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February 1, 2001

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FILED³

FEB 01 2001

Missouri Public
Service Commission

RE: Case No. WR-2000-68 AND SR-2000-69

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **JOINT RESPONSE TO ORDER DIRECTING FILING AND MOTION TO CLOSE CASES**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Keith R. Krueger
Deputy General Counsel
(573) 751-4140
(573) 751-9285 (Fax)

KRK/lb
Enclosure
cc: Counsel of Record

Service List for
Case No. WR-2000-68/SR-2000-69
Revised Date: January 31, 2001 (lb)

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

FEB 01 2001

Missouri Public
Service Commission

In the Matter of Terre Du Lac Utilities)
Corporation Water Rate Increase Request.)
Case No. WR-2000-68

In the Matter of Terre Du Lac Utilities)
Corporation Sewer Rate Increase Request.)
Case No. SR-2000-69

**JOINT RESPONSE TO ORDER DIRECTING
FILING AND MOTION TO CLOSE CASES**

COME NOW the Terre Du Lac Utilities Corporation (Company), the Staff of the Missouri Public Service Commission (Staff) and the Office of the Public Counsel (OPC) and for their Response to Order Directing Filing state to the Missouri Public Service Commission (Commission) the following:

1. On October 13, 2000, the Staff filed its Staff Compliance Status Report (Status Report) in the above-referenced cases, which are currently pending before the Commission. In that Status Report the Staff reported on the Company's compliance with the provisions of a Supplemental Agreement Regarding Disposition Of Small Company Rate Case (Supplemental Agreement), which the Company, the Staff and the OPC executed and filed in the subject cases on February 4, 2000.

2. On November 21, 2000, the Commission issued its Order Directing Filing (November 21 Order) in the subject cases, wherein it directed the Staff, the Company and the OPC (the Parties) to file additional information regarding Items C, D, E, H and I of the Supplemental Agreement. The November 21 Order required the Staff to file certain reports and recommendations not later than December 22, 2001. The November 21 Order also required the filing of the Company's and the OPC's responses to the Staff's December 22 filing and two

“joint corrective action plans” from the Parties, all of which were to be filed not later than January 12, 2001.

3. On December 22, 2000, the Staff filed its Response to Order Directing Filing to which was attached a Staff Memorandum containing the information that the Commission’s November 21 Order required from the Staff. Additionally, a report regarding the Staff’s inspections of the Company’s gravity sewer system was attached to the Staff Memorandum. (Collectively, these documents will be referred to hereafter as the Staff’s December 22 Response.)


4. On January 12, 2001, the Parties filed a Joint Motion for Extension of Time, wherein they requested a two-week extension to January 26, 2001 for filing the two “joint corrective action plans” required by the Commission’s November 21 Order. A similar extension was also requested for the Company’s and the OPC’s responses to the Staff’s December 22 Response. On January 26, 2001, the Parties filed a second Joint Motion for Extension of Time, wherein they requested a further extension to February 1, 2001 for making the filings required by the Commission’s November 21 Order.

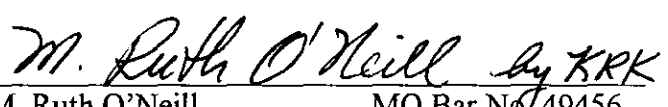
5. Attached hereto as Appendix A is a document containing the Parties’ “joint corrective action plans” required by the Commission’s November 21 Order. Of note in this document is an agreement between the Parties that the instant cases no longer need to remain open.


WHEREFORE, the Parties respectfully request that the Commission issue an order in the instant cases acknowledging and accepting the filing of this Joint Response to Order Directing Filing and closing the instant cases.

Respectfully Submitted,

DANA K. JOYCE
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 1st day of February 2001.

A handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be "J. K. [unclear]".

**JOINT CORRECTIVE ACTION PLANS OF TERRE DU LAC
UTILITIES CORPORATION, THE STAFF OF THE MISSOURI PUBLIC
SERVICE COMMISSION AND THE OFFICE OF THE PUBLIC COUNSEL**

CASE NOS. WR-2000-68 & SR-2000-69

Introduction

On November 21, 2000, the Missouri Public Service Commission (Commission) issued its **Order Directing Filing** (November 21 Order) in the subject cases, wherein it directed the Staff of the Commission (Staff), Terre Du Lac Utilities Corporation (Company) and the Office of the Public Counsel (OPC) (collectively, the Parties) to file two "joint corrective action plans" – one regarding the Company's gravity sewer system and one regarding certain "aesthetic" water quality issues. Set out below are the Parties' joint corrective action plans required by the Commission's November 21 Order.

The Gravity Sewer System

As noted in the Staff's **Response to Order Directing Filing**, which the Staff filed in these cases on December 22, 2000, the Company has purchased a trailer-mounted hydraulic sewer cleaner, with which Company personnel have cleaned several of the problem collecting sewers in the system. The Company has also implemented a program under which all collecting sewers are to be cleaned at predetermined intervals. Additionally, the Company is considering replacing some of the collecting sewers in those areas where serious recurring problems exist. Finally, the Company is obtaining information regarding companies that rehabilitate sewer system manholes so that it, the Staff and the OPC can evaluate the reasonableness of the Company adopting a manhole rehabilitation program.

Based upon the above, the Parties agree to the following items regarding the Company's gravity sewer system:

1. That the Company will continue cleaning collecting sewers on an "as-needed" basis and will continue its program of cleaning the system's collecting sewers on a regularly scheduled basis;
2. That the Company, with assistance from the Staff, will identify the problem collecting sewers, if any, that need to be replaced;
3. That, if necessary based upon the actions to be taken under item 2 above, the Company will implement a collecting sewer replacement program on a limited basis in those areas where the most severe problems exist;
4. That the Company will obtain bids for a manhole rehabilitation program and, through consultation with the Staff and the OPC, determine whether implementing such a program would be justified from a cost/benefit perspective; and

5. That the Company will not seek a rate increase from the Commission until such time as the actions that are described in items 2, 3 and 4 above are completed.

Additionally, as a result of item 5 above, the Parties agree that the actions set out in items 1, 2, 3 and 4 above can be carried out without the necessity of the Company's current rate cases remaining open.

Aesthetic Water Quality Issues

In compliance with the Commission's November 21 Order, the Company has provided the Staff with two sets of reports on the "total water quality tests" that the Missouri Department of Natural Resources (MDNR) conducted on the Company's three wells during the last quarter of 2000. One set of the reports deals with bacteriological testing and the other set deals with testing for those water contents constituting what the Parties have previously referred to as the "aesthetic" water quality issues (i.e. – copper, iron, hardness, suspended solids, etc.).

Regarding the reports on the bacteriological tests, one of the most significant aspects of the results regarding those tests is that none of the Company's wells had test results in excess of the established "maximum contaminant levels" (MCL) for the water contents for which tests were conducted. In fact, the test results indicated levels less than one-fourth as great as the established MCLs, with most results being several times better. Additionally, the test results were very consistent between the three wells.

Regarding the test results on the "aesthetic" water quality issues, a review of the subject reports reveals that with two exceptions there were no test results that exceeded either the established MCL or the established "secondary standard" (SS) for the water contents for which tests were conducted. In fact, as with the bacteriological tests, the majority of the test results were significantly less than either the established MCL or SS.

The two exceptions noted to the test results discussed above were that Well #1 and Well #2 both tested in excess of the established SS for iron content (there is no established MCL for iron content). In addition to the "high" iron content in the two wells, all three wells tested somewhat high for "hardness" and "total alkalinity," but all three also tested below the established SS for total dissolved solids (there is no established MCL or SS for either hardness or total alkalinity). However, it should be noted that none of these items constitute "safe drinking water" quality issues.

Based upon the above, the Parties agree to the following items regarding the "aesthetic" water quality issues:

1. That the Company will obtain information and bids regarding remedial actions that could be taken to lower the iron content of the water coming from Wells #1 and #2 before it enters

the distribution system and, through consultation with the Staff and the OPC, determine whether implementing such remedial actions would be justified from a cost/benefit perspective;

2. That nothing further need be done at this time regarding the issues of “hardness” and “total alkalinity”; and

3. That the Company will not seek a rate increase from the Commission until such time as the actions that are described in item 1 above are completed.

Additionally, as a result of item 3 above, the Parties agree that the actions set out in item 1 above can be carried out without the necessity of the Company’s current rate cases remaining open.