

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

In the Matter of the Application of Ozark)
Meadows, Aqua Development Company,)
dba Aqua Missouri, Inc. Request for)
Increase in Annual Sewer System)
Operating Revenues MPC Sewer Utility)
Small Company Rate Increase Procedures.)

Case No. SR-2010-0023

In the Matter of Aqua RU, Inc. dba Aqua)
Missouri Request for Increase in Annual)
Water System Operating Revenues MPSC)
Water Utility Small Company Rate)
Increase.)

Case No. WR-2010-0025

In the Matter of Aqua Missouri, Inc (CU))
Request for Increase in Annual Sewer)
System Operating Revenue MPSC Sewer)
Utility Small Company Rate Increase)
Procedures.)

Case No. SR-2010-0026

In the Matter of Aqua Missouri, Inc (CU))
Request for an Increase in the Annual)
Water System Operating Revenues MPSC)
Water Utility Small Company Rate)
Increase Procedures.)

Case No. WR-2010-0027

THE OFFICE OF THE PUBLIC COUNSEL'S STATEMENT OF POSITION

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Statement of Position states as follows:

1. On July 15, 2009, Aqua Development Company, dba Aqua Missouri, Inc.; Aqua RU, Inc., dba Aqua Missouri; and Aqua Missouri, Inc. (CU) (collectively referred to as "Aqua") filed the above stated small company rate increase requests, seeking increases in the water and sewer rates for various service territories.

2. On December 16, 2009, the Staff of the Missouri Public Service Commission (Staff) filed a Notice of Agreement Regarding Disposition of Small Company Revenue Increase Request in each of the above stated cases (Company/Staff Agreements) indicating agreements between Staff and Aqua. Public Counsel did not join in the agreements.

3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreements were filed by Aqua on December 17, 2009.

4. On January 6, 2010, the Commission suspended the proposed revised tariff sheets and set tentative dates for evidentiary hearings in these cases.

5. Local public hearings were held in the Company's service areas between February 10, 2010 and February 22, 2010. Many of the customer comments centered on continuing problems with the quality of service and the sufficiency of the customer service provided by Aqua.

6. Public Counsel continues to have concerns regarding the quality of service and the sufficiency of customer service for this utility. Rate case after rate case, the theme is to improve quality of service and to address customer service problems faced by the customers. Rate case after rate case, Aqua has agreed to stipulations and agreements which require Aqua to address these problems. However, these problems never seem to be resolved. In fact, Staff recently filed complaints against Aqua related to Aqua's non-compliance with recordkeeping and customer service requirements agreed to by Aqua in its previous set of rate increase requests.¹

7. Aqua is a subsidiary of Aqua America, Inc. which has several other subsidiaries within other states. Not only does quality of service and sufficiency of customer service seem to be an issue in Missouri, but other states also seem to have similar issues with their subsidiaries of Aqua America, Inc. For example, the Public Utilities Commission of Ohio has apparently had similar problems getting its Aqua America, Inc. subsidiary, Aqua Ohio, Inc., to comply with its

¹ See Commission Case Nos. SC-2010-0150, WC-2010-0151, SC-2010-0152, and WC-2010-0153.

agreements to resolve customer service problems in that state as well.² Public Counsel fears that this may be an indication of corporate indifference on the part of Aqua America, Inc to the plight of the customers of its subsidiary companies. Therefore, Public Counsel has grave reservations regarding Aqua's intention to actually comply with their agreements in the rate cases now pending before this Commission.

8. Public Counsel believes that the issues of quality of service and the sufficiency of customer service need to be addressed and resolved once and for all. A rate case is not merely a matter of money. The charge of the Commission is to ensure that customers are provided safe and adequate service at just and reasonable prices. Aqua and Staff may have agreed on proposed rate increases in these cases, but if history is any indication, the issues of quality of service and the sufficiency of customer service will quite likely remain unresolved.

9. For the reasons stated above, Public Counsel cannot in all good conscience agree with the proposed rate increases agreed to in the Company/Staff Agreements. However, Public Counsel continues to hope (perhaps naively) that the issues of quality of service and the sufficiency of customer service will be addressed and resolved as Aqua has agreed to do throughout the pending and previous rate cases. Public Counsel trusts that, given the leeway to address these issues as Aqua has agreed to do in the Company/Staff Agreements, the theme of the next rate case will be how much improved the service to the customers has been. Therefore, Public Counsel now states that while it will not agree to the proposed rate increases agreed to in the Company/Staff Agreements, it will not actively oppose their implementation.

² See Public Utilities Commission of Ohio, Case No. 08-1125-WW-UNC.

WHEREFORE, Public Counsel respectfully submits its statement of position.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 23rd day of February 2010:

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