

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

In the Matter of the Application of)
Central Jefferson County Utilities, Inc.)
for an Order Authorizing the Transfer)
and Assignment of Certain Water and)
Sewer Assets to Jefferson County)
Public Sewer District and in)
Connection Therewith, Certain Other)
Related Transactions.)

Case No. SO-2007-0071

**MISSOURI DEPARTMENT OF NATURAL RESOURCES'
POSITION STATEMENT**

COMES NOW the Missouri Department of Natural Resources (hereinafter “the Department”), by and through counsel, and for its Position Statement required pursuant to the Missouri Public Service Commission’s (hereinafter “the Commission”) Order Appointing Procedural Schedule, states as follows:

Ultimate Issues of Fact

1. The Department is neutral regarding the detriment to the public interest should Central Jefferson County Utilities, Inc. (hereinafter “the Company”) transfer its water and sewer assets to the Jefferson County Public Sewer District (hereinafter “the Sewer District”), so long as existing violations of the State of Missouri’s Environmental statutes and Public Drinking Water statutes and their implementing regulations are remedied and the Sewer District operates the proposed assets to be transferred in accordance with said statutes and their implementing regulations.

2. The Department is neutral regarding the detriment to the public interest should the Company transfer its water and sewer assets to the Sewer District, so long as existing violations of the State of Missouri's Environmental statutes and Public Drinking Water statutes and their implementing regulations are remedied and the Sewer District operates the proposed assets to be transferred in accordance with said statutes and their implementing regulations.

Preliminary Issues of Fact

1. The connection fees and recurring rates that the residents of the Raintree Plantation Subdivision will have to pay for water and sewer services should be sufficient to complete construction to upgrade and expand the drinking water facilities and the existing waste water treatment facility such that the upgraded and expanded facilities can adequately handle expected demand for the services.

2. The connection fees and recurring rates that the residents of the Raintree Plantation Subdivision will have to pay for water and sewer services should be increased as needed in order to operate and maintain the water and sewer facilities in accordance with the State of Missouri's Environmental statutes and Public Drinking Water statutes and their implementing regulations, strictly adhere to the Compliance Agreement and adequately meet future system expansion needs.

3. The Sewer District is a public body appointed by the local government and therefore, the residents of the Raintree Plantation Subdivision can control the operation, management, services, and rates associated with the water and sewer services through the local political process.

4. The proposed assets should only be transferred if the Sewer District and Environmental Management Corporation (hereinafter “EMC”) can provide sufficient funds to complete construction to upgrade and expand the drinking water facilities and the existing waste water treatment facility such that the upgraded and expanded facilities can handle expected demand for the services and adequately meet future system expansion needs.

5. Any agreement between the Sewer District and EMC for the operation and maintenance of, any improvements to, and the investment in the water and sewer facilities that serve the Raintree Plantation Subdivision must result in the water and sewer facilities being operated in accordance with the State of Missouri’s Environmental statutes and Public Drinking Water statutes and their implementing regulations.

6. The Company should transfer to the Sewer District all of the assets, including real property, that are necessary to provide water and sewer services to the Raintree Plantation Subdivision such that the water and sewer facilities are operated in accordance with the State of Missouri’s Environmental statutes and Public Drinking Water statutes and their implementing regulations.

7. A Sewer and Water Service Fee Agreement executed between Raintree Plantation, Inc. and the Sewer District provides for fees of up to \$1,100.00 to be paid to Raintree Plantation, Inc. for any future improvements constructed by Aquasource in the Raintree Plantation Subdivision or the initiation of sewer and water service by a lot in the subdivision. Raintree Plantation, Inc. is not legally entitled to any fees as Raintree Plantation, Inc. does not own the assets to be transferred, will not be the party

constructing the improvements or making the physical connections to a lot, and all costs for infrastructure, including the costs for improvements and the cost to provide sewer and water service to each lot, were included in the initial cost of each lot and have already been collected by Raintree Plantation, Inc., as the developer of the subdivision.

8. As of today's date, a Compliance Agreement has yet to be executed between the Department, the Sewer District and EMC. The Compliance Agreement will establish deadlines for the completion of construction to upgrade and expand the drinking water facilities and the existing waste water treatment facility and require the Sewer District and EMC to conduct a study of the sanitary sewer system and consider future system expansion needs and then implement improvements and upgrades to the system.

9. Although the Sewer District has no experience in operating, maintaining and improving water and sewer facilities, EMC appears qualified to do so.

10. The County of Jefferson will decide which property owners shall be given priority in connecting to the Raintree Plantation sewer system when the county resumes issuing building permits.

WHEREFORE, the Missouri Department of Natural Resources requests any decision entered in this matter include provisions that are in accordance with the positions set forth herein.

Respectfully Submitted,

SCHREIMANN, RACKERS,
FRANCKA AND BLUNT, L.L.C.

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CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that a true and correct copy of the foregoing document was mailed via United States mail, postage prepaid, on December 8, 2006, to the following:

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