

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Ozark Meadows,)	
Aqua Development Company, d/b/a Aqua Missouri,)	
Inc. Request for Increase in Annual Sewer System)	<u>Case No. SR-2010-0023</u>
Operating Revenues MPSC Sewer Utility Small)	
Company Rate Increase Procedures.)	

In the Matter of Aqua RU, Inc. d/b/a Aqua Missouri)	
Request for Increase in Annual Water System)	<u>Case No. WR-2010-0025</u>
Operating Revenues MPSC Water Utility Small)	
Company Rate Increase.)	

In the Matter of Aqua Missouri, Inc. (CU) Request)	
for Increase in Annual Sewer System Operating)	<u>Case No. SR-2010-0026</u>
Revenues MPSC Sewer Utility Small Company Rate)	
Increase.)	

In the Matter of Aqua Missouri, Inc (CU) Request)	
Request for Increase in Annual Water System)	<u>Case No. WR-2010-0027</u>
Operating Revenues MPSC Water Utility Small)	
Company Rate Increase Procedures.)	

**NOTICE OF STAFF REPORT
REGARDING QUALITY OF SERVICE ISSUES**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its Notice of Staff Reports Regarding Quality of Service and Customer Communication Issues (“Notice of Staff Report”) states as follows:

1. Pursuant to Commission Rule 4 CSR 240-3.050 (“Small Utility Rate Case Procedure”), local public hearings were held in the above-captioned matters on February 10, 2010¹ in Reeds Spring, February 11 in Shell Knob, February 16 in Republic, February 17 in Sedalia, February 18 in Warsaw, and February 22 in Jefferson City.

2. As contained in the Staff pleadings filed in response to these local public hearings, Staff did in fact obtain information at these hearings that was not previously available to Staff.

¹ Unless noted otherwise, all dates contained herein refer to calendar year 2010.

3. A Staff Report of Investigation, attached hereto as **Appendix A** and incorporated by reference herein, is dedicated to a discussion of the quality of service delivered by the Company to its customers and is submitted in response to testimony presented by Aqua Missouri customers at a number of the above-listed local public hearings.

3. A Service Quality Investigation Regarding Call Center and Customer Communication Matters, attached hereto as **Appendix B** and incorporated by reference herein, is dedicated to a discussion of Company call center performance and general customer communication practices and also is submitted in direct response to testimony presented by Aqua Missouri customers.

4. As contained in Appendix A, Staff has reviewed the 2006, 2007, and 2008² DNR Water Quality Reports for each of the twelve (12) Aqua Missouri water supplies that provide water service to consumers in an area certificated by the Missouri Public Service Commission (the Commission) and states that no DNR drinking water violations are noted on any of these Water Quality Reports.

5. As contained in Appendix A, in addition to issuing Water Quality Reports, DNR requires the operators of groundwater distribution systems to sample the water quality once every three years for an extensive list of possible contaminants. Due to the fact that the majority of the comments received by Staff regarding quality of service issues were submitted by customers in the Company's White Branch and Ozark Mountain service areas, the results of DNR testing for the water supplies in these areas were obtained and reviewed by Staff. As contained in Appendix A, Staff states that these tests indicate that dissolved iron and water hardness (as calcium carbonate) are present at the facilities at levels which can cause some issues with the taste, color, and aesthetics of the water supplied. Because iron and hardness are

² The 2009 Water Quality Reports are not yet available from DNR.

considered by DNR to be secondary contaminants, there is not an enforceable limit on what level of the contaminant can be present in drinking water, although the presence of such contaminants could have detectable aesthetic affects with regard to water characteristics.

6. In addition, as contained in Appendix A, Staff has engaged in an extensive investigation of the quality of service concerns of specific individuals present at the above-listed local public hearings. These results of these individual investigations are contained in Appendix A.

7. As contained in Appendix B, the staff of the Commission's Engineering and Management Services Department (EMSD) has reviewed Company reporting of call center metrics, recordings of certain customer phone calls to the Company's call center, and documentation of interviews and call monitoring conducted at the Company's Kankakee Call Center. As a result, the EMSD staff states that the Company is not in violation of any Commission rule or Company tariff provision related to call center performance or customer communications³. Though not a violation of Commission rules or Company tariffs, the EMSD staff does have concerns based on the materials reviewed by Staff about the qualitative performance of the Company's call center and plans additional follow-up steps with the Company.

8. In conclusion, Staff is of the opinion that while Aqua is neither providing unsafe or inadequate water service, that continued efforts in water quality monitoring may result in further aesthetic improvements at a reasonable cost to the customers. In addition, while alternatives may exist to improve the Company's call center performance and methods of communicating boil recommendations, Staff is unaware of any Commission rule or Company tariffs violation at this time.

³ Notwithstanding any relevant issues contained in the pending formal complaint Case No. SC-2010-0150 et al.

9. Staff will be present to answer any questions that the Commission may have regarding these issues at the on-the-record presentation, scheduled for Friday March 12, 2010.

WHEREFORE, Staff submits this Notice of Staff Report Regarding Quality of Service and Customer Communication Issues for the Commission's information and consideration in the above-captioned matters.

Respectfully submitted,

/s/ Eric Dearmont

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 8th day of March, 2010.

/s/ Eric Dearmont