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September 6, 2006

**FILED**<sup>4</sup>

SEP 06 2006

Secretary  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

Missouri Public  
Service Commission

Re: 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

Dear Secretary:

Enclosed for filing in the above matter please find the original and eight copies of Missouri Department of Natural Resources' Statement of Compliance. Thank you.

Very truly yours,

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



Duane E. Schreimann

cc: William R. England III  
General Counsel's Office, PSC  
Office of Public Counsel

FILED<sup>4</sup>

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

SEP 06 2006

Missouri Public  
Service Commission

In the Matter of the Application of Central Jefferson )  
County Utilities, Inc. for an Order Authorizing the )  
Transfer and Assignment of Certain Water and ) Case No. SO-2007-0071  
Sewer Assets to Jefferson County Public Sewer )  
District and in Connection Therewith, Certain Other )  
Related Transactions )

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

The Department of Natural Resources (Department) currently has numerous enforcement or compliance actions against Central Jefferson County Utilities, Inc. pertaining to its wastewater collection and treatment operations. In regard to wastewater, the Department considers Central Jefferson County Utilities, Inc. to be in significant non-compliance and a threat to public health or the environment at this time. As stated more fully below, Central Jefferson County Utilities, Inc. is currently under an Order for Compliance from the United States Environmental Protection Agency (hereinafter "EPA") prohibiting any new connections to the wastewater treatment facility.

The Department does not currently have any enforcement or compliance actions against Central Jefferson County Utilities, Inc. pertaining to its drinking water operations. Further, the Department does not consider Central Jefferson County Utilities, Inc., in regard to drinking water, to be in significant non-compliance or a threat to public health or the environment at this time.

A brief summary of the compliance history and issues for Central Jefferson County Utilities, Inc. is as follows:

## **WASTEWATER COMPLIANCE HISTORY**

Missouri State Operating Permit (hereinafter "MSOP") MO-0099473 was originally issued to Central Jefferson County Utilities, Inc. (hereinafter "Utility") in 1982 and expired in July 2004. The wastewater treatment facility (hereinafter "WWTF") serves the Raintree Plantation Subdivision (hereinafter "Subdivision") and consists of an extended aeration/aerated sludge holding tank with a design flow of 64,000 gallons per day and a design population equivalent to 636 people. Effluent from the WWTF discharges into Galligher Creek pursuant to MSOP number MO-0099473.

There have been consistent compliance problems with the WWTF. The Department letters from 1983, 1984, 1986, 1988, 1989, 1992, 1994, 1998, 2001, 2003, and 2004, address the following issues: exceedance of design flow; sludge deposition in the creek; and failure to submit Discharge Monitoring Reports (DMRs) in a timely manner.

The WWTF has exceeded average monthly design flow every month since July 2000. DMRs submitted for the calendar year 2005 indicate the inflow of wastewater into the WWTF has averaged 100,019 gallons per day which is 56% over the daily design flow. To date in 2006, DMRs show an average flow of 158,461 gallons per day. The Utility failed to submit DMRs to the Department in a timely manner 85% percent of the time between 2000 to 2004. The Subdivision is platted for 3400 homes and currently consists of at least 627 homes with a population equivalent of 2320 people, which is 265% over the design population equivalent.

### **2003**

On July 7, 2003, Department staff conducted a stream survey of Galligher Creek and observed the following conditions in Galligher Creek below the WWTF outfall: grease balls, blood worms, tubificid worms, pouch snails, sphaerotilus algae and biosolids (hereinafter "sludge") deposits for more than 500 feet. A Water Quality Impact Study conducted by Fribis Engineering on behalf of the Utility, dated November 6, 2003, indicates that Galligher Creek had visible sewage sludge deposits downstream from the WWTF outfall, and there was a noticeable odor from the amount of sewage being released into Galligher Creek.

### **2004**

On February 9, 2004, Department staff conducted an inspection of the WWTF and observed sludge deposits in Galligher Creek below the outfall. On September 1, 2004, Department staff conducted an inspection of the WWTF and observed the following conditions in Galligher Creek below the WWTF outfall: grease balls, blood worms, tubificid worms, pouch snails, sphaerotilus algae, other human artifacts, including feminine hygiene products and a prophylactic, and sludge deposits for more than 1000 feet. On September 7, 2004, Department staff conducted an inspection of the WWTF and observed the following conditions in Galligher Creek below the WWTF outfall: grease balls, blood worms, tubificid worms, pouch snails, sphaerotilus algae, other human artifacts and sludge deposits for more than 1,000 feet. On September 27, 2004, as a result

of the observed violations on September 1 and 7, 2004, the Department issued the Utility a Notice of Violation, Number 2072 SL, for causing pollution to Galligher Creek and discharging water contaminants into Galligher Creek, which reduced the quality of the creek below the Water Quality Standards established by the Missouri Clean Water Commission. On November 18, 2004, Department staff conducted an inspection of the WWTF and observed sludge deposits in Galligher Creek below the outfall.

#### **2005**

On August 4, 2005, the Department issued the Utility a Notice of Violation, Number 2237 SL, for failing to retain a certified operator to supervise the operation and maintenance of the WWTF and failing to submit complete or timely DMRs for May and June 2005. On October 26, 2005, the Department issued a Notice of Violation number 2236SL to the Utility for a lift station bypass citing pollution to waters of the state and discharge of a water contaminant without a MSOP. On December 1, 2005, the EPA issued the Utility an Order for Compliance that stated the Utility was in violation of the Clean Water Act and ordered them to cease any new connections to the WWTF.

#### **2006**

On March 2, 2006, the EPA issued a second Order for Compliance to the Utility that stated the Utility was in violation of the Clean Water Act and ordered them to construct an expansion to the WWTF.

### **PUBLIC DRINKING WATER SYSTEM COMPLIANCE HISTORY**

Raintree Plantation is served by two (2) public water supply wells. Well 1, located at Peach Tree Drive, was constructed to a depth of 1,010 feet and is capable of producing 210 gallons per minute or approximately 302,400 gallons per day, if operated non-stop. This well has also been shown to produce lead levels in excess of the maximum allowable level for lead of 15 micrograms per Liter of water. Well 2, located at Duffer Drive, was constructed to a depth of 1,100 feet and is capable of producing 240 gallons per minute or approximately 345,000 gallons per day. Water produced by this well is compliant with all regulated contaminant requirements.

The department has recommended that the output of well 1 be mixed with the output from well 2. The resulting blended water is, theoretically, in compliance with Lead/Copper Rule contaminant action level. Recent results of Lead/Copper Contaminant monitoring have shown this to be an effective lead level control mechanism so long as the blending operation is adhered to.

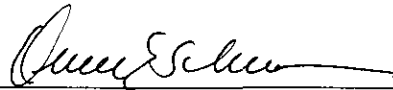
Based on annual consumption figures for Raintree Plantation in 2005, the public system must meet a daily demand of 202,560 gallons. While the combined 24-hour output of both wells is 647,400 gallons, it is not recommended practice to operate such wells 24 hours per day. Well 2 would be capable of meeting this demand alone by pumping slightly over 14 hours per day. But because the system has experienced a maximum daily demand during summer months in excess of 300,000 gallons, well 2 cannot meet that demand level and well 1 must be used at certain periods

Raintree Plantation water system also contains a storage tank of 50,000 gallon capacity. Based on Public Drinking Water Community Design Guide recommendations, the system should have storage capacity of at least 200,000 gallons. This storage capacity is important to provide continuing service in the event of power outages or other problems, which would render the well pumps inoperative. Additionally, the storage capacity assists in leveling pumping duration and frequencies. With only 25% of the recommended storage capacity, Raintree Plantation has no capability to provide continuing service in heavy use or emergency situations. This lack of storage capacity also requires the continued use of well 1, whose water exceeds the regulatory limit for lead content.

Respectfully submitted,

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

By



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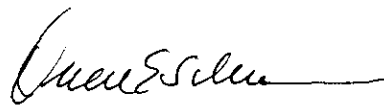
**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of this pleading was mailed on September 6, 2006 by U.S. Mail to the following:

William R. England III  
Attorney for Applicant  
P.O. Box 456  
Jefferson City, MO 65102

General Counsel's Office  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Office of Public Counsel  
P.O. Box 2230  
Jefferson City, Missouri 65102

A handwritten signature in cursive script, appearing to read "Duane E. Schreimann", written over a horizontal line.

Duane E. Schreimann