

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

In the matter of Aqua Missouri, Inc.'s Request for an Increase in Rates for Water Service Pursuant to the Commission's Small Company Rate Increase Procedure.)) Case No. WR-2008-0266)))
In the Matter of Aqua Missouri, Inc.'s Request for an Increase in Rates for Sewer Service Pursuant to the Commission's Small Company Rate Increase Procedure.)) Case No. SR-2008-0267)))
In the Matter of Aqua Missouri, Inc.'s Request for an Increase in Rates for Sewer Service Pursuant to the Commission's Small Company Rate Increase Procedure.)) Case No. SR-2008-0268)))
In the Matter of Aqua Missouri, Inc.'s Request for an Increase in Rates for Water Service Pursuant to the Commission's Small Company Rate Increase Procedure.)) Case No. WR-2008-0269)))

**RESPONSE TO SECOND ORDER DIRECTING FILING AND MOTION FOR
EXTENSION OF TIME FOR RATE CASE REVIEW**

COMES NOW Aqua Missouri, Inc., by and through Counsel, and for its Response to Second Order Directing Filing and Motion for Extension of Time for Rate Case Review states as follows:

1. On February 22, 2008, the Staff of the Public Service Commission filed its Response to Order Directing Filing regarding the Staff's inability, in its mind, to complete its audit of Aqua Missouri by March 6, 2008.

2. On February 25, 2008, this Commission issued its Second Order Directing Filing, ordering Aqua Missouri to file a response (denominated as "Reply" hereinafter) to Staff's Response, filed on February 22, 2008.

REPLY TO STAFF'S RESPONSE

Staff's Response to the Commission's Order Directing Filing addressed a number of rationales for why the Staff cannot complete the audit in a timely manner. While, as noted below, Aqua Missouri is seeking an extension on this rate case, the allegations in the Staff's Response necessitate a Response by Aqua Missouri. The italicized text are the headings from the Staff's Response and Aqua Missouri's Reply to each heading then follow.

Company failed to provide data on a timely basis.

Aqua Missouri has been having difficulty in responding to customer consumption information under the new billing system that went in as of May, 2007, and continues to refine the information. Information under the prior system for the period October 1, 2006 through April, 2007, for the first months of the test year, has been provided. Moreover, plant and retirement detail, allocation and expense information has been provided, as requested.

It is the additional requests of the staff (often in excruciating detail) after this information was initially requested and an inability of the Staff to understand the information as presented, that has created some of the delays in this area. Nothing can demonstrate the burden of Staff's additional requests better than the fact that since this Commission issued its Order on February 25 (Monday), Staff has sent 20 additional requests to Aqua Missouri. These requests are made while the Staff says it cannot complete its audit; reflecting that the expansion of information requested by Staff is a significant component of Staff's inability to complete its audit in a timely manner.

Regarding retirements, the only remaining retirement information to be provided is plant that was retired in January, 2008, and Aqua Missouri had to wait for the books

for the month of January, 2008, to be closed before that information can be provided. Given that December 31st is Aqua Missouri's year-end, the January close was later than normal. The company's plant records are detailed and tie to the general ledger. All detail of corporate charges has been provided to the staff.

The data the Company provided was not up-to-date and was not "actual" data.

The filing in question in this allegation, which was not even required under an informal process, was provided as a convenience to the staff. It included 11 months of actual information and 1 month of budgeted information. All data provided since the filing has been actual data.

The Company experienced problems with a billing conversion that cause information to be unreliable.

Any computer conversion has its problems, and Aqua Missouri's was no exception. Aqua Missouri is still looking into the customer billing issues; however these have little to no effect on the revenue issues.

Aqua Missouri is surprised at the comments regarding the accounts payable. While there may be some immaterial issues with accounts payable, they do not rise to the level of supporting a delay in completing the audit in the rate case. There were some other fees, including past due fees, that were paid, perhaps the staff is confusing such fees in their comments.

The data the Company provided was not accurate and reliable.

This is the same fundamental issue raised in the third statement in the Staff's Response. Aqua Missouri is working on providing accurate information.

The company said it will request an extension of time for processing the rate request.

Aqua Missouri is seeking a 60 day extension. (See Motion for Extension of Time for Rate Case Review, herein.)

SUMMARY

There is no question that Aqua Missouri has had a difficult time providing customer and billing information under the new customer system, implemented in May, 2007. On all other fronts, especially on operations, accounting records, and plant records, information has been provided and is accurate. Aqua Missouri has received some great comments from the operations auditors on the progress that has been made and improvements in the systems. Additionally, Aqua Missouri has already written-off \$750,000 of plant as a result of the last rate case before this Commission.

Aqua Missouri is committed to providing accurate, full and complete information to the Staff in this case. It is understood, that despite everyone's best efforts, a delay in the completion of the audit is unavoidable and thus Aqua Missouri seeks an extension, as noted below.

MOTION FOR EXTENSION OF TIME FOR RATE CASE REVIEW

Background

Aqua Missouri, Inc., et al, (Company) initiated small company revenue increase requests for sewer and water service that is the subject of the above-referenced Missouri Public Service Commission (Commission) tracking files by submitting letters to the Secretary of the Commission under the provisions of Commission Rule 4 CSR 240-3.330, Sewer Utility Small Company Rate Increase Procedure and 4 CSR 240-3.635, Water Utility Small Company Rate Increase Procedure . The date that the Company's letters were received at the Commission's offices was December 7, 2007. Under the

provisions of the above referenced rules, an agreement regarding the disposition of the Company's requests was to be reached between at least the Company and the Staff, and the tariff revisions consistent with that agreement were to be filed, on or before May 5, 2008.

Reason for Extension

During the course of its investigation of the Company's Request, the Staff had requested information about the Company's customer accounts and consumption information, which the company has had difficulty producing due to a customer software conversion. In addition, information regarding final 2007 plant retirement information was delayed as this is the Company's year-end. The Company recognizes that the Staff needs time to analyze this information once provided, and to discuss its findings with the Company (and possibly the Office of the Public Counsel) regarding disposition of the Company's request.

Extension to July 7, 2008

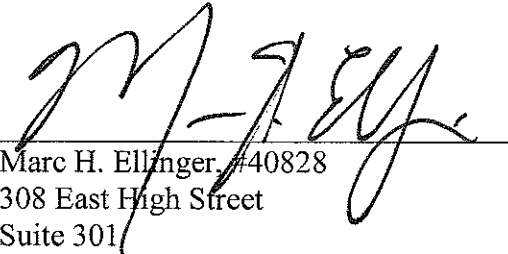
Based on the above, the Company requests that the date by which an agreement regarding disposition of the Company's request is to be reached and the requisite tariff revisions are to be filed should be extended from May 5, 2008 to July 7, 2008.

WHEREFORE Aqua Missouri, Inc., prays that this Commission grants its Motion for Extension of time for Rate Case Review and for such other relief as this Commission deems appropriate.

Respectfully Submitted,

BLITZ, BARDGETT & DEUTSCH, LC

By:



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CERTIFICATE OF SERVICE

I hereby certify a copy of this Response to Second Order Directing Filing and Motion for Extension to Time for Rate Case Review was sent to the following counsel by electronic service on this 27th day of February, 2008.

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