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Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

October 13, 2000

BRIAN D. KINKADE
Executive Director

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Director, Research and Public Affairs

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED

OCT 13 2000

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 the **STAFF'S NOTICE OF FILING OF COMPLIANCE STATUS REPORTS**.

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

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

FILED

OCT 13 2000

Missouri Public
Service Commission

In the Matter of Terre Du Lac Utilities)
Corporation Water Rate Increase Request.)

Case No. WR-2000-68
Tariff File 9900333

In the Matter of Terre Du Lac Utilities)
Corporation Sewer Rate Increase Request.)

Case No. SR-2000-69
Tariff File 9900334

STAFF'S NOTICE OF FILING OF COMPLIANCE STATUS REPORTS

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its Notice of Filing of Compliance Status Reports states to the Missouri Public Service Commission ("Commission") as follows:

1. On March 14, 2000, the Commission issues its Order Approving Tariffs and First and Supplemental Agreements ("March 14 Order"). In its March 14 Order, the Commission ordered the Staff to file its report on compliance and recommendations in each of these case no later than September 30, 2000.

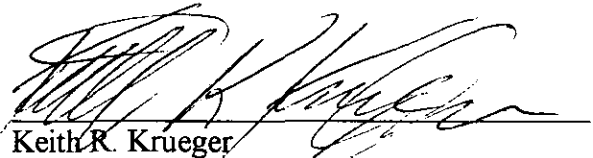
2. On October 3, 2000, the Commission granted the Staff's Motion for Extension of Time to File Report, extending the time by which the Staff must file its Compliance Status Reports to no later than October 13, 2000.

3. Attached hereto as Attachment A is the Staff Compliance Status report that the Staff has prepared in accordance with the March 14 Order as extended by the order the Commission entered on October 3, 2000.

WHEREFORE, the Staff submits its Staff Compliance Status Report for these cases, as directed by the Commission.

Respectfully submitted,

DANA K. JOYCE
General Counsel

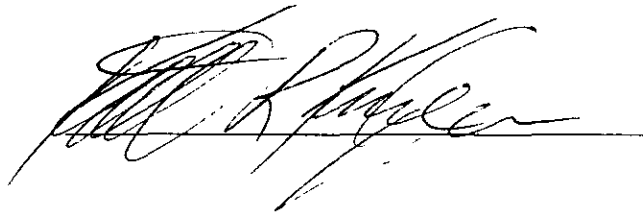


Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-4140 (Telephone)
(573) 751-9285 (Fax)

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 13th day of October 2000..



STAFF COMPLIANCE STATUS REPORT

CASE NO'S. WR-2000-68 AND SR-2000-69

TERRE DU LAC UTILITIES CORPORATION

INTRODUCTION

In accordance with the Missouri Public Service Commission's (Commission) March 14, 2000 Order Approving Tariffs And First And Supplemental Agreements (March 14 Order), the Commission Staff (Staff) has completed its review of Terre Du Lac Utilities Corporation's (Company) compliance with the provisions of the Supplemental Agreement Regarding Disposition Of Small Company Rate Increase Request (Supplemental Agreement), which was entered into by the Company, the Staff and the Office of the Public Counsel (OPC) and filed in these cases on February 4, 2000.

This Staff Compliance Status Report (Status Report) will provide the Commission with a review of the provisions of the Supplemental Agreement for which specific Company actions were required, information regarding the Company's compliance with those provisions and an overview of any further actions that the Staff believes are necessary. Dale Johansen of the Water & Sewer Department created the initial draft of this report and forwarded that draft to Jim Merciel, Randy Hubbs, Arlie Smith and Steve Loethen of the Water & Sewer Department, Greg Meyer and John Cassidy of the Accounting Department and Keith Krueger of the General Counsel's Office for review and comment. Comments received from those reviewers were incorporated into the initial draft for creation of this final version of the Status Report.

An additional document that was filed in these cases on January 14, 2000, which is referenced herein, is the Staff Report on Additional Investigation (Staff's January 14 Report).

The Commission should also note that the Staff intends to file its recommendations regarding the future status of these cases subsequent to the receipt and review of the Company's response to this Status Report (if one is filed) and any report that the OPC may file regarding the Company's compliance with the provisions of the Supplemental Agreement.

**PROVISIONS OF THE SUPPLEMENTAL AGREEMENT, STATUS OF
THE COMPANY'S COMPLIANCE AND FURTHER ACTIONS NEEDED**

Set out below are the provisions of the Supplemental Agreement for which specific Company actions were required, information regarding the status of the Company's compliance with those provisions and a discussion of any further actions that the Staff believes are needed regarding the provisions. As the basis for providing the information regarding the status of the Company's compliance, the Staff would note that over the last few months it has conducted on-site inspections and performed special fieldwork activities, both with Company personnel and independently. The Staff has also discussed related matters with Company representatives in person, by telephone and through written communications on several occasions. The Staff has also received written reports from the Company on its compliance with several of the provisions of the Supplemental Agreement.

Provision A *Beginning March 1, 2000, the Company will maintain a record of all customer calls received, including those received via its telephone answering machines, and will ensure that all entries on such records are completed. For service-related calls, the Company will use its "work order" record. For other types of customer calls, such as billing inquiries, the Company will use a record to be developed with the Staff and the OPC.*

Company's Compliance: As required, the Company began keeping records of all calls received by the Company from its customers effective March 1, 2000. The Company continues to use its "work order" record for service related calls and maintains a general listing of calls received that pertain to other matters, such as billing inquiries.

Both types of records that the Company is keeping show the time the call was received, the name of the customer that placed the call and a note regarding the nature of the call. For service related calls, the work order record that the Company uses also includes information regarding any actions that the Company took regarding the call.

Further Actions Needed: Other than the Staff's continued monitoring of the Company's record keeping during its routine inspections, the Staff does not believe that any further actions regarding this provision are necessary.

Provision B *Beginning March 1, 2000, the Company will complete a "work order" record for all system leaks discovered by Company personnel and/or reported by customers and will attach documentation of leak repairs, such as material lists and work notes, to such records pertaining to repaired leaks.*

Company's Compliance: As required, the Company is completing a "work order" record regarding system leaks discovered by or reported to Company personnel. Notes regarding the actions taken by the Company in regard to the leak, as well as the materials used and the equipment and personnel time spent on a repair of the leak are placed on the work order record.

Further Actions Needed: Other than the Staff's continued monitoring of the Company's record keeping during its routine inspections, the Staff does not believe that any further actions regarding this provision are necessary.

Provision C *The Company will continue to cooperate with the Staff in evaluating problems identified in its water system regarding low system pressure and will work with the Staff and the OPC in developing proposed solutions to those problems upon completion of the additional evaluations. As noted in the Staff's January 14 Report, additional evaluations are planned for early to mid summer.*

Company's Compliance: As required, the Company has cooperated with the Staff in having pressure tests conducted in problem areas. In particular, three areas of pressure concern were evaluated during the month of July. In one of those locations, which is a single-family residence, it was discovered that interior plumbing was causing the pressure problem noted by the customer. In the other two locations, the Staff installed pressure monitors for a one-week period starting July 20. At one of those locations the pressure fluctuated between a low of 42 p.s.i. and a high of 50 p.s.i., which the Staff considers adequate. At the second of these locations the pressure fluctuated between a low of 32 p.s.i. and a high of 40 p.s.i., which the Staff also considers adequate. Regarding these pressure checks, the Staff would note that according to the Department of Natural Resources' (DNR) requirements the minimum system pressure allowed by the DNR is 20 p.s.i.

In addition to cooperating with the Staff in evaluating system pressure problems in the above-referenced locations, the Company has sought and received two bids for the installation of

telemetry system controls for its wells. However, the installation of such controls would be fairly expensive and the Company has thus not proceeded with the installation of this equipment.

Regarding the above-referenced bids for the installation of telemetry system controls, one was for approximately \$8,950 and the other was for approximately \$18,980. The lower of the two bids was based upon the installation of controls at two of the Company's three wells. The higher of the two bids was based upon the installation of controls at all three of the Company's wells and additional equipment at the Company's storage tank. Neither of the bids contained an estimate of the ongoing monthly charges that the Company would incur for the dedicated phone lines that would be needed for the operation of the telemetry control systems.

Further Actions Needed: The Company should continue to identify the customer complaints that it receives regarding system pressure problems. This will allow the Company and the Staff to conduct further system pressure checks in those portions of the system in need of such checks. Additionally, further analysis of the possible installation of the telemetry control systems, particularly from the perspective of costs and benefits, is clearly needed. In that regard, the Staff plans to meet with the Company to discuss this matter further, and also plans to seek the involvement of representatives of the OPC in those discussions.

Provision D *The Company will continue to evaluate the condition of the sewer collection system in the Lac Carmel area through its own efforts and through cooperative efforts with the Staff. The initial evaluation program and a Company/Staff joint report on the results of that program will be completed by May 31, 2000. Upon completion of the report, a copy of the report will be provided to the OPC. Representatives of the Company, the Staff and the OPC will*

then work to develop an agreed-upon plan of corrective actions and an acceptable schedule under which the corrective actions will be carried out.

Company's Compliance: As required, the Company has undertaken an evaluation of the sewer collection system in the Lac Carmel area, both through its own efforts and through cooperative efforts with the Staff. For example, Staff members from the Water & Sewer Department have conducted inspections of this portion of the sewer collection system along with representatives of the Company. However, the report contemplated by this provision has not yet been completed.

In addition to the system evaluations referenced above, the Company continues to evaluate the condition of its sewer collection system and has also purchased a sewer "rodding" machine for use in clearing clogged manholes and sewer lines when such are located. The Company reports this machine has been particularly helpful in clearing tree roots from the system, and that system overflows during heavy rains have been reduced substantially.

Further Actions Needed: Continuing evaluation of the condition of the sewer collection system by the Company, and monitoring of those evaluations and the Company's corrective actions by the Staff, appears to be warranted. Additionally, completion of a report regarding the actions that have been taken to date, the sharing of that report with the OPC and the subsequent development of an agreed-upon plan of corrective actions and a schedule for those actions is still needed. In that regard, the Staff will proceed with obtaining additional information from the Company and developing such a report, with the intent of having the report and a recommended plan of action completed and distributed to the Company and the OPC no later than November 17, 2000.

Provision E *The Company will provide a copy of the results of the forthcoming "total water quality" tests, which are to be conducted by the Department of Natural Resources, of the Company's three wells to the Staff. Subsequent to receipt of those test results, the Staff will forward a copy of the results to the OPC and the Terre Du Lac Property Owners Association (POA). The Staff will then organize a meeting with representatives of the Company, the OPC and the POA to discuss possible corrective actions, if such actions appear warranted.*

Company's Compliance: In lieu of providing the Staff with a copy of the report of the referenced "total water quality" tests, the Company has provided the Staff with a copy of its 1999 annual "consumer confidence report", which was also sent to each of the Company's customers.

Further Actions Needed: As the general intent of this provision was to identify possible problems related to "aesthetic" water quality issues, rather than problems associated with "safe drinking water" quality issues (which were not at issue), the Company still needs to provide the Staff with the DNR's report on the "total water quality" tests that were to have been conducted earlier this year. Upon receipt of that report, the Staff will then take the additional actions contemplated by this provision.

Provision F *Beginning March 1, 2000, the Company will keep time records for all persons that receive compensation from Company funds as employees of the utility company. Such persons include the Company's field operations personnel, the Operations Manager, the Office Manager and the Company's owner.*

Company's Compliance: As required, the Company is now keeping time records for all persons that receive compensation from Company funds as employees of the utility company. The Staff has reviewed samples of these records and believes they are acceptable, assuming that the Company maintains the records on a continuous basis for the Staff's review in future rate proceedings.

Further Actions Needed: The Company needs to continue keeping these records and the Staff needs to review the records during its routine system inspections and future rate case audits.

Provision G *Beginning March 1, 2000, the Company will keep usage logs for all equipment and vehicles that it shares with its owner's development company, with those usage logs showing separately the amount of time the equipment and/or vehicles were used for utility company business and development company business.*

Company's Compliance: By a letter that the Staff received on August 14, 2000, the Company advised the Staff that equipment sharing between the development company and the utility company is no longer occurring. However, the Company did indicate that should such equipment sharing occur in the future that it would maintain the usage logs contemplated by this provision.

Further Actions Needed: No further actions are needed at this time.

Provision H *The Company agrees to implement a policy whereby work pertaining to establishing service to new customers is done on a "first-come, first-served" basis. The Company also agrees to implement a policy whereby emergency utility company work is given*

priority over all other work in which the Company's employees may be involved. Such policies will be in place and a copy of them will be provided to the Staff and the OPC by May 30, 2000.

Company's Compliance: In the letter referenced in the discussion on Provision G above, the Company advised the Staff that it has established policies whereby it issues all work orders and completes the related work on a "first-come, first-served" basis, with the exception that emergency work is given priority. The Company has not, however, reduced these policies to writing.

Further Actions Needed: The Company should develop written policies as originally contemplated by this provision and submit those policies to the Staff and the OPC no later than November 30, 2000.

Provision I *The Company agrees to conduct a survey of its sewer system to identify structures that now have the collection system available for service, but which are not yet connected to the collection system. The Company will complete this survey and provide a report on it to the Staff by May 30, 2000. Subsequent to receipt of that report, the Staff will forward a copy of the report to the OPC and the POA. The Staff will then organize a meeting with representatives of the Company, the OPC and the POA to discuss possible resolutions of such situations.*

Company's Compliance: By a letter that the Staff received on July 17, 2000, the Company forwarded the Staff a list, which was compiled in February of this year, of 53 homes located within the Terre Du Lac development where the sewer collection system was available for service, but which were not yet connected to the system. In that letter, the Company also

reported that it was working directly with the POA on this matter and that letters had been sent to all 53 homeowners on the list. The Company further reported that as of July 12, 2000 that 22 of the 53 homes had connected to the system. The Company also noted that it and the POA were considering contacting the St. Francois County Health Department regarding the 31 homes that had not yet connected to the sewer collection system.

Further Actions Needed: The Staff will obtain an update regarding this situation from the Company, provide that information to the OPC and, through discussions with representatives of the Company, the OPC and the POA, determine what if any further actions are needed in regard to this situation.

Service List for
Case No. WR-2000-68/SR-2000-69
October 13, 2000

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Mr. Jim Kwon, President
Terre Du Lac Utilities Corp.
P.O. box 191
Bonne Terre, MO 63628

Ms. Patricia D. Perkins
221 Bolivar St., Ste. 300
P.O. Box 1069
Jefferson City, MO 65102