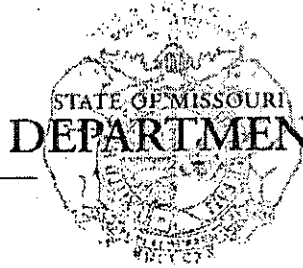


FILED

JUL 8 2008



Matt Blunt, Governor • Doyle Childers, Director

Missouri Public Service Commission

DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

5.200 Lost Valley Resort  
Ralls County  
NOV #NER2008032813184788

March 31, 2008

Mr. Ken Jaeger  
27948 Ted Hunt Road, Unit 2  
Los Fresnos, TX 78566

NOTICE OF VIOLATION

Dear Mr. Jaeger:

On February 19, 2008, the Missouri Department of Natural Resources' Northeast Regional Office received an environmental report concerning a sewage release at the Lost Valley Subdivision in Ralls County. The report indicated that the alarm was sounding on the lift station and sewage water was being released from a manhole cover. The report also alleged that it appeared that the waste water level in the lagoon was about to overtop the emergency spillway.

An investigation of the environmental report was conducted by Mr. Darryl McCullough of the Missouri Department of Natural Resources' Northeast Regional Office on February 19, 2008. A Report of Investigation and Notice of Violation #NER2008022015345604, was issued for violations of the Missouri Clean Water Law and Missouri Clean Water Commission Regulations. Follow up investigations were conducted on February 26, February 28, March 3, and March 20, 2008. Enclosed is a Report of Investigation concerning these follow up visits. Also enclosed is Notice of Violation #NER2008032813184788, which is being issued as a result of violations observed during these visits.

Immediate actions are needed to address the violations. Please be advised that the Northeast Regional Office will continue to monitor the conditions at the Lost Valley Subdivision, to document any further violations of the Missouri Clean Water Law and Missouri Clean Water Commission Regulations.

RECEIVED  
2008 APR -4 AM 11:46  
WATER PROTECTION PROGRAM



OPC Exhibit No. 15  
Case No(s) 50-2008-0358  
Date 6-23-08 Rptr KF

OPC-15

Mr. Ken Jaeger  
March 31, 2008  
Page 2

If you have any questions regarding this letter, please direct your response to Mr. Paul Dickerson at (573) 751-1300 in the Missouri Department of Natural Resources, Water Pollution Control Branch, P. O. Box 176, Jefferson City, MO 65102.

Sincerely,

NORTHEAST REGIONAL OFFICE

A handwritten signature in black ink, appearing to read 'Irene Crawford', written over a horizontal line.

Irene Crawford  
Regional Director

IC/dmt

Enclosures: Notice of Violation NER2008032813184788  
Report of Investigation

c: Mr. Paul Dickerson, Water Pollution Control Branch  
Mr. Harry Bozoian, Attorney General's Office  
Mr. James F. Lemon

**REPORT OF INVESTIGATION  
LOST VALLEY RESORT LAGOON  
RALLS COUNTY  
March 31, 2008**

**INTRODUCTION**

On February 19, 2008, the Missouri Department of Natural Resources' Northeast Regional Office received an environmental report concerning a sewage release at the Lost Valley Subdivision in Ralls County. The report indicated that the alarm was sounding on the lift station and sewage water was being released from a manhole cover. The report also alleged that it appeared that the waste water level in the lagoon was about to overtop the emergency spillway.

An investigation of the environmental report was conducted by Mr. Darryl McCullough of the Missouri Department of Natural Resources' Northeast Regional Office on February 19, 2008. A follow-up visit was conducted on February 20, 2008 as part of the investigation. A Report of Investigation and Notice of Violation #NER2008022015345604 was sent to Mr. Ken Jaeger on February 22, 2008.

Follow up investigations were conducted on February 26, February 28, March 3, and March 20, 2008. This report documents observations made during these follow up visits.

**COMPLIANCE ISSUES**

**Compliance Determination**

Based upon the observations made at the time of the investigations, it has been determined the Lost Valley Resort lagoon is in non-compliance with the Missouri Clean Water Law and Missouri Clean Water Commission Regulations.

**Notice of Violation**

Notice of Violation #NER2008032813184788 is being issued to Mr. Ken Jaeger and Blue Lagoon Sewer System, Inc. for:

1. Since/On February 26, February 28, March 3, and March 20, 2008, operated, used, or maintained a water contaminant source, domestic sewage from a lagoon, which discharges to an unnamed tributary to Salt River, waters of the state, without a Missouri State Operating Permit (MSOP) [Sections 644.051.2 and 644.076.1, RSMo, and 10 CSR 20-6.010(1)(A) and (5)(A)].
2. Caused pollution of an unnamed tributary to Salt River, waters of the state, or placed or caused or permitted to be placed a water contaminant in a location where it is reasonably certain to cause pollution of waters of the state [Sections 644.051.1(1) and 644.076.1, RSMo].

**Required Actions:**

- Immediately stop the discharge by pumping and hauling wastewater from the lift station to a permitted wastewater treatment facility.
- Repair or replace all pumps in the lift station to assure the lift station remains operable.

**Report of Investigation**  
**Lost Valley Resort Lagoon**  
**March 31, 2008**  
**Page 3**

lift station serving the development. I observed that wastewater was within approximately 30 inches of the top of the wet well in the lift station. I immediately walked to the unnamed tributary adjacent to the lift station. A small flow of water was observed in the creek. Wastewater was not flowing from the sewer manhole located approximately 50 feet south of the lift station. I then traveled to the lagoon. The water level in the lagoon was within approximately an inch or two of running over the emergency spillway. Due to extremely cold temperatures, the surface of the lagoon was frozen.

On February 28, 2008, I arrived at the site at 1105 hours. No one was at the site at the time of my arrival. I observed the lift station serving the subdivision. The water level in the lift station was within approximately 20 inches from the top of the lift station. A flow of wastewater was observed coming from the manhole located south of the lift station. This flow was entering the unnamed tributary adjacent to the lift station. I traveled to the lagoon and observed that the water level in the lagoon was within approximately an inch of discharging from the emergency spillway.

On March 3, 2008, I traveled to the Lost Valley Subdivision. No one was at the site at the time of my arrival. It appeared that the area had received substantial rainfall since my previous visit. The unnamed tributary located adjacent to the lift station was running near bank full. The water level in the lift station was within a few inches of the top of the lift station. Wastewater was observed flowing from the manhole located south of the lift station, and entering the unnamed tributary adjacent to the lift station. I traveled to the lagoon and observed that the lagoon was discharging from the emergency spillway. The discharge from the lagoon was flowing northeast from the emergency spillway, traveling through the lagoon entry gate, and then flowing into the unnamed tributary located east of the lagoon. Prior to leaving the site, I made contact with Mr. Ken Jaeger at the site. I asked Mr. Jaeger what steps he was taking to repair the lift station and to stop the discharge at the lagoon and at the lift station. Mr. Jaeger stated that the lift station pump could not be repaired until the lift station was pumped down. He stated that he could not pump down the lift station at that time because of the large amount of infiltration entering the system. He further stated that he had an idea where the infiltration was entering the system, and that he had plans to address the issue.

On March 20, 2008, I traveled to the Lost Valley Subdivision to determine current conditions at the site. I observed that the lift station serving the subdivision was within a few inches of the top of the lift station. The manhole located south of the lift station was overflowing and entering the unnamed tributary adjacent to the lift station. I traveled to the lagoon and observed that the lagoon was still discharging through the emergency spillway. The discharge from the lagoon was flowing through the lagoon entry gate and entering the unnamed tributary located east of the lagoon.

I met Mr. Alvin Thompson and Mr. Martin Hummel at the lagoon. Mr. Thompson was meeting with Mr. Hummel from the Missouri Public Service Commission to discuss future operation of the site. After introductions, I walked with Mr. Thompson and Mr. Hummel to the manhole

**Report of Investigation  
Lost Valley Resort Lagoon  
March 31, 2008  
Page 4**


located on the west side of the lagoon. The manhole lid was removed and observations of the inside of the piping were made. I observed 4 pipes entering the interior of the manhole. One of the pipes was capped. No flow was observed from any of the pipes at the time of my investigation.

Prior to leaving the site, I asked Mr. Thompson if Mr. Jaeger had been pumping wastewater from the lift station or from the lagoon. Mr. Thompson stated that he had not seen Mr. Jaeger since the hearing in the Circuit Court of Ralls County on March 4, 2008.

**RECOMMENDATIONS**

1. Evaluate the area along the west side of the lagoon to assure that storm water does not enter the lagoon during excessive storm events.
2. Evaluate whether there is inflow or infiltration occurring at the lift station serving the homes at the subdivision.

SUBMITTED BY:

  
Darryl McCullough  
Environmental Specialist III  
Northeast Regional Office

DM/tg



Photo #: P2260193

Date/Time Taken: February 26, 2008

By: Darryl McCullough *DM*

Program: WPC

File: 5.200

Facility: Lost Valley Subdivision

Location: SW 1/4, SE 1/4, Sec 14, T55N, Range 7W, Ralls County

Description: Manhole south of lift station. No flow observed coming from the manhole.



Photo #: P2260196

Date/Time Taken: February 26, 2008

By: Darryl McCullough *DM*

Program: WPC

File: 5.200

Facility: Lost Valley Subdivision

Location: SW 1/4, SE 1/4, Sec 14, T55N, Range 7W, Ralls County

Description: Water level in lagoon within approximately an inch of discharging.





Photo #: P2280205

Date/Time Taken:

February 28, 2008

By: Darryl McCullough *DM*

Program: WPC

File: 5.200

Facility: Lost Valley Subdivision

Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County

Description: Wastewater flowing from manhole south of lift station.



Photo #: P2280207

Date/Time Taken:

February 28, 2008

By: Darryl McCullough *DM*

Program: WPC

File: 5.200

Facility: Lost Valley Subdivision

Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County

Description: Water level in lagoon within approximately an inch of discharging.



Photo #: P3030213

Date/Time Taken:

March 3, 2008

By: Darryl McCullough *DM*

Program: WPC

File: 5.200

Facility: Lost Valley Subdivision

Location: SW 1/4, SE 1/4, Sec 14, T55N, Range 7W, Ralls County

Description: Wastewater discharging from emergency spillway of lagoon.



Photo #: P3030215

Date/Time Taken:

March 3, 2008

By: Darryl McCullough *DM*

Program: WPC

File: 5.200

Facility: Lost Valley Subdivision

Location: SW 1/4, SE 1/4, Sec 14, T55N, Range 7W, Ralls County

Description: Wastewater discharging from emergency spillway of lagoon.





Photo #: P3200227

By: Darryl McCullough *DM*

File: 5.200

Facility: Lost Valley Subdivision

Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County

Description: Wastewater near top of lift station.

Date/Time Taken:

March 20, 2008

Program: WPC



Photo #: P3200231

By: Darryl McCullough *DM*

File: 5.200

Facility: Lost Valley Subdivision

Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County

Description: Wastewater flowing from manhole south of lift station.

Date/Time Taken:

March 20, 2008

Program: WPC



Photo #: P3200230  
 By: Darryl McCullough *DM*  
 File: 5.200

Date/Time Taken: March 20, 2008  
 Program: WPC

Facility: Lost Valley Subdivision

Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County

Description: Wastewater flowing from manhole south of lift station and entering unnamed tributary.



Photo #: P3200232  
 By: Darryl McCullough *DM*  
 File: 5.200

Date/Time Taken: March 20, 2008  
 Program: WPC

Facility: Lost Valley Subdivision

Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County

Description: Inside of manhole located on west side of lagoon.

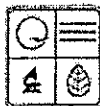


Photo #: P3200240  
 By: Darryl McCullough *DM*  
 File: 5.200  
 Facility: Lost Valley Subdivision  
 Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County  
 Description: Path of flow from discharge from emergency spillway at lagoon.



Photo #: P3200236  
 By: Darryl McCullough *DM*  
 File: 5.200  
 Facility: Lost Valley Subdivision  
 Location: SW ¼, SE ¼, Sec 14, T55N, Range 7W, Ralls County  
 Description: Water level of lagoon. Emergency spillway center, left in photo.





MISSOURI DEPARTMENT OF NATURAL RESOURCES  
NOTICE OF VIOLATION

TRACKING NUMBER

NER 2008032813184788

DATE ISSUED 03-31-2008		TIME ISSUED		REGION/PROGRAM Northeast Regional Office (NERO)	
SOURCE (NAME, ADDRESS, PERMIT NUMBER, LOCATION) Mr. Ken Jaeger and Blue Lagoon Sewer System, Inc. Monroe City, Missouri 63456					
Unpermitted					
SW 1/4, SE 1/4, Section 14, Township 55N, Range 7W, Ralls County					
MAILING ADDRESS 27948 Ted Hunt Road, Unit 2		CITY Out of State      Los Fresnos		STATE TX	ZIP CODE 78566
NAME OF OWNER OR MANAGER Mr. Ken Jaeger		TITLE OF OWNER OR MANAGER owner		COUNTY Ralls	
LAW, REGULATION OR PERMIT VIOLATED  Sections 644.051.1(1), 644.051.2 and 644.076.1, RSMo  10 CSR 20-6.010(1)(A) and (5)(A)					
NATURE OF VIOLATION		DATE(S):		TIME(S):	
		02-26-2008			
		02-28-2008			
		03-03-2008			
		03-20-2008			
Operated, used, or maintained a water contaminant source, domestic sewage from a lagoon, which discharges to an unnamed tributary to Salt River, waters of the state, without a Missouri State Operating Permit (MSOP).  Caused pollution of an unnamed tributary to Salt River, waters of the state, or placed or caused or permitted to be placed a water contaminant in a location where it is reasonably certain to cause pollution.					
SIGNATURE (PERSON RECEIVING NOTICE)  <i>Sign Here</i>			SIGNATURE (PERSON ISSUING NOTICE)  <i>Daryl McCully</i>		
TITLE OR POSITION by mail			TITLE OR POSITION Environmental Specialist III		