

Foxfire Utility Company
323 Fox Creek Rd.
Jefferson City, MO 65109
(573) 632-6007, (573) 632-6475 or 1-866-224-2035
Fax (573) 632-6057 e-mail: wms@socket.net

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OCT 17 2002

Missouri Public
Service Commission

October 16, 2002

Mr. Dale Roberts, Executive Secretary
Missouri Public Service Commission
Governor State Office Building
P.O. Box 360
Jefferson City, MO 65101

Dear Mr. Roberts:

In the Matter of Foxfire Utility Company Water Rate Increase Request Case No. WR-2002-1162 Tariff File 2002 0057 (water) and in the Matter of Foxfire Utility Company Sewer Rate Request Case No. SR-2002-1163 Tariff File 2002 00556 (sewer):

**FOXFIRE UTILITY COMPANY'S RESPONSES TO
THE WRITTEN COMMENTS AND THE RECOMMENDATION
OF THE OFFICE OF PUBLIC COUNSEL**

The following responses are given in order of the customer letters given to us by the Office of Public Counsel. It is our understanding that the same letters have been provided to the Commissioners for their consideration.

1. Customers of Arrowhead Lake Estates have compared our current water rates with those previously paid to the subdivision developer. At this time the water system was unregulated by the PSC or DNR. Repairs were seldom performed and water use was restricted to drinking water only, no lawn watering, car washing, or other nonessential usage. Or Letters which compare our rates to other resorts which are unregulated. (Re: Norman Campbell, Don and Lois Bentzen, Wayne Henley, Marvin Powers, Vivian Auppa, LeRoy Covert, Kathleen Mahon, Paul Mendolia)

2. There was some confusion with the letter prepared by the PSC staff that stated water and sewer were provided. In Arrowhead Estates, the company provides water only. Several of the residents contacted OPC with questions regarding sewer service. (Re: Don and Lois Bentzen, Kathleen Mahon, Archie Kavanaugh)
3. The Bentzen's complained that their service was shut off. This was an error and we had someone there to unlock service within an hour. The company apologized by telephone and in a letter to the Bentzen's for the inconvenience (May 2002).
4. Customer did not talk to the company about problems with the repair on the water line. The soil is mostly clay and rock in the area so the repair was probably done with the soil that came out of the hole. The usual practice is to leave soil mounded over the dig so that it will be level when settling occurs. Every effort is made to make repairs in a timely manner and to keep air and dirt from getting in the system. (Re: Don and Lois Bentzen, LeRoy Covert)
5. Customer complains that part time users pay for months they do not use the water. The company still maintains the water lines, wells, billing, a toll free phone line, and customer service for their convenience year-round. (Re: Charles Dotson, Gene Sumner, Michael Banta, Melissa Chrisman)
6. Lantern Bay customer complains about higher rates. Staff and Company have agreed to proposed rate relief. (Re: Karl Krueger, Richard Boatright, Morris Carter, Marilyn Nelson, H J Fuller, Dave March, Susie March, Richard Farmer, John Orton, Harold Meyers)
7. Unsigned letter (6th letter in packet)
8. Incorrect data and comparison to City services as opposed to private PSC Regulated Water and Sewer companies (Re: Harold Meyers, Donna Jean Chappell, Richard Boatright, Mark Knapp, Fred and Jackie Helm, Gary Morris)
9. Ask for a decision to be made without any more delay. We are in agreement that the case has taken an over abundance of time for review and resolution. (Re: Donna Jean Chappell)
10. Average usage at Lantern Bay is 1600 gallons per month. Efforts are being made to equalize rates between high and low users. (Re: Donna Pierpont)
11. The proposed cost of service included in the proposed rate relief (set by accounting staff) allows only 30 hours per month for billing, bookkeeping, meter reads, collection activities, regulatory meetings and paperwork, and all other activities of the company. It is difficult to

- provide efficient and timely services to customers with these time restraints. (Re: Donna Pierpont, Melissa Chrisman, Jamie Samuel)
12. Customer comment about water hardness at Lantern Bay. Foxfire does not alter the water hardness or softness. (Re: Richard Boatright)
Customer comment about "brown water". This is caused by iron and Foxfire does treat the water with aquamag to keep the iron in solution. With this treatment, iron will remain in solution for about 3 days. If a unit is unoccupied for an extended period, iron will come out of solution and a brief occurrence of red water may occur. It is our policy to advise the customer to let their water run until it clears up and then to adjust usage by 1,000 gallons for customers that experience this problem and contact us. The Company also flushes the Lantern Bay system regularly and documents that effort. (Re: Donna Jean Chappell)
 13. Customer comment about water quality at Spring Branch. (Re: Paul Mendolia (odor), Edward McNamee and Denise Edgington (sediment and questions safeness of water for drinking)) The Company monitors the water supply at Spring Branch and the water supplied meets all primary and secondary drinking water standards. The Customers have been advised of the availability of our Consumer Confidence Report, which summarizes the results of all monitoring that is performed each year. The Company recognizes that customer perception regarding water quality is an important issue, and is taking steps to communicate with our customers regarding our flushing program efforts and to determine it's effectiveness at Spring Branch.
 14. Against higher rates at Spring Branch. (Re: Mildred Gillespie) The Company and Staff have reached agreement regarding rate relief.
 15. Kathleen Sullens is not a customer of Foxfire Utility Co. She is commenting about the AquaSource Company. This letter should not be included in your packet.
 16. All payments are credited promptly to the accounts. Reminders are mailed after the due date and 7-10 days later shut off notices are mailed. Jamie Samuel called on Friday afternoon and the call was returned Tuesday morning. (Re: Jamie Samuel)
 17. The customer had 40psi pressure during the week. When customer usage goes up, the pressure decreases. We plan to put in a well pump with larger capacity at the next opportunity. (Re: Archie Kavanaugh)
 18. Mr. Terry Chance charges that the rate increase is "ramrodded by owner's wife's uncle who is on PSC staff". This statement is incorrect

and untrue. He makes several other statements in his letter that are erroneous.

19. Repeat letters from same person: Richard Boatright 2, Harold Meyers 2, Archie Kavanaugh 2, Edward McNamee and Denise Edgington 2
20. Letter from Lantern Bay Property Owners Association President provided incorrect information to all owners and renters in the Lantern Bay complex. This created many misconceptions. Although a letter was sent to the POA President, a retraction was never made by the POA. (Re: Richard Kessell)
21. Complaint about PSC slowness to respond to complaints. (Re: Edward McNamee and Denise Edgington)
22. PSC Staff investigated the complaint of low water pressure and found that it was caused by the size of line used inside the house, not the company's service lines. (Re: Edward McNamee and Denise Edgington)
23. Two full time customers were left without water in January 2001 due to frozen water mains. At that time, the sale of the system was pending approval by the PSC. Foxfire staff notified the PSC Staff of the frozen water main and complied with all suggestions of the staff, which was to provide containers to the affected customers and to replace the water line after the Certificate of Convenience and Necessity was issued. Foxfire entered into an agreement to buy Spring Branch water system on April 25, 2000. The sale was contingent upon approval of the PSC. The customers were notified of the intent to purchase and that we had applied to the Missouri Public Service Commission to certificate the system and establish rates. The company applied for the certificate on July 25, 2000. The Certificate of Convenience and Necessity Authorizing Foxfire to Construct, Install, Own, Operate, Control Manage, and Maintain a Water System for the Public in an Unincorporated Area of Benton County, MO was issued April 30, 2001. (Re: Edward McNamee and Denise Edgington, Robert and Connie Vermillion). We decided to proceed with replacement of the affected water line February 7-8, 2001, *before* our ownership of the system had been approved by the Commission, based on a good faith belief that the Certificate would be granted. It is the Company's position that the actions taken to correct this serious problem were above and beyond reasonable and normal business practices.
24. Some Spring Branch customers wrote that they do not see any changes since Foxfire purchased the system. We have repaired 36 leaks from January 1, 2002 to August 31, 2002. We try to cause the least interruption to service and often open a diversion valve from another well so that customers continue to have water while repairs are made. Foxfire

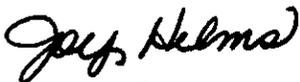
has added chlorination equipment on all three wells, replaced water line, contracted an engineering firm to map the water line system, and instituted laboratory testing of water samples to comply with DNR statutes. We have primary and back-up repair contractors and provide 24 hour/ 7 day per week telephone answering and emergency response. We continue to make improvements in the system.

The Office of Public Counsel has taken no position regarding the Company's proposed agreement with the Staff of the Commission. The Company has demonstrated that it has and will continue to provide safe and reliable service to its customers and that the rates contained in Tariff Sheets previously submitted are justified. We respectfully request the Commission's approval of the Staff and Company's agreement in this matter and that the Commission act to approve the filed tariffs in an expeditious manner.

Sincerely,



Garah F. Helms
President



Joy L. Helms
Vice-President

Enc: Chart Regarding Customer Letters

Missouri Public Service Commission
Water and Sewer Department
PO Box 360
Jefferson City, MO 65102

Office of the Public Counsel
Attn: Ruth O'Neill
PO Box 7800
Jefferson City, MO 65102

CUSTOMER LETTERS TO OPC (SPRING BRANCH WATER SYSTEM)

Complaint	Number of Customers
Proposed rates too high	9
Confusion about letter	3
Service problem/resolved	1
Complaint regarding repairs to distribution system	2
Complaints about part-time rates vs full time	4
Water quality, chlorine/sediment/pressure	4
Frozen lines prior to Foxfire ownership of system	2

CUSTOMER LETTERS TO OPC (LANTERN BAY WATER & SEWER)

Proposed rate too high	10
Compare rates to city rates	6
Want lower rates for higher use	1
Water hardness, iron content	2
Want full time office staff for Foxfire/billing	4

OTHER

Repeat letters from customers	4
Complaints about PSC	2