which is an expensive
11 undertaking.

12 Those are the issues for the Commission
13 today. I think they are simple. I think if you keep
14 the evidence to the issues, this shouldn't take
15 terribly long because you will find that the Complaint
16 simply is not well-founded.

17 Thank you.

18 JUDGE WOODRUFF: Thank you.

19 All right. Let's begin with taking
20 testimony then. As you are all aware, this is a
21 little bit unusual situation with the Commission in
22 that there is no prefiled testimony contrary to our
23 usual practice. I will follow the regular procedures
24 that we use for taking testimony, other than Direct
25 will take longer than just introducing the prefiled

1 testimony.

2 So we'll begin with Staff.

3 And call your first witness.

4 MR. KRUEGER: Staff calls Debra J. Williams.

5 JUDGE WOODRUFF: Please raise your right
6 hand.

7 (Witness sworn.)

8 JUDGE WOODRUFF: You may be seated.

9 And you may inquire.

10 DEBRA J. WILLIAMS testified as follows:

11 DIRECT EXAMINATION BY MR. KRUEGER:

12 Q. Good morning.

13 A. Good morning.

14 Q. State your name and address for the record,
15 please.

16 A. Debra J. Williams, P.O. Box 231, Sunrise
17 Beach, 65079.

18 Q. Are you an officer of Osage Water Company?

19 A. Officer? I believe I'm the secretary
20 currently.

21 Q. How long have you been the secretary of the
22 company?

23 A. I believe since September.

24 Q. Didn't you tender a resignation of secretary
25 as an officer of the company on September 3rd?

1 A. I'm sorry. I don't have that in front of
2 me. I'm sorry.

3 Q. Okay. You don't remember whether you did?

4 A. I don't remember.

5 Q. You don't know whether you are an officer?

6 A. I don't know.

7 Q. Do you know if you ever resigned as an
8 officer of the corporation?

9 A. I do remember resigning.

10 Q. Why did you resign?

11 A. Well, as it was explained to me, and I am
12 not an attorney, but Greg explained to me that since
13 we were attempting to collect a debt from Osage Water
14 Company, that it wouldn't be appropriate for me to be
15 an officer anymore.

16 Q. And you don't know whether you have --

17 A. Again, I believe at that time I resigned
18 from Osage Water Company.

19 Q. And you don't know whether you have been
20 elected again as an officer?

21 A. I don't believe I have.

22 Q. Okay. Are you a director of Osage Water
23 Company?

24 A. I'm sorry. I'm confused on what I am
25 anymore.

1 Q. Okay.

2 A. I need to have papers in front of me, and I
3 don't have anything in front of me.

4 Q. Do you know if you have ever been a director
5 of the company?

6 A. I don't know.

7 MR. KRUEGER: May I approach the witness,
8 your Honor?

9 JUDGE WOODRUFF: You may.

10 BY MR. KRUEGER:

11 Q. Let me show you a document that may refresh
12 your recollection.

13 A. I'm sorry. I need my glasses.

14 Okay. This is the new one. And I am --

15 Q. That is the 2002 annual registration report;
16 is that right?

17 A. Right.

18 Q. And that is for Osage Water Company.
19 Correct?

20 A. Right.

21 Q. And is that signed?

22 A. Yes. This is the new one. Okay. This is
23 right.

24 Q. Do you know what date that document was
25 prepared?

1 A. No. It's not on here.

2 Q. Does that document indicate that you are an
3 officer of the company?

4 A. I believe -- just a moment.
5 I'm stated as secretary.

6 Q. And does that indicate -- do you believe --
7 A. And a director. Yes, I am.

8 Q. And do you know what date that document was
9 accurate as of?

10 A. No. I already said I didn't know.

11 Q. Okay.

12 A. It's not dated.

13 Q. Do you then know whether you are an officer
14 of the company?

15 A. According to this, I am.

16 Q. But you don't know whether that's current?

17 A. Well, it's the 2002 annual registration
18 report, so I assume it is. I'm sorry I seem confused.
19 We've had so many changes, but I know this is the new
20 one, and it does state me as secretary and a director.

21 Q. Have you been performing the duties of the
22 secretary of the corporation?

23 A. I have been keeping track of the corporate
24 book.

25 Q. The corporate minute book?

1 A. Yes.

2 Q. And you understand it's still your
3 responsibility to do that?

4 A. Yes.

5 Q. Even though you did resign while the
6 foreclosure was pending?

7 A. Yes.

8 Q. So you resigned as an officer, but you
9 continued to perform the duties of the secretary; is
10 that right?

11 A. Well, I've always kept track of the minutes.

12 Q. Always, for how long?

13 A. Well, at least since last -- maybe the last
14 three or four years.

15 Q. So is it your testimony, then, that you have
16 maintained the corporate book for the last three or
17 four years?

18 A. Yes.

19 Q. Regardless of whether you were officially
20 designated as secretary?

21 A. Yes. Yes.

22 Q. And that you are still doing that?

23 A. Yes.

24 Q. And that you did it even after you resigned
25 as secretary?

1 A. Well, I'm not sure if we've had an official
2 meeting. I don't know.
3 I don't understand your question.
4 Q. Have you --
5 A. I keep track of the corporate meetings.
6 Q. Do you understand that it is still your
7 responsibility to do that since your resignation, or
8 do you understand it is not your responsibility?
9 A. I understand that it is my responsibility.
10 Q. Even though you are not the secretary?
11 A. This says that I am the secretary.
12 Q. Okay. And are you a director?
13 A. Yes.
14 Q. Because it says so on that paper?
15 A. Yes.
16 Q. Did you resign from that position?
17 A. I need paperwork in front of me. I'm sorry.
18 Q. I've given you the only paperwork I can
19 find.
20 A. I'm sorry. I need more paperwork to get
21 the --
22 Q. So your answer is you don't know?
23 A. I don't know.
24 Q. Are you now the manager of Osage Water
25 Company?

1 A. I am -- no.

2 Q. Have you ever been the manager of Osage

3 Water Company?

4 A. Yes.

5 Q. And have you signed documents as manager of

6 the company?

7 A. Yes.

8 Q. What were your duties as manager of the

9 company?

10 A. I supervised employees, the bills, took care

11 of regulatory matters, just general office management.

12 Q. Do you know when you became manager of Osage

13 Water Company?

14 A. July 7th, 2001.

15 Q. And would you say that during that time you

16 were responsible for the day-to-day management of the

17 company?

18 A. Yes.

19 Q. And that continues to the present time?

20 A. It continued until Osage Water Company

21 signed a management agreement with Environmental

22 Utilities. And as I understand it, after that time

23 then I became manager of Environmental Utilities.

24 Q. As you understand it?

25 A. Uh-huh.

1 Q. Where did you get this understanding?
2 A. As it was explained to me by my husband.
3 Q. He told you you were now the manager of
4 Environmental Utilities?
5 A. Yes.
6 Q. Did you agree to do that?
7 A. Yes.
8 Q. When did you become manager of Environmental
9 Utilities?
10 A. I'm sorry. I don't have that document.
11 Q. Can you tell me whether it was a few weeks,
12 a few months?
13 A. Maybe a month -- a month ago, maybe two.
14 Q. Did you have any document that spelled out
15 what your obligation was as manager of Osage Water
16 Company?
17 A. No.
18 Q. How did you know what your responsibility
19 was?
20 A. Well, I began going through the boxes of
21 papers that were left on the porch and dug out what I
22 could find, the bills that needed to be paid,
23 information on the systems. I installed a software
24 program. I hired someone to run it. We began -- I
25 began supervising the field supervisor to go to all of

1 the systems and make sure repairs were made. I
2 just -- my husband had been somewhat familiar with
3 Mr. Mitchell's operations and he helped me and I
4 learned as I went.

5 Q. I guess what I'm inquiring about is your job
6 description. How did you determine what your job
7 description was? Did you write your own job
8 description, or did somebody tell you what your job
9 description was?

10 A. Nobody told me anything. I just did what I
11 had to do to provide service to the customers.

12 Q. And you became manager -- how did you happen
13 to become manager of Osage Water Company? Was that an
14 agreement?

15 A. Well, when the boxes were left on our front
16 porch, we were surprised and confused, and --

17 Q. Excuse me. I don't think there has been
18 testimony about the boxes being left on the front
19 porch, so could you briefly explain that?

20 A. On July 7th, Greg and I returned to our law
21 office and found that Mr. Mitchell had dropped all of
22 the records of Osage Water Company off at our office
23 with a note that said, I'm tired. I can't do this
24 anymore, and you can have it.

25 And at that point Greg and I had to make a

1 decision to either run the company or not run the
2 company. And on 4th of July weekend at the Lake of
3 the Ozarks, we felt an obligation to our 300 customers
4 to attempt to continue service to our customers. I
5 felt an obligation. So we've done the best that we
6 can.

7 Q. So that was by an agreement, then, with
8 Mr. Williams that you would serve as manager of the
9 company?

10 A. Well, he didn't stop me. I'm not saying we
11 agreed totally on whether or not we should attempt to
12 take on the operations. But, ultimately, that was the
13 decision, yes.

14 Q. But you are not now the manager of Osage
15 Water Company; is that correct?

16 A. That is my understanding.

17 Q. Do you know who is responsible for the day-
18 to-day management of Osage Water Company?

19 A. Yes.

20 Q. Who is that?

21 A. I am. I am the manager of Environmental
22 Utilities, and under an operating agreement with Osage
23 Water Company, I manage the day-to-day operations.
24 Nothing changed. Nothing changed in the way I manage
25 the company when the operating agreement was signed.

1 Personnel is all the same. Everything is the same,
2 other than we are operating as an agent for Osage
3 Water Company.

4 Q. Okay. You mentioned an operating agreement.
5 Can you tell me --

6 A. Yes.

7 Q. -- generally what that agreement provides?

8 A. No. I don't have it in front of me.

9 Q. You don't have a copy of it?

10 A. Not in front of me.

11 Q. Could you obtain a copy and bring it to the
12 Commission?

13 A. Sure. We already sent one to the Commission
14 Staff.

15 Q. I'm not sure that we have it, so I would
16 like to ask you to bring a copy. Would you do that,
17 please?

18 A. You mean right now?

19 Q. Not right now, but at the first
20 opportunity --

21 A. Sure.

22 Q. -- to do so.

23 A. Sure.

24 Q. To whom do you report in regard to the
25 performance of these duties under the operating

1 agreement?

2 A. I haven't been reporting to anyone.

3 Q. You don't have to report to anyone at Osage

4 Water Company?

5 A. I communicate with Pat.

6 Q. Does he supervise your work?

7 A. He has been providing -- he's been in an

8 advisory position. I'm not sure if that answers your

9 question, but -- I'm not sure. We communicate. I

10 don't know if "report" is the right word or not.

11 Q. Okay. Are you an owner of Environmental

12 Utilities?

13 A. Yes.

14 Q. To your knowledge, is there anyone else

15 that's responsible for the day-to-day management of

16 Osage Water Company?

17 A. I have myself and two employees.

18 Q. You supervise two employees?

19 A. Yes.

20 Q. By whom are those people employed?

21 A. They are employed by Environmental

22 Utilities.

23 Q. Do you know who has authority to control the

24 affairs of Osage Water Company?

25 A. I think that's a legal question, so I really

1 don't.

2 Q. My question is whether you know?

3 A. No, I don't know.

4 Q. Okay. Do you know if there is any person

5 other than you, Greg Williams, or Pat Mitchell that

6 has control of the company?

7 A. Not to my knowledge.

8 Q. Greg Williams is also an owner of

9 Environmental Utilities?

10 A. Yes.

11 Q. And he is your husband?

12 A. Yes.

13 Q. And you each own 50 percent of the company?

14 A. Yes.

15 Q. Environmental filed an application for

16 authority to provide water service to the Golden Glade

17 Subdivision; is that correct?

18 A. Yes.

19 Q. Did you review that application before it

20 was filed?

21 A. I don't know.

22 MR. KRUEGER: I would like to have an

23 exhibit marked.

24 JUDGE WOODRUFF: All right. This will be

25 Exhibit 1.

1 (EXHIBIT NO. 1 WAS MARKED FOR
2 IDENTIFICATION.)

3 BY MR. KRUEGER:

4 Q. I'd like to call your attention,
5 Mrs. Williams, to the third page of that document.

6 First, let me ask you if you can -- if you
7 can identify this document for me, please?

8 A. It is the application of Environmental
9 Utilities, L.L.C. to acquire by foreclosure the
10 franchise, water works, and sewer systems of Osage
11 Water Company.

12 Q. Now, I would call your attention to the
13 third page of that document, Paragraph 8. And I'd ask
14 you to read aloud paragraph -- Subparagraph C of that
15 paragraph.

16 A. "Osage Water Company is insolvent and unable
17 to pay its debts as they come due."

18 Q. Did you read this before this document was
19 filed?

20 A. I don't know. Probably.

21 Q. Is it your belief that Osage Water Company
22 was insolvent and unable to pay its debts as they come
23 due?

24 A. Yes, it is. Was.

25 Q. Would you please read Subparagraph 4. I'm

1 sorry. Subparagraph D.

2 A. "Osage Water is unable to obtain capital
3 necessary to repair its systems and to expand the same
4 for additional customers."

5 Q. And is it your belief that that is also
6 true?

7 A. Absolutely.

8 Q. The Company is unable to obtain capital
9 necessary to repair its systems?

10 A. That's right.

11 Q. And do you believe those statements are
12 still true?

13 A. Yes, I do.

14 MR. KRUEGER: I would offer Exhibit 1, your
15 Honor.

16 JUDGE WOODRUFF: All right. Exhibit 1 has
17 been offered into evidence.

18 Are there any objections to its receipt?

19 MS. O'NEILL: No objection.

20 MR. LORAIN: No objection, your Honor.

21 JUDGE WOODRUFF: Hearing no objections, it
22 will be received into evidence.

23 (EXHIBIT NO. 1 WAS RECEIVED INTO EVIDENCE.)

24 BY MR. KRUEGER:

25 Q. Mrs. Williams, did you testify at the

1 hearing in the Environmental Utilities case?

2 A. I -- I testified here. I believe that was
3 Environmental Utilities, yes.

4 Q. I'm talking about this case that we just
5 talked about, the application case, and the hearing
6 before the Commission. Did you testify in that case?

7 MR. WILLIAMS: Your Honor, I'm going to
8 object. The question is misleading. I don't believe
9 there was any hearing ever held in the case that
10 Mr. Krueger is referring to, and it's misleading the
11 witness to ask if she testified because she has
12 testified in other proceedings for Environmental
13 Utilities.

14 JUDGE WOODRUFF: I believe that is correct,
15 Mr. Krueger.

16 MR. KRUEGER: I withdraw the question.

17 I didn't intend to mislead. I was thinking
18 about a different case.

19 JUDGE WOODRUFF: Which by chance has the
20 same number. It's 2002-65 instead of 2003-65.

21 BY MR. KRUEGER:

22 Q. Did Environmental Utilities file an
23 application for certificate of service authority to
24 serve -- provide water service to Golden Glade -- I
25 mean, Golden Glade Subdivision?

1 A. I believe so.

2 Q. And did you testify at the hearing before
3 the Commission in that case?

4 A. I thought he just objected to that question.
5 I'm confused.

6 I did testify here on an Environmental
7 Utilities case. I don't know which one it was, but --

8 Q. Okay. The case that I had first asked you
9 about was the one in which this application was
10 filed --

11 A. Uh-huh.

12 Q. -- which was the one in which the Company
13 sought permission to foreclose on the property of
14 Osage Water Company. Do you understand that?

15 A. I don't understand the question.

16 Q. Okay.

17 A. I did testify on an EU application case
18 here, but I don't know the number.

19 Q. The case I'm asking about now is a different
20 case. The case I'm asking about now is the case where
21 Environmental Utilities filed an application with the
22 Commission for authority to provide service to Golden
23 Glade?

24 A. I believe I did.

25 Q. Okay. And you did testify in that case?

1 A. I think I did.

2 MR. KRUEGER: I would ask the Commission to
3 take official notice of the transcript of the hearing
4 in that case, your Honor.

5 JUDGE WOODRUFF: Do you have a particular
6 portion of that transcript? The transcript is several
7 volumes.

8 MR. KRUEGER: I do. I have copied the pages
9 that I want to refer to which I would like to have
10 marked as an exhibit, and I'll ask some questions.

11 JUDGE WOODRUFF: We'll deal with them as an
12 exhibit, rather than as taking notice of the entire
13 transcript.

14 This will be No. 2.

15 (EXHIBIT NO. 2 WAS MARKED FOR
16 IDENTIFICATION.)

17 BY MR. KRUEGER:

18 Q. What I've handed you, Mrs. Williams -- I
19 keep forgetting you. I'm sorry.

20 What I've handed you is photocopies of
21 Pages 143, 144, 221, 222, and 223 of the transcript of
22 the hearing on -- before the Commission on
23 Environmental Utilities' application for authority to
24 provide water service to Golden Glade Subdivision.
25 And that is your testimony there.

1 At the time that you testified in that case
2 in the hearing before the Commission, were you
3 familiar with the financial affairs of Osage Water
4 Company?

5 A. Do you have a date on this?

6 Q. The testimony, I believe, was on
7 January 8th -- 7th or 8th of 2002.

8 MS. O'NEILL: 7th.

9 THE WITNESS: Okay.

10 BY MR. KRUEGER:

11 Q. January 7th, 2002.

12 A. Then I had been involved for approximately
13 six months with Osage Water Company.

14 Q. And you were familiar with the financial
15 affairs of Osage Water Company?

16 A. Somewhat. I was still digging through the
17 financial information, yes.

18 Q. You were then serving as manager --

19 A. Yes.

20 Q. -- for Osage Water Company?

21 A. Yes.

22 Q. And part of your job was to manage the
23 finances of the company?

24 A. Yes.

25 Q. And so you handled the checkbook?

1 A. Yes.

2 Q. I would like to call your attention to
3 page 144 of the transcript, which is the second page
4 of that stack of papers that I just handed you, and
5 ask you to read aloud Lines 12 through 20, please.

6 A. "Osage Water Company is at a point where it
7 has to borrow money. We need a cash infusion of money
8 to survive. When we approached the partners in Osage
9 Water Company to go to the bank and borrow the money
10 necessary to bring all of their debts current, no one
11 was willing to do that. And Greg and I are not
12 willing to borrow any more money or infuse any more
13 money into Osage Water Company, including our Golden
14 Glade systems."

15 Q. Was that statement true at the time it was
16 given?

17 A. Yes.

18 Q. Is it still true today?

19 A. Yes.

20 Q. You used the word "partners" there. To whom
21 are you referring when you use the word "partners"?

22 That's on line 14. I'm sorry.

23 A. I was referring to Dave Hancock and Pat
24 Mitchell.

25 Q. Now, Osage Water Company is not a

1 partnership, is it?

2 A. It's an incorporation. It is a corporation.

3 Q. And you were referring to Dave Hancock and
4 Pat Mitchell?

5 A. Uh-huh.

6 Q. Does Mr. Hancock own any voting stock of
7 Osage Water Company?

8 A. I don't know if he does anymore.

9 Q. As I understand your statement, though,
10 you -- you had asked Mr. Hancock and Mr. Mitchell if
11 they were willing to go to the bank and borrow money?

12 A. Yes. In the past six, eight years, yes.

13 Q. Okay. Had you -- had you asked them
14 recently?

15 A. Not Mr. Hancock. And I hadn't asked
16 Mr. Mitchell. I'm not sure if Greg has or not.

17 Q. Do you know if Mr. Hancock or Mr. Mitchell
18 is now willing to borrow money?

19 A. I can't speak for them.

20 Q. You don't know?

21 A. I don't know.

22 Q. Okay. And you also testified there that you
23 and your husband were not willing to infuse new
24 capital into the company?

25 A. That's correct.

1 Q. And was that true then?

2 A. Yes.

3 Q. And is it true now?

4 A. Yes.

5 Q. Would you and your husband be willing to
6 infuse new capital into the company if the company
7 needed -- needed new capital to continue to provide
8 safe and adequate service to its customers?

9 A. Not in Osage Water Company, no, which is why
10 we formed the new company.

11 Q. But the new company doesn't serve the
12 customers of Osage Water Company, does it?

13 A. It is my understanding we need permits and
14 certificates which have not been granted. That's
15 correct.

16 Q. Are you willing to infuse capital into
17 Environmental Utilities to enable Osage Water Company
18 to provide service to its customers?

19 A. Personally -- no.

20 Q. Okay. I gathered from your answer that
21 there might be some condition in which you would be
22 willing to infuse capital if it went into
23 Environmental Utilities?

24 A. We formed Environmental Utilities hoping to
25 transfer the assets of Osage Water Company into it so

1 that we could sever the ties with Osage Water Company.

2 Q. But you don't have any plan to obtain
3 additional capital for Osage Water Company if that
4 became necessary to provide safe and adequate service
5 to the customers of Osage Water Company?

6 A. That's correct. Our plan was to transfer to
7 EU.

8 Q. Your plan would be then totally dependent
9 upon the Commission approving --

10 A. Yes, sir.

11 Q. -- the transfer of the assets --

12 A. Yes, sir.

13 Q. -- and the certificates and so forth?

14 A. Yes. Yes.

15 Q. And so if the Commission does not approve
16 such a transfer, and if repairs are necessary or
17 capital is needed to maintain safe and adequate
18 service to the customers of Osage Water Company, how
19 would that service be provided?

20 A. That's a problem.

21 Q. Does that mean it would not be provided?

22 A. If companies don't have money to solve
23 problems, problems can't get solved. Yes.

24 Q. And so money would not be provided?

25 A. Not by me.

1 Q. Do you know of anybody else that would
2 provide it?

3 A. Well, since none of us have our money back
4 from the past eight years, I can't imagine anyone else
5 putting money in that they will never see again, no.

6 Q. So if additional capital became necessary to
7 maintain safe and adequate service for the customers
8 of Osage Water Company, as matters now stand, you
9 don't know any way that that service could be
10 provided?

11 A. That's right. That's what I told Jim
12 Merciel. No one will put money in this company. With
13 the City of Osage Beach taking 200 customers in the
14 last three years, we can't get our money back. And
15 the rates are not high enough to meet the operating
16 expenses. That's the problem. And we've all put our
17 money in, and it just goes down the black hole.

18 MR. KRUEGER: Your Honor, I would move the
19 admission of Exhibit 2.

20 JUDGE WOODRUFF: I notice you've been
21 talking about pages 143 and 144, and there is also 221
22 and 222 and 223 attached to this. Were you going to
23 address those later?

24 MR. KRUEGER: I will have additional
25 questions that pertain to that.

1 JUDGE WOODRUFF: Well, if offered,
2 Exhibit 2, are there any objections to its receipt?

3 MS. O'NEILL: No objection.

4 MR. WILLIAMS: Your Honor, I would so
5 object. He's had the witness testify to specific
6 portions of the exhibit and her testimony is in
7 evidence. There are other portions of the exhibit to
8 which she has not testified. I don't know what
9 relevance they would have.

10 I think the information he's requested is in
11 the record by testimony. The exhibit contains
12 information from a proceeding in which Osage Water
13 Company was not a party and for which there was no
14 opportunity for cross-examination at that time.

15 I would object therefore to the admission
16 the exhibit, although I don't object to the testimony
17 that's been elicited with respect thereto.

18 JUDGE WOODRUFF: Response?

19 MR. KRUEGER: This is an official record of
20 the Commission. I asked the Commission to take
21 official notice of the entire transcript, and for the
22 convenience of the parties, provided only the few
23 pages to which I was going to ask Mrs. Williams to
24 refer.

25 Whether Osage Water Company was a party to

1 the case seems like it's beside the point to me
2 because I'm questioning Mrs. Williams about her views
3 regarding the -- her views and her knowledge
4 concerning the financial affairs of Osage Water
5 Company.

6 JUDGE WOODRUFF: I am troubled by the pages
7 that are attached to this that have not been addressed
8 yet, the 221 sequence pages, so I'm going to defer
9 ruling on the objection at this time. When you get to
10 those pages, you can reoffer the exhibit, and we'll
11 rule on it at that time.

12 MR. KRUEGER: Okay.

13 MR. WILLIAMS: Your Honor, if I may, you did
14 previously reject a request that you take judicial
15 notice of the entire case file in that case, and I
16 would have the same objection to judicial notice of
17 the entire case file that I have raised with respect
18 to the pages for which no testimony has been elicited.

19 JUDGE WOODRUFF: You are correct. I did
20 previously reject the offer of the entire transcript.
21 So we'll deal with this exhibit again later.

22 You may proceed.

23 MR. KRUEGER: Thank you.

24 BY MR. KRUEGER:

25 Q. Osage Water Company obtained Commission

1 approval for rate increases during 2001, I believe; is
2 that correct?

3 A. Yes.

4 Q. And that was in Case No. WR-2000-557.
5 Correct?

6 A. I don't -- I haven't memorized all of the
7 numbers. I'm sorry.

8 Q. Okay. Were you the manager of Osage Water
9 Company at the time that rate increase was approved?

10 A. I was not.

11 Q. Did you become -- strike that.

12 Do you know when the rate increase was
13 approved?

14 A. I believe it was April of 2001.

15 Q. And do you know when the tariffs were filed
16 to implement that rate increase?

17 A. I do not have specific dates. I know there
18 was a dispute -- I know we have a copy that was
19 stamped-filed on the correct date, but Staff contended
20 that it was filed one day late or one day early but
21 didn't notify us for three months, so we did not
22 realize there was a problem at the filing desk, and we
23 had reprogrammed our computers with the new dates,
24 thinking we had filed it correctly.

25 Then we're notified three months later that

1 we had to rebate our highest income months of June,
2 July, and August in our lowest income months of
3 December, January, and February, which resulted in a
4 30 percent decrease in our revenues in the middle of
5 the winter, creating a severe financial hardship on us
6 when we thought we had filed correctly.

7 Q. Did you begin sending bills based upon the
8 new higher rate?

9 A. Yes, we did, or Pat did in April, yes.

10 Q. Mr. Mitchell sent those bills?

11 A. Mr. Mitchell began billing with the new
12 rates prior to my taking management.

13 Q. Do you know if the Company ever received
14 notification that those tariff sheets were effective
15 prior to sending the bills?

16 A. I'm sorry. Prior to sending the bills?

17 Q. Prior to sending the bills at the new higher
18 rates.

19 A. I don't know. I know the company had
20 struggled for years waiting for the rate increase to
21 provide relief. And I'm not sure that Pat was
22 completely familiar with Staff's procedures on filing
23 and all of the rules. I'm not sure about that.

24 I know it was not intentional, and it was
25 not understood that it had been done incorrectly. I

1 do know that.

2 Q. Okay. Thank you.

3 I'm going to return now to the Environmental
4 Utilities application case, the one in which you
5 testified before the Commission.

6 Did you testify in that case that
7 Mr. Mitchell had abandoned the Company?

8 A. Is that part of the transcript you gave me
9 here?

10 MR. KRUEGER: No, it's not. I can have an
11 exhibit marked and show you the document.

12 (EXHIBIT NO. 3 WAS MARKED FOR
13 IDENTIFICATION.)

14 BY MR. KRUEGER:

15 Q. What I've handed you is a copy of Pages 14
16 and 15 of testimony you prefiled in the Environmental
17 Utilities application case. And I'd ask you to
18 read -- you don't need to read aloud, but just read on
19 your own to refresh your recollection -- beginning at
20 the top of Page 14 and going down to, I guess, the
21 third line on Page 15. And then I'll have a question
22 for you.

23 A. Okay. I believe the word "abandonment" was
24 yours or whoever was questioning me under the "Q" on
25 Page 14 where it says, "Please explain" --

1 JUDGE WOODRUFF: If I can interrupt to
2 clarify for a moment, I believe this was the prefiled
3 testimony of this witness in that case, other than a
4 transcript; is that correct?

5 MR. KRUEGER: That is correct, your Honor,
6 so that the question was prepared by Mrs. Williams as
7 well.

8 THE WITNESS: Okay. What is your question?

9 JUDGE WOODRUFF: You may proceed.

10 BY MR. KRUEGER:

11 Q. My question is, did you then testify that
12 Mr. Mitchell had abandoned the company?

13 A. Yes.

14 Q. And did you also testify --

15 A. Could I -- I'm not sure. Without what I --
16 without my testimony in front of me, if I used the
17 word "abandoned," I don't know if I used it in terms
18 of operations. He did abandon operations of the
19 Company with respect to general operations.

20 Q. Okay.

21 A. But I don't know how I used the word.

22 Q. Near the bottom of that page, there is a
23 question that says, Please explain Mr. Mitchell's
24 abandonment of OWC.

25 A. Right.

1 Q. And that was prefiled testimony, so you
2 prepared the question as well as the answer. Correct?

3 A. Oh, okay. It says here he no longer
4 intended to operate OWC.

5 Q. Do you think it was inaccurate to say
6 that -- speak of Mr. Mitchell's abandonment of OWC?

7 A. Was it inaccurate?

8 Q. Yes.

9 A. Not in terms of operations, no.

10 Q. Okay.

11 A. We felt that he had, but he's been very
12 helpful.

13 Q. Okay. Thank you.

14 And I would like to now call your attention
15 to the exhibit that we previously referred to, which
16 is, I believe, Exhibit 2, which is the five pages of
17 testimony from the transcript of the hearing in that
18 case. It begins with Page 143.

19 A. Okay.

20 Q. The third page of that exhibit, what has
21 been marked as Exhibit 2, is Page 221 of the
22 transcript.

23 A. Uh-huh.

24 Q. I'd ask you to read beginning at line 15 of
25 Page 221 over to Page 223, Line 5. You don't need to

1 read it out loud.

2 A. Okay.

3 Q. Now, is it accurate for me to say that the
4 gist of your testimony there was that Mr. Mitchell
5 left all of the company records on the porch of your
6 office?

7 A. Yes.

8 Q. And that statement is true?

9 A. Yes.

10 Q. Did you also testify that Mr. Mitchell did
11 not participate in any way in the day-to-day
12 operations of the Company between July 7th, 2001 and
13 January -- and the date of your testimony which was
14 January 7, 2002?

15 A. Yes.

16 Q. And that's true?

17 A. Yes.

18 Q. Was Mr. Mitchell president of the company at
19 that time?

20 A. I don't know.

21 Q. Was he a director of the company at that
22 time?

23 A. I don't know. I'm confused about directors
24 and officeholders for the corporation. I'm sorry. I
25 am confused.

1 Q. Were you managing the company at that time?
2 A. At this hearing?
3 Q. At the -- between July 7th, 2001 and January
4 7th, 2002?
5 A. Yes.
6 Q. Did Mr. Mitchell oversee your efforts as
7 manager?
8 A. No.
9 Q. Did anyone oversee your efforts as manager?
10 A. Well, Greg helped me when I needed help.
11 Q. During that six-month period of time, did
12 Mr. Mitchell do anything at all to ensure that Osage's
13 customers continued to receive safe and adequate
14 service?
15 A. He did our water testing for us, monthly
16 testing, routine sampling testing, yes.
17 Q. He contracted with Osage for the provision
18 of those services, did he not?
19 A. We did not have a signed contract. We asked
20 him to do it and he did it.
21 Q. Did he send bills to the company?
22 A. Yes.
23 Q. So he was just an outside contractor to
24 provide those services?
25 A. I suppose.

1 MR. KRUEGER: Your Honor, I would again
2 offer Exhibit 2 and Exhibit 3.

3 JUDGE WOODRUFF: All right. Let's deal with
4 two first. It's been offered again.

5 Does the same objection still apply?

6 MR. WILLIAMS: It does, your Honor.

7 I believe the testimony stands as given in
8 that the other portions of the document that is
9 offered would be objectionable as information from a
10 proceeding in which Osage Water Company was not a
11 party.

12 JUDGE WOODRUFF: Okay. What I'd like to do,
13 Mr. Krueger, is clarify exactly which parts of this
14 exhibit are being offered because I believe there are
15 some -- there's some questions before and after the
16 relevant portions that have not been addressed, and I
17 don't want them to be part of the record.

18 So, first of all, Page 143, what line were
19 you starting on there?

20 MR. KRUEGER: On Line 13.

21 JUDGE WOODRUFF: Running through --

22 MR. KRUEGER: -- and going over to Page 144,
23 Line 24.

24 JUDGE WOODRUFF: Okay. And on Page 221?

25 MR. KRUEGER: Beginning at Line 15 and going

1 over to Page 223, Line 5.

2 JUDGE WOODRUFF: Okay. With those
3 limitations that you just described, Mr. Krueger, I'm
4 going to admit those portions of Exhibit 2.

5 Exhibit 2, to that extent, will be received
6 into evidence.

7 (EXHIBIT NO. 2 WAS RECEIVED INTO EVIDENCE.)

8 JUDGE WOODRUFF: The same situation on
9 Exhibit 3, I assume.

10 Are there objections to that as well?

11 MR. WILLIAMS: Yes, your Honor. Same
12 objections.

13 JUDGE WOODRUFF: Same objections.

14 MS. O'NEILL: Your Honor, could I be heard
15 on at least Exhibit 3? I realize you've ruled on
16 Exhibit 2.

17 JUDGE WOODRUFF: I'm sorry. If you want to
18 go back to Exhibit 2, I didn't mean to exclude you.

19 MS. O'NEILL: Basically, the objection is
20 that Osage Water Company did not have the opportunity
21 to cross-examine the witness on these statements, but
22 Osage Water Company is here right now, and this is the
23 witness who made the statements in the prior
24 proceeding, and Osage Water Company can cross-examine
25 her on those statements today. That goes to both

1 Exhibit 2 and Exhibit 3.

2 Now, Exhibit 3 was filed with this
3 Commission as prefiled testimony, which was presumably
4 written by this witness, and at least, although we had
5 some other testimony at that other hearing about who
6 actually wrote the testimony, this witness adopted
7 these statements in their entirety. She is present
8 here today. Osage Water Company is here today. And
9 if they want to cross-examine her about the accuracy
10 of the statements, they have the opportunity to do so.

11 JUDGE WOODRUFF: Right.

12 MS. O'NEILL: So we believe the exhibits
13 should be admitted in their entirety.

14 JUDGE WOODRUFF: Okay. The -- on Exhibit 2
15 I didn't admit the exhibit in its entirety because
16 portions of it beginning before and after were not
17 part of what counsel was asking about in the case.

18 The same situation applies in Exhibit 3,
19 although I'm not sure --

20 What portion of Exhibit 3 are you actually
21 concerned with, Mr. Krueger?

22 MR. KRUEGER: Page 14, Line 1, or the first
23 line -- they are unnumbered -- and going over to
24 Page 15, the third line.

25 JUDGE WOODRUFF: All right.

1 MR. WILLIAMS: Your Honor, I have no
2 objection to those portions of the document being
3 admitted into evidence.

4 JUDGE WOODRUFF: Okay. Those portions of
5 Exhibit 3 that were identified by counsel for Staff
6 will be received into evidence.

7 (EXHIBIT NO. 3 WAS RECEIVED INTO EVIDENCE.)

8 JUDGE WOODRUFF: And you may proceed.

9 BY MR. KRUEGER:

10 Q. Returning now, Mrs. Williams, to Exhibit 2,
11 which is the one that has Page 144 included, it's from
12 the transcript of the hearing in the Environmental
13 Utilities application case. I'll call your attention
14 to Page 144. I'll ask you to read -- you don't have
15 to read it out loud, but Page 144, Lines 4 through 11.

16 The question there on Line 4 is, "Well, you
17 want to disassociate yourselves from Osage Water
18 Company." Correct?

19 A. Yes.

20 Q. And in the response to that you say, "We
21 would love to do that"; is that correct?

22 A. Yes.

23 Q. Was that true then?

24 A. Yes.

25 Q. Is it true now?

1 A. Yes. We want -- we do not want to continue
2 our ownership of a company with Mr. Mitchell.

3 Q. Okay. Is that what you meant when you used
4 the word "disassociate"?

5 A. Yes.

6 Q. And that's what you meant at that time --

7 A. Yes.

8 Q. -- by the use of that word? And that's what
9 you mean now; is that correct?

10 A. Yes.

11 Q. So does that mean you want to sell the
12 company or sell your interest in the company?

13 A. What we want to do is to regain at least
14 some of the money we've put into the company and make
15 sure that the customers are taken care of.

16 Q. But you don't want Mr. Mitchell to be a part
17 of this venture; is that right?

18 A. That's right. We don't want to be in
19 association with Mr. Mitchell in business.

20 Q. You recently initiated a foreclosure sale to
21 foreclose on all assets of Osage Water Company; is
22 that correct?

23 A. Yes.

24 Q. And you were the trustee of a deed of trust?

25 A. Yes.

1 Q. In taking that action, you were following
2 the instructions of the holder of the note?
3 A. Yes.
4 Q. And that was Gregory Williams?
5 A. Yes.
6 Q. And the note that you sought to foreclose
7 was a note from Osage Water Company?
8 A. Yes.
9 Q. And did Environmental Utilities intend to
10 bid at that foreclosure?
11 A. I believe so.
12 Q. If Environmental Utilities had been
13 successful, they would have obtained all of the assets
14 of Osage Water Company; is that correct?
15 A. I'm not an attorney. I don't know.
16 Q. Did you testify earlier that you wanted to
17 continue providing service just in the name of
18 Environmental Utilities instead of Osage Water
19 Company?
20 A. Earlier--
21 Q. Earlier this morning.
22 A. Would you repeat that?
23 Q. Did you testify that you wanted to continue
24 providing water and sewer service but in the name of
25 Environmental Utilities and not in the name of Osage

1 Water Company?

2 A. All we wanted to do was to transfer the
3 assets into Environmental Utilities, yes.

4 Q. Was the foreclosure action intended to
5 accomplish that result?

6 A. I believe so, yes.

7 Q. You were hoping to acquire the assets of
8 Osage Water Company?

9 A. Yes.

10 Q. Osage Water Company would then have been
11 without assets?

12 A. Yes.

13 Q. Can you think of any way that Osage Water
14 Company could have provided safe and adequate sewer
15 service to its customers if Environmental Utilities
16 acquired all of its assets?

17 A. Well, I'm not sure what your question means,
18 but since Greg and I were owners of Osage Water
19 Company and we are owners of Environmental Utilities,
20 and we're managing Osage Water Company and we're
21 managing Environmental Utilities, I don't see how that
22 could harm our customers because it was an attempt to
23 solve a legal problem and a problem with debt. And I
24 did not see that as a jeopardy to our customers.

25 I saw it as a bonus to our customers by

1 eliminating the oppressive debt that plagues Osage
2 Water Company. It was proposed to be a solution, not
3 as competition or more problems. We're trying to
4 solve problems here.

5 Q. Do you see that corporate form as just an
6 annoyance?

7 A. I'm sorry?

8 Q. Do you see the corporate form as just an
9 annoyance?

10 A. What corporate form?

11 Q. The corporate form of Osage Water Company or
12 of Environmental Utilities? My question is, it sounds
13 from your answer like you would just like to disregard
14 the corporate form, and what you're concerned with is
15 you and Mr. Williams somehow providing services to the
16 customers.

17 A. No, no. I'm concerned with the customers
18 having continued service without a company that's
19 plagued by debt and debtors threatening to destroy the
20 company so that we can't provide service. I don't
21 understand all of this talk about abandonment and
22 personal interest when what we're trying to do is keep
23 our creditors from taking over Osage Water Company
24 which -- and taking the operating revenues from Osage
25 Water Company which means we can't pay the electric

1 bills or our field supervisor or any of the debts
2 required -- our operating expenses. That's what we're
3 trying to do.

4 Q. Are you concerned about Osage Water Company
5 continuing to provide safe and adequate service to its
6 customers?

7 A. I'm concerned about the customers. Whether
8 it's Osage Water Company or Environmental Utilities --

9 Q. Thank you.

10 A. -- I'm concerned about the customers.

11 Q. But my question is, are you concerned about
12 Osage Water Company providing safe and adequate
13 service to its customers?

14 A. I don't care who provides it as long as they
15 have safe and adequate service.

16 Q. If you don't care, then I assume that you
17 mean you do want Osage Water Company to provide safe
18 and adequate service; is that right?

19 A. I don't understand the question. I care
20 about the customers. All this other legal, I don't
21 understand. I care about the customers.

22 Q. Well, there's two elements.

23 A. And I care about the money.

24 Q. There's two elements, I guess, to the
25 question. One is Osage Water Company and the other is

1 safe and adequate service to the customers.

2 Are you concerned about Osage Water Company
3 providing safe and adequate service to its customers?
4 Is that a goal?

5 A. Whoever is responsible should provide safe
6 and adequate service.

7 Q. Thank you.

8 A. Yes.

9 MR. KRUEGER: Thank you. That's all of my
10 questions.

11 JUDGE WOODRUFF: All right. It's about time
12 for a break. Before we do that, though, I want to
13 deal with one other matter.

14 Mr. Loraine, you indicated that you want to
15 have this witness testify on your behalf as well. Is
16 that correct?

17 MR. LORAIN: That's correct, your Honor.

18 JUDGE WOODRUFF: What I propose to do is
19 have you, right after the break, come up and do your
20 direct as well, so we don't have to have her come up
21 to the stand twice. Is that acceptable to you?

22 MR. LORAIN: Yes.

23 JUDGE WOODRUFF: Okay.

24 MR. LORAIN: It is.

25 JUDGE WOODRUFF: All right. We'll take a

1 break, then, and we'll come back at 11:05.

2 MR. WILLIAMS: Your Honor, before we break,
3 I had indicated before that I do have another court
4 appearance at 1:00 in Camden County, and I had noticed
5 that the Commission had set an agenda session for this
6 afternoon. Is it the intent to continue with this
7 proceeding, or is this proceeding going to be
8 adjourned?

9 JUDGE WOODRUFF: It was the intent to
10 continue, but -- unless you want to try to make a
11 motion to explain your conflict.

12 MR. WILLIAMS: Your Honor, I am scheduled
13 for an appearance in a criminal matter before the
14 Circuit Court of Camden County at 1:00 today and
15 previously advised the Commission of that. Because of
16 that posting of the agenda schedule, I did not make
17 effort to get that matter reset because I was, perhaps
18 mistakenly, under the impression that this proceeding
19 would be adjourned about noontime.

20 JUDGE WOODRUFF: Okay. What is this -- is
21 it a criminal trial or --

22 MR. WILLIAMS: It is a criminal appearance.

23 JUDGE WOODRUFF: Appearance.

24 Okay. Do any of the parties have any
25 objection to adjourning this matter about -- around

1 12:00?

2 MR. KRUEGER: I do not.

3 MS. O'NEILL: I don't have an objection to
4 that.

5 JUDGE WOODRUFF: Okay. That's what we'll
6 plan to do, then.

7 And I'll ask you now to get amongst yourself
8 and tell me which dates next week you would be
9 available and report to me back when we -- when we
10 come back. And we will come back at 11:05.

11 MR. WILLIAMS: Thank you, your Honor.

12 (A recess was taken.)

13 JUDGE WOODRUFF: We're back live on the
14 internet, and Mrs. Williams is still on the stand.

15 And, Mr. Loraine, you can begin -- before we
16 go ahead and start testimony, did the parties get to
17 discuss when we want to reconvene tomorrow or next
18 week?

19 MR. KRUEGER: Your Honor, I think
20 Ms. O'Neill has a conflict on Monday and Mr. Williams
21 has a conflict on Friday, so Tuesday, Wednesday, and
22 Thursday are the days that look like they will work
23 for all of the parties.

24 JUDGE WOODRUFF: Let's go ahead and start on
25 Tuesday, and -- I'm not sure. We've not made a lot of

1 progress today. Do we need to go ahead and schedule
2 two days?

3 MR. KRUEGER: I think it would be good to
4 probably schedule three.

5 JUDGE WOODRUFF: Three. Okay. Then we will
6 go ahead and reserve the room for Tuesday, Wednesday,
7 and Thursday.

8 All right, then, Mr. Loraine. You may
9 proceed with your direct.

10 And we will break shortly before 12:00 so
11 Mr. Williams can make his other appearance.

12 MR. WILLIAMS: Thank you, your Honor.

13 MR. LORAIN: Your Honor, if it please the
14 Court and the Commission?

15 DIRECT EXAMINATION BY MR. LORAIN:

16 Q. Mrs. Williams, you stated on direct
17 examination that the attempt to form Environmental
18 Utilities was an attempt on your part and that of your
19 husband's to solve legal problems and get rid of debt.
20 Is that a true statement?

21 A. Yes.

22 Q. And that legal problem and that debt, at
23 least in part, is Mr. Hancock; is that true?

24 A. Yes.

25 Q. And, in fact, Mr. Hancock, you know, settled

1 a case with OWC, and there was a promissory note and a
2 debenture issued. Are you aware of that?

3 A. Yes.

4 Q. And that was a legal settlement?

5 A. Yes.

6 Q. And, subsequently, Mr. Hancock reduced that
7 to a judgment?

8 A. Yes.

9 Q. You're aware of that?

10 A. Yes.

11 Q. Nevertheless, it was your intent and that of
12 Mr. Williams to avoid paying that debt for OWC by
13 forming the new company, Environmental Utilities?

14 A. Our goal in forming the new company was to
15 save the assets of the company from all of its
16 creditors, yes.

17 Q. And you were aware that -- at the time that
18 you attempted the foreclosure, you were aware that you
19 needed PSC authority to do that, weren't you?

20 A. I was not.

21 Q. When did you make your attempt to foreclose?

22 A. I don't have the paperwork in front of me.

23 Q. Well, in fact, it was -- it was after the
24 judgment that was obtained on September 3rd of 2002
25 that we all went to court for Mr. Hancock to get his

1 judgment from OWC, wasn't it? It was a week after
2 that?

3 A. I don't know.

4 Q. Well, do you remember going -- let me ask
5 you this: Do you remember publishing it in the
6 newspaper?

7 A. Yes.

8 Q. And do you remember it was going to be the
9 second week in September for the foreclosure?

10 A. No. I don't have those dates in front of
11 me, but I'm not disagreeing with you.

12 Q. All right. You certainly would agree it was
13 at least in the fall of this year?

14 A. Yes.

15 MR. LORAIN: All right. I want to hand you
16 what's been marked as Exhibit 4.

17 JUDGE WOODRUFF: It will be 4.

18 MR. LORAIN: Judge, if you would, it is an
19 old exhibit on a different one. I scratched out.

20 (EXHIBIT NO. 4 WAS MARKED FOR
21 IDENTIFICATION.)

22 BY MR. LORAIN:

23 Q. I'll hand you what's been marked Exhibit 4,
24 and I'll give you your own copy, if you will.

25 Are you familiar with that document?

1 A. Yes.

2 Q. Pardon me?

3 A. Yes.

4 Q. And you wrote that document, didn't you?

5 A. Yes.

6 Q. In fact, your signature is on the second
7 page of that document?

8 A. Yes.

9 Q. And that was written August 26th, wasn't it?

10 A. Yes.

11 Q. And is that a fair and accurate date on
12 there?

13 A. I presume.

14 Q. Well, it's your -- that's your -- is that a
15 copy of your signature on the second page?

16 A. Yes.

17 Q. It looks like the document you sent to
18 various parties that were customers of Eagle Woods and
19 Golden Glades' customers; is that true?

20 A. Yes.

21 Q. Would you look at the section that deals
22 with what's called foreclosure sale. Do you see that?

23 A. Yes.

24 Q. And would you look at the last sentence of
25 that and read it to the Commission?

1 A. "The Missouri Public Service Commission must
2 approve all transfers of assets, and an application
3 has been filed requesting their approval of the
4 foreclosure sale."

5 Q. That was August 26th of 2002, wasn't it?

6 A. Yes.

7 Q. So you did have prior knowledge, didn't you,
8 that it was necessary to have Commission approval on a
9 foreclosure sale?

10 A. Well, I'm not sure -- I don't understand
11 your question.

12 Q. Oh, I think everybody else does.

13 MR. WILLIAMS: Your Honor, I'm going to
14 object to counsel badgering this witness.

15 MR. LORAIN: I will withdraw that comment.

16 MR. WILLIAMS: This is his witness that he's
17 called on direct testimony. I'm going to object to
18 him continuing to lead the witness as well.

19 MR. LORAIN: Judge, I'm going to move, in
20 light of that, that this be declared a hostile witness
21 for the purposes of my examination. That's why I've
22 called her in my portion of the case. She's an
23 adverse party.

24 JUDGE WOODRUFF: Mr. Williams, any response
25 to that?

1 MR. WILLIAMS: Your Honor, I believe that
2 he's called this witness, and I think it's his
3 obligation to establish some basis for calling her as
4 a hostile witness, which he did not do at the
5 commencement of his examination here. I think that
6 he's on direct and he needs to be treating this
7 witness as his witness on direct.

8 JUDGE WOODRUFF: It is direct at this point.
9 If you wish to try and make a showing of -- that she
10 is an adverse witness, please do so.

11 MR. LORAIN: I believe I am entitled to do
12 that, Judge, at any point during the testimony.

13 JUDGE WOODRUFF: I believe you are also.

14 MR. LORAIN: And at this point I would move
15 the Court to declare this witness a hostile witness on
16 the basis of the question that I just asked her which
17 is a fairly simple question and it's spelled out on
18 the documents in front of her. I don't mean to be
19 badgering her, but I'm going to have to direct her.

20 JUDGE WOODRUFF: Okay. I'm certainly not
21 going to allow you to badger her, and I don't think
22 that's your intent either.

23 MR. LORAIN: No.

24 THE WOODRUFF: Given the circumstances
25 that -- of this witness being the, at least, manager

1 of an adverse party, I will allow you to question her
2 as an adverse witness.

3 MR. LORAIN: Thank you, your Honor.

4 JUDGE WOODRUFF: You may proceed.

5 MR. LORAIN: May it please the Court?

6 JUDGE WOODRUFF: Yes.

7 BY MR. LORAIN:

8 Q. Did you have a chance during this discussion
9 to read the last sentence again?

10 A. The last sentence of the paragraph?

11 Q. Of the sentence I directed you to.

12 A. Yes.

13 Q. All right. And you do understand that on
14 August 26 you wrote that you were aware that the
15 Missouri Public Service Commission had to approve all
16 transfers of assets and that there had been an
17 application filed requesting the approval of a
18 foreclosure sale?

19 A. Yes.

20 Q. You wrote that, didn't you?

21 A. Yes.

22 Q. And would -- would that -- is that a
23 different statement than what you just made to this
24 Commission prior to that?

25 A. Which statement was that?

1 Q. That you -- that we talked about several
2 minutes ago. Do you have any recollection of what I'm
3 talking about?

4 A. No.

5 Q. Okay. Do you -- do you understand that
6 Environmental Utilities would like to have all of the
7 assets of Osage Water Company so that it could
8 continue serving the public?

9 A. Yes.

10 Q. That's your understanding?

11 A. Yes.

12 Q. And to get to that end, do you know that you
13 have to have permission from the Public Service
14 Commission to do that?

15 A. Yes.

16 Q. And you also know that Environmental
17 Utilities has to have a CCN before that can be done,
18 you know that, a certificate of convenience and
19 necessity?

20 A. Before the assets can be transferred?

21 Q. And before people can be served?

22 A. Yes.

23 Q. Do you have a CCN for Environmental
24 Utilities presently?

25 A. I don't think so.

1 Q. In fact, you're serving water out there now
2 without a certificate of convenience and necessity to
3 people in that subdivision, Golden Glade?

4 A. Yes.

5 Q. And to the people in the Eagle Cove (sic)
6 Subdivision; isn't that true?

7 A. It's Eagle Woods.

8 Q. Eagle Woods, yes.
9 That's true?

10 A. Yes. Yes.

11 Q. Are you charging those people?
12 A. Yes.

13 Q. So you're doing that without a CCN?
14 A. We're charging Eagle Woods customers through
15 our operating agreement with OWC. We are not charging
16 Golden Glade customers for water.

17 Q. Did OWC -- was it administratively dissolved
18 at the time of the September 3rd of 2002?

19 A. I'm not sure if that's the exact date. I
20 don't have it in front of me, but I think that's about
21 the time it was.

22 Q. All right. And has that matter been tended
23 to?

24 A. Paperwork has been filed to reinstate it,
25 yes.

1 Q. But it remains --

2 A. It's pending.

3 Q. -- administratively dissolved at this point?

4 A. Yes.

5 Q. How did you get Pat Mitchell to come out of

6 retirement for the purposes of signing the water

7 management contract between OWC and Environmental

8 Utilities?

9 A. We asked.

10 Q. And what was his response?

11 A. Sure.

12 Q. And did he negotiate an arm's length

13 transaction with your new company, or did you and Greg

14 operate with an arm's length transaction on what the

15 costs of those services ought to be on behalf of OWC?

16 A. The cost of the management services?

17 Q. No. The cost of the pipes, the transmission

18 fees, the costs that they've agreed to enter into on

19 the contract that you submitted to Environmental -- to

20 the Public Service Commission?

21 A. I'm sorry. What was the question?

22 Q. Do you know that you've submitted a contract

23 in a collateral case between OWC and Environmental

24 Utilities to serve water to people at Eagle Cove (sic)

25 and Golden Glade?

1 MR. WILLIAMS: Your Honor, I'm going to
2 object to that line of questioning. It involves
3 issues in a different case pending before this
4 Commission and simply has no relevance to any of the
5 issues in this case as laid out in the opening
6 statements of the parties.

7 JUDGE WOODRUFF: What is the relevance?

8 MR. LORAINE: The relevance is simply that
9 they would like to have the contract considered as a
10 fair contract and -- I'm submitting to this Court and
11 to this Commission that there has been no arm's length
12 transactions involving the negotiations between OWC
13 and Environmental Utilities.

14 It's fundamental that it's very critical to
15 this because if, in fact, a receiver is appointed, we
16 would like to have the receiver at least try to make a
17 fair and reasonable conclusion as to what those rates
18 ought to be, your Honor. It goes to the impeachment
19 of this witness in that regard.

20 JUDGE WOODRUFF: I'm going to go ahead and
21 allow the line of questioning to continue. Keep in
22 mind, however, that that is an issue in another case,
23 as well, and as far as the details of the fairness of
24 that contract, that's an issue for that other case.
25 But you may proceed with your questioning.

1 THE WITNESS: Are you referring to the
2 operating agreement we signed?
3 BY MR. LORAINÉ:
4 Q. I'm referring to the contract between -- for
5 water services between Environmental Utilities and OWC
6 that's been submitted in another case --
7 A. Okay.
8 Q. -- before this Commission.
9 A. That I don't have in front of me.
10 Q. I'm assuming you don't have that.
11 A. Okay. And your question is --
12 Q. Do you remember the agreement that we're
13 talking about?
14 A. I know there was an operating agreement
15 signed between OWC and EU, yes.
16 Q. And -- and to the end of OWC, who's looking
17 after OWC's concern in that matter?
18 A. I don't understand what concern you mean.
19 Q. Well --
20 A. EU agreed to operate and maintain the
21 systems, do the billing, repairs, and operation, for
22 OWC?
23 Q. Is O-- and OWC is being paid some kind of
24 fee for that, for the water services, to use their
25 pipes? Are you aware of that?

1 A. OWC is being paid by --
2 Q. It's a tariff.
3 A. By other customers?
4 Q. Well, I think -- I think there will be some
5 movement that way.
6 My point is --
7 A. I'm not following you at all.
8 Q. Who negotiated that contract on behalf of
9 OWC?
10 A. Pat Mitchell signed it.
11 Q. He didn't really do much negotiation. He
12 said, Sure, didn't he? Isn't that what you told me?
13 He said, Sure, I'll sign it.
14 A. He said, Sure, I will enter into an
15 agreement with you. And then he and Greg wrote it up,
16 and we all agreed, and we signed it.
17 I don't have it in front of me, so I don't
18 know how to answer any more of your questions.
19 Q. OWC, whatever they are going to make off
20 that deal may or may not be a sufficient amount for
21 the services that they are providing; is that true?
22 A. I have no idea what you're talking about.
23 Q. Nobody cares, do they, about OWC or what
24 happens to it? Isn't that a true statement?
25 A. That is not a true statement. OWC -- there

1 is no money left over at the end of the month. There
2 is no money being paid to anyone.

3 Q. I understand that.

4 A. So what money are you talking about?

5 Q. I'm talking about the services that OWC is
6 providing on that water agreement.

7 Are they receiving compensation?

8 A. OWC asked EU to provide the services and
9 contracted with EU to provide the services.

10 Q. And who at OWC asked EU to do that?

11 A. Pat Mitchell did.

12 Q. And wasn't that as response to your question
13 to Pat Mitchell as to whether he would sign the
14 agreement and provide it to this Commission?

15 A. Yes.

16 Q. All right. And that was the question that I
17 asked you, and you said, Sure, I'll sign it. That's
18 what he said?

19 A. When we -- you asked me how we got him to
20 agree to the operating agreement, and I said, We asked
21 him. And he agreed, and he signed it.

22 Q. All right.

23 A. I don't understand what you're getting at.

24 Q. And you consider that --

25 A. And we're not paying --

1 Q. Go ahead.

2 A. I don't note terms of that. I don't have
3 them in front of me. But I don't understand what
4 payment you're talking about.

5 Q. You don't recognize that OWC is providing
6 any kind of services to Environmental Utilities in
7 that respect?

8 A. No. I have no idea what you're talking
9 about.

10 Q. You did not want to be -- I take this quote
11 during the direct examination of Staff's counsel that
12 you do not want to be in association in business with
13 Mr. Mitchell?

14 A. That's correct.

15 Q. But you're back in that deal at least
16 between OWC and Environmental Utilities?

17 A. Right. We're stuck there, yes.

18 Q. All right. In the application case for
19 Environmental Utilities that you filed, didn't you
20 promise this Commission that you had done everything
21 you had to do with the DNR as far as a construction
22 permit and a permit to serve water to customers?

23 JUDGE WOODRUFF: If you would clarify which
24 application case because there was some confusion
25 earlier because there are two of them.

1 BY MR. LORAIN:

2 Q. The application which involved the -- I
3 believe it was January -- or the hearing on it was
4 January of 2002. Prefiled testimony that you filed in
5 that regard, do you remember that testimony?

6 A. I don't have it in front of me. Are you
7 going to question me on it?

8 Q. Well, the question I'm asking you is, in the
9 application that you filed --

10 A. Uh-huh.

11 Q. -- do you remember whether or not you told
12 the Commission that you had done all of your homework
13 and your due diligence and you had gotten a
14 construction permit from DNR and a right-to-serve
15 water in that particular case?

16 A. I don't -- I don't have -- without it in
17 front of me, I don't really want to testify as to what
18 I said because I don't remember exactly what I said.

19 Q. Okay. Would it be normal -- are you
20 familiar with the application process?

21 A. Somewhat.

22 Q. Do you think that you at any time during
23 that application told this Commission that you had
24 received those permits from DNR?

25 A. I told you. I don't want to testify without

1 it in front of me.

2 Q. All right.

3 A. Thank you.

4 Q. Mrs. Williams, your background was -- before
5 you became involved in the water business, basically,
6 you were in secretarial work?

7 A. A legal assistant and a licensed real estate
8 broker.

9 Q. All right. How did you get involved in the
10 water business? Was that at the request of your
11 husband?

12 A. When the boxes appeared on our back porch, I
13 became involved.

14 Q. All right. Prior to that, you had no
15 experience with PSC matters or with water matters, did
16 you?

17 A. Not the operation of a water company, no. I
18 had been involved in some of the filings in more of a
19 clerical nature through the law office, but not
20 operations at all.

21 Q. All right. So there was a need, and you
22 provided that need?

23 A. Yes.

24 Q. In your Case No. WA-2002-65, you submitted a
25 Surrebuttal Testimony on December 5th, 2001. Do you

1 remember doing that?

2 A. Was that here in this room? Was that the
3 date I was here?

4 Q. Yes, uh-huh. Yes.

5 A. Yes.

6 Q. And in there -- in that Surrebuttal,
7 pre-prepared testimony you said the following:
8 "Mr. Williams served as president until January of
9 2001, at which time Mr. Mitchell was again appointed
10 as president and continues to serve in that capacity
11 at this time."

12 Do you have any recollection of that? Is
13 that correct still?

14 A. If I said it, it's correct.

15 Q. Okay. With respect to general operations,
16 you said Mr. Mitchell ran the business operations of
17 OWC throughout the entire period of its existence
18 until July 7th, 2001, when he abruptly and without
19 prior notice quit.

20 And your -- you say -- and I believe you
21 say, "Please explain Mr. Mitchell's abandonment of
22 OWC," and I believe that's the portion that was
23 earlier marked as an exhibit in there that you read.
24 Do you have that recollection?

25 You went on. You said, On July 7th, 2001,

1 my husband and I returned to the law office after
2 various appointments to find numerous boxes. Do you
3 remember that testimony?

4 A. Yes.

5 Q. All right. And Mr. Mitchell at that time
6 apparently gave you a letter of resignation. Do you
7 know what that letter essentially said?

8 A. It just said, I quit. I'm tired. I'm
9 discouraged, and I quit.

10 MR. LORAIN: All right. And could I just
11 approach the witness?

12 JUDGE WOODRUFF: You may.

13 BY MR. LORAIN:

14 Q. Is this a copy of that letter?

15 A. Yes.

16 Q. "Greg, I am tired and broke. You want all
17 assets. You get all of the headaches. Good luck.
18 You will need it. Sincerely, William Mitchell."

19 Did I read correctly?

20 A. Yes.

21 MR. LORAIN: All right. I have nothing
22 further of this witness, Judge.

23 JUDGE WOODRUFF: All right. Then we'll go
24 to Public Counsel for cross-examination.

25 Mr. Loraine, you had Exhibit 4 that you have

1 not offered. Do you wish to offer it?
2 MR. LORAIN: I do, your Honor.
3 JUDGE WOODRUFF: All right. Exhibit 4 has
4 been offered into evidence. Is there any objection to
5 its receipt?
6 MR. KRUEGER: No.
7 MS. O'NEILL: No objection.
8 JUDGE WOODRUFF: Hearing none, it will be
9 received into evidence.
10 (EXHIBIT NO. 4 WAS RECEIVED INTO EVIDENCE.)
11 JUDGE WOODRUFF: All right.
12 Cross-examination?
13 CROSS-EXAMINATION BY MS. O'NEILL:
14 Q. Good morning, Mrs. Williams.
15 A. Good morning.
16 Q. You testified earlier that you had some
17 confusion about exactly when and for how long you
18 were -- held what positions within the corporation of
19 Osage Water Company?
20 A. Yes.
21 Q. Is that right?
22 A. Yes.
23 Q. However, you -- and you also testified that
24 you have kept the minutes, the corporate minute
25 book --

1 A. Yes.

2 Q. -- for a period of time?

3 A. Yes.

4 Q. And you prepare minutes of the corporation
5 after the meetings?

6 A. Yes.

7 MS. O'NEILL: May I have this marked, your
8 Honor?

9 JUDGE WOODRUFF: You may.

10 It will be Exhibit 5.

11 (EXHIBIT NO. 5 WAS MARKED FOR
12 IDENTIFICATION.)

13 BY MS. O'NEILL:

14 Q. Mrs. Williams, I'm showing you what has been
15 marked as Exhibit 5. Do you recognize what that is?

16 Oh, I didn't give you one. I apologize. I
17 wasn't asking you to be a mind reader.

18 A. Minutes of the shareholders meeting of Osage
19 Water Company, January 8th, 2002.

20 Q. And on the last page of that, is that signed
21 by you as secretary?

22 A. Yes.

23 Q. Who else signed it?

24 A. Pat and Greg.

25 Q. That would be William P. Mitchell is Pat?

1 A. Uh-huh.

2 Q. And Gregory D. Williams is Greg?

3 A. Right.

4 Q. And those are their signatures?

5 A. Yes.

6 Q. And did you prepare this document?

7 A. Yes, I did.

8 Q. And is this the minutes of a shareholders

9 meeting for Osage Water Company, January 8 of 2002?

10 A. Yes, that's what it says.

11 Q. And if you need to make take a minute to

12 review it, if you would do that, and then tell me

13 whether or not that accurately represents those

14 minutes?

15 A. I'm sure it accurately represents -- is

16 there a certain portion you want to question me on

17 that I need to read?

18 Q. Well, I want to know whether or not, first

19 of all, if this is an accurate copy of the minutes?

20 A. This is a copy of the minutes.

21 Q. Okay. And it's accurate as far as you can

22 tell, by glancing at it anyway?

23 A. Yes. I did my best.

24 Q. But this is the document that you prepared?

25 A. Yes.

1 MS. O'NEILL: Okay. Your Honor, I would
2 move for admission of Exhibit 5.

3 JUDGE WOODRUFF: Exhibit 5 has been offered
4 into evidence. Any objection to its receipt?

5 MR. KRUEGER: No objection.

6 MR. LORAIN: No objection.

7 JUDGE WOODRUFF: Hearing none, it will be
8 received into evidence.

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

10 BY MS. O'NEILL:

11 Q. Mrs. Williams, if you will turn to the last
12 page of Exhibit 5, and the last full paragraph there
13 on that last page, there is a discussion about who the
14 directors should be for the corporation for the coming
15 year. Do you see that?

16 A. Yes.

17 Q. And at that point in time you were -- even
18 if you had been a director before, at that point in
19 time it was determined that you would also be a
20 director; is that correct?

21 A. Yes.

22 Q. Okay. And Greg and Pat, as we've previously
23 identified them, would also continue as directors; is
24 that correct?

25 A. That's what this says.

1 Q. Do you know what it means to be a director
2 of a corporation?

3 A. Not really.

4 Q. During the minutes of this shareholders'
5 meeting -- I'm just going to go back and down to the
6 bottom of the first page.

7 We have some discussion about options the
8 company has because of financial problems that it's
9 got. Do you see that?

10 A. Yes.

11 Q. And those options are cease operations, file
12 bankruptcy, or sell assets; is that right?

13 A. Right.

14 Q. And then there was some discussion about
15 what those things might mean; is that right?

16 A. Uh-huh.

17 Q. And on Page 2 there is a decision made that
18 assets of the company were going to be sold; is that
19 right?

20 A. Are you in Paragraph 3?

21 Q. On the second page?

22 A. Uh-huh.

23 Q. Yes.

24 A. Yes.

25 Q. So was there an actual decision made to sell

1 assets, or was that something that -- there was a
2 consensus that that's something you might want to do
3 down the road, but a decision to actually make a sale
4 wasn't there?

5 A. It says, The shareholders decided it would
6 be in the best interest to do that, to sell the
7 assets.

8 Q. And then did the shareholders then decide
9 that they would indeed sell assets?

10 A. Well, it goes on to discuss the sale of the
11 assets.

12 Q. Do you recall whether or not the discussion
13 on the sale of the assets was taking place because the
14 decision had been made to sell, or is this still a
15 general discussion that it would be in the interest of
16 the corporation?

17 A. Well, it says here, The company will sell on
18 KK to Greg in exchange for the obligation to pay for
19 the treatment plant and water and sewer certificates,
20 reducing the company's debt to Williams. Motion was
21 made and seconded. And so all shareholders voted in
22 favor of transferring sewer and water systems to
23 Williams.

24 Q. As far as you know, has that transfer been
25 made?

1 A. I don't know legally what's required to
2 accomplish that.

3 Q. As the manager of Osage Water Company, do
4 you recall signing any documents that would cause this
5 transfer to happen?

6 A. January. What type of a document would it
7 be?

8 Q. Can you recall signing any document that
9 would give the authority to Osage Water Company to
10 transfer these assets?

11 A. No, I don't remember anything specific.

12 Q. Do you know whether your husband, Greg
13 Williams, currently owns these assets?

14 A. I don't know.

15 Q. Would that be something that would be --
16 well, let me ask you this: As the manager of Osage
17 Water Company, are you familiar with what assets are
18 on the books of the company?

19 A. Well, I never did -- I was never 100 percent
20 sure which ones had been deeded, which ones hadn't,
21 so, no, I was not sure.

22 Q. And -- now, you said you worked as a real
23 estate broker?

24 A. Yes.

25 Q. And in real estate transactions, what kind

1 of paperwork has to be signed in order to transfer
2 property?
3 A. Deeds.
4 Q. Okay. And the things in the KK system, are
5 any of those real property?
6 A. Well, the treatment plant and well sit on
7 real property.
8 I'm just not sure whether or not they've
9 actually been deeded over.
10 Q. Did you sign any deeds?
11 A. No, I don't think so.
12 Do you mean to Osage Water Company?
13 Q. Did you sign any deeds as the manager of
14 Osage Water Company, transferring --
15 A. No.
16 Q. -- any of those things?
17 A. No, I didn't.
18 Q. Okay.
19 A. I don't think so.
20 Q. So as a real estate broker, what kind of
21 legal issues did you have to be familiar with?
22 A. Just real estate law, disclosures, deeds.
23 Q. Titles?
24 A. Somewhat. Not really.
25 Q. You didn't have to --

1 A. Land descriptions.

2 No.

3 Q. You didn't have to be able to read a land

4 description and be able to know what it was referring

5 to?

6 A. Well, not really. I mean, we did to pass

7 the test, but we didn't really use it in our everyday

8 work. And we didn't really do title -- I've never

9 really done title work.

10 Q. You've never done title work?

11 A. I've never done title searches.

12 Q. Have you done any title work at all in your

13 past work history?

14 A. I've done closings, real estate closings.

15 Q. And does your husband own a title company?

16 A. Yes.

17 Q. Have you ever worked for that title company?

18 A. I've done closings and processed paperwork.

19 Q. What does that mean to process paperwork?

20 A. Just gather all of the papers necessary for

21 closings.

22 Q. Clerical type things?

23 A. Uh-huh, mainly.

24 Q. Okay. Now -- so the KK system, you don't

25 recall signing any deeds yourself?

1 A. No.

2 Q. And you don't know exactly what the status
3 is of those?

4 A. No.

5 Q. Okay. The Cedar Glen system on the next
6 page is discussed.

7 MR. WILLIAMS: Your Honor, I don't mean to
8 interrupt if we're going someplace with this. But, in
9 essence, she's asking the witness to read into the
10 record contents of a document that's been admitted
11 into evidence which is duplicative and repetitive.

12 If she's got some specific questions about
13 this, that's different, but I think that it is
14 objectionable that she simply have a witness continue
15 to testify regarding the contents of a document
16 already in evidence.

17 MS. O'NEILL: Your Honor, I'm asking
18 questions regarding what happened after the meeting,
19 but I do think it's only fair to clarify to this
20 witness what -- what types of property and what item
21 of property I'm talking about next, and I think to do
22 that, I have to refer to the document, because I think
23 this witness has previously testified she can't really
24 testify about anything unless the paper is there in
25 front of her.

1 JUDGE WOODRUFF: I'm going to overrule the
2 objection. You can proceed.

3 BY MS. O'NEILL:

4 Q. So the Cedar Glen system got discussed,
5 according to the minutes, and it appears there was a
6 motion and a second about an approval for that; is
7 that right?

8 A. Uh-huh, yes.

9 Q. And this was also going to be released to
10 your husband, Greg; is that right?

11 A. Yes.

12 Q. Okay. Now, both the KK system and the Cedar
13 Glen system were going to go to Greg in exchange for
14 some outstanding obligations the company owed to Greg;
15 is that right?

16 A. Correct.

17 Q. Are those -- were any of those obligations
18 legal obligations -- legal fees obligations?

19 A. Yes.

20 Q. Which ones?

21 A. They all were.

22 Q. They were all for legal fees?

23 A. Yes.

24 Q. Okay. Do you know whether or not any
25 transfer of the Cedar Glen system has been made to

1 your husband from Osage Water?

2 A. I know it has not.

3 Q. Okay. And then the Chelsea Rose system also

4 was being -- was proposed to be acquired by Greg in

5 payment of part of those legal fees; is that right?

6 A. Yes.

7 Q. Do you know whether that transfer has

8 happened?

9 A. No.

10 Q. You don't know if it has?

11 A. I don't know.

12 Q. Okay. Do you recall if you've signed

13 anything transferring those assets?

14 A. I don't remember any.

15 Q. And Shawnee Bend was also discussed as

16 something that would be transferred to Mr. Williams;

17 is that right?

18 A. Yes.

19 Q. And Shawnee Bend, there is also a debt to

20 Central Bank of the Lake of the Ozarks that has

21 something secured -- that this system is supposed to

22 be securing; is that right? That's in the first part

23 of that No. 4.

24 A. Yes.

25 Q. Was it contemplated by the people at this

1 meeting that whoever acquired this assets would also
2 acquire that debt personally?

3 A. I don't know.

4 Q. Was that discussed that you can recall?

5 A. It's not in the minutes.

6 Q. Do you have any other recollection of
7 whether or not it was discussed?

8 A. No.

9 Q. Do you know whether or not any documentation
10 was prepared crediting Greg Williams' legal
11 obligation -- or outstanding legal fees and the
12 company's obligation to pay those to indicate that he
13 was going to receive these systems as -- to offset
14 that?

15 A. I don't know.

16 Q. Did you prepare any document that said that?

17 A. No.

18 Q. Now, I don't want to go through everything
19 where you've previously testified, but just to kind of
20 center you where I want to go next, you became manager
21 of Osage Water Company in July of 2002; is that right?

22 A. 2001.

23 Q. 2001. I'm sorry.

24 And that was after having the records of the
25 company basically dumped on the porch of your office

1 building; is that right?

2 A. That's correct.

3 MS. O'NEILL: May I have another exhibit
4 marked?

5 JUDGE WOODRUFF: You certainly may. It will
6 be No. 6.

7 (EXHIBIT NO. 6 WAS MARKED FOR
8 IDENTIFICATION.)

9 BY MS. O'NEILL:

10 Q. Mrs. Williams, I've handed you a copy, and I
11 think I really did this time, of Exhibit 6 -- what's
12 marked as Exhibit 6. And I will also tell you that
13 this was marked as Exhibit 19 in the case 2002-65, the
14 initial application case of Environmental Utilities as
15 a color photograph document.

16 Do you recognize those photographs?

17 A. Yes.

18 Q. And what does Exhibit 6 depict?

19 A. The official records of Osage Water Company
20 on July 7th, 2001.

21 Q. And where are they located in these
22 pictures?

23 A. On the front porch of our office.

24 Q. And --

25 A. Law office.

1 Q. Okay. And it's your understanding they were
2 put there by Pat Mitchell?

3 A. Yes.

4 Q. And you had some testimony earlier about a
5 note that Pat Mitchell left with these; is that right?

6 A. Yes.

7 Q. And that note was included within this?

8 A. Yes.

9 Q. Now, as part of your duties managing Osage
10 Water, after the events depicted in Exhibit 6 --

11 MS. O'NEILL: Oh, your Honor, I would move
12 for admission of Exhibit 6 at this time.

13 JUDGE WOODRUFF: Exhibit 6 has been offered
14 into evidence. Are there any objections to its
15 receipt?

16 MR. KRUEGER: No objection.

17 MR. LORAIN: No objection.

18 JUDGE WOODRUFF: Hearing none, it will be
19 received into evidence.

20 (EXHIBIT NO. 6 WAS RECEIVED INTO EVIDENCE.)

21 BY MS. O'NEILL:

22 Q. Now, once you took over as manager for Osage
23 Water Company, I just -- I need to clarify something
24 in my mind because it appears that some changes have
25 been made.

1 You were responsible for payment of
2 employees; is that right?

3 A. Yes.

4 Q. And for paying bills as they came due?

5 A. Yes.

6 Q. And if there were obligations where you were
7 to make payments on notes or loans or other
8 obligations, that was your responsibility?

9 A. Yes.

10 Q. And you kept the books?

11 A. Yes.

12 Q. So if an obligation was supposed to be paid,
13 you would have reason to know about it?

14 A. Yes.

15 Q. At the time you took over the management of
16 Osage Water Company, did your husband have -- did he
17 hold a promissory note for outstanding legal fees?

18 A. I don't know.

19 Q. When did you become aware of any promissory
20 notes for outstanding legal fees?

21 A. I don't know. I know there was one involved
22 in the foreclosure sale, but officially before that, I
23 really don't know.

24 Q. When did you find out about the promissory
25 note that was involved in the foreclosure application?

1 A. I don't know. When it -- are you asking me
2 when it was officially drafted, or --

3 Q. I'm asking you when you found out about it.

4 A. Well, I've known for eight years that the
5 company owed him money, but when it was actually
6 drafted, I don't know.

7 Q. When did you become aware of it as a manager
8 of Osage Water, that your husband had this outstanding
9 promissory note that needed payment?

10 A. I don't know.

11 Q. Do you know how long in terms of weeks or
12 months before you filed the foreclosure?

13 A. No. No, I don't know. I don't know the
14 date of the note. I'm sorry. I don't know. I didn't
15 know it was important.

16 Q. When you testified here earlier, you
17 indicated that you had some recollection of an attempt
18 to resign as a director and secretary of Osage Water
19 Company; is that correct? Do you recall that?

20 A. Would you repeat that?

21 Q. Sure. Well, let me ask you this another
22 way. I'm sorry if my question was confusing.

23 A. I'm just confused in general about this
24 whole matter, so it's not your fault.

25 MS. O'NEILL: May I have another exhibit

1 marked?

2 JUDGE WOODRUFF: You may, but it is almost
3 12:00. Unless you're going to finish in the next
4 couple of minutes, we might as well go ahead and break
5 here.

6 MS. O'NEILL: Yeah, because I'll have a few
7 questions on it, so that might be better.

8 JUDGE WOODRUFF: Okay. At this time, then,
9 we will adjourn until Tuesday morning at 8:30.

10 Thank you.

11 WHEREUPON, the hearing of this case was
12 continued to 8:30 a.m., Tuesday, October 29, 2002.

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Exhibit No. 1 Application in Case No. WM-2003-0065, in the Matter of the Application of Environmental Utilities, LLC to acquire by foreclosure the franchise, waterworks, and Sewer Systems of Osage Water company	66	67
Exhibit No. 2 Pages 143, 144, 221, 222, and 223 of the pre-filed testimony of Debra J. Williams before the Commission on Environmental Utilities' application case	70	87*
Exhibit No. 3 Pages 14 and 15 of the pre-filed testimony of Debra J. Williams before the Commission on Environmental Utilities' application case	81	89*
Exhibit No. 4 Letter dated August 26, 2002 to Eagle Woods/Golden Glade Customers from Debra J. Williams	100	117
Exhibit No. 5 Minutes of the shareholders meeting of Osage Water Company, January 8th, 2002	118	120
Exhibit No. 6 Photocopy of two photographs	130	131

* Received in part

