

Exhibit No.:
Issue: Facility Capacity
Witness: Tena Hale-Rush
Sponsoring Party: Aqua Missouri
Type of Exhibit: Rebuttal Testimony
Case No.: SC-2007-0044, et al.
Date Testimony Prepared: January 5, 2007

FILED
MAY 11 2007
Missouri Public
Service Commission

FILED³
JAN 5 2007
Missouri Public
Service Commission

MISSOURI PUBLIC SERVICE COMMISSION

AQUA MISSOURI, INC.

**REBUTTAL TESTIMONY
OF
TENA HALE-RUSH**

BECKER v. AQUA MISSOURI, INC.

CASE NO. SC-2007-0044 et al.

Aqua
Missouri Exhibit No. 4
Case No(s). SC-2007-0044
Date 4-23-09 Rptr JMB

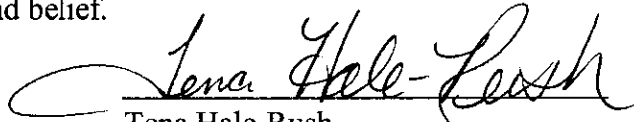
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Jason Becker,)	
Becker Development Company,)	
)	
Complainant,)	
)	Case No. SC-2007-0044 et al.
vs.)	
)	
Aqua Missouri, Inc.,)	
)	
Respondent.)	

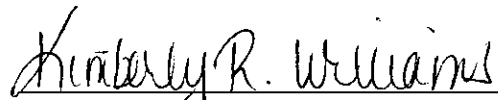
AFFIDAVIT OF TENA HALE-RUSH

STATE OF MISSOURI)
)
COUNTY OF COLE)

Tena Hale-Rush, being of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 13 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Tena Hale-Rush

Before me personally appeared Tena Hale-Rush, who being duly sworn stated that the foregoing is true and correct.


Notary Public

My Commission Expires: 7-19-07



KIMBERLY R. WILLIAMS
Cole County
My Commission Expires
July 19, 2007

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **TENA HALE-RUSH**

4 **BECKER v. AQUA MISSOURI, INC.**

5 **CASE NO. SC-2007-0044 et al.**

6 **Q. Please state your name.**

7 A. I am Tena Hale-Rush, a representative for Aqua Missouri, Inc.

8 **Q. What is your position with Respondent Aqua Missouri, Inc.?**

9 A. I am the Regional Manager for the State of Missouri.

10 **Q. Have you reviewed the Direct Testimony filed by Jason Becker on behalf of the**
11 **Complainant in this matter?**

12 A. I have.

13 **Q. What is the purpose of your Rebuttal Testimony?**

14 A. My testimony is to rebut the direct testimony of Jason Becker previously filed in this Matter.

15 **Q. How did the Lake Carmel Treatment Facility originally become permitted and what**
16 **was the original scope of such permit?**

17 A. According to the attached Missouri Public Service Commission Memorandum stamped
18 January 14, 1998, “[t]he approximately 130 undeveloped lots are being sold to another individual
19 who plans to build additional homes.” In the same document, the Staff indicates that Lake Carmel
20 Development Co., Inc. (LCD) is to sell and transfer its franchise, works or system to Capital
21 Utilities, Inc. (CU) to provide service in Lake Carmel to 27 customers. This Memorandum further
22 states on page 3, “The staff believes it is reasonable for CU to operate the water and sewer system

1 under its existing rates and rules.” This is attached to Exhibit A.

2 **Q. Does Aqua Missouri have a Developer Agreement or Main Extension Agreement**
3 **regarding any main or sewer extension done in 1998?**

4 A. Aqua Missouri, Inc. does not have in its file any Developer Agreement or Main Extension
5 Agreement from 1998 regarding sewer and water main construction that took place along the north
6 boundary of the property and along West Brazito Road.

7 **Q. How did Aqua Missouri become the owner of the Lake Carmel Sewer Treatment**
8 **Facility?**

9 A. In October of 1998, Capital Utilities, Inc. was purchased/merged to AquaSource, Inc.
10 AquaSource/CU, Inc. was purchased by Aqua America, Inc. effective August 1, 2003 to do business
11 as Aqua Missouri, Inc.

12 **Q. Does Aqua Missouri have any copies of design by Rick Muldoon from 2001 relating to**
13 **the Lake Carmel Wastewater Treatment System or Facility?**

14 A. Aqua Missouri, Inc. does not have in its records copies of any design by Rick Muldoon from
15 2001 completing the collection mains and water mains in the remainder of the unplatted Lake
16 Carmel subdivision.

17 **Q. Does Aqua Missouri have any records or documentation reflecting how the**
18 **complainant, Becker Development, obtained control of certain parcels in the Lake Carmel**
19 **development?**

20 A. Aqua Missouri, Inc. has no knowledge of Mr. Jason Becker’s personal affairs. Aqua
21 Missouri, Inc. has no knowledge of this purchase in its files.

22 **Q. What is the history of connections and permitted capacity for the Lake Carmel**

1 **Wastewater Treatment Facility?**

2 A. Twenty-seven customers existed in Lake Carmel in 1998. Exhibit A, Missouri Public Service
3 Commission Memorandum. Attached as Exhibit B, is Missouri Department of Natural Resources,
4 Missouri State Operating Permit, which was revised and transferred into Capital Utilities, Inc. as
5 Owner effective May 8, 1998. The 27 existing homes added to the eight (8), mentioned in Mr.
6 Becker's testimony, represent a total of 35, which would not have presented a capacity issue of great
7 concern, at that time, if in fact all eight (8) were actually built. However, currently there are 48
8 homes connected to the wastewater facility at Lake Carmel.

9 **Q. How did the issues involving Lake Carmel first come to be presented to the Missouri**
10 **Public Service Commission?**

11 A. On September 15, 2003, Jason Becker hand delivered to my office documents that he
12 believed demonstrated that all water and sewer "extensions" of mains for further growth should have
13 the cost bore by the Company. This letter and the documents are attached as Exhibit C. I had
14 indicated to Jason Becker that I would send these to the Missouri Public Service Commission and
15 get their response to the provided documents. In a letter dated September 22, 2003, from James A.
16 Merciel, Jr., of the Missouri Public Service Commission, the last paragraph states, "Therefore, it is
17 my opinion that AquaSource should not fund extensions for developers nor for individual customers,
18 rather the tariff rules should be followed." This letter is attached as Exhibit D.

19 **Q. What did you do after you received the September 22, 2003 letter from Jim Merciel?**

20 A. Jason Becker was contacted by phone upon receipt of this response and informed of such.
21 Mr. Becker was instructed that he would need to enter into a Developer Agreement for his
22 expansions/extensions.

1 **Q. What actions did Mr. Becker take with respect to entering into a Developer Agreement**
2 **with Aqua Missouri?**

3 A. Jason Becker came to the Aqua Missouri, Inc. office on July 25, 2003 and indicated that he
4 was ready to move forward and enter into Developer Agreements for both the water and sewer
5 needing to upgrade the wastewater treatment capacity and pay for the upgrade. Mr. Becker had us
6 draw up a Developer Agreement for the water extension and a Developer Agreement for the sewer
7 extension. He first signed the Water Agreement and then refused to sign the Wastewater Agreement.
8 Mr. Becker claimed when he left the office that he had some checking left to do on the wastewater
9 expansion and he would get back to me soon. Mr. Becker was informed that the water could not go
10 through if the wastewater was not signed. Exhibit E and F attached are the Water and Sewer
11 Extension Agreements respectively.

12 **Q. What was the next action that occurred with respect to the Lake Carmel Wastewater**
13 **Treatment Facility?**

14 A. Aqua Missouri, Inc. received a letter dated November 20, 2003, from Breck Summerford,
15 Missouri Department of Natural Resources (MDNR), stated that it needed approval of "the project"
16 in writing before construction work was started. See Exhibit G attached. In a letter dated December
17 2, 2003 to Breck Summerford from myself, it states that Aqua Missouri, Inc. is not in agreement to
18 allow the water extension. See Exhibit H. In a letter dated December 2, 2003 to Jason Becker from
19 myself, it notifies him that he must enter into a Developer Agreement and add capacity to the
20 wastewater treatment facility. It further states that no water mains will be allowed at this time to be
21 hooked to our system. It also notified the MDNR and PSC of our position. See Exhibit I. In a letter
22 dated December 9, 2003 from Breck Summerford, MDNR, they acknowledge that Aqua Missouri,

1 Inc. did give their approval and the extension has been withdrawn. See Exhibit J.

2 **Q. After the withdrawal of the construction permit what information did Mr. Becker**
3 **present to Aqua Missouri?**

4 A. Attached is the information that Jason Becker delivered to the office of Aqua Missouri, Inc.
5 regarding a STEP system. Exhibit K. It is brochures and other information, but it is not an
6 engineering design or specifications related directly to Lake Carmel. This was brought to our office
7 in 2005 after we received correspondence from MDNR informing us of such. This was to be a
8 separate system and would not be hooked to the current lagoon system.

9 **Q. What correspondence from the Missouri Department of Natural Resources are you**
10 **referring to?**

11 A. In a letter dated December 30, 2004, from Keith B. Forck, of the MDNR, Aqua Missouri, Inc.
12 was informed for the first time that the MDNR had received an engineering report from Professional
13 Wastewater Solutions for Lake Carmel. Exhibit L. It further stated that the engineering report
14 recommends a septic tank effluent collection system and a recirculating trickling filter to serve 67
15 new lots. It indicated that we should respond by February 1, 2005. In Exhibit L, MDNR requests
16 studies to be performed in item number 3 and 4, of their letter to Becker Development Company.
17 The letter is dated December 30, 2004. This request is still regarding the separate STEP system that
18 Becker Development proposed that would not be hooked into the existing lagoon system.

19 **Q. What response did Aqua Missouri make to this letter from the Missouri Department**
20 **of Natural Resources?**

21 A. A letter dated January 25, 2005 from myself to Keith B. Forck indicates we are responding
22 to his correspondence dated December 30, 2004. Exhibit M. The letter informs that Aqua Missouri,

1 Inc. has not been contacted by Becker Development regarding this issue. It further stated that we
2 were not interested in waiving preferential status to a homeowner's association as Mr. Becker had
3 requested.

4 **Q. After these communications, what other actions occurred between Mr. Becker and**
5 **Aqua Missouri?**

6 A. On March 11, 2005, a letter was sent from Marc Ellinger, Aqua Missouri's attorney, to John
7 Kuebler, Becker Development's attorney, stating that the flow rate is too high at the Lake Carmel
8 Treatment Facility. This letter is attached as Exhibit N. This letter also enclosed a copy of the
9 NPDES Permit and states that no additional hookups can occur without an expansion. The letter
10 then requests that Becker Development pay for a completed stream impact study, a completed
11 engineering study based upon the impact study results and develop a plan to upgrade the facility
12 according to the studies, as required by the MDNR in their letter of December 30, 2004. Exhibit L.
13 Ultimately, a Developer Agreement would have to be negotiated with Aqua Missouri. The letter also
14 restates that no additional connections will be allowed and that Aqua Missouri would remove such
15 connections if they are made without the appropriate paperwork and that Aqua Missouri will not
16 allow additional connections until the Lake Carmel Wastewater Treatment Facility is expanded.

17 A meeting was subsequently held on March 31, 2005 at the offices of Aqua Missouri in an
18 attempt to resolve the matter. Mr. Becker and his two attorneys, John Kuebler and Keith Wenzel,
19 attended as did myself and Aqua Missouri's attorney, Marc Ellinger. At that meeting, Mr. Becker
20 requested a single connection to enable him to sell a home he had built.

21 **Q. Did Mr. Becker receive that additional connection?**

22 A. Yes, he did. Aqua Missouri agreed, at that meeting, to allow Mr. Becker to connect on new

1 home to the sewer system in exchange for an executed Developer Agreement. This connection was
2 permitted in order to alleviate Becker's financial situation. Aqua Missouri emphasized that this
3 would be the last connection until a fully executed Developer Agreement was in place between
4 Becker Development and Aqua Missouri. We then proceeded, after that meeting, to attempt to
5 negotiate an agreement to resolve the issues at Lake Carmel.

6 **Q. What happened after this meeting and the additional connection being allowed?**

7 A. A letter was sent to Keith Wenzel, Becker Development's attorney, enclosing a Developer
8 Agreement which had been worked out between Aqua Missouri and Becker Development. A copy
9 of this letter is attached as Exhibit O. The letter requests that Mr. Becker execute this Agreement
10 as soon as possible as had been agreed in the March 11 meeting and the ensuing discussions.

11 I then received an e-mail from Dale Johansen, the Public Service Commission staff, dated
12 July 13, 2005 asking for an update and progress of the facility extension agreements with Becker
13 Development. A copy of this e-mail is attached as Exhibit P. Mr. Johansen notes that a local
14 attorney for Jason has been asking him when it will be agreed upon and that a Commissioner is
15 interested in the status of this matter. I responded to Mr. Johansen that our attorney, Marc Ellinger,
16 would be responding.

17 On July 14, 2005, an e-mail was sent to Dale Johansen from Marc Ellinger noting that the
18 company and Becker were in the final stages of negotiating an agreement and that barring something
19 unforeseen the matter should be wrapped up soon. Exhibit P.

20 After a number of revised agreements, Mr. Becker withdrew his consent to the agreement and
21 instead requested that a meeting between Aqua Missouri, the Missouri Public Service Commission,
22 MDNR and Becker occur to address Lake Carmel. That meeting was held on August 29, 2006.

1 **Q. Please discuss the meeting held with the Missouri Public Service Commission staff,**
2 **Missouri Department of Natural Resources, Mr. Becker, and Aqua Missouri on August 29,**
3 **2005.**

4 A. On August 29, 2005, a meeting was held at the MDNR regarding Lake Carmel. During this
5 meeting was the first time that Mr. Jason Becker mentioned a regionalized wastewater treatment
6 facility and Aqua Missouri, Inc. sharing in the costs. No plan was brought to this meeting. At the
7 close of the meeting, PSC and MDNR were asked to send a recap of what they proposed during the
8 meeting. Mr. Jason Becker was asked to submit to Aqua Missouri, Inc. what he was proposing and
9 asking from Aqua Missouri, Inc. on a regional facility and how much participation that Aqua
10 Missouri, Inc. would be asked to do. The meeting concluded that once all of this information was
11 received from all parties it would be presented to Aqua Missouri, Inc. corporate office for a response.
12 September 29, 2005. The letters were received from MDNR, dated September 12, 2005, and from
13 the Missouri Public Service Commissioner, dated September 29, 2005.

14 **Q. What action was then taken after receipt of the two letters?**

15 A. A letter dated October 10, 2005 to Keith A. Wenzel, attorney for Becker Development/Jason
16 Becker from Marc Ellinger, attorney for Aqua Missouri, Inc. and cc: to PSC and MDNR staff, noted
17 that we had received the MDNR and PSC letters of response to the meeting but we had not received
18 a proposal on behalf of Mr. Wenzel's client as to how to remedy the situation at hand. Exhibit Q.
19 The letter stated that we cannot take any action until a proposal would be received from his client.

20 **Q. Was a proposal received and what did it consist of?**

21 A. A letter dated October 18, 2005 from Marc H. Ellinger indicated that a proposal has been sent
22 to him from Mr. Becker's attorney. Exhibit R. That proposal is not what Mr. Becker indicated in

1 the meeting of August 29, 2005 that he wanted and would submit to Aqua Missouri, Inc. as stated
2 subsequent to that meeting. It is only a proposal to design and does not indicate who will pay for
3 what and it is a stand alone facility, not an upgrade to the current lagoon.

4 **Q. Was the proposal received, Exhibit O, analyzed by the company?**

5 A. No, Jason Becker came up with a different proposal before we could analyze the one from
6 Professional Waste Water Solutions, which was only a proposal, not a design with specifications.

7 **Q. What other meetings occurred involving the issues at Lake Carmel?**

8 A. There were a number of other meetings, including those with the staff of the Missouri Public
9 Service Commission and the MDNR. On December 13, 2005, a meeting was held at the Public
10 Service Commission offices with Jason Becker, his attorney Keith Wenzel, myself, Aqua Missouri's
11 attorney Marc Ellinger and Commissioner Lin Appling. That meeting resulted in an agreement that
12 Becker Development would put together cost estimates, the number of homes to be served and a
13 percentage of costs for expansion that Becker would propose Aqua Missouri would pay.

14 **Q. Did you receive this information?**

15 A. No. I did receive a phone call from Jason Becker on December 21, 2005. I followed up with
16 a letter, dated December 22, 2005, to Jason Becker relating to that call. A copy of this letter is
17 attached as Exhibit S. The letter confirms that Becker's engineer suggests upgrading the existing
18 lagoon to accommodate 100 homes and that Becker would not be requesting any payment from Aqua
19 Missouri for this expansion as Becker would pay the full cost of the upgrade. I asked for a response
20 to this letter and have never received any such response.

21 **Q. What occurred, with the MDNR, after this communication?**

22 A. A letter dated January 25, 2006 to Jason Becker from MDNR, with the current information

1 from Jason, the Department cannot complete its review of this recommendation to service 96 lots.
2 Exhibit T. It goes on to say he must have a written permission letter from us.

3 A letter dated February 3, 2006 from Marc Ellinger to Keith Wenzel, addressing MDNR's
4 letter and letting him know that MDNR has found several issues with Becker's proposal and we are
5 continuing to cooperate. Exhibit U.

6 A letter dated February 6, 2006 to Jason from MDNR, informing him that on January 16,
7 2006 a MDNR employee responding to an investigation of land disturbance activities in Lake
8 Carmel. Exhibit V. It lists things Becker needs to do before he can continue construction, including
9 applying for a Form E permit and a Form G permit from MDNR to service his "47" lots and
10 consideration of a silt fence or other erosion controls. New connections to the Wastewater
11 Treatment Facility cannot be made until after the systems have been upgraded. This letter requests
12 coordination with Aqua Missouri and MDNR on the upgrade to the Wastewater Treatment Facility.

13 **Q. What contacts were made with the Public Service Commission and Mr. Becker on this**
14 **proposal?**

15 A. On February 16, 2006, a meeting was held at the Public Service Commission offices. In
16 preparation for this meeting, Aqua Missouri retained an independent engineer, Robert M. Bates, to
17 review the proposal which had been sent to Aqua Missouri. I attended the February 16, 2006
18 meeting on behalf of Aqua Missouri, along with Mr. Bates, and our attorney Marc Ellinger. Jason
19 Becker, Ryan Becker and the Beckers' attorney, Keith Wenzel were there. Jim Merciel and Martin
20 Hummel from the Public Service Commission staff and Keith Forck from the MDNR also attended
21 this meeting. At that meeting, we were informed that the proposal previously sent to Aqua Missouri
22 and reviewed by Mr. Bates was no longer Mr. Becker's current proposal. The new proposal had

1 been sent to MDNR but not to Aqua Missouri, or its attorney.

2 A letter dated February 23, 2006 from Marc Ellinger to Jim Merciel and Martin Hummel
3 followed up on our meeting with them regarding Lake Carmel on February 16, 2003. Exhibit W.
4 It states that Aqua Missouri agreed to wait for copies of Becker's latest proposal. He sent them to
5 MDNR, but not Aqua Missouri. After Aqua Missouri gets the proposal, we would prepare a
6 response. The letter noted that Aqua Missouri is also installing a flow meter and that Aqua Missouri
7 will share the flow information with the Public Service Commission and Becker when we get it.
8 Aqua Missouri will let Mr. Merciel and Mr. Hummel know once Becker delivers the information
9 to Marc Ellinger.

10 A letter dated June 30, 2006 from Marc Ellinger to Keith Wenzel restates that we will not
11 take any further action until we receive an executed Developer Agreement. Exhibit X. This letter
12 rescinded all prior drafts of agreements and went forward with the one in the tariff as directed to do
13 by the Public Service Commission. The letter included a copy of the Developer Agreement in the
14 tariff and reiterates that until we get the agreement and a deposit we will take no further action.

15 **Q. What was MDNR's response to Becker's proposal?**

16 A. A letter dated July 17, 2006 from MDNR to Becker. Exhibit Y. It concludes it cannot
17 complete its review of the recommendation in May 2006 Engineering Report until he addresses at
18 least 9 listed issues. Now indicates "86" lots, but not all to be in the lagoon, some will have on-site
19 systems.

20 **Q. Do you know of any agreed upon plans for the Lake Carmel Treatment Facility**
21 **between Becker and Aqua Missouri?**

22 A. Aqua Missouri, Inc. does not have in its possession a finalized version of any plans or

1 specifications, agreed upon by both parties, to add capacity for Becker Development. Nor is there
2 in Aqua Missouri's files a signed Developer Agreement with Becker Development.

3 **Q. Did Aqua Missouri inform Mr. Becker that funds would be available to expand the**
4 **facility for his purposes?**

5 A. Aqua Missouri, Inc. did not inform Jason Becker or Becker Development that it would have
6 funds available to expand the sewer system for his development growth as a result of a filed rate
7 case.

8 **Q. During the meetings with Mr. Becker and others, has the company been consistent upon**
9 **its statements?**

10 A. Yes, meetings have been conducted with Jason Becker and others on several occasions and
11 each and every time Mr. Becker was informed that we needed a Developer Agreement entered into
12 and signed before action could be taken according to our current tariff. Including out of the meeting
13 of August 29, 2005.

14 **Q. As of the date of your testimony, has Mr. Becker or Becker Development executed a**
15 **Developer Agreement in the format of that contained in the tariff under which Aqua Missouri**
16 **operates?**

17 A. Jason Becker and Becker Development refuse to enter into a Developer Agreement with
18 Aqua Missouri, Inc. according to our tariff on file with MPSC to add additional capacity to service
19 his development growth.

20 **Q. Are all of the documents attached as exhibits to your testimony kept as business records**
21 **of Aqua Missouri, maintained in your possession and kept in the ordinary course of business.**

22 A. Yes. I am the custodian of records of Aqua Missouri, Inc. and the attached exhibits,

1 consisting of 98 pages, are from the records of Aqua Missouri, Inc. These 98 pages are kept by Aqua
2 Missouri, Inc. in the regular course of business. These exhibits are exact copies of the original
3 records of Aqua Missouri, Inc.

4 **Q. Do you have any further testimony in this matter?**

5 A. No.

634-269
635-2157

FILED

JAN 14 1998

MISSOURI
PUBLIC SERVICE COMMISSION

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No. WM-98-130
Lake Carmel Development Co., Inc. and Capital Utilities, Inc.

From: Bill Meyer, Case Coordinator *1/12/1998*
Janis E. Fischer, Accounting Department *1/12/98*
Jim Merciel, Water and Sewer Department *1/14/98*

R.E. Schellberg 1/12/98
Director-Utility Services Division/Date

W. K. Henderson 1/12/98
Director-Utility Operations Division/Date

W. K. Hanson 1/17/98
General Counsel's Office/Date

Subject: Staff's Recommendation for Approval of Sale and Transfer of Franchise

Date: January 12, 1998

On September 22, 1997, a joint application was filed seeking authority for Lake Carmel Development Co., Inc. (LCD) to sell and transfer its franchise, works or system to Capital Utilities, Inc. (CU). LCD is a regulated sewer utility located in Cole County and currently provides service to 27 customers. It also owns a water system, but does not have a certificate to provide water service. CU provides regulated water and sewer service to over 1,200 customers in numerous areas of Cole, Callaway and Pettis Counties, and proposes to provide water and sewer service under its existing tariff rules and rates.

LCD was certificated as a sewer utility in Case No. 17,718 by an order issued by the Commission on October 31, 1973. It was owned by Alfred Lepper. Mr. Lepper, as developer of the area, contributed the utility plant to LCD and operated the system on behalf of LCD. After the death of Mr. Lepper, the family continued to maintain the system but was receptive to selling the system and the undeveloped lots at LCD. The approximately 130 undeveloped lots are being sold to another individual who plans to build additional homes.

After reviewing the application, the Accounting Department met with Garah F. "Rick" Helms, President of CU, to discuss the plans for the LCD property. Mr. Helms noted that the sewer system was designed for a maximum of 70 homes, which will allow for considerable customer growth. There

MO. PSC Case No. WM-98-130
Official Case File Memorandum
January 12, 1998
Page 2 of 4

*not refer to water only!
current issue
this source
A 10,000 gallon
pressure tank
is to be
installed*

~~is no plan to immediately improve the sewer system. The treatment facility would need to be expanded or upgraded if the time comes that plant capacity is exceeded due to customer growth.~~ Mr. Helms also stated that additional storage capacity for the water system will be added. CU plans to improve the water system by using a 10,000 gallon pressure tank that was salvaged from another water system it owns. This tank would meet the Missouri Department of Natural Resources design criteria for pressure tank size. There will be no rate base involved initially, however, future plant additions should be recorded and depreciated the same as CU's existing plant. Expenses listed on Appendix 6 of the Application were based on the CU 1996 Annual Report and the average costs of similar systems already being operated by CU.

A letter was sent to Mrs. Lepper on November 12, 1997 and a response was received on December 18, 1997, in her behalf, from Lueffering Accounting which separated the water and sewer revenues that had been combined on the 1996 annual report. An analysis of LCD annual reports going back several years shows that while only the sewer utility was certificated, revenues and expenses related to sewer, water and lot sales were all combined for filing purposes. Based on the annual reports as filed, the sewer and water rates combined did not provide enough revenue for the payment of all of the expenses. This was noted on several annual reports.

The following bill comparison shows the current metered water rate being charged to customers on the uncertificated LCD water system, and CU's current approved metered water rate which is requested to become effective for this area. The current sewer rate at LCD is a flat \$4.75 per month. This rate has not changed since the mid-seventies. CU proposes to charge \$22.53 per month, which is the same as for other CU customers in Cole County. While this rate is considerably higher than the \$4.75 rate, the Staff believes that this higher rate is necessary to cover the expenses of maintaining the system, as well as to provide a reasonable level of customer service and emergency response capability.

Utility Rate Comparison		
Consumption	Lake Carmel	Capital Utilities
Water (26 customers)		
1,000 gallons	\$ 4.50	\$ 4.40
3,000	8.00	7.30
6,000	10.80	11.65
Sewer (27 customers)		
Flat Rate	\$ 4.75	\$ 22.53

MO. PSC Case No. WM-98-130
Official Case File Memorandum
January 12, 1998
Page 3 of 4

Mr. Helms informed the Staff that he had met with residents of LCD to discuss the plans for the system. He indicated that customers were primarily concerned about future expansion of the system and who would have to pay for it. Mr. Helms stated he told the residents attending that the expansion costs would be absorbed by CU on a company wide basis. He also stated his belief that the proposed rate increase for the sewer system was not a concern voiced by customers. The Staff notes there are two letters that were sent by customers responding to the customer notice. One telephone call was also received by the Staff. These customers expressed concern about the difference in rates, but also seem to understand the need for this sale to take place in order that good utility service continue into the future.

Regarding the difference in sewer rates, the Staff believes that CU's existing rates are appropriate because these rates are presently in effect for existing CU customers in Cole County. The Staff also notes that some of these customers are served by lagoon systems similar to the Lake Carmel system.

Based on our review of the application, annual reports, the interview with Mr. Helms and the Staff's inspection of the water and sewer systems, the Staff believes that this sale and transfer of assets is not detrimental to the public interest.

The Staff recommends the transfer of assets and the granting of appropriate Certificates to CU be approved. ~~The Staff believes it is reasonable for CU to operate the water and sewer system under its existing rates and tariffs.~~ The Commission's approval of the transfer of assets should also include granting CU Certificates of Convenience and Necessity (Certificates) to provide water and sewer service in the Lake Carmel area, and cancel the Certificate that was granted to LCD. CU will need to amend its water tariff and its sewer tariff to reflect the Lake Carmel service area, and the filed tariff approved for LCD will need to be canceled.

Since CU presently has no particular date set for closing on the assets, the Staff recommends that CU submit 30-day tariff filings, for water and for sewer, with the effective date to be the date to be scheduled for closing of the assets. The Commission could cancel the LCD tariff at the time the CU tariffs become effective.

To summarize, the Staff recommends that:

1. The transfer of water and sewer system assets owned by LCD to CU be approved;
2. Certificates to provide water and sewer service be granted to CU for the Lake Carmel area, with such service to be provided under existing CU rates and tariffs effective upon the effective date of tariffs to be filed by CU as described herein;
3. CU be ordered to submit tariff sheets revising its water and sewer tariffs with a map and

MO. PSC Case No. WM-98-130
Official Case File Memorandum
January 12, 1998
Page 4 of 4

legal description of the Lake Carmel area; and

4. The Certificate granted LCD, and the tariff approved for LCD, be canceled upon approval of tariffs to be filed by CU.

The Water and Sewer Department will file an additional memorandum regarding the tariffs to be filed by CU.

cc: Director - Utility Operations Division
Director - Utility Services Division
Director - Advisory and Public Affairs Division
General Counsel
Manager - Financial Analysis Department
Manager - Accounting Department
Manager - Water and Sewer Department
Manager - Customer Service
Manager - Depreciation Department
Office of the Public Counsel
Curt Lepper, President - Lake Carmel Development, Inc.
Rick Helms, President - Capital Utilities, Inc.
Dean Cooper-Brydon, Swearer & England, P.C. - Attorney for Applicants

RECEIVED
FEB 04 1998
BRYDON, SWEARENGEN
& ENGLAND P.C.

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 3rd
day of February, 1998.

In the Matter of the Joint Application of)
Lake Carmel Development Co., Inc. and)
Capital Utilities, Inc. for Authority) Case No. NH-98-130
for Lake Carmel Development Co., Inc.)
to Sell and Transfer its Franchise, Works)
or System to Capital Utilities, Inc.)

ORDER APPROVING SALE OF SYSTEM AND
GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On September 22, 1997, Lake Carmel Development Co., Inc. (Lake Carmel) and Capital Utilities, Inc. (Capital Utilities), jointly referred to as Applicants, filed a joint application with the Commission requesting authority for Lake Carmel to sell and transfer its franchise, works or system located in Cole County to Capital Utilities. Applicants request an order granting Capital a new certificate of public convenience and necessity, or, in the alternative, authorizing the transfer of Lake Carmel's certificate of public convenience and necessity issued in Commission Case No. 17,718 to Capital. Lake Carmel is a regulated public utility which provides water and sewer services to the public in a portion of Cole County. Capital Utilities is a regulated utility which provides water and sewer services to the public in portions of Cole, Callaway and Pettis Counties.

Lake Carmel and Capital Utilities state in their joint application that the proposed sale is not detrimental to the public interest because Capital Utilities is an existing water and sewer corporation and public utility and is dedicated to the provision of safe

and adequate utility service to the public. Applicants state that Capital Utilities possesses the managerial, engineering and financial expertise to continue to provide good quality water and sewer service to the public currently served by Lake Carmel. Applicants state that because of its larger size, Capital Utilities may also be able to take advantage of certain economies of scale in its operation which has not been available to Lake Carmel.

Capital Utilities proposes to use its existing Cole County sewer rates and its existing Pettis County water rates for the proposed service. Applicants state that the proposed transaction should have no impact on the tax revenues of the political subdivision in which the facilities are located. Attached to the application are copies of Applicants' articles of incorporation, Applicants' certificates of incorporation, the Agreement for Sale of Water and Wastewater Systems, resolutions of the board of directors for each company and a pro forma income statement of Capital Utilities showing the results of the proposed acquisition.

On January 14, 1998, the Staff of the Missouri Public Service Commission (Staff) filed its memorandum in the official case file recommending that the Commission approve the sale and transfer of franchise. Staff stated that Lake Carmel provides service to 27 sewer customers and 26 water customers in Cole County and that Lake Carmel is certificated to provide sewer service but not water service. Staff indicates that Capital Utilities provides water and sewer service to over 1,200 customers in numerous areas of Cole, Callaway and Pettis Counties under its existing tariff rules and rates.

Staff provided the following comparison of the current and proposed rates.

Consumption	Lake Carmel	Capital Utilities
WATER		
1,000 gallons	\$ 4.50	\$ 4.40
3,000 gallons	\$ 8.00	\$ 7.30
6,000 gallons	\$10.90	\$11.65
SEWER		
Flat Monthly Rate	\$ 4.75	\$22.75

Staff notes that the current flat sewer rate of \$4.75 per month has not changed since the mid-seventies. Staff believes that the considerably higher sewer rate of \$22.75 per month is necessary to cover the expenses of maintaining the system, as well as to provide a reasonable level of customer service and emergency response capability. Staff notes that the sewer rate of \$22.75 is presently in effect for existing customers of Capital Utilities in Cole County, some of which are served by lagoon systems similar to the Lake Carmel system.

Staff reported that the president of Capital Utilities, Mr. Helms, informed Staff that he met with residents of Lake Carmel to discuss plans for the system. He indicated that customers were primarily concerned about future expansion of the system and who would have to pay for it. Mr. Helms stated he told residents attending the meeting that the expansion costs would be absorbed by CU on a company-wide basis. He also stated his belief that the proposed rate increase for sewer service was not a concern voiced by customers. Staff noted that two letters were sent by customers responding to the customer notice and that one telephone call was received by Staff. According to Staff, these customers expressed concern about the

difference in rates, but also seemed to understand the need for this sale to take place in order that good utility service continue into the future.

Based on Staff's review of the application and annual reports, Staff's interview with Mr. Helms, and Staff's inspection of the water and sewer systems, Staff believes that this sale and transfer of assets is not detrimental to the public interest. Staff recommends that the Commission: (1) approve the transfer of water and sewer system assets owned by Lake Carmel to Capital Utilities; (2) grant certificates to provide water and sewer service to Capital Utilities for the Lake Carmel area, with such service to be provided under existing Capital Utilities rates and tariffs, effective upon the effective date of tariffs to be filed by Capital Utilities; (3) order Capital Utilities to submit tariff sheets revising its water and sewer tariffs with a map and legal description of the Lake Carmel area; and (4) cancel the certificate and tariff of Lake Carmel upon approval of the tariffs to be filed by Capital Utilities.

The requirement of a hearing has been fulfilled when all those having a desire to be heard are offered an opportunity to be heard. If no proper party or governmental entity is granted intervention and neither the Commission's Staff nor the Office of the Public Counsel requests a hearing, the Commission may grant the relief requested based on the verified application. State ex rel. Daffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). No applications to intervene have been filed, and no party has requested a hearing. Therefore, the Commission determines that the relief requested in the verified application may be granted without a hearing.

The Commission has reviewed the verified application with attachments filed by Applicants and the memorandum filed by Staff. The Commission determines that the proposed sale of assets is not detrimental

to the public interest. Therefore, the Commission will approve the application and authorize Lake Carmel to sell, transfer and assign its franchise, works or system to Capital Utilities pursuant to the terms and conditions contained in the Agreement for Sale of Water and Wastewater Systems which is attached to the application as Appendix 3.

Applicants do not define their use of the term "franchise." In a narrow sense this term refers to the specific privilege granted from a political subdivision to operate a business or to provide a service, such as a municipal franchise. For example, Section 78.010(3), RSMo 1994, defines franchise as "every special privilege in the streets, highways and public places in the city, whether granted by the state or the city, which does not belong to the citizens generally by common right." More broadly stated, however, a "franchise" connotes a business entity or business assets. A franchise is defined as a "special privilege to do certain things conferred by government on individual or corporation, and which does not belong to citizens generally of common right." Black's Law Dictionary 658 (6th ed. 1990). The Commission determines that from the record presented in this case it is not clear whether Applicants intend to transfer a specific franchise granted from a municipality or other political subdivision, and, if so, whether the Commission has authority to transfer such a right. Therefore, the approval granted in this order for sale or transfer of "franchise" refers to the business assets of Lake Carmel which are to be sold and transferred to Capital Utilities.

The Commission will grant Certificates of Public Convenience and Necessity to Capital Utilities to provide water and sewer service as described in the application. Therefore, Capital Utilities shall file its tariff sheets consistent with this order containing a map and legal description of the Lake Carmel area. Upon approval of the tariff sheets

filed by Capital Utilities, the Commission will cancel the certificate and tariff of Lake Carmel.

IT IS THEREFORE ORDERED:

1. That the joint application filed by Lake Carmel Development Co., Inc. and Capital Utilities, Inc. on September 22, 1997, is approved.

2. That Lake Carmel Development Co., Inc. is authorized to sell, transfer and assign its franchise, works or system to Capital Utilities, Inc. pursuant to the terms and conditions contained in the Agreement for Sale of Water and Wastewater Systems which is attached as Appendix 3 to the application filed on September 22, 1997.

3. That Capital Utilities, Inc. is granted certificates of public convenience and necessity to own, operate, control, manage and maintain a sewer utility and water utility in an unincorporated portion of Cole County, Missouri, as described in the application filed on September 22, 1997.

4. That the certificate of public convenience and necessity referenced in ordered paragraph 3 shall become effective simultaneously with the effective date of the tariff sheets required to be filed and approved pursuant to ordered paragraph 5.

5. That Capital Utilities, Inc. shall file with the Commission tariff sheets showing the legal description and a map reflecting the service area authorized herein, and tariff sheets showing the rates to be charged as authorized herein.

6. That Capital Utilities, Inc. and Lake Carmel Development Co., Inc. are authorized to execute, enter into, deliver and perform any agreements, and to do any and all other things not contrary to law or the rules and regulations of the Commission incidental, necessary or

W.H.S.
FEB-25-1998 08:42

FDX . 0107000-2107
BRYDON SWEARENGEN ENGLAND

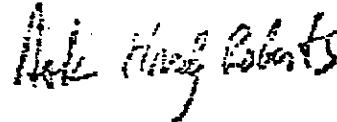
FEB 04 198 22:23 P08
1 575 635 3847 P.08

appropriate to the performance of any and all acts specifically authorized in this order.

7. That Lake Carmel Development Co., Inc. is authorized to discontinue providing sewer service and is directed to discontinue providing water service in its certificated area as of the date of the sale and transfer of the franchise, works or system to Capital Utilities, Inc., which sale and transfer shall not occur until the tariff sheets of Capital Utilities, Inc. are approved by the Commission and become effective pursuant to ordered paragraph number 5.

8. That this order shall become effective on February 13, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpke, Ch., Crumpton, Murray,
and Drainer, CC., concur.

G. George, Regulatory Law Judge

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES
MISSOURI CLEAN WATER COMMISSION



MISSOURI STATE OPERATING PERMIT

In compliance with the Missouri Clean Water Law, (Chapter 644 R.S. Mo. as amended, hereinafter, the Law), and the Federal Water Pollution Control Act (Public Law 92-500, 92nd Congress) as amended,

Permit No. MO-0088986

Owner: Capital Utilities, Inc.

Owner's Address: P.O. Box 7017, Jefferson City, MO 65102

Operating Authority: N/A

Operating Authority's Address: N/A

Facility Name: CU, Lake Carmel WWTF

Facility Address: West Brazito Road, Eugene, MO 65032

Legal Description: NW $\frac{1}{4}$, NE $\frac{1}{4}$, Sec. 33, T43N, R13W, Cole County

Receiving Stream & Basin: Tributary to Clark Fork (Moreau River Basin)
(10300102-56-01) (U)

is authorized to discharge from the facility described herein, in accordance with the effluent limitations and monitoring requirements as set forth herein:

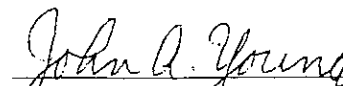
FACILITY DESCRIPTION

Outfall #001 - Subdivision - SIC #4952.
Three cell lagoon/sludge is retained in lagoon.
Design population equivalent is 126.
Design flow is 12,600 gallons per day.
Actual flow is 6,400 gallons per day.
Design sludge production is 0.9 dry tons/year.

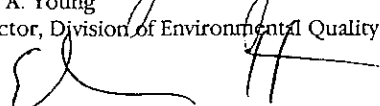
This permit authorizes only wastewater discharges under the Missouri Clean Water Law and the National Pollutant Discharge Elimination System; it does not apply to other regulated areas. This permit may be appealed in accordance with Section 644.051.6 of the Law.

February 18, 1994 May 8, 1998
Effective Date (Revised)

February 17, 1999
Expiration Date



John A. Young
Director, Division of Environmental Quality



Director of Staff, Clean Water Commission



*File in
Lake Carmel
Wastewater*

P.O. Box 7017
Jefferson City, MO 65102
5402 Bus. Hwy. 50 W. Suite 3
Jefferson City, MO 65109

800-624-5252 (MO only)
573-634-2699
573-635-2157 (fax)

September 15, 2003

James A. Merciel, Jr. P.E.
Assistant Manager -- Engineering
Water & Sewer Department
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

Re: Lake Carmel

Dear Mr. Merciel:

The attached documents were hand delivered to my office on today's date by Jason Becker of Becker Development. Mr. Becker is of the impression that all water and sewer "extensions" of mains for further growth should have the cost bore by the Company. Mr. Becker is supporting his opinion by the attached documents. I have advised Mr. Becker that all costs associated with extension of water and sewer mains must be bore by the Developer and/or Individuals requesting such by entering into an extension agreement as outlined in our Tariff on file with the Missouri Public Service Commission. I know that I have talked about this issue with both yourself and Jerry Scheible in the past and you both agreed that the extensions would follow the procedures as outlined in our Tariffs and the costs would be bore by the Developer and or Individual requesting the extension.

Please review the attached documents regarding this matter. I would like to have a written response from you supporting your opinion on the attached documents and the recommended procedure for the extension of water and sewer mains at Lake Carmel Subdivision. If you have any questions please contact me at 573-634-2699.

Sincerely,

A handwritten signature in cursive script that reads "Tena Hale-Rush".

Tena Hale-Rush
Missouri Area Manager

CC: Terry Rakocy, Regional President
Aaron Lachowicz, Facility Supervisor

~~634-269~~
635-2157

FILED

JAN 14 1998

MISSOURI
PUBLIC SERVICE COMMISSION

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No. WM-98-130
Lake Carmel Development Co., Inc. and Capital Utilities, Inc.

From: Bill Meyer, Case Coordinator *1/12/98*
Janis E. Fischer, Accounting Department *1/12/98*
Jim Merciel, Water and Sewer Department *1/12/98*

R.E. Schellberg 1/12/98
Director-Utility Services Division/Date

W. K. Henderson 1/12/98
Director-Utility Operations Division/Date

W. K. Henderson 1/17/98
General Counsel's Office/Date

Subject: Staff's Recommendation for Approval of Sale and Transfer of Franchise

Date: January 12, 1998

On September 22, 1997, a joint application was filed seeking authority for Lake Carmel Development Co., Inc. (LCD) to sell and transfer its franchise, works or system to Capital Utilities, Inc. (CU). LCD is a regulated sewer utility located in Cole County and currently provides service to 27 customers. It also owns a water system, but does not have a certificate to provide water service. CU provides regulated water and sewer service to over 1,200 customers in numerous areas of Cole, Callaway and Pettis Counties, and proposes to provide water and sewer service under its existing tariff rules and rates.

LCD was certificated as a sewer utility in Case No. 17,718 by an order issued by the Commission on October 31, 1973. It was owned by Alfred Lepper. Mr. Lepper, as developer of the area, contributed the utility plant to LCD and operated the system on behalf of LCD. After the death of Mr. Lepper, the family continued to maintain the system but was receptive to selling the system and the undeveloped lots at LCD. The approximately 130 undeveloped lots are being sold to another individual who plans to build additional homes.

After reviewing the application, the Accounting Department met with Garah F. "Rick" Helms, President of CU, to discuss the plans for the LCD property. Mr. Helms noted that the sewer system was designed for a maximum of 70 homes, which will allow for considerable customer growth. There

MO. PSC Case No. WM-98-130
Official Case File Memorandum
January 12, 1998
Page 2 of 4

*Missouri
Department of
Natural Resources
Design
Criteria for
Pressure Tank
Size*

is no plan to immediately improve the sewer system. The treatment facility would need to be expanded or upgraded if the time comes that plant capacity is exceeded due to customer growth. Mr. Helms also stated that additional storage capacity for the water system will be added. CU plans to improve the water system by using a 10,000 gallon pressure tank that was salvaged from another water system it owns. This tank would meet the Missouri Department of Natural Resources design criteria for pressure tank size. There will be no rate base involved initially, however, future plant additions should be recorded and depreciated the same as CU's existing plant. Expenses listed on Appendix 6 of the Application were based on the CU 1996 Annual Report and the average costs of similar systems already being operated by CU.

A letter was sent to Mrs. Lepper on November 12, 1997 and a response was received on December 18, 1997, in her behalf, from Lueffering Accounting which separated the water and sewer revenues that had been combined on the 1996 annual report. An analysis of LCD annual reports going back several years shows that while only the sewer utility was certificated, revenues and expenses related to sewer, water and lot sales were all combined for filing purposes. Based on the annual reports as filed, the sewer and water rates combined did not provide enough revenue for the payment of all of the expenses. This was noted on several annual reports.

The following bill comparison shows the current metered water rate being charged to customers on the uncertificated LCD water system, and CU's current approved metered water rate which is requested to become effective for this area. The current sewer rate at LCD is a flat \$4.75 per month. This rate has not changed since the mid-seventies. CU proposes to charge \$22.53 per month, which is the same as for other CU customers in Cole County. While this rate is considerably higher than the \$4.75 rate, the Staff believes that this higher rate is necessary to cover the expenses of maintaining the system, as well as to provide a reasonable level of customer service and emergency response capability.

Utility Rate Comparison		
Consumption	Lake Carmel	Capital Utilities
Water (26 customers)		
1,000 gallons	\$ 4.50	\$ 4.40
3,000	8.00	7.30
6,000	10.80	11.65
Sewer (27 customers)		
Flat Rate	\$ 4.75	\$ 22.53

MO. PSC Case No. WM-98-130
Official Case File Memorandum
January 12, 1998
Page 3 of 4

Mr. Helms informed the Staff that he had met with residents of LCD to discuss the plans for the system. He indicated that customers were primarily concerned about future expansion of the system and who would have to pay for it. Mr. Helms stated he told the residents attending that the expansion costs would be absorbed by CU on a company wide basis. He also stated his belief that the proposed rate increase for the sewer system was not a concern voiced by customers. The Staff notes there are two letters that were sent by customers responding to the customer notice. One telephone call was also received by the Staff. These customers expressed concern about the difference in rates, but also seem to understand the need for this sale to take place in order that good utility service continue into the future.

Regarding the difference in sewer rates, the Staff believes that CU's existing rates are appropriate because these rates are presently in effect for existing CU customers in Cole County. The Staff also notes that some of these customers are served by lagoon systems similar to the Lake Carmel system.

Based on our review of the application, annual reports, the interview with Mr. Helms and the Staff's inspection of the water and sewer systems, the Staff believes that this sale and transfer of assets is not detrimental to the public interest.

The Staff recommends the transfer of assets and the granting of appropriate Certificates to CU be approved. The Staff believes it is reasonable for CU to operate the water and sewer system under its existing rates and rules. The Commission's approval of the transfer of assets should also include granting CU Certificates of Convenience and Necessity (Certificates) to provide water and sewer service in the Lake Carmel area, and cancel the Certificate that was granted to LCD. CU will need to amend its water tariff and its sewer tariff to reflect the Lake Carmel service area, and the filed tariff approved for LCD will need to be canceled.

Since CU presently has no particular date set for closing on the assets, the Staff recommends that CU submit 30-day tariff filings, for water and for sewer, with the effective date to be the date to be scheduled for closing of the assets. The Commission could cancel the LCD tariff at the time the CU tariffs become effective.

To summarize, the Staff recommends that:

1. The transfer of water and sewer system assets owned by LCD to CU be approved;
2. Certificates to provide water and sewer service be granted to CU for the Lake Carmel area, with such service to be provided under existing CU rates and tariffs, effective upon the effective date of tariffs to be filed by CU as described herein;
3. CU be ordered to submit tariff sheets revising its water and sewer tariffs with a map and

MO. PSC Case No. WM-98-130
Official Case File Memorandum
January 12, 1998
Page 4 of 4

legal description of the Lake Carmel area; and

4. The Certificate granted LCD, and the tariff approved for LCD, be canceled upon approval of tariffs to be filed by CU.

The Water and Sewer Department will file an additional memorandum regarding the tariffs to be filed by CU.

cc: Director - Utility Operations Division
Director - Utility Services Division
Director - Advisory and Public Affairs Division
General Counsel
Manager - Financial Analysis Department
Manager - Accounting Department
Manager - Water and Sewer Department
Manager - Customer Service
Manager - Depreciation Department
Office of the Public Counsel
Curt Lepper, President - Lake Carmel Development, Inc.
Rick Helms, President - Capital Utilities, Inc.
Dean Cooper-Brydon, Swearer & England, P.C. - Attorney for Applicants

W.F.O.
FEB 03 1998 10:13

Fax - 313-000-2101
OPTIONAL MAIL PERMIT NO. 10000

FEB 04 1998 22:20 P02

RECEIVED
FEB 04 1998
BRYDON, SWEARENGEN
& ENGLAND P.C.

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 3rd
day of February, 1998.

In the Matter of the Joint Application of)
Lake Carmel Development Co., Inc. and)
Capital Utilities, Inc. for Authority) Case No. MM-98-130
for Lake Carmel Development Co., Inc.)
to Sell and Transfer its Franchise, Works)
or System to Capital Utilities, Inc.)

ORDER APPROVING SALE OF SYSTEM AND
GRANTING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

On September 22, 1997, Lake Carmel Development Co., Inc. (Lake Carmel) and Capital Utilities, Inc. (Capital Utilities), jointly referred to as Applicants, filed a joint application with the Commission requesting authority for Lake Carmel to sell and transfer its franchise, works or system located in Cole County to Capital Utilities. Applicants request an order granting Capital a new certificate of public convenience and necessity, or, in the alternative, authorizing the transfer of Lake Carmel's certificate of public convenience and necessity issued in Commission Case No. 17,718 to Capital. Lake Carmel is a regulated public utility which provides water and sewer services to the public in a portion of Cole County. Capital Utilities is a regulated utility which provides water and sewer services to the public in portions of Cole, Callaway and Pettis Counties.

Lake Carmel and Capital Utilities state in their joint application that the proposed sale is not detrimental to the public interest because Capital Utilities is an existing water and sewer corporation and public utility and is dedicated to the provision of safe

and adequate utility service to the public. Applicants state that Capital Utilities possesses the managerial, engineering and financial expertise to continue to provide good quality water and sewer service to the public currently served by Lake Carmel. Applicants state that because of its larger size, Capital Utilities may also be able to take advantage of certain economies of scale in its operation which has not been available to Lake Carmel.

Capital Utilities proposes to use its existing Cole County sewer rates and its existing Pettis County water rates for the proposed service. Applicants state that the proposed transaction should have no impact on the tax revenues of the political subdivision in which the facilities are located. Attached to the application are copies of Applicants' articles of incorporation, Applicants' certificates of incorporation, the Agreement for Sale of Water and Wastewater Systems, resolutions of the board of directors for each company and a pro forma income statement of Capital Utilities showing the results of the proposed acquisition.

On January 14, 1998, the Staff of the Missouri Public Service Commission (Staff) filed its memorandum in the official case file recommending that the Commission approve the sale and transfer of franchise. Staff stated that Lake Carmel provides service to 27 sewer customers and 26 water customers in Cole County and that Lake Carmel is certificated to provide sewer service but not water service. Staff indicated that Capital Utilities provides water and sewer service to over 1,200 customers in numerous areas of Cole, Callaway and Pettis Counties under its existing tariff rules and rates.

Staff provided the following comparison of the current and proposed rates.

Consumption	Lake Carmel	Capital Utilities
WATER		
1,000 gallons	\$ 4.50	\$ 4.40
3,000 gallons	\$ 8.00	\$ 7.30
6,000 gallons	\$10.90	\$11.65
SEWER		
Flat Monthly Rate	\$ 4.75	\$22.75

Staff notes that the current flat sewer rate of \$4.75 per month has not changed since the mid-seventies. Staff believes that the considerably higher sewer rate of \$22.75 per month is necessary to cover the expenses of maintaining the system, as well as to provide a reasonable level of customer service and emergency response capability. Staff notes that the sewer rate of \$22.75 is presently in effect for existing customers of Capital Utilities in Cole County, some of which are served by lagoon systems similar to the Lake Carmel system.

Staff reported that the president of Capital Utilities, Mr. Helms, informed Staff that he met with residents of Lake Carmel to discuss plans for the system. He indicated that customers were primarily concerned about future expansion of the system and who would have to pay for it. Mr. Helms stated he told residents attending the meeting that the expansion costs would be absorbed by CU on a company-wide basis. He also stated his belief that the proposed rate increase for sewer service was not a concern voiced by customers. Staff noted that two letters were sent by customers responding to the customer notice and that one telephone call was received by Staff. According to Staff, these customers expressed concern about the

difference in rates, but also seemed to understand the need for this sale to take place in order that good utility service continue into the future.

Based on Staff's review of the application and annual reports, Staff's interview with Mr. Helms, and Staff's inspection of the water and sewer systems, Staff believes that this sale and transfer of assets is not detrimental to the public interest. Staff recommends that the Commission: (1) approve the transfer of water and sewer system assets owned by Lake Carmel to Capital Utilities; (2) grant certificates to provide water and sewer service to Capital Utilities for the Lake Carmel area, with such service to be provided under existing Capital Utilities rates and tariffs, effective upon the effective date of tariffs to be filed by Capital Utilities; (3) order Capital Utilities to submit tariff sheets revising its water and sewer tariffs with a map and legal description of the Lake Carmel area; and (4) cancel the certificate and tariff of Lake Carmel upon approval of the tariffs to be filed by Capital Utilities.

The requirement of a hearing has been fulfilled when all those having a desire to be heard are offered an opportunity to be heard. If no proper party or governmental entity is granted intervention and neither the Commission's Staff nor the Office of the Public Counsel requests a hearing, the Commission may grant the relief requested based on the verified application. State ex rel. Daffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). No applications to intervene have been filed, and no party has requested a hearing. Therefore, the Commission determines that the relief requested in the verified application may be granted without a hearing.

The Commission has reviewed the verified application with attachments filed by Applicants and the memorandum filed by Staff. The Commission determines that the proposed sale of assets is not detrimental

to the public interest. Therefore, the Commission will approve the application and authorize Lake Carmel to sell, transfer and assign its franchise, works or system to Capital Utilities pursuant to the terms and conditions contained in the Agreement for Sale of Water and Wastewater Systems which is attached to the application as Appendix 3.

Applicants do not define their use of the term "franchise." In a narrow sense this term refers to the specific privilege granted from a political subdivision to operate a business or to provide a service, such as a municipal franchise. For example, Section 78.010(3), RSMo 1994, defines franchise as "every special privilege in the streets, highways and public places in the city, whether granted by the state or the city, which does not belong to the citizens generally by common right." More broadly stated, however, a "franchise" connotes a business entity or business assets. A franchise is defined as a "special privilege to do certain things conferred by government on individual or corporation, and which does not belong to citizens generally of common right." Black's Law Dictionary 658 (6th ed. 1990). The Commission determines that from the record presented in this case it is not clear whether Applicants intend to transfer a specific franchise granted from a municipality or other political subdivision, and, if so, whether the Commission has authority to transfer such a right. Therefore, the approval granted in this order for sale or transfer of "franchise" refers to the business assets of Lake Carmel which are to be sold and transferred to Capital Utilities.

The Commission will grant Certificates of Public Convenience and Necessity to Capital Utilities to provide water and sewer service as described in the application. Therefore, Capital Utilities shall file its tariff sheets consistent with this order containing a map and legal description of the Lake Carmel area. Upon approval of the tariff sheets

filed by Capital Utilities, the Commission will cancel the certificate and tariff of Lake Carmel.

IT IS THEREFORE ORDERED:

1. That the joint application filed by Lake Carmel Development Co., Inc. and Capital Utilities, Inc. on September 22, 1997, is approved.

2. That Lake Carmel Development Co., Inc. is authorized to sell, transfer and assign its franchise, works or system to Capital Utilities, Inc. pursuant to the terms and conditions contained in the Agreement for Sale of Water and Wastewater Systems which is attached as Appendix 3 to the application filed on September 22, 1997.

3. That Capital Utilities, Inc. is granted certificates of public convenience and necessity to own, operate, control, manage and maintain a sewer utility and water utility in an unincorporated portion of Cole County, Missouri, as described in the application filed on September 22, 1997.

4. That the certificate of public convenience and necessity referenced in ordered paragraph 3 shall become effective simultaneously with the effective date of the tariff sheets required to be filed and approved pursuant to ordered paragraph 5.

5. That Capital Utilities, Inc. shall file with the Commission tariff sheets showing the legal description and a map reflecting the service area authorized herein, and tariff sheets showing the rates to be charged as authorized herein.

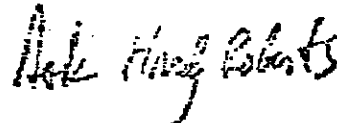
6. That Capital Utilities, Inc. and Lake Carmel Development Co., Inc. are authorized to execute, enter into, deliver and perform any agreements, and to do any and all other things not contrary to law or the rules and regulations of the Commission incidental, necessary or

appropriate to the performance of any and all acts specifically authorized in this order.

7. That Lake Carmel Development Co., Inc. is authorized to discontinue providing sewer service and is directed to discontinue providing water service in its certificated area as of the date of the sale and transfer of the franchise, works or system to Capital Utilities, Inc., which sale and transfer shall not occur until the tariff sheets of Capital Utilities, Inc. are approved by the Commission and become effective pursuant to ordered paragraph number 5.

8. That this order shall become effective on February 13, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpke, Ch., Crumpton, Murray,
and Drainer, CC., concur.

G. George, Regulatory Law Judge



Commissioners
KELVIN L. SIMMONS
Chair
CONNIE MURRAY
STEVE GAW
BRYAN FORBIS
ROBERT M. CLAYTON III

Missouri Public Service Commission

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

ROBERT J. QUINN, JR.
Executive Director
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. PRENGER
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

September 22, 2003

Ms. Tena Hale-Rush
AquaSource C/U, Inc.
PO Box 7017
Jefferson City, MO 65102

RE: Lake Carmel

Dear Ms. Hale-Rush:

I am responding to your letter of Septmeber 15, 2003 regarding your discussions with Becker Development, who is working in the subdivision served by your Lake Carmel system.

The question is whether AquaSource, or the developer, is responsible for water main and collecting sewer extensions for newly developed lots. The answer to this question is the developer of the new lots is responsible for the funding of extensions, as per Rule 14, "Extension of Water System" in the water tariff, and Rule 12, "Extension of Collecting Sewers and Acquisition of Existing Sewer System" in the sewer tariff, copies enclosed. Although the pages in the tariffs have the name "Capital Utilities, Inc.," AquaSource adopted these tariffs when it acquired the assets, and so these tariffs still apply.

The documents you sent along with your letter included the Commission's "Order Approving Sale of System and Granting Certificate of Public Convenience and Necessity" in Case No. WM-98-130, a memorandum from the Staff with a recommendation for this case, and a copy of a letter from Capital Utilities, Inc. generically addressed to customers. The letter to customers deals with billing issues, provides contact information, and states operation and maintenance responsibility. It does not address system expansion nor extensions.

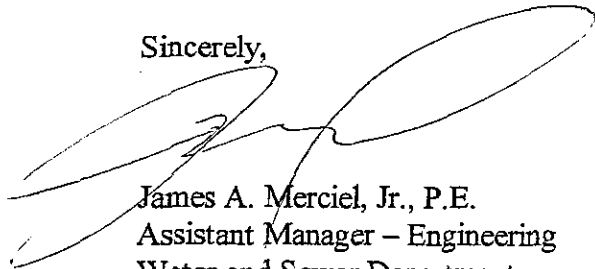
Exhibit D

Ms. Hale-Rush
September 22, 2003
Page 2

The Staff recommendation, and in less detail the Order, address system expansion. In context, this is dealing with expansion of the sewage treatment lagoon, and increased water storage, which was anticipated to be funded by the utility company and become "rate base," which is investment in utility assets. Apparently this expansion discussion is being interpreted by some to mean that the utility will fund extensions to new customers. However, both the Staff recommendation and the Commission's Order also clearly say that the rules and rates in Capital Utilities' existing tariffs would apply to the Lake Carmel area. Those rules, both then and now, include the water and sewer extension rules, Rules 14 and 12 as referred above. Therefore, it is my opinion that AquaSource should not fund extensions for developers nor for individual customers, rather the tariff rules should be followed.

If there are additional questions on this matter please advise.

Sincerely,



James A. Merciel, Jr., P.E.
Assistant Manager - Engineering
Water and Sewer Department
573 751-3027
jamesmerciel@psc.state.mo.us

enclosure

EXTENSION AGREEMENT – Developer

AGREEMENT between AquaSource/C.U., Inc., P. O. Box 7017,
Jefferson City, Missouri 65102, a Missouri Corporation, hereinafter called
the “Company” and Becker Development Co., L.L.C.
Jason Becker, Officer

hereinafter called the “Developer”.

WHEREAS, the Developer has requested the Company to extend or expand its system for the expressed purpose of providing Water service. This system extension is to be constructed in accordance with the Company’s Technical Specifications and will generally be routed as depicted on the attached plan or plat, referred to as Exhibit No. 1 attached hereto, and made a part of this Agreement; and

WHEREAS, the Company is willing to make such an extension upon the terms and conditions hereinafter set forth; and

WHEREAS, the Developer is willing and desires to assist in the installation of such extension and desires to bear the cost thereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Developer hereby applies to the Company for the said extension of its system, and the Company agrees to construct the said extension upon the terms and conditions hereinafter set forth.

2. Upon execution hereof, the Developer shall deposit with the Company the sum of Total Cost paid By Developer DOLLARS (\$ _____). ~~Such deposit shall be adjusted, based upon the determination of the actual cost by Company of facilities installed including water pipe and appurtenances, property, connection fees, engineering, accounting, and legal expenses plus the cost of obtaining any necessary easements or permits from governmental agencies or other direct costs. If it is necessary to adjust the amount of such deposit, in accordance with the terms of this paragraph, a supplemental memorandum will be prepared setting forth the actual costs and shall be attached hereto and made a part hereof.~~
3. The amount required for deposit may be reduced by the construction cost provided by the Developer and accepted by the Company. This may only apply in the specific case where the Developer will be the construction contractor. Such construction cost shall be attached hereto and made a part hereof.
4. The Company will use its best efforts to commence and carry to completion as soon as possible the installation of said extension, having in mind, however, delays which may be occasioned by weather, acts of God, strikes, or other matters not within its control.
5. It is further mutually understood and agreed that the water mains and appurtenances within the limits of the street, avenues, roads, or easement areas, whether or not attached to or serving customers but constructed as part of the extension shall be and remain the property of the Company, its successors and any water mains installed by it pursuant to the terms of this Agreement in or to other lands, streets, or easements without incurring any liability to Applicant(s) whatsoever.
6. Developer will, upon the request of the Company, grant to it an exclusive and irrevocable easement, at no cost to Company, for the installation, maintenance, operation, repair and replacement of said extension and appurtenances within the limits of any existing or

* JWR
* JB

proposed street, roadway, or easement area, together with right of ingress and egress thereto, in form satisfactory to the Company and duly executed and acknowledge in proper form for record. The Company shall also have the right to additional easement area over property owned by the Developer for the purpose of future extension of system to provide service to adjacent property.

7. It is further understood and agreed by and between the parties hereto that the Company's agreement to construct the said extension is subject to the Company obtaining all necessary consents, orders, permits, easements, and approvals of public officers or public bodies having jurisdiction over or lawful interest in any to the subject matters herein. In the event that the Company, after prompt application and diligent effort, is unable to obtain any necessary consent, order, permit, easement, or approval as aforesaid, or in the event that the Company is enjoined or prevented by lawful action of any such public officer or official body from constructing the said extension, the Company shall have no obligation to the Developer to proceed with the installation until such time as the aforesaid lawful action shall be resolved.
8. It is agreed by Developer that he will not build at any time hereafter on, in or over the said easement any structure, the construction of presence of which will endanger or render ineffective or difficult the access to water mains or appurtenances of the Company, or lay other pipes or conduits within two (2) feet, measured horizontally or ten (10) feet measured horizontally for sewer mains, from the said water mains except pipes crossing same at right angles in which latter case a minimum distance of eighteen (18) inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said water mains. Provided, however, that should the Developer wish to do so, he may at his own expense provide a new location acceptable to the Company for the said water mains and the Company will then move said water mains and appurtenances to said new location, and the whole cost of such

moving and altering and any expenses incident thereto, shall be borne by the Developer. It is further understood and agreed that in case of any damage by Developer or caused by neglect of Developer to the water mains or their appurtenances, connection therewith, these facilities will be repaired and brought to proper grade by the Company or Company's contractor at Developer's expense.

9. It is further mutually understood and agreed by and between the parties hereto that this Agreement is subject to all the requirements of the Company's Rules and Regulations Governing Rendering of Water Service currently on file with the Missouri Public Service Commission be they expressed herein or not. It is specifically noted that the Company's definition either continuation of piping from existing Company owned water mains or the construction of an entirely new water main system.
10. The Company reserves the right to withdraw this proposal at any time before it has been accepted by the Developer. In the event it is not accepted and the payment for the water system extension is not in the possession of the Company within sixty (60) days from the date this Agreement is transmitted to the Developer, this proposal will be null and void.

IN WITNESS WHEREOF, the parties hereto have agreed to the above conditions as indicated by their signatures affixed below on this

25th day of July, 2003.

COMPANY

ATTEST:

[Handwritten signature]

BY
ITS

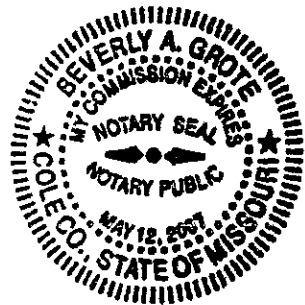
[Handwritten signature]
[Handwritten signature]

DEVELOPER

ATTEST:

[Handwritten signature]

[Handwritten signature]
[Handwritten signature]



In testimony whereof, I have hereunto set my hand and affixed my official stamp and/or seal, at my office in Jefferson City, Mo the day and year first above written.

Beverly A. Grote NOTARY PUBLIC

SINGLE PERSON'S ACKNOWLEDGMENT

STATE OF _____ SS.
COUNTY OF _____
STATE OF _____ SS.
COUNTY OF _____

On this ____ day of _____, _____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

And the said _____ further declared _____ to be single and unmarried.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal and/or stamp, at my office in _____ the day and year first above written.

NOTARY PUBLIC
My term of office expires: _____

ACKNOWLEDGEMENT OF CORPORATION OFFICIAL

STATE OF _____ SS.
COUNTY OF _____

On this ____ day of _____, _____, before me personally appeared _____, to me personally known, who, being by me duly sworn did say that he/she is President of _____, a Corporation of the State of _____, and that the seal affixed to foregoing instrument is the corporate seal of said Corporation, and that said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors and said _____ acknowledged said instrument to be the free act and deed of said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official stamp and/or seal, at my office in _____ the day and year first above written.

NOTARY PUBLIC
My term of office expires: _____

*Will
Revised to
sign*

EXTENSION AGREEMENT – DEVELOPER

AGREEMENT between AquaSource/CU Inc., P. O. Box 7017,
Jefferson City, Missouri 65102, a Missouri corporation, hereinafter called
the "Company" and

Becker Development Co., L.L.C.
Jason Becker, Officer

Hereinafter called the "Developer".

WHEREAS, the Developer has requested the Company to extend or
expand its system for the expressed purpose of providing sewer service.
This system extension is to be constructed in accordance with the
Company's Technical Specifications and will generally be routed as
depicted on the attached plan or plat, referred to as Exhibit No. 1 attached
hereto, and made a part of this Agreement; and

WHEREAS, the Company is willing to make such an extension upon
the terms and conditions hereinafter set forth; and

WHEREAS, the Developer is willing and desires to assist in the
installation of such extension and desires to bear the cost thereof.

NOW, THEREFORE, in consideration of the premises and the mutual
covenants and agreements herein contained, THE PARTIES HERETO
AGREE AS FOLLOWS:

1. Developer hereby applies to the Company for the said extension of its
system, and the Company agrees to construct the said extension upon
the terms and conditions hereinafter set forth.
2. Upon execution hereof, the Developer shall deposit with the Company
the sum of Total cost By Developer DOLLARS
(\$ _____). Such deposit shall be adjusted, based
~~upon the determination of the actual cost by Company of facilities~~

JAB

*

installed including sewer pipe and appurtenances, property, connection fees, engineering, accounting, and legal expenses plus the cost of obtaining any necessary easements or permits from governmental agencies or other direct costs. If it is necessary to adjust the amount of such deposit, in accordance with the terms of this paragraph, a supplemental memorandum will be prepared setting forth the actual costs and shall be attached hereto and made a part hereof.

3. The amount required for deposit may be reduced by the construction cost provided by the Developer and accepted by the Company. This may only apply in the specific case where the Developer will be the construction contractor. Such construction cost shall be attached hereto and made a part hereof.
4. The Company will use its best efforts to commence and carry to completion as soon as possible the installation of said extension, having in mind, however, delays which may be occasioned by weather, acts of God, strikes, or other matters not within its control.
5. It is further mutually understood and agreed that the collecting sewers and appurtenances within the limits of the street, avenues, roads or easement areas, whether or not attached to or serving customers but constructed as part of the extension shall be and remain the property of the Company, its successors and any collecting sewers installed by it pursuant to the terms of this Agreement in or to other lands, streets, or easements without incurring and liability to Applicant(s) whatsoever.
6. Developer will, upon the request of the Company, grant to it an exclusive and irrevocable easement, at no cost to Company, for the installation, maintenance, operation, repair and replacement of said

extension and appurtenances within the limits of any existing or proposed street, roadway, or easement area, together with right of ingress and egress thereto, if form satisfactory to the Company and duly executed and acknowledge in proper form for record. The Company shall also have the right to additional easement area over property owned by the Developer for the purpose of future extension of system to provide service to adjacent property.

7. It is further understood and agreed by and between the parties hereto that the Company's agreement to construct the said extension is subject to the Company obtaining all necessary consents, orders, permits, easements, and approvals or public officers or public bodies having jurisdiction over or lawful interest in any of the subject matter herein. In the event that the Company, after prompt application and delinquent effort, is unable to obtain any necessary consent, order, permit, easement, or approval as aforesaid, or in the event that the Company is enjoined or prevented by lawful action of any such public officer or official body from constructing the said extension, the Company shall have no obligation to the Developer to proceed with the installation such time as the aforesaid lawful action shall be resolved.

8. It is agreed by Developer that he will not build at any time hereafter on, in or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult the access to collecting sewers or appurtenances of the Company, or lay other pipes or conduits within two (2) feet, measured horizontally or ten (10) feet for water main, measured horizontally, from the said collecting sewers except pipes crossing same at right angles in which latter case a minimum distance of eighteen (18) inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said collecting sewers. Provided, however, that should the Developer wish to do so, he may

at his own expense provide a new location acceptable to the Company for the said collecting sewers and that Company will then move said collecting sewers and appurtenances to said new location, and the whole cost of such moving and altering and any expenses incident thereto, shall be borne by the Developer. It is further understood and agreed that in case of any damage by Developer or caused by neglect of Developer to the collecting sewers to their appurtenances, connection therewith, these facilities will be repaired and brought to proper grade by the Company or Company's contractor at Developer's expense.

9. It is further mutually understood and agreed by and between the parties hereto that this Agreement is subject to all requirements of the Company's Rules and Regulations Governing Rendering of Sewer Service currently on file with the Missouri Public Service Commissions be they expressed herein or not. It is specifically noted that the Company's definition of a sewer system "extension" may refer to either continuation of piping from existing Company owned collecting sewer or the construction of an entirely new wastewater collection/treatment system.
10. The Company reserves the right to withdraw this proposal at any time before it has been accepted by the Developer. In the event it is now accepted and the payment for the sewer system extension is not in the possession of the Company within sixty (60) days from the date this Agreement is transmitted to the Developer, this proposal will be null and void.

*refused to sign
WW*

IN WITNESS WHEREOF, the parties hereto have agreed to the above conditions as indicated by their signatures affixed below on this

25th day of July, 2003.

COMPANY

ATTEST:

BY _____
ITS _____

DEVELOPER

* _____

ATTEST:

* _____

ACKNOWLEDGEMENT OF HUSBAND AND WIFE

STATE OF _____
SS.
COUNTY OF _____

On this ____ day of _____, _____, before me personally appeared _____
and _____, his wife, to me known to be the persons described in and
who executed the foregoing instrument, and acknowledged that they executed the same as their free act and
deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal and/or
stamp, at my office in _____ the day and year first above written.

NOTARY PUBLIC
My term of office expires: _____

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Bob Holden, Governor • Stephen M. Mahfood, Director

AR
Lake Carmel, MO
Review No. 22022-03
PWS ID # MO 3031183

www.dnr.state.mo.us
P.O. Box 176, Jefferson City, MO 65102
573/751-5331

November 20, 2003

Ms. Tena Hale-Rush, Manager
Aquasource/R. U., Inc.
P. O. Box 7017
Jefferson City, Missouri 65102

Dear Ms. Hale-Rush:

We are advising that detailed plans with specifications on the plans and an engineering report for a waterline extension for Lake Carmel, Missouri, were submitted by Rick Muldoon Engineering, consulting engineers, Jefferson City, Missouri, on November 13, 2003. Please make reference to Review Number 22022-03 when submitting documents pertinent to this proposal.

In an effort to further expedite our permit review process, these documents will be carefully reviewed as soon as possible by our contracted PRIVATE CONSULTANT. Our consultant will process the documents and discuss possible changes or necessary additions to the submittal with your engineers.

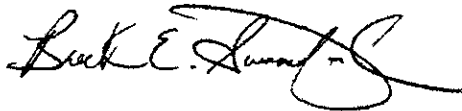
Regulations provide that our approval of the project must be secured in writing before construction work is started. This approval is your assurance that the proposed work complies with requirements of this Division.

You will receive copies of our report and approval of the documents for the proposed work, and this report will serve as your authorization to award contracts and begin construction.

Please be advised this facility may be required to obtain other permits from the Water Pollution Control Program. It is your responsibility to insure that any and all necessary permits for this facility have been obtained. You should apply directly to that program for any necessary permits.

Sincerely,

PUBLIC DRINKING WATER PROGRAM



Breck E. Summerford, P.E., Chief
Permits Section

BES:wek

c: Rick Muldoon Engineering
Northeast Regional Office



Integrity and excellence in everything we do



Exhibit G



P.O. Box 7017
Jefferson City, MO 65102
5402 Bus. Hwy. 50 W. Suite 3
Jefferson City, MO 65109

800-624-5252 (MO only)
573-634-2699
573-635-2157 (fax)

December 2, 2003

Breck E. Summerford, P.E., Chief
Permits Section
Missouri Department of Natural Resources
P.O. Box 176
Jefferson City, Missouri 65102

Re: Lake Carmel, Review No. 22022-03

Dear Mr. Summerford:

We are in receipt of your letter dated November 20, 2003 regarding a waterline extension in Lake Carmel. We are the owner of the water and wastewater systems that service this subdivision. We currently have an unresolved issue with the Developer that is applying for this water extension. The Developer will also need wastewater service and has not applied for the sewer extension or to upgrade the necessary capacity of the treatment facility. The current treatment facility does not have enough capacity to serve these homes that the water extension will service. Therefore, we are not in agreement to allow this water extension, at this time.

If you have any questions regarding this matter please contact our office at 573-634-2699.

Sincerely,

A handwritten signature in cursive script that reads "Tena Hale-Rush".

Tena Hale-Rush
Manager
State of Missouri

CC: Rick Muldoon Engineering
James Merciel, Missouri Public Service Commission



P.O. Box 7017
Jefferson City, MO 65102
5402 Bus. Hwy. 50 W. Suite 3
Jefferson City, MO 65109

800-624-5252 (MO only)
573-634-2699
573-635-2157 (fax)

December 2, 2003

Jason Becker
Becker Development Company, L.L.C.
407 Constitution Drive
Jefferson City, Missouri 65109

Re: Lake Carmel Water and Sewer Extensions

Dear Mr. Becker:

You have not made the necessary arrangements with our Company to upgrade the wastewater treatment facility to add the additional capacity to service the proposed lots that you want to add to the current subdivision. We have had several discussions and two meetings regarding the steps that are necessary for you to take in order to perform further development at Lake Carmel Estates. You will need to complete the required Developer Extension Agreement and submit Engineering Plans and Specifications to be approved by the Company in regards to adding additional capacity to the current wastewater treatment facility. Since this process has not been completed you would also not be approved by this Company to add any additional water lines to this system, as they would also ultimately flow to the current wastewater treatment facility, which does not have adequate capacity for these additions. We have received information that you have applied for a construction permit to add an additional 22 services to our system. Therefore, until an agreement is reached between you and AquaSource/C.U., Inc. no further mains will be connected to our current system. By copy of this letter we are also notifying the Missouri Department of Natural Resources and the Missouri Public Service Commission.

Please contact our office at 573-634-2699 to discuss this issue. Our office hours are Monday through Friday from 8:00 a.m. to 5:00 p.m. and you will need to call ahead to schedule an appointment.

Sincerely,

A handwritten signature in cursive script that reads "Tena Hale-Rush".

Tena Hale-Rush
Manager
State of Missouri

CC: Everett Baker, Missouri Department of Natural Resources
James Merciel, Missouri Public Service Commission
David Krehbiel, Engineer ✓
Rick Muldoon, Muldoon Engineering
Aaron Lachowicz, Facility Supervisor

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Bob Holden, Governor • Stephen M. Mahfood, Director



www.dnr.state.mo.us

P.O. Box 176, Jefferson City, MO 65102
573/751-5331

CW
Lake Carmel, MO
Review No. 22022-03
PWS ID # MO 3031183

December 9, 2003

Ms. Tena Hale-Rush, Manager
Aquasource/R. U., Inc.
P. O. Box 7017
Jefferson City, Missouri 65102

Dear Ms. Hale-Rush:

The project submitted under Review Number 22022-03 for a waterline extension for Lake Carmel, Missouri has been withdrawn as requested.

Feel free to submit a complete project for review at any time. If you have any questions, do not hesitate to contact us.

Sincerely,

PUBLIC DRINKING WATER PROGRAM

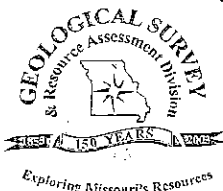
A handwritten signature in black ink, appearing to read "Breck E. Summerford".

Breck E. Summerford, P.E., Chief
Permits Section

BES:wek

Certified Mail # 7001 2510 0006 2079 3355

c: Rick Muldoon Engineering
Northeast Regional Office



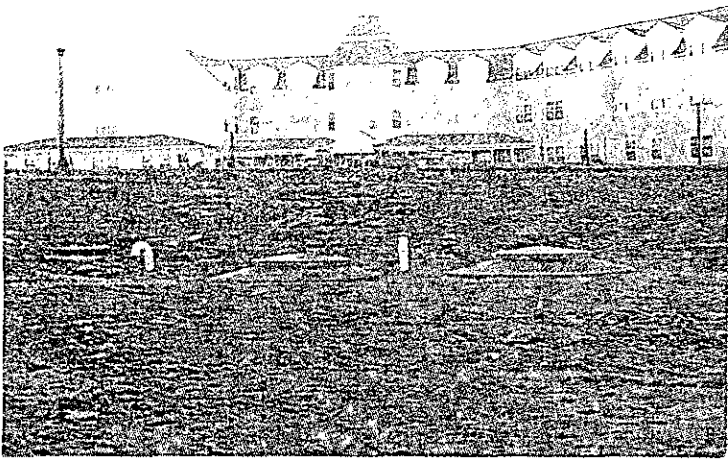
Integrity and excellence in everything we do



Exhibit J

Aquidneck Place

Portsmouth, RI



	Influent	Effluent
Flow	8,000 gpd	
BOD ₅	250 mg/l	30 mg/l
TSS	300 mg/l	30 mg/l
TKN	50 mg/l	
T-N		<10 mg/l

In the Field Aquapoint

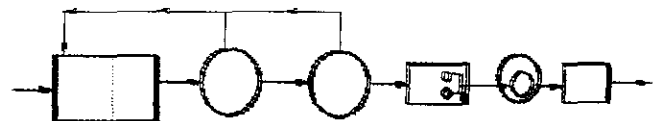
This assisted living facility is the first phase of the project which will include a commercial center upon completion of phase 2. At completion the daily flow is expected to be 20,000 gpd. The size of the flow, the nature of the soils and proximity to the nitrogen sensitive coastal waters led to final permit discharge standards of <30 mg/l BOD, <30 mg/l TSS, and 10 mg/l Total Nitrogen.

The wastewater treatment system is installed in phases to assume the infrastructure costs with build-out. Crossman Engineering selected Aquapoint's denitrification system because its modularity allowed phased construction at a competitive cost.

The system includes a grease trap and primary settling tank

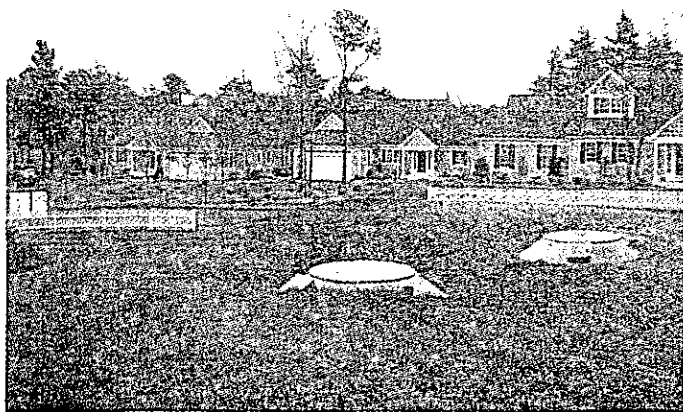
followed by a two stage Bioclere system. The first Bioclere is sized to reduce carbonaceous BOD to <30 mg/l and the second Bioclere is sized to nitrify to <2 mg/l Ammonia. Nitrified wastewater from the second Bioclere is re-circulated to the influent end of the primary tank where there is sufficient carbon to denitrify and restore alkalinity. The second phase will replicate this design.

Wastewater flows from the Bioclere units to a common equalization chamber that feeds a single deep bed, continuous flow sand filter. This filter is dosed with methanol to achieve a denitrifying biomass in the sand bed. The anoxic sand filter is designed to polish the effluent to <10 mg/l Total Nitrogen.



Ridge Club

Sandwich, MA



	Influent	Effluent
Flow	7,250 gpd	
BOD ₅	200 mg/l	30 mg/l
TSS	200 mg/l	30 mg/l
TKN	45 mg/l	
NH ₄		<5 mg/l
T-N		<19 mg/l

In the Field Aquapoint

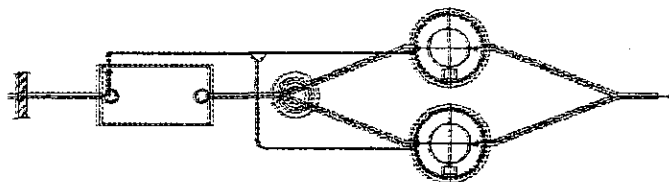
This is a 24 home community on Cape Cod. Because Cape Cod has a fragile sole source aquifer, analysis of Nitrogen discharge to the site required that half of the homes be placed on denitrifying systems. The developer chose to install a shared system for all the homes because the initial capital cost as well as the installation and operating costs were significantly lower for the entire cluster than they were for the individual treatment units.

The wastewater from the 24 homes is gravity fed to a common septic tank followed by two Aquapoint Bioclere units installed in parallel. Each Bioclere unit was designed to achieve combined BOD₅ oxidation and nitrification. Nitrified wastewater from the Bioclere system is re-circulated to the

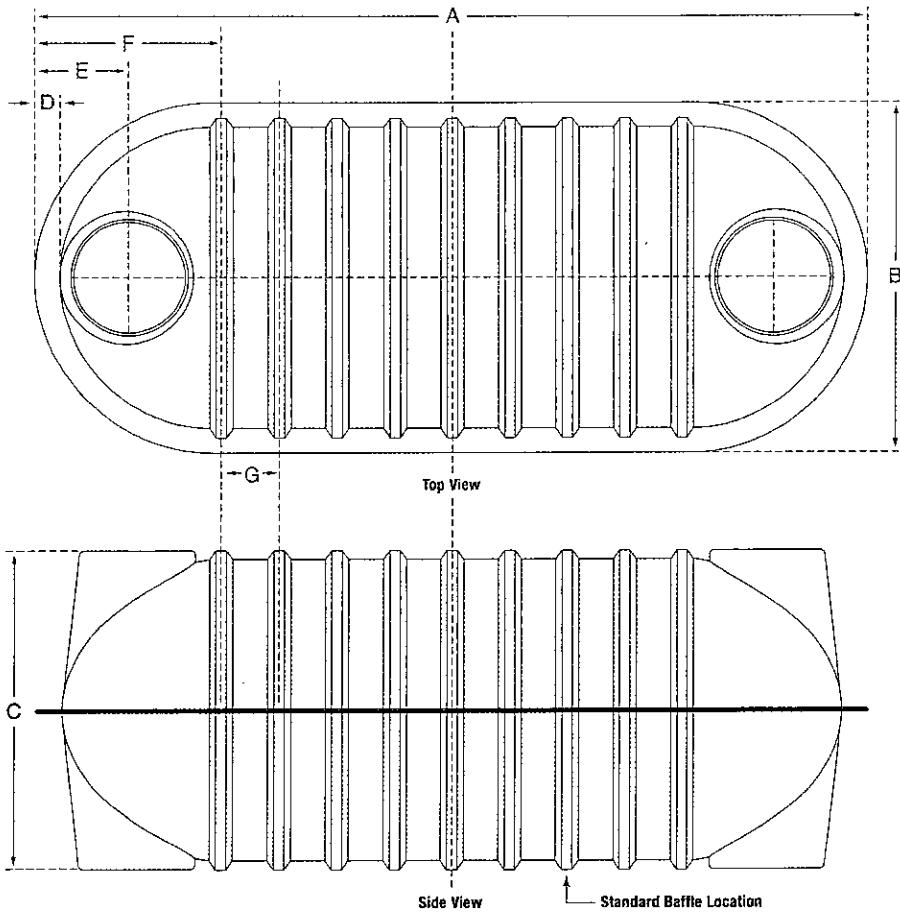
influent end of the primary settling tank where there is sufficient carbon to denitrify and restore alkalinity and sufficient pH. Final effluent is distributed under pressure to the soil absorption field.

The treatment system is owned by the 24 homeowners under an agreement that is similar to that of a condominium trust agreement. Operations and maintenance as well as replacement costs must be accrued. The form of this agreements is provided in Title 5, the Massachusetts onsite code.

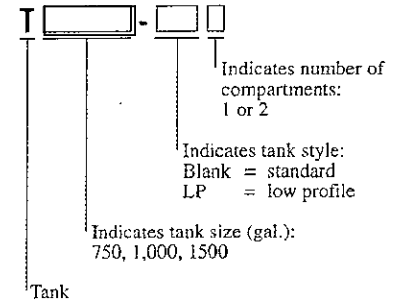
Operating costs for the shared system are approximately 10% of the O & M costs if each home owner had to maintain their own individual system.



Orenco® Fiberglass Tank Nominal Dimensions*



Model Code for Ordering



* Call for more detailed drawings.

Specifications

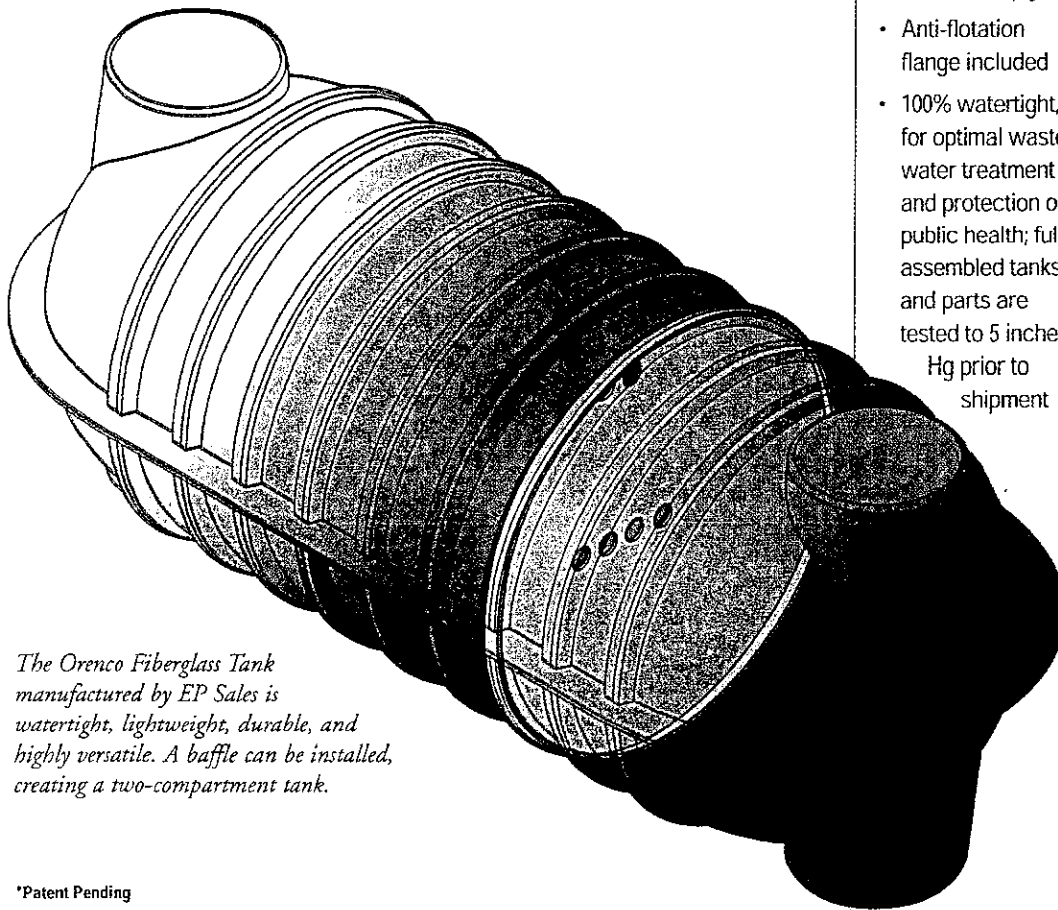
	750 gal. Tank	1000 gal. Tank	1000 gal. LP (Low Profile) Tank	1500 gal. Tank
Dimensions (in inches):				
A - Length	119.7	120.6	166.8	166.8
B - Width	69.2	70.0	70.0	70.0
C - Height	53.0	64.5	48.0	64.5
D - Flange Width	5.0	5.0	5.0	5.0
E - End to Center of Tank Access	19.6	20.0	20.0	20.0
F - End to First Rib	36.7	37.2	37.2	37.2
G - Rib Spacing	11.6	11.6	11.6	11.6
H - OD of Tank Access	23.5	23.5	23.5	23.5
Inlet height	41.5	53	39	53
Weight:				
1-compartment (assembled)	270 lbs.	320 lbs.	334.5 lbs.	450 lbs.
2-compartment (assembled)	305 lbs.	355 lbs.	369.5 lbs.	485 lbs.
Volume:				
Volume to Typical Invert of Outlet	797 gal.	1085 gal.	1000 gal.	1631 gal.
Total Tank Volume	894 gal.	1192 gal.	1200 gal.	1785 gal.

Orenco® Fiberglass Tank Manufactured by EP Sales

750 gal; 1,000 gal; 1,000 gal LP; 1,500 gal

Applications

The watertight Orenco Fiberglass Tank* comes in four sizes and is used in onsite wastewater treatment systems (residential and commercial) and in community-wide effluent sewer systems. The tank has been optimized for use with STEP systems (septic tank effluent pumping systems) and with packed bed filters, such as Intermittent and Recirculating Sand Filters and AdvanTex® Textile Treatment Systems. As the tank collects and digests organic matter, it provides primary wastewater treatment, reducing wastewater contaminants by 65-70%.



The Orenco Fiberglass Tank manufactured by EP Sales is watertight, lightweight, durable, and highly versatile. A baffle can be installed, creating a two-compartment tank.

*Patent Pending

To Order

Call EP Sales, 1-888-EP SALES.
(377-2537)

APS-TNK-1-1
EP SALES
Rev. 1.1, © 09/02

Features & Benefits

- Made of long-lasting, chemical-resistant fiberglass reinforced polyester (FRP)
- Strong and durable; eliminates costly call-backs for repairs
- Designed for 4 burial, empty
- Anti-flotation flange included
- 100% watertight, for optimal wastewater treatment and protection of public health; fully assembled tanks and parts are tested to 5 inches Hg prior to shipment
- Light enough to transport in a pick-up or small trailer (lifting lug included) and install with a backhoe; no waiting for delivery truck
- No-hassle installation — even in the smallest lots
- Onsite assembly of tanks available
- Accommodates a baffle wall, creating a two-compartment tank
- Directly accepts standard 24" diameter PVC risers; adapter available for 30" diameter
- Orientation of inlet and outlet easily adjusted with watertight EPDM grommets

EP Sales, inc.

272 Keystone Industrial Park Drive
Camdenton, MO 65020

(Dimensions and model code on back.)

Effluent Sewer FAQ



Oreco Systems
Incorporated

1-800-348-9843

Effluent sewer technology has improved so dramatically over the past several decades that these “decentralized sewer systems” are now highly recommended by the U.S. Environmental Protection Agency.

Since 1981, Oreco Systems has worked with hundreds of communities to solve their wastewater problems with reliable, cost-effective effluent sewer technology. Following are some frequently asked questions:

“Will an effluent sewer system smell?”

No. Not if properly designed and installed. Any wastewater collection system will smell if not properly designed and installed. In fact, conventional sewers have more opportunities for odor, since there are manholes every 300-400 feet that are open to the environment. An effluent sewer system has no manholes.

“Is an effluent sewer expensive to maintain?”

No. The community provides maintenance services, and those costs are so low that the homeowner typically pays less than \$20/month . . . and that generally includes debt repayment. At Elkton, Oregon — a 135-household system built more than 10 years ago — the operator makes fewer than four service calls per year! A 1993 survey of effluent sewer projects in Oregon, Washington, and California showed that service calls averaged only 1.4 hours per month per 100 homes! And our new VeriComm™ Control Panels come with a web-based remote monitoring system that makes O & M even easier for operators and more invisible to residents.

“Are the onsite tanks hard to take care of?”

No. We provide homeowners with a simple, readable Homeowners’ Manual. And the watertight tanks only need pumping about once every 12 years or more. With a 1,500 gallon tank, cleaning intervals are even longer. Until then, the tanks are out-of-sight and out-of-mind.

“Some people object to having a tank buried in their yard. How do we respond to that?”

Tell them their tank will be out-of-sight and out-of-mind, as noted above. Tell them that a watertight tank with an effluent filter does a terrific job of decomposing household waste, removing up to 90% of the contaminants and digesting (decomposing) more than 80% of the organic material. Tell them that a single underground tank on each property is far kinder to our planet than the huge primary treatment tanks at municipal wastewater treatment facilities, which overflow during storms, pouring millions of gallons of untreated waste into our rivers and oceans.

“What about easement and access problems?”

Easement and access problems with wastewater utilities are no greater than they are with any other utility. Maintenance providers typically visit the household once every three years, to check the system. Compare that to the monthly or quarterly visits of utility meter readers. Since the system is outdoors, the homeowner does not have to be present.

“You say that effluent sewers cost less than conventional sewers, but my consulting engineer says that they cost as much, or more. Why is that?”

Don't accept blanket statements like that. Make sure you get real numbers, and get those numbers from an engineer who is experienced in designing effluent sewers. Effluent sewer design is not taught in engineering school; it didn't even appear in engineering texts until 1998, when Crites and Tchobanoglous published *Small and Decentralized Wastewater Management Systems*, which is now the standard in the field. At Orenco, we can provide you and your engineer with actual installation costs, from our files, and we can help provide accurate cost estimates for your project: 1-800-348-9843.

“I've heard that a lot of these systems have failed. Is that true?”

In the early years of effluent sewer technology, the importance of watertight tanks was not recognized. Consequently, leaking tanks accounted for some system failures. In addition, some systems failed from poor design, unsupervised construction, and/or substitution of inferior products. At Orenco, we insist on watertight tanks, and we recommend documented construction processes and use of our highly engineered equipment. We also provide free design assistance to project engineers. Orenco has successfully provided equipment to hundreds of effluent sewer systems, for more than 15 years.

“Do effluent sewers have problems with hydrogen sulfide?”

Effluent sewers have no more problems with hydrogen sulfide than conventional sewers do. Hydrogen sulfide is a natural byproduct of organic waste. There are a number of techniques for reducing hydrogen sulfide in sewer systems. Ask an Orenco engineer: 1-800-348-9843.

“We already have lift stations and they're expensive to maintain. Why in the world would I want a pump at every home?”

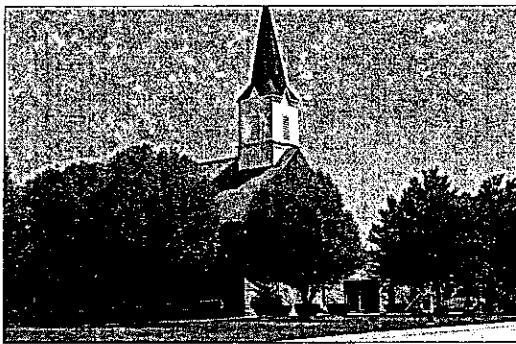
A lift station and an in-tank, half-horsepower effluent pump are not equivalent. Our small, lightweight effluent pumps last for decades and cost very little to run. (The electricity for one pump averages less than \$1/month at the national average of eight cents/kWh). With an effluent sewer system, expensive lift stations are eliminated. The effluent sewer system at Glide, Oregon serves over 800 homes and includes over 20 miles of pressure mains. Even so, our half-horsepower pumps provide all the power needed to move effluent throughout the system.

See report titled "Alternative Wastewater Systems in Illinois," written by the Illinois Community Action Association (1-217-789-0125)

O R E N C O C A S E S T U D Y

New Minden, Illinois:

State Agencies Amazed by Orenco Effluent Sewer and Recirculating Gravel Filter



The small farming community of New Minden, Illinois (population 228) is attracting nationwide attention for its Orenco effluent sewer and recirculating gravel filter. EPA tests consistently show BOD & TSS levels below 5.0 mg/L and ammonia nitrogen levels below 0.5 mg/L.



"Between our firm and your distributor, we get calls every day about New Minden's effluent sewer and recirculating gravel filter. We put another Orenco effluent sewer in Eddyville, Illinois, and it's working great, too."

Bill Walker, P.E.
Walker Baker & Associates



Orenco Systems'
Incorporated

800/348-9843

www.orenco.com

When the Village of New Minden, Illinois built an Orenco effluent sewer with a recirculating gravel filter and began sending its monthly reports to EPA, agency officials thought someone might be "cooking the books." Or didn't know how to grab a good sample. BOD and TSS levels under 3 mg/L? Impossible!

So the agency sent its own people to perform unannounced and independent tests. The results were even better! Then the agency did another inspection, as a step towards statewide approval for Orenco-type filtered collection systems.

The Village of New Minden (population 228) is an Illinois demonstration site: one of four communities selected by the state's "Rural Action Association" for installation of a cost-effective, alternative wastewater system. This small farming community had been plagued with wastewater problems — noxious odors and sewage in its ditches — and had filed applications with numerous funding agencies over the years.

Engineer Bill Walker, of Walker Baker & Associates, estimated the community could save money by installing an Orenco effluent sewer and recirculating gravel filter instead of a conventional sewer. The advantages of shallowly buried effluent sewer lines became immediately apparent, when testing revealed limestone bedrock 8'-12' below the surface! "Right then, we realized we'd saved a million dollars in excavation costs," said Walker.

Continued Walker, "We ran almost all our collection lines down alleys and across fields. When the state's Rural Development Director came to town for our dedication, he pulled me aside and asked 'When are you going to get this project finished?' I said 'It is finished.' He said, 'But when are you going to tear up the streets?' He couldn't believe we didn't have to!"

(Continued on back)

Installed in January, 1998, New Minden's wastewater system continues to astound critics. In addition to BOD and TSS levels well below 5.0 mg/L, ammonia nitrogen is averaging less than 0.5 mg/L. One part-time maintenance person spends 4 hours per week on the treatment system and less than 1 hour/month on service calls. And metering shows that power costs for effluent collection are averaging about 18 cents/home/month!

New Minden's effluent sewer project cost a total of \$1,200,000 and currently serves about 135 households and three commercial properties. Residents pay a base bill of \$18.80/month, with a small surcharge for usage in excess of 2,000 gallons. New installations run about \$3,000, not including a connection fee of \$300.

"The community is very happy with the way its new system is working," said Walker.

SUMMARY OF SPECIFICATIONS

New Minden, Illinois Effluent Sewer and Recirculating Gravel Filter Using Orenco Systems' Equipment

INSTALLATION DATE

January 1998

SYSTEM ENGINEER

Walker Baker & Associates, Harrisburg, Illinois

CONTRACTOR

Pensoneau Construction, Belleville, Illinois

ORENCO DISTRIBUTOR

Flo-Systems, inc., Troy, Illinois

TOTAL PROJECT COST

\$1,200,000 (collection and treatment)

ON-SITE FACILITIES

138 EDU's, mostly residential
(9 STEP units, 129 STEG units)

22 duplex pump stations

TANKS

RESIDENTIAL

Mostly 1,000 gal concrete tanks with effluent filters (Constructed to specification)

COMMERCIAL

1,500 gal concrete tanks with grease trap
(Constructed to specification)

PUMPS

Collection: 1/2 hp (10-25 gpm typical) turbine effluent pumps

Treatment: 3/4 hp turbine effluent pumps

COLLECTION SYSTEM

Each lot has 1" service lines

Gravity flow pipe to pump stations:

10,700 feet of 2" pipe, 485 feet of 3" pipe

TREATMENT SYSTEM

50' X 100' RECIRCULATING GRAVEL FILTER:

Design flows = 25,000 gpd

Average flows = 16,500 gpd

Design recirc ratio = 5:1

Actual recirc ratio = 4:1

Design loading rate = 5 gal/sq ft/day

Actual loading rate = 3 gal/sq ft/day

Two 12,500 gal recirculation tanks

Media Depth = 2'

Media Effective Size = 2.41 mm

Media Uniformity Coefficient = 1.5

DISPERSAL

Recirculating gravel filter discharges to intermittent stream

OPERATION/MAINTENANCE

ONSITE FACILITIES

One part-time maintenance person

4 hr/wk preventative maintenance

1 hr/mo in service calls

Septic tanks monitored yearly

Expected sludge removal every 10-12 years, on average

TREATMENT SYSTEM

One part-time maintenance person

State of Illinois, Class I Operator

4 hr/wk

Treatment electrical costs: \$322/yr.

FEES

\$300 initial connection fee

\$3,000 initial installation costs

\$18.80 month base charge

Small surcharge over 2,000 gal/mo

DATA COMPARING INFLUENT TO EFFLUENT

ANNUAL AVERAGE	BOD I / E	TSS I / E	NH3-N
1998	156/1.6	49/2.5	.21
1999	139/2.2	48/2.2	.45
2000	150/1.2	34/3.9	.23
2001	170/3.1	34/3.9	.23

BOD Biochemical Oxygen Demand TSS Total Suspended Solids NH3-N Ammonia - Nitrogen



Orenco Systems
Incorporated

*Changing the Way the
World Does Wastewater®*

1-800-348-9843

www.orenco.com

ACS-SL-3

Rev. 2.0, 11/01

© Orenco Systems® Inc.

O R E N C O C A S E S T U D Y

Elkton, Oregon:

Effluent Sewer Provides Superior Treatment at Low Cost



This aerial view shows the community of Elkton, Oregon, with its 100 residences, stores, restaurants and schools. Orenco's highly efficient recirculating sand filter is in the lower right corner (circled).

In the late eighties, individual onsite septic systems in Elkton, Oregon — along the beautiful Umpqua River — were failing, threatening the river's water quality. In addition the septic systems were limited in capacity, and merchants realized they couldn't expand their businesses without making improvements.

In 1989, Orenco installed a ProSTEP™ watertight effluent sewer system that conveys effluent from about 100 onsite septic systems — of which 1/3 are gravity (STEG) and 2/3 are pump (STEP) — to a 60' x 120' recirculating sand filter (RSF) designed to treat 30,000 gallons per day. Final disposal of the treated effluent is to a sequentially dosed drainfield consisting of 11,000 lineal feet, divided into 12 zones.

Effluent quality is outstanding. BOD and TSS from the ProSTEP collection system average 130 and 34 mg/L, respectively. After treatment by the RSF, effluent dosed to the drainfield averages 6 mg/L for both!

The cost to homeowners is minimal. After an initial \$400 connection charge, homeowners pay a low \$20 monthly fee that includes system payback and maintenance. That's because maintenance is also minimal, averaging less than an hour per day for routine maintenance to the collection system and for recording daily meter readings for the RSF and dosing pumps.

With a total system cost of \$897,800, the average installation was less than \$7,000 per connection. The community of Elkton found a cost-effective, environmentally sound solution to its wastewater treatment needs. And because only two-thirds of the systems' capacity is being used, Orenco's ProSTEP technology will serve Elkton long into the foreseeable future.



"The river is a big part of our lives, so protecting it is a priority. Orenco's recirculating sand filter does an excellent job at a cost we can afford."

Linda Higgins
Elkton City Manager



Orenco Systems
Incorporated

800/348-9843

www.orenco.com

SUMMARY OF SPECIFICATIONS

Elkton, Oregon Effluent Sewer and Recirculating Sand Filter Using Orenco Systems' Equipment

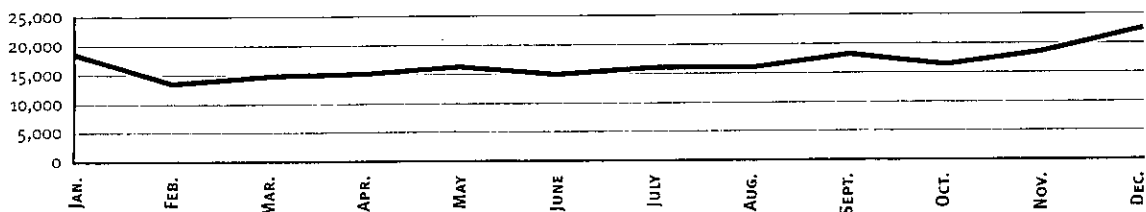
<p>INSTALLATION DATE 1989</p> <p>TOTAL PROJECT COST \$897,800</p> <p>ON-SITE FACILITIES 135 EDU's, mostly residential 67 STEP Units, 34 STEG Units</p> <p>TANKS <u>RESIDENTIAL</u> 1,000 gal, 1-piece construction, single-compartment concrete tank fitted w/effluent filters or screened pump vaults.</p> <p><u>COMMERCIAL</u> Larger than 1,000 gal and/or multiple tanks.</p> <p><u>PUMPS</u> 1/2 hp (10 gpm typical) effluent pumps.</p> <p>COLLECTION SYSTEM Main lines mostly 2" diameter, some 3".</p> <p>TREATMENT SYSTEM Recirculating gravel filter discharging to drainfield. Q (Design) = 30,000 gpd Q (Average) = 17,000 gpd Actual RR = 3.2:1</p>	<p>29,500 gal recirculation tank, with four, 1 hp pumps.</p> <p>Per DEQ, Media depth = 35", D10 = 3.5 mm; Cu = 1.8 (Current standards provide for media depth of 24" and media size of 1.2-2.5.)</p> <p>Flow splitter tank divides 20% of return flow to drainfield. During low flows, motorized valve actuates, resulting in 100% recirculation.</p> <p>DISPOSAL 3,000 gal dosing tank with three, 1/2 hp, 70 gpm pumps. Each pump doses to 4 valves that sequentially direct flow to hydrosplitter with 5 zones each.</p> <p>127 (2") laterals with 1/8" orifices on 24" spacing, placed in 12" x 48" trenches.</p> <p>11,000 LF drainfield is located within 6 acres.</p> <p>EFFLUENT QUALITY Influent BOD and TSS average 130 and 34 mg/L, respectively. Effluent averages 6 mg/L for both (see chart, below).</p> <p>OPERATION/MAINTENANCE <u>ONSITE FACILITIES</u> Alarm calls average 3.7/yr. for first 7 yrs. No residential tanks have needed pumping.</p>	<p>In 1996, a full audit was performed at each septic tank. Little maintenance was required.</p> <p><u>COLLECTION SYSTEM</u> 2 contract operators on-call.</p> <p><u>TREATMENT SYSTEM</u> 1 part-time operator; less than 1 hr/day, including daily meter readings (weekly would be adequate).</p> <p>Per WPCF permit, effluent analysis performed quarterly.</p> <p>RSF distribution laterals flushed annually (preventative maintenance).</p> <p>FUNDING/FEEES 71% grants, 29% loan \$400 connection fee \$20/mo/EDU for < 5,000 gpd flows (winter average) Additional \$4/1,000 gpd for > 5,000 gpd flows \$175/mo flat fee for 2" commercial meters New gravity installations cost about \$2,000 New pump system installations cost about \$3,000.</p>
--	--	---

DATA COMPARING INFLUENT (I) TO EFFLUENT (E)

ANNUAL AVERAGE	BOD I/E	TSS I/E	NH3 I/E	NO3 I/E
1990	247/14	37/-	58/1	1/8
1991	116/7.5	25/4.0	33/3	1/11
1992	-/13	26/-	-/4	-/24
1993	134/4.3	40/5.1	56/11	3/26
1994	114/2.9	30/4.3	47/8	2/36
1995	122/3.9	40/11	50/9	1/30
1996	92/2.3	46/4.0	44/13	2/20
1997	128/5.5	38/7.7	41/8	3/14
1998	130/3.3	29/4.9	50/9	2/27
1999	146/5.9	33/5.1	45/5	1/23
2000	85/3.8	30/4.7	41/4	1/22
2001 (through July)	76/3.0	28/4.5	31/5	.4/28

BOD Biochemical Oxygen Demand **TSS** Total Suspended Solids **NH3** Ammonia **NO3** Nitrate

MONTHLY AVERAGE FLOW, GPD



O R E N C O C A S E S T U D Y

Diamond Lake, Washington: *15-Year-Old Effluent Sewer Requires Little Maintenance*



The community of Diamond Lake, in northeast Washington state, saved its beautiful 800-acre lake by replacing all its old, leaking septic tanks and inadequate disposal systems with watertight tanks and an Orenco effluent sewer system. Diamond Lake's wastewater system serves more than 500 homes, as well as one of the largest Boy Scout camps in the country.



"We're operating this system – water and sewer – with just two guys for most of the year. More than 500 sewer customers and 600 water customers. It's easy to maintain."

Larry Garwood
Diamond Lake
Water & Sewer District

In the early 1970s, residents of Diamond Lake, Washington (533 households) knew that something had to be done about their wastewater. According to Bob McGowan, long-time member of the Diamond Lake Water & Sewer Commission, "Our lake was being destroyed by leaking septic tanks and failing drainfields."

The community needed federal funding assistance. Even so, "A gravity system was way out of reason," recalls Larry Garwood, system operator. After nearly 15 years of research and planning, the Commission decided on an effluent sewer and purchased ProSTEP™ pumping systems from Orenco.

Construction began in 1987. Installation went well but was not easy, since the soil was heavy clay, with high groundwater. In addition, about 25% of the excavation had to be blasted for the tanks and minimum 42"-deep collection lines. "If the engineers had known about the rock, the cost estimates for the gravity sewer would have been even higher," says Garwood.

Everyone is pleased with the system, according to Garwood and McGowan. All wastewater and water system maintenance is handled by just two operators for most of the year, with a third operator added during the summer. "The system is easy to learn and maintain," says Garwood. "We don't have many alarm calls. Pump motors never give us a problem, and the lines are performing well." (See "Operation/Maintenance" summary on back.)

Equally as important, wastewater services are cost-effective, for the district and its citizens. Customers pay \$15/month for residential properties and \$25/month for commercial properties.

Best of all, there's the lake. Within three years after Orenco's effluent sewer was installed, it was clear and clean again. "It recovered very early on," says Commissioner McGowan. "Diamond Lake is now a showcase."

(Continued on back)



Orenco Systems
Incorporated

800/348-9843

www.orenco.com

SUMMARY OF SPECIFICATIONS

Diamond Lake, Washington Effluent Sewer Using Orenco Systems Equipment

INSTALLATION DATE
1987

TOTAL PROJECT COST
\$2,951,280 (excluding lagoon)
\$5,540 per home

ONSITE FACILITIES
533 EDUs, mostly residential
529 STEP units, 4 STEG units

TANKS

RESIDENTIAL
1,000-gallon single-compartment concrete tank with effluent filters or screened pump vaults.

Tanks were tested extensively for watertightness and structural integrity.

COMMERCIAL
Multiple 1,000-gallon or 2,000-gallon tanks.

PUMPS
1/2 hp (8 gpm typical) Orenco ProSTEP™ effluent pumps.

COLLECTION SYSTEM
Each lot has 1.5" - 2" service lines.
6.5+ miles of 3" - 8" main lines.

Effluent quality of collection system (measured at inlet of first lagoon):
BOD = 170± mg/L ('89-'91)
TSS = 40± mg/L ('89-'91)

TREATMENT SYSTEM

3-CELL AERATED LAGOON
One cell is 3/4 acre x 10.5' deep (on average).
Two cells are 3.75 acre x 16' deep.
180,000 gpd design

Q (summer average) = 68,000 gpd
Q (winter average) = 45,000 gpd
37.9 million gallons winter storage capacity (on average)

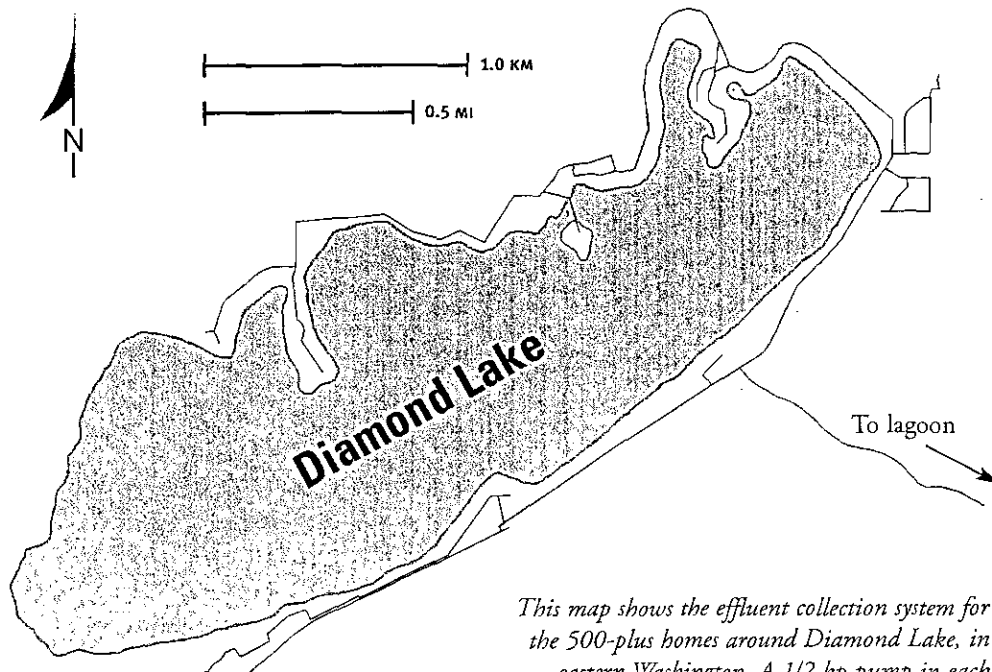
DISPOSAL
410,000 gpd irrigation to 38-acre alfalfa field (winter hold; summer irrigate)

OPERATION/MAINTENANCE
Entire system (wastewater and water) maintained by two full-time operators for most of the year, by three during the summer.

About 3.5 alarm calls per week (often for customer power failure).

Average time spent at site for an alarm: 20 min.

FEES
\$15/month residential
\$25/month commercial



This map shows the effluent collection system for the 500-plus homes around Diamond Lake, in eastern Washington. A 1/2 hp pump in each septic tank transports wastewater to an aerated lagoon, six miles distant, with no lift stations required.



Orenco Systems
Incorporated

*Changing the Way the
World Does Wastewater®*

1-800-348-9843

www.orenco.com

ACS-SL-2
Rev. 1.3, 6/02

© Orenco Systems, Inc.

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Bob Holden, Governor • Stephen M. Mahfood, Director

5.100 Lake Carmel Subdivision
#MO-0088986
Cole County

www.dnr.mo.gov

December 30, 2004

Becker Development Company
Attn: Jason Becker
8723 Nine Hills Lane
Jefferson City, MO 65023

Dear Mr. Becker:

The Missouri Department of Natural Resources' Northeast Regional Office has reviewed the December 3, 2004, engineering report from Professional Wastewater Solutions for the Lake Carmel Subdivision sewage collection and treatment system.

The engineering report recommends a septic tank effluent collection system and a recirculating trickling filter to serve 67 new lots in Lake Carmel Subdivision. An existing three-cell lagoon in Lake Carmel Subdivision serves the existing lots in Lake Carmel Subdivision.

With the current information the department cannot complete its review of this recommendation. Please address the following comments in a revised engineering report.

1. In accordance with 10 CSR 20-6.010(3)(A), all applicants for construction permits or operating permits shall show, as part of their application, that a permanent organization exists which will serve as the continuing authority for operation, maintenance and modernization of the facility for which the application is made. In accordance with 10 CSR 20-6.010(3)(B)1.-5., continuing authorities are listed in preferential order. A statement waiving preferential status from each existing higher preference authority (Aqua Missouri) shall be obtained before Lake Carmel Development Sewer Association can be considered.
2. The engineering report shall include consideration of the feasibility of constructing and operating a facility which will have no discharge to waters of the state in accordance with 10 CSR 20-6.010(4)(D)1.
3. In accordance with 10 CSR 20-8.110(4)(A)5.A., the engineering report shall evaluate the receiving waters-existing water quality and quantity, classifications and downstream water uses and impact of the project on the receiving water.

Integrity and excellence in all we do



Exhibit L

Lake Carmel Subdivision

December 30, 2004

Page 2

4. In accordance with 10 CSR 20-8.110(4)(A)9.C., receiving water base flow; characteristics (concentrations) of receiving waters; downstream water uses; impact of proposed discharge on receiving waters; tabulation of plant performance versus receiving water requirements; listing of effluent characteristics and correlation of plant performance versus receiving water requirements are to be included in the engineering report.
5. Please submit any additional information regarding the design of the proposed treatment process.
6. Please clarify the existing treatment capacity and loading. The department understands that the existing lagoon has more lots connected than it was designed for.

By **February 1, 2005**, submit a revised engineering report for the new sanitary sewage collection and treatment plant to in Lake Carmel Subdivision.

If you have any questions please contact me at (573) 526-4232 or by mail at the Northeast Regional Office, 1709 Prospect Drive, Macon, MO 63552.

Sincerely,

NORTHEAST REGIONAL OFFICE



Keith B. Forck, P.E.
Environmental Engineer

KBF/jjw

c: Water Pollution Control Branch
Public Service Commission
Professional Wastewater Solutions
Aqua Missouri, Inc.



Aqua Missouri, Inc.
P.O. Box 7017
5402 Business Hwy., Suite 3
Jefferson City, MO 65102

T: 800.624.5252
T: 573.634.2699
F: 573.635.2157
www.aquamissouri.com

January 25, 2005

Keith B. Forck, P.E.
Environmental Engineer
Missouri Department of Natural Resources
Northeast Regional Office
1709 Prospect Drive
Macon, Missouri 63552

Re: Lake Carmel Subdivision
MO-0088986

Dear Mr. Forck:

This letter is concerning your correspondence of December 30, 2004, addressed to Becker Development Company and carbon copied to our company. Item number one of the letter pertains to Aqua Missouri and continuing authority, as of today's date I would like to inform you that we have not been contacted by Becker Development regarding this issue.

Lake Carmel is within our certificated service area and we are the owner of the existing lagoon and well water system. We are not interested in waiving preferential status to a homeowner's association.

If you have any questions regarding this matter please feel free to contact me at 573-634-2699.

Sincerely,

A handwritten signature in cursive script that reads "Tena Hale-Rush".

Tena Hale-Rush
Regional Manager
Aqua Missouri, Inc.

CC: Terry Rakocy, Regional President
James Merciel, Missouri Public Service Commission
Mike Shiring, General Legal Counsel

Exhibit M

An Aqua America Company

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Thomas W. Rynard
Ellen W. Dunne
Marc H. Ellinger
Peter C. Palumbo III
Bret M. Kanis
Christopher O. Bauman

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358
E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1877

March 11, 2005

VIA FACSIMILE 636-5226 & U.S. MAIL

Mr. John Kuebler
Hendren & Andrae
221 Bolivar, Suite 300
P.O. Box 1069
Jefferson City, MO 65102-1069

RE: Lake Carmel Waste Water Treatment Facility

Dear John:

I have been in contact with my client, Aqua Missouri, regarding the proposed development at Lake Carmel and the expansion of the current waste water treatment facility, which is a three cell lagoon where the sludge is retained in the lagoon. I am enclosing a copy of the Missouri State Operating Permit from the Missouri Department of Natural Resources regarding this particular lagoon. As you can see, the maximum design flow is 12,600 gallons per day. In the months of September, October, November and December, 2004, the actual flow into the lagoon greatly exceeded the design flow of 12,600 gallons per day. It is clear that the current lagoon is at its maximum capacity and no further hookups will be possible without the facility itself being expanded.

In light of the new EPA and DNR requirements related to expansion of treatment facilities, especially lagoon facilities, it is imperative that the proper impact study be conducted prior to any engineering study regarding upgrading of the facility. Accordingly, my client would be willing to consider the following agreement with Becker Development regarding the Lake Carmel wastewater treatment facility.

1. Becker Development pays for and has completed a stream impact study;
2. Becker Development pays for and has completed an engineering study, based upon the stream impact study, to upgrade the wastewater treatment facility at Lake Carmel;

Exhibit N

March 11, 2005

Page 2

3. Becker Development develops a plan to upgrade the facility in compliance with the studies referenced herein;

4. After both studies and the plan are delivered to Aqua Missouri, Aqua Missouri will negotiate a Developer Agreement with Becker Development.

Access to the Lake Carmel wastewater treatment facility can only be granted by Aqua Missouri, so please have your client's consultants contact my client to obtain access to the facility.

Since the current wastewater treatment facility is at its maximum capacity, Aqua Missouri cannot allow any additional connections to be made to the treatment facility. If any connections are improperly or illegally made, those connections will be removed by Aqua Missouri. It is urgent that the stream impact study and engineering study be conducted at its earliest possible convenience if Becker Development wishes to tie any additional properties unto the wastewater treatment facility. To reiterate, until the expansion of the wastewater treatment facility is completed, Aqua Missouri cannot allow any additional connections to the treatment facility.

We look forward to receiving the stream impact study and engineering study and proposed plan for the expansion of the wastewater treatment facility in the near future. If you have questions or concerns about this, please feel free to contact me.

Sincerely,



Marc H. Ellinger, CPA
Attorney At Law

MHE:krw

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES
MISSOURI CLEAN WATER COMMISSION



MISSOURI STATE OPERATING PERMIT

In compliance with the Missouri Clean Water Law, (Chapter 644 R.S. Mo. as amended, hereinafter, the Law), and the Federal Water Pollution Control Act (Public Law 92-500, 92nd Congress) as amended,

Permit No. MO-0088986

Owner: AquaSource Services LP (ASSLP)
Address: PO Box 7017, Jefferson City, MO 65102

Continuing Authority: Same as above
Address: Same as above

Facility Name: ASSLP, Lake Carmel Wastewater Treatment Facility
Address: West Brazito Road, Jefferson City, MO 65102

Legal Description: NE $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$, Sec. 33, T43N, R13W, Cole County

Receiving Stream: Unnamed tributary to Clark Fork (U)
First Classified Stream and ID: Clark Fork (C) (01000)
USGS Basin & Sub-watershed No.: (10300102-210003)

is authorized to discharge from the facility described herein, in accordance with the effluent limitations and monitoring requirements as set forth herein:

FACILITY DESCRIPTION

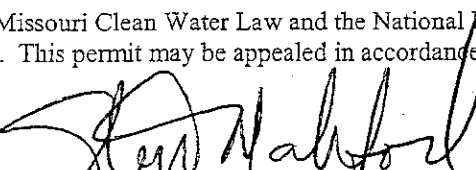
Outfall #001 - Subdivision - SIC #4952

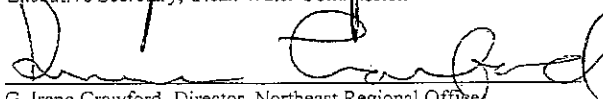
Three-cell lagoon/sludge is retained in lagoon.
Design population equivalent is 126.
Design flow is 12,600 gallons per day.
Actual flow is 10,400 gallons per day.
Design sludge production is 1.9 dry tons/year.

This permit authorizes only wastewater discharges under the Missouri Clean Water Law and the National Pollutant Discharge Elimination System; it does not apply to other regulated areas. This permit may be appealed in accordance with Section 644.051.6 of the Law.

December 12, 2003
Effective Date

December 11, 2008
Expiration Date
MO 780-0041 (10-93)


Stephen M. Mahood, Director, Department of Natural Resources
Executive Secretary, Clean Water Commission


G. Irene Crawford, Director, Northeast Regional Office

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Thomas W. Rynard
Ellen W. Dunne
Marc H. Ellinger
Peter C. Palumbo III
Bref M. Kanis
Christopher O. Bauman

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358
E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1877

April 22, 2005

VIA FACSIMILE (573) 636-5226 & U.S. MAIL

Mr. Keith Wenzel
Hendren & Andrae L.L.C.
Riverview Office Center
221 Bolivar Street, Suite 300
P.O. Box 1069
Jefferson City, MO 65102

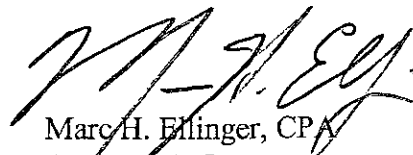
RE: Lake Carmel

Dear Keith:

Attached please find a revised Extension Agreement which I believe conforms with the agreement we worked out with your client, Mr. Becker, at our meeting at the offices of Aqua Missouri. Please review this document with your client and if it meets with his acceptance please have him execute it and return it to me so I may have my client execute it also.

If you have any questions, please feel free to contact me.

Sincerely,


Marc H. Ellinger, CPA
Attorney At Law

MHE:krw

Attachment

(KRW7886.WPD;1)

Exhibit O



EXTENSION AGREEMENT – Developer

AGREEMENT between Aqua Missouri, Inc., P. O. Box 7017, Jefferson City, Missouri 65102, a Missouri Corporation, hereinafter called the “Company” and Becker Development LLC, Hereinafter called the “Applicant”.

WHEREAS, the Applicant has requested the Company to extend its system for the expressed purpose of providing sewer service and contract a new wastewater treatment facility to accommodate the additional capacity. This extension and new wastewater treatment facility is to be constructed in accordance with the Company’s Technical Specifications and will generally be routed as depicted on the attached plan or plat, referred to as Exhibit No. 1 attached hereto, and made a part of this Agreement; and

WHEREAS, the Company is willing to approve such an extension and new treatment facility (the “Project”) upon the terms and conditions hereinafter set forth; and

WHEREAS, the Applicant is willing and desires to install such extension and new wastewater treatment facility and desires to bear the total cost thereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, THE PARTIES THERETO AGREE AS FOLLOWS:

1. Applicant hereby applied to the Company for the said extension and new wastewater treatment facility of its system, and the Applicant agrees to construct the said extension and wastewater treatment facility upon the terms and conditions hereinafter set forth.
2. Upon execution hereof, the Applicant shall bear the total costs of the Project and agrees to pay all vendors involved by direct billing to the Applicant, including but not limited to sewer pipe and appurtenances, connection fees, engineering, accounting and legal expense plus the cost of obtaining any necessary easements or permits from governmental agencies.

3. The Applicant will use its best efforts to commence and carry to completion as soon as possible the installation of said extension and construction of new wastewater treatment facility, having in mind, however, acts of God, strikes, or other matters not within its control.
4. It is further mutually understood and agreed that the collection sewer(s) and appurtenances within the limits of the street, avenues, roads or easement areas, whether or not attached to or serving customers but constructed as part of the extension and new wastewater treatment facility shall remain the property of the Company, its successors. By the terms of this Agreement the Company may further extend or connect collecting sewers in or to other lands, streets, or easements without incurring any liability to Applicant whatsoever.
5. Applicant will, upon the request of the Company, grant to it an exclusive and irrevocable easement, at no cost to Company, for the installation, maintenance, operation, repair and replacement of said collecting sewer extension and appurtenances within the limits of any existing or proposed street, roadway, or easement area, together with right of ingress and egress thereto, in form satisfactory to the Company and duly executed and acknowledge in proper form for record. The Company shall also have the right to request additional easement area over property owned by the Applicant for the purpose of future extension of system to provide service to adjacent property.
6. It is further understood and agreed by and between the parties hereto that the Applicant's agreement to construct the said extension is subject to the Applicant obtaining all necessary consents, orders, permits, easements and approvals of public officers or public bodies having jurisdiction over or lawful interest in any of the subject matters herein. In the event that the Applicant, after prompt application and diligent effort, is unable to obtain any necessary consent, order, permit, easement, or approval as aforesaid, or in the event that the Applicant is enjoined or prevented by lawful action of any such public officer or official body from constructing the said extension and wastewater treatment facility upgrade, the Applicant shall have no obligation to the Company to proceed with the installation until such time as the aforesaid lawful action shall be resolved.

7. It is agreed by Applicant that he will not build at any time hereafter on, in or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult the access to the collecting sewer or appurtenances of the Company, or lay other pipes or conduits within two (2) feet, measured horizontally or ten (10) feet for water main, measured horizontally, from the said collecting sewers except pipes crossing same at right angles in which latter case a minimum distance of eighteen (18) inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said collecting sewers. Provided, however, that should the Applicant wish to do so, he may at his own expense provide a new location acceptable to the Company for the said collecting sewer and the Company will then move said collecting sewers and appurtenances to said new location acceptable to the Company for the said collecting sewers and the Company will then move said collecting sewers and appurtenances to said new location, and the whole cost of such moving and altering and any expenses incident thereto, shall be borne by the Applicant. It is further understood and agreed that in case of any damage by Applicant or caused by neglect of Applicant to the collecting sewers or their appurtenances, connection therewith, these facilities will be repaired and brought to proper grade by Company or Company's contractor at Applicant's expense.
8. The Company reserves the right to withdraw this proposal at any time before it has been accepted by the Applicant. In the event it is not accepted and the payment for the collecting sewers main extension and wastewater treatment facility upgrade is not paid for by the Applicant within sixty (60) days from the date this Agreement is transmitted to the Applicant, this proposal will be null and void.
9. Applicant shall not covenant, with any third party, represent to any third party, or request from Company any additional structure be connected to the Company's system until the extension of new wastewater treatment facility is completed. Applicant understands that no further structures shall be authorized to connect to the Company's existing treatment facility at Lake Carmel.
10. In order to insure that future residential customers are assessed a fair share of the expense associated with the original cost of the Project, the Company agrees that it shall require any residential customer pay one-sixty-seventh of the costs of the Project to the Company and the Company shall refund that money to the Developer unless the residential customer can demonstrate that

such residential customer either a) purchased their property from Applicant or its predecessor entities; or b) paid a fee to Applicant in the amount of one-sixty-seventh (1/67) of the costs of the Project.

IN WITNESS WHEREOF, the parties hereto have agreed to the above conditions as indicated by their signatures affixed below on this _____ day of _____, _____.

ATTEST: _____ COMPANY
BY _____
TITLE _____

ATTEST: _____ APPLICANT
BY _____
TITLE _____

ACKNOWLEDGEMENT OF MANAGING MEMBER

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

On this _____ day of _____, _____, before me personally appeared Jason Becker, to me personally known, who, being by me duly sworn did say that he/she is Managing Member of Becker Development, LLC, a Limited Liability Company of the State of Missouri, and that said instrument was signed and sealed in behalf of said Limited Liability Company by authority of its Managing Member acknowledged said instrument to be the free act and deed of said Limited Liability Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official stamp and/or seal, at my office in _____ the day and year first above written.

Notary Public

My term of office expires: _____

PERSONAL GUARANTEE

COMES NOW Jason Becker and personally guarantees all obligations of the Applicant under this Extension Agreement as if he were a signatory to this Extension Agreement.

Jason Becker

STATE OF MISSOURI)
) SS.
COUNTY OF COLE)

On this ____ day of _____, _____, before me personally appeared Jason Becker, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

And the said Jason Becker further declared himself to be single and unmarried.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal and/or stamp, the day and year first above written.

Notary Public

My term of office expires: _____

Hale-Rush, Tena C.

From: Marc Ellinger [mellinger@blitzbardgett.com]
Sent: Thursday, July 14, 2005 11:16 AM
To: Hale-Rush, Tena C.; dale.johansen@psc.mo.gov
Cc: Marc Ellinger
Subject: RE: Lake Carmel System - Jason Becker "Issues"

Dale,

We are in the final stages of negotiating the agreement with Jason Becker for the new facility he is proposing to construct and then give to AquaMissouri to operate. Barring something unforeseen, I anticipate we will have this wrapped up shortly. I can send you copies of the agreement when it is finally executed.

Please feel free to contact me if you would like to discuss this matter in more detail.

Sincerely,

Marc H. Ellinger, CPA
Attorney at Law
Blitz, Bardgett & Deutsch, LC
308 East High Street, Suite 301
Jefferson City, MO 65101
(573) 634-2500
(573) 634-3358 -- facsimile

The information transmitted in this e-mail message is intended only for the addressee and may contain CONFIDENTIAL and/or EMBLEGGED material. Any interception, review, transmission, dissemination, or other use of, or taking of any action upon this information by persons or entities other than the intended recipient is UNAUTHORIZED, prohibited by law and may subject such users to criminal or civil penalty. If you received this communication in error, please (1) contact the sender above; (2) advise Blitz, Bardgett & Deutsch of such receipt; and (3) delete the communication completely from your computer or network system.

PLEASE NOTE: The Missouri Bar Disciplinary Counsel requires all Missouri lawyers to notify all recipients of e-mail that (1) e-mail communication is not a secure method of communication, (2) any e-mail that is sent to you or by you may be copied and held by various computers it passes through as it goes from me to you or vice versa, (3) persons not participating in our communication may intercept our communications by improperly accessing your computer or my computer or even some computer unconnected to either of us which the e-mail passed through. I am communicating to you via e-mail because you have consented to receive communications via this medium. If you change your mind and want future communications to be sent in a different fashion, please let me know AT ONCE.

-----Original Message-----

From: Hale-Rush, Tena C. [mailto:TCHale-Rush@aquaamerica.com]
Sent: Thursday, July 14, 2005 8:02 AM
To: dale.johansen@psc.mo.gov
Cc: Marc Ellinger
Subject: RE: Lake Carmel System - Jason Becker "Issues"

We are being represented by Attorney Marc Ellinger on this issue. I will have him e-mail you the current status, he has been talking to Mr. Becker's attorney on our behalf. If you do not hear from Marc let me know.

Tena

-----Original Message-----

From: dale.johansen@psc.mo.gov [mailto:dale.johansen@psc.mo.gov]

Sent: Wednesday, July 13, 2005 4:01 PM
To: Hale-Rush, Tena C.
Cc: james.merciel@psc.mo.gov; jerry.scheible@psc.mo.gov
Subject: Lake Carmel System - Jason Becker "Issues"

Tena - Could you please give me an update on the progress of the facility extension agreement(s) that you have been working on with Mr. Becker?

A local attorney that apparently represents Mr. Becker discussed this matter with me and one of the Commissioners at the Capital earlier this spring, and the Commissioner has asked me for an update.

In conjunction with responding to this message, I would also appreciate receiving electronic or fax copies of any agreements reached. If you need to fax something, the number is 751-1847.

Thanks in advance for your response.

Dale W. Johansen
Manager - Water & Sewer Dept.
Missouri Public Service Commission
Phone: 573-751-7074
Fax: 573-751-1847
E-Mail: dale.johansen@psc.mo.gov

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Marc H. Ellinger
Peter C. Palumbo III
Thomas W. Rynard
Ellen W. Dunne
Bret M. Kanis
Christopher O. Bauman
Christopher T. Feldmeir

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358
E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1877

October 10, 2005

VIA U.S. MAIL & FACSIMILE NO.: (573) 636-5226

Keith A. Wenzel
Hendren and Andrae, LLC
Riverview Office Center
221 Bolivar Street, Suite 300
P.O. Box 1069
Jefferson City, MO 65102


Re: Becker - Lake Carmel Development

Dear Keith:

I am following up on our August 29th meeting. Enclosed please find copies of the letters we have received from Missouri Department of Natural Resources and the Missouri Public Service Commission. As you will recall at the end of the meeting on August 29th, we agreed that DNR and the PSC would submit letters to us outlining their position on this matter. In addition you would submit a proposal on behalf of your client as to how to remedy the situation at hand. Upon our receipt of all that information, it would be forwarded to the main office for their review. As of the date of this letter we have not yet received your proposal and accordingly can take no action until that proposal is received.

Please contact me if you have any questions; otherwise, I await your proposal in this matter.

Sincerely,



Marc H. Ellinger, CPA
Attorney at Law

MHE:tsv

Enclosure

cc: Dale W. Johansen
Alan Moreau

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Marc H. Ellinger
Peter C. Palumbo III
Thomas W. Rynard
Ellen W. Dunne
Bret M. Kanis
Christopher O. Bauman
Christopher T. Feldmeir

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358
E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1977

October 18, 2005

VIA FACSIMILE (573) 635-2157

Ms. Tena Hale-Rush
Aqua Missouri
P.O. Box 7017
Jefferson City, MO 65102

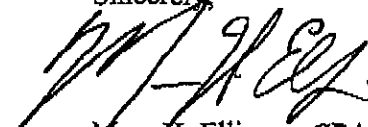
Re: Becker

Dear Tena;

Enclosed please find a proposal which I received from Mr. Becker's attorney regarding the *Lake Carmel Mechanical Plant*. Based upon our conversations with DNR and PSC, I am not sure that this proposal encompasses what we had previously discussed. Specifically this appears to be a stand alone twenty-thousand gallon a day treatment facility and not a proposal on how to divide up or split any particular costs in doing an overall treatment facility as it appeared the PSC specifically requested.

In any event it appears now the ball is in our court pursuant to the meeting we previously had with all parties. Please contact me to discuss how you would like to proceed with this matter.

Sincerely,



Marc H. Ellinger, CPA
Attorney at Law

MHE:tsv

Enclosure

(TSV1647.DOC;1)

Professional Wastewater Solutions, LLC

4799 Highway B, Hillsboro, MO., 63050 Phone: 636-797-5777 Fax: 636-797-5999

September 24, 2005

Jason Becker
Becker Development Company
8723 Nine Hills Lane
Centertown, MO 65023

Reference: Lake Carmel Mechanical Plant (20,000 GPD)

Job Number: 267-2

DESIGN-BUILD PROPOSAL

As requested, we have reviewed the design alternatives for the above referenced sewer project and offer herein our proposal to complete the necessary field work, design documents, supply equipment and install the system as described below for the lump sum price of Two Hundred Twenty Five Thousand Dollars (\$ 225,000).

Definitions

PWS shall hereinafter be referred to as the "Contractor". Jason Becker shall hereinafter be referred to as the "Owner" or "Client."

Responsibility of Client

The Client will cooperate fully with the contractor in the development of the project, including the following:

1. Make available all information pertaining to the project, which may be in the possession of the Owner including previous surveys and designs.
2. Make provisions for the Contractor to enter upon the property at the project site for the performance of the duties.
3. Designate a person to act as the Client's representative under the contract, such person to have the authority to transmit instructions, interpret the Contractors policies and render decisions with respect to matters covered by the proposal.
4. Provide payment for work completed as described in the "Payment & Terms Schedule".
5. Provide an area including material and machinery storage and excavation spoils disposal.

This proposal includes engineering, supply and construction of a 20,000 gallon per day mechanical wastewater treatment plant. Proposal including installation of system, finish grading, seeding and mulching areas disturbed in the treatment plant area by our work and system start-up. Compensation herein includes normal travel costs and all typical costs associated with this type of work.

Design Parameters:

1. Residential sewage strength.
2. 20,000 GPD treatment facility
3. This is a new MoDNR non-discharge permit.
4. Homes served by gravity collection.
5. Surface discharge meeting disposal limits of 30BOD/30TSS/ Ammonia <2/ DO 6 / Fecal <160

Commencement Of Work

This proposal shall remain in effect for a period of 6 months starting on the date of Contract execution. PWS will start work on the project upon Clients execution of this agreement and payment of retainer as specified under Payment Schedule & Terms of this proposal. It is our intention to proceed in a timely manner in accordance with the Client's desired time frame. The engineering phase shall begin at contract execution date. The construction phase will be scheduled within a 60 day period following the issuance of the construction permit. Completion timing may vary depending on review times dictated by the Client, and or the permitting authorities, and other items beyond our control. Construction time frame may vary depending on weather conditions and any other conditions beyond our control.

Compliance

PWS shall comply with all applicable Federal, State, and Local ordinances, codes and regulations governing the work.

Termination

Either party may terminate this contract upon ten (10) days written notice. The parties agree that the exclusive jurisdiction and venue for all legal disputes arising out of this contract will be by the laws of the State of Missouri. In the event of termination, the Client will reimburse PWS for all services rendered and all expenses incurred through the date of termination.

Items Not Included In This Proposal

The following items are not included in this proposal: Environmental study(s) of receiving stream, ground water bores, topographic surveys, legal land surveys, easement plat(s) preparation, all permit fees, water to site, electric SVC to site, and phone service to treatment plant site, utility meters and poles, legal fees for adoption or formation of continuing authority.

Services Outside The Scope

Should services outside the scope of this agreement be requested, the fee shall be negotiated at that time between PWS and the Client.

● Page 3

August 29, 2005

Limitations, Exclusions and Liability

The Client agrees to limit PWS's liability to the Client such that our total liability shall not exceed the total fee for the services rendered on this project.

Successors and Assigns

This Contract is not assignable.

Nondiscrimination

The Contractor, with regard to work performed by it after award and prior to completion of the contract work, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors.

Non-Exclusive Agreement

Contractor acknowledges and agrees that Client may enter into agreement with other parties of offering the same or similar services and the Contractor is only retained for work actually assigned.

Standard Construction Clauses

The following exceptions will apply:

1. Rock excavation, if required, shall be an additional charge, additional cost would be \$1,200.00 first day and \$950.00 for each additional day. (1 hr. Or 8 hrs. Same price)
2. Hauling of trees, brush, etc. Off-site shall be an additional charge.
3. PWS is not responsible for future settling.
4. Maintenance of the seeded area shall be the responsibility of the client.
5. Client to bring electric and water service to the treatment plant site.

Invoicing

PWS will invoice the Client as shown in the Payment & Terms Schedule. Invoices will be submitted as work proceeds to the project milestones shown. All invoices are ten (10) days due. Should the Client dispute a portion or whole of an invoice, the Client shall immediately pay all uncontested invoicing portions and the Client and PWS shall meet to resolve the dispute. PWS reserves the right to halt work should invoices become past due.

Payment Terms

Partial payments for work satisfactorily completed will be made to the Contractor upon receipt and terms of itemized invoices by the Contractor. A payment schedule is included in this proposal. PWS will provide lien waivers to the Client for each payment made against the total contract amount upon request.

August 29, 2005

Payment Schedule

The client agrees to the following payments for services rendered:

<u>Project Milestone</u>	<u>Payment (% of total contract)</u>
Proposal Signing & Execution	25 %
Engineer's report submitted to MoDNR	5 %
Plans & specifications completed & field layout completed	5 %
Equipment ordered	35 %
Excavation & Pad Construction	15 %
Construction complete	10 %
System start-up	3 %
Seeding & Grading	2 %
Total	100 %

Closing And Acceptance

The intent of this proposal is provide the Client with professional services required to mitigate potential problems and work with the Client towards a successful project completion. Please indicate your acceptance of the terms of this agreement by signing in the space below and returning one complete original of this proposal (with payment as indicated above) to our office.

Executed by the Client this _____ day of _____, 2004.

By: _____ Title _____

Witness: _____

Executed by the Contractor this _____ day of _____, 2004.

By: _____ Title _____

Witness: _____

Notice to Owner: Failure of this contractor to pay those persons supplying materials or services to complete this contract can result in the filing of a mechanic's lien on the property which is the subject of this contract to pursuant to Chapter 429 R.S. Mo. To avoid this result you may ask this contractor for "Lien Waivers" from all persons supplying material or services for the work described in this contract. Failure to secure Lien Waivers may result in your paying labor and materials twice.



Aqua Missouri, Inc.
P.O. Box 7017
5402 Business Hwy., Suite 3
Jefferson City, MO 65102

T: 800.624.5252
T: 573.634.2699
F: 573.635.2157
www.aquamissouri.com

December 22, 2005

Jason Becker
Becker Development Company
8723 Nine Hills Lane
Centertown, Missouri 65023

RE: Lake Carmel WWTF

Dear Mr. Becker:

This is to confirm our telephone conversation on December 21, 2005. It was my understanding from your phone call you and your Engineer are looking into an upgrade to our current lagoon system. Your Engineer feels that based upon the water usage history of the current customers and after speaking with Missouri Department of Natural Resources' employee Keith Forck, they will allow you to use a calculation based on the water usage history. By using this lower number the Engineer feels through added aeration and additional upgrades the current lagoon can be upgraded to hold up to 100 single family homes. This would prevent any additional facilities being constructed in this area for additional growth you currently have planned. You further stated you would not submit a proposal at this time because no money participation would be required from Aqua Missouri you would be paying for this growth upgrade.

We need to keep the lines of communication open on this project and make sure that we both work hand in hand with the Missouri Department of Natural Resources and with each other. If you do not agree with my understanding of our phone call please let me know. I will notify Marc Ellinger of this by a copy of this letter. Please notify us when your Engineer has something that we can review.

Sincerely,

A handwritten signature in cursive script that reads "Tena Hale-Rush".

Tena Hale-Rush
Aqua Missouri, Inc.

CC: Marc Ellinger, Attorney at Law
Terry Rakocy, Missouri President
Jim Merciel, MPSC

Exhibit S

An Aqua America Company



STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Matt Blunt, Governor • Doyle Childers, Director

5.100 Lake Carmel Subdivision
Cole County
#MO-0088986

www.dnr.mo.gov

January 25, 2006

Mr. Jason Becker
Becker Development Company
8723 Nine Hills Lane
Jefferson City, MO 65023

Dear Mr. Becker:

The Missouri Department of Natural Resources has reviewed the December 2005 engineering report from Trabue, Hansen & Hinshaw, Inc. for the Lake Carmel Subdivision wastewater treatment improvements.

The engineering report recommends construction of a new primary cell (fourth cell) onto the existing three-cell lagoon to serve 96 lots in Lake Carmel Subdivision.

With the current information the department cannot complete its review of this recommendation. Please address the following comments in a revised engineering report.

In accordance with 10 CSR 20-6.010(3)(A), all applicants for construction permits or operating permits shall show, as part of their application, that a permanent organization exists which will serve as the continuing authority for operation, maintenance and modernization of the facility for which the application is made. A letter of acceptance will be required from the continuing authority.

In accordance with 10 CSR 20-8.020(11), "treatment the extent of which will depend on 10 CSR 20-7.015 Effluent Regulations and 10 CSR 20-7.031 Water Quality Standards shall be provided in connection with all installations. Secondary treatment shall be the minimum acceptable degree of treatment." Missouri Clean Water Commission Regulation 10 CSR 20-7.015(8)(B)1 states, "Discharges from wastewater treatment facilities which receive primarily domestic waste or POTW shall undergo treatment sufficient to conform to the following limitations: BOD₅ and NFRs (total suspended solids) equal to or less than a monthly average of 30 mg/L." In accordance with 10 CSR 20-7.015(8)(B)2., the pH shall be maintained in the range from six to nine standard units. Per Missouri Clean Water Commission Regulation 10 CSR 20-7.015(8)(B)3, "The limitations of paragraphs (8)(B)1 and 2 will be effective unless a water quality impact study has been conducted by the department, or conducted by the permittee and approved by the department showing that alternate limitation will not cause violations of the Water Quality Standards or impairment of the uses in the standards."

Mr. Jason Becker – Lake Carmel
January 25, 2006
Page 2

Please provide design calculations for the proposed four-cell lagoon that shows the lagoon will meet the limits in the water quality standards. In accordance with 10 CSR 20-8.020(13)(A)2., a flow-through stabilization pond shall be considered capable of meeting effluent limitations of 45 milligrams per liter biochemical oxygen demand and 70 milligrams per liter suspended solids.

The existing collection system is a gravity system and likely has some inflow and infiltration. It is not a pressure sewer system as described in the engineering report.

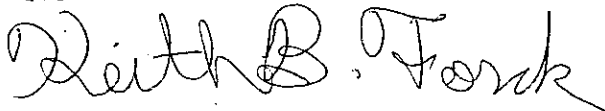
The water usage records submitted show a total of 3,027,000 gallons of billed water usage from January to November. Please explain how the calculation of 155 gallons per home was calculated. Assuming that all 49 homes were occupied for all 11 months, its actual water usage is 187 gallons per day per home. This average daily water use reading should be multiplied by a factor of 1.3 to account for high flow periods and infiltration of rainwater. Thus, the existing houses at 243 gallons per day times 49 houses equals 11,907 gallons per day. When this is added to the proposed 47-house expansion, the design flow for the expansion is over 22,500 gallons per day design rate and is approximately 25,000 gallons per day. Therefore, please submit data to fulfill the requirements found in 10 CSR 20-8.110(4)(A)9.C., "receiving water base flow; characteristics (concentrations) of receiving waters; downstream water uses; impact of proposed discharge on receiving waters; tabulation of plant performance versus receiving water requirements; listing of effluent characteristics; and correlation of plant performance versus receiving water requirements."

By **February 22, 2006**, submit a revised engineering report for the new sanitary sewage collection and treatment plant for Lake Carmel Subdivision.

If you have any questions please contact me at (573) 526-4232 or (660) 385-8000 in the Northeast Regional Office, 1709 Prospect Drive, Macon, MO 63552.

Sincerely,

NORTHEAST REGIONAL OFFICE



Keith B. Forck, P.E.
Environmental Engineer

KBF/as

c: Public Service Commission
Trabue, Hansen, & Hinshaw, Inc.
Aqua Missouri, Inc.

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Marc H. Ellinger
Peter C. Palumbo III
Thomas W. Rynard
Ellen W. Dunne
Bret M. Kanis
Christopher O. Bauman
Christopher T. Feldmeir

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358
E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1877

February 3, 2006

VIA FACSIMILE (573) 636-5226

Mr. Keith Wenzel
Hendren & Andrae L.L.C.
Riverview Office Center
221 Bolivar Street, Suite 300
P.O. Box 1069
Jefferson City, MO 65102

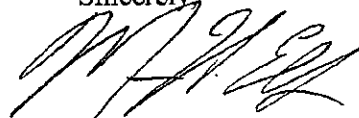
RE: Lake Carmel

Dear Keith:

Enclosed please find a letter which my client received from the Missouri Department of Natural Resources which was originally sent to your client, Mr. Becker. As you can see, the Department of Natural Resources has found a number of problems with Mr. Becker's proposal for Lake Carmel. My client continues to cooperate and we anticipate having our engineer's report early next week.

Please advise me as to the time line for Mr. Becker to address the Department's questions and concerns. Thank you for your cooperation in this matter.

Sincerely,



Marc H. Ellinger, CPA
Attorney At Law

MHE:krw
cc: Tena Hale Rush

(KRW8411.WPD;1)

Exhibit U

STATE OF MISSOURI
DEPARTMENT OF NATURAL RESOURCES

Matt Blunt, Governor • Doyle Childers, Director

5.000 Water Pollution
Lake Carmel Estates
Cole County
EI #NE12108

www.dnr.mo.gov

February 6, 2006

Mr. Jason Becker
Becker Development Company
8723 Nine Hills Lane
Centertown, MO 65023

Dear Mr. Becker:

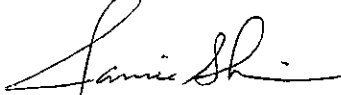
On January 19, 2006, Mr. Lantz Tipton of the Missouri Department of Natural Resources' Northeast Regional Office conducted an environmental investigation of land disturbance activities at the Lake Carmel Subdivision. The investigation was conducted in response to an environmental report alleging that land disturbance activities were being conducted without a permit and without the use of erosion controls. The report was received on January 13, 2006, and is referenced as EI #NE12108.

Enclosed is a copy of the Report of Investigation. Please review the Recommendations section of the report.

If you have any questions, please contact Mr. Tipton at (660) 385-8000 in the Northeast Regional Office, 1709 Prospect Drive, Macon, MO 63552.

Sincerely,

NORTHEAST REGIONAL OFFICE



Jamie Shinn
Environmental Specialist IV

JDS/Ita

Enclosures: Report of Investigation; Form E – Application for General Permit;
Form G – Application for Stormwater Permit; Photographs

c: Water Pollution Control Branch
Ms. Teria Hale-Rush, Aqua Missouri, Inc.
5.200 Aqua Missouri, Inc., Lake Carmel Subdivision #MO-0088986

**REPORT OF INVESTIGATION
LAKE CARMEL ESTATES
COLE COUNTY
EI #NE12108
February 6, 2006**

INTRODUCTION

On January 13, 2006, the Northeast Regional Office received an environmental report alleging that a developer at Lake Carmel Estates has no additional permits to do work, but the developer has scraped up another area without using any erosion control. The source of the report was concerned that soil would be washed into the Carmel Estates Lake. On January 19, 2006, Mr. Lantz Tipton, Environmental Specialist with the Missouri Department of Natural Resources' Northeast Regional Office, investigated the environmental report. The report is referenced as EI #NE12108.

The investigation was conducted to determine the facility's compliance with the Missouri Clean Water Commission Regulations and the Missouri Clean Water Law.

COMPLIANCE ISSUES

COMPLIANCE DETERMINATION

Based upon the inspector's observations, the operation was found to be **in compliance** at the time of the inspection. However based upon department information, it appears that the Becker Development is proposing the development of an additional 47 lots to the Lake Carmel Subdivision. The clearing or grading of the additional 47 lots would require that a land disturbance permit be obtained from the Missouri Department of Natural Resources' Northeast Regional Office before construction can begin.

RECOMMENDATIONS

1. Before construction of the additional 47 lots begins, Becker Development Company shall submit the enclosed Form E – Application for General Permit and Form G – Application for Stormwater Permit to the Northeast Regional Office in order to obtain a land disturbance permit.
2. Consider installing silt fence or other erosion controls around the soil stockpile and down gradient of the disturbed area to prevent sediment from leaving the site and entering Lake Carmel.
3. The Lake Carmel Subdivision Wastewater Treatment Facility (WWTF) is currently over the design capacity for the system. Aqua Missouri, Inc. has placed a stop on any new connections to the system. Ensure new connections to the WWTF are made after the system has been upgraded to allow additional connections.
4. Continue to coordinate with Aqua Missouri, Inc. and the Missouri Department of Natural Resources regarding the upgrade of the Lake Carmel Subdivision WWTF.

FACILITY DESCRIPTION AND HISTORY

The Lake Carmel Estates is located in the NE¼, NW¼, NE¼, Section 33, Township 43 North, Range 13 West, in Cole County. The receiving stream for the facility is an unnamed tributary to Clark Fork.

A previous compliance inspection of the Lake Carmel Subdivision WWTF was conducted on October 12, 2005. At the time of the inspection the facility was found to be operating in-compliance with Missouri State Operating Permit #MO-0088986. However there were pending issues from the system being overloaded that were required to be addressed between Aqua Missouri, Inc., Mr. Jason Becker, the developer, and the Missouri Department of Natural Resources.

The site is currently in the planning process for upgrading the WWTF to allow future connections.

OBSERVATIONS AND FINDINGS

Prior to the investigation, the facility files were reviewed. The file review took into consideration Missouri State Operating Permit #MO-0088986, previous inspection reports, and reports from previous environmental investigations. During the file review it was determined that Mr. Becker's engineering firm, Trabue, Hansen & Hinshaw, Inc., had submitted an engineering report to the Northeast Regional Office proposing an upgrade to the Lake Carmel Subdivision WWTF to accommodate the addition of 47 lots to the Lake Carmel Estates.

The appropriate sampling materials were taken upon the investigation including a copy of the Missouri Department of Natural Resources' Standard Operating Procedures for Sampling. Field instrumentation included a YSI 556 Multimeter capable of measuring pH, Temperature, Conductivity and Dissolved Oxygen.

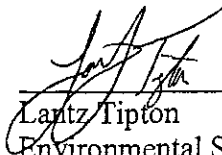
Prior to arriving at the site Mr. Tipton attempted to contact the developer of the site, Mr. Jason Becker, and explain the purpose of the investigation. Mr. Tipton was unable to contact Mr. Becker to determine the specific lot owner or individual property owner. Mr. Tipton then traveled to Lake Carmel Estates and observed that two residential housing lots had been cleared along West Brazito Road near the northwest corner of the Lake Carmel Estates. Mr. Tipton observed that the disturbed area was approximately 200 feet wide and 150 feet in length, which equaled approximately 0.7 acre. Mr. Tipton observed a soil stockpile near the southwest corner of the disturbed area. There were no erosion controls present at the time of the investigation. Mr. Tipton observed that a grassed area approximately 75 feet in length separated the disturbed area from Lake Carmel. No sediment was observed leaving the disturbed area at the time of the investigation. Mr. Tipton then traveled south along the lake access drive and observed the drainage area that discharges to Lake Carmel. No sediment was observed in the drainage area or entering the lake.

Report of Compliance Inspection
Lake Carmel Estates
February 6, 2006
Page 3

During the investigation it was determined that the disturbed area was less than one acre and did not require a land disturbance permit. Following the investigation Mr. Tipton again attempted to contact Mr. Becker by telephone to discuss the investigation, but was unable to contact Mr. Becker.

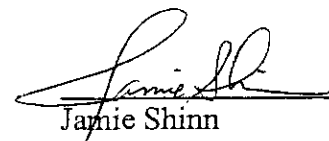
On January 31, 2005, Mr. Tipton contacted Ms. Tena Hale-Rush, with Aqua Missouri, Inc. to determine if additional connections were being allowed to the Lake Carmel Subdivision WWTF. Ms. Hale-Rush explained that no connections are allowed and any additional connections would be illegal. Mr. Tipton explained that it appeared that two additional lots had been cleared in order to construct two additional homes. Ms. Hale-Rush explained that Aqua Missouri, Inc. would monitor the site to determine that future connections are not allowed until the WWTF serving the facility is upgraded.

SUBMITTED BY:



Lantz Tipton
Environmental Specialist III
Northeast Regional Office

REVIEWED BY:



Jamie Shinn
Environmental Specialist IV
Northeast Regional Office

LT/as



Photo #: 1
Date/Time Taken: 01/19/06 1006
By: Lantz Tipton *LT*
Program: WPCB
File: 5.200
Facility: Aqua Missouri, Inc., Lake Carmel WWTF
Location: Northwest corner of Lake Carmel Estates, east lot.
Description: Disturbed area consisting of one lot cleared for construction of houses. Soil stockpile noted south of the disturbed area.



Photo #: 2
Date/Time Taken: 01/19/06 1009
By: Lantz Tipton *LT*
Program: WPCB
File: 5.200
Facility: Aqua Missouri, Inc., Lake Carmel WWTF
Location: Northwest corner of Lake Carmel Estates
Description: Disturbed area consisting of two lots cleared for construction of houses. Soil stockpiles noted south of the disturbed area.

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

Robert D. Blitz
John E. Bardgett, Sr.
James B. Deutsch
Richard B. Rothman
Robert C. O'Neal
R. Thomas Avery
Marc H. Ellinger
Peter C. Palumbo III
Thomas W. Rynard
Ellen W. Dunne
Bret M. Kanis
Christopher O. Bauman
Christopher T. Feldmeir

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237
Telephone (573) 634-2500
Facsimile (573) 634-3358
E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650
St. Louis, Missouri 63105-1742
Telephone (314) 863-1500
Facsimile (314) 863-1877

February 23, 2006

VIA FACSIMILE (573) 526-0145

Mr. Jim Merceil
Mr. Martin Hummel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65101

RE: Lake Carmel

Dear Jim and Martin:

Thank you for taking your time to meet with us last Thursday to discuss the Lake Carmel situation and Mr. Becker's various proposals relating to development of his parcels at Lake Carmel. As you will recall, we agreed to wait for copies of Mr. Becker's updates to his latest proposal. Mr. Becker previously sent such copies to the Missouri Department of Natural Resources; however, we did not receive a copy for our review.

Upon receiving that updated proposal, Aqua Missouri will meet with its engineers to prepare a response to that proposal and a decision on how to address sewer treatment concerns vis-a-vis the development of Mr. Becker's lots. As soon as that decision is made we will forward copies of our decision to you as well as Mr. Becker.

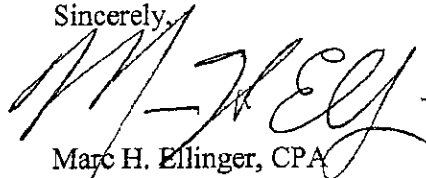
We are installing a flow meter and will have updated flow information which we would be willing to share with your office if requested. That flow information should give us a much more accurate representation of what the current usage of the Lake Carmel treatment facility is and allow us to properly evaluate the various proposals which Mr. Becker has submitted over the last number of months.

February 23, 2006

Page 2

When Mr. Becker delivers the updated information to our office, I will contact you to let you know that we have received it and will begin processing it. If you have any questions, please do not hesitate to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "M. H. Ellinger". The signature is fluid and cursive, with a long horizontal stroke at the end.

Marc H. Ellinger, CPA
Attorney At Law

MHE:krw

Hale-Rush, Tena C.

From: Marc Ellinger [MEllinger@blitzbardgett.com]
Sent: Thursday, February 23, 2006 11:47 AM
To: Hale-Rush, Tena C.
Cc: Pape, Kathy
Subject: Letter to Missouri PSC -- Becker

Tena,

Attached is the letter sent to Jim Merceil at the PSC this morning. I also talked to Jim this morning to see if they had received the updated information from Jason Becker. They have not. This point was not mentioned to Terry in their call with him. They are also upset about MDNR's failure to approve or respond to the proposals by Becker.

I did confirm with Jim that we are still on track with the plan of response developed at our meeting last Thursday.

As you know, I will be spending Sunday morning with Jeff Davis, the Chair of the PSC. I can raise this issue in a very informal manner at that time.

Marc.

Marc H. Ellinger, CPA

Attorney at Law

Blitz, Bardgett & Deutsch, LC

308 East High St., Suite 301

Jefferson City, Missouri 65101

573.634.2500

573.634.3358 (Facsimile)

The information transmitted in this e-mail message is intended only for the addressee and may contain CONFIDENTIAL and/or PRIVILEGED material. Any interception, review, transmission, dissemination, or other use of, or taking of any action upon this information by persons or entities other than the intended recipient is UNAUTHORIZED, prohibited by law and may subject such users to criminal or civil penalty. If you received this communication in error, please (1) contact the sender above; (2) advise Blitz, Bardgett & Deutsch of such receipt; and (3) delete the communication completely from your computer or network system.

PLEASE NOTE: The Missouri Bar Disciplinary Counsel requires all Missouri lawyers to notify all recipients of e-mail that (1) e-mail communication is not a secure method of communication, (2) any e-mail that is sent to you or by you may be copied and held by various computers it passes through as it goes from me to you or vice versa, (3) persons not participating in our communication may intercept our communications by improperly accessing your computer or my

computer or even some computer unconnected to either of us which the e-mail passed through. I am communicating to you via e-mail because you have consented to receive communications via this medium. If you change your mind and want future communications to be sent in a different fashion, please let me know AT ONCE.

Hale-Rush, Tena C.

From: Hale-Rush, Tena C.
Sent: Monday, February 27, 2006 2:00 PM
To: Rakocy, Terry J.; 'Marc Ellinger'
Cc: Luning, Christopher; Pape, Kathy
Subject: Lake Carmel

I just got off of a conference call that was to discuss the current Missouri rate case. At the end of the call Dale Johanson came on and mentioned that Tena was aware of the situation that he was going to mention and that he had a telephone call with Terry Rakocy last week regarding it. He stated that it was the Lake Carmel project. Dale wants as part of the rate case settlement agreement either a tariff change to accommodate Lake Carmel service area or put something in the rate case settlement agreement that gives a time line and time frame of what the Company intends to do about resolving Lake Carmel issues. He wants it dealt with in the rate case agreements (March 14, 2006). Dale stated that two Commissioners were now involved and getting anxious on the situation and that if Kathy needed updated to have her call Dale and he would update her. He wants the Company to prepare something by the settlement. What do you all suggest we do from here?

Tena

Hale-Rush, Tena C.

Marc Ellinger

Subject: Meeting February 16 meeting

Marc:

Did you type up a report on our meeting of the 16th? If not we need to to add to the timeline, let me know. Thanks.

Tena

Blitz Bardgett & Deutsch, L.C.

Attorneys at Law

308 East High Street, Suite 301
Jefferson City, Missouri 65101-3237

Telephone (573) 634-2500

Facsimile (573) 634-3358

E-Mail atty@blitzbardgett.com

120 South Central, Suite 1650

St. Louis, Missouri 63105-1742

Telephone (314) 863-1500

Facsimile (314) 863-1877

MARC H. ELLINGER

E-mail: mellinger@blitzbardgett.com

June 30, 2006

VIA FACSIMILE TRANSMISSION (573) 636-5226 AND U.S. MAIL

Mr. Keith Wenzel
Hendren and Andrae, L.L.C.
P. O. Box 1069
Jefferson City, MO 65102-1069

Re: Lake Carmel

Dear Keith:

In light of the time involved on behalf of Aqua Missouri regarding the Lake Carmel expansion by your client, Becker Development; my client and I have reviewed the tariff under which Aqua Missouri operates. Based upon this tariff, it is clear that a Developer Agreement, as set out in the tariff, must be executed by your client prior to Aqua Missouri taking any other actions with respect to Lake Carmel.

Further, the tariff indicates that the Developer Agreement contained therein is the form Developer Agreement which must be executed. Accordingly, any other drafts or proposed Developer Agreements which may or may not have been discussed in the past are hereby rescinded by Aqua Missouri. The only Developer Agreement which we believe is statutorily authorized or approved under the tariff is that included in the tariff, a copy of which is attached herein. This is the only Agreement we will execute with Becker Development.

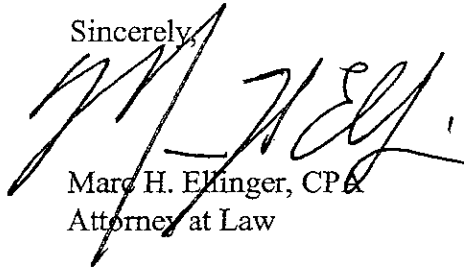
To reiterate, until the Developer Agreement, contained in the tariff, is executed by your client and a deposit is placed with Aqua Missouri, Aqua Missouri will take no further actions regarding the expansion of the treatment facility or extension of lines for any of Becker Development's property within the Lake Carmel treatment area.

Exhibit X

Mr. Keith Wenzel
June 30, 2006
Page Two

If you have any questions, please do not hesitate to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Elinger', is written over the typed name below.

Marc H. Elinger, CPA
Attorney at Law

MHE:srb

Att.

c: Dale Johansen
Kevin Thompson
Tena Hale-Rush

Capital Utilities, Inc.
Name of Issuing Corporation

For Missouri Certificated Service Area
Community, Town or City
Sewer Division **RECEIVED**

Rules and Regulations
Governing Rendering of Service

APR 27 1992

MISSOURI
Public Service Commission

EXHIBIT "B"
EXTENSION AGREEMENT - Developer

AGREEMENT between Capital Utilities, Inc., P.O. Box 7017, 312 Lafayette Street, Jefferson City, Missouri 65102, a Missouri corporation, hereinafter called the "Company" and _____

hereinafter called the "Developer".

WHEREAS, the Developer has requested the Company to extend or expand its system for the expressed purpose of providing sewer service. This system extension is to be constructed in accordance with the Company's Technical Specifications and will generally be routed as depicted on the attached plan or plat, referred to as Exhibit No. 1 attached hereto, and made a part of this Agreement; and

WHEREAS, the Company is willing to make such an extension upon the terms and conditions hereinafter set forth; and

WHEREAS, the Developer is willing and desires to assist in the installation of such extension and desires to bear the cost thereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Developer hereby applies to the Company for the said extension of its system, and the Company agrees to construct the said extension upon the terms and conditions hereinafter set forth.

2. Upon execution hereof, the Developer shall

*Indicates new rate or text
+Indicates change

FILED

MAY 27 1992
92-195
MO. PUBLIC SERVICE COMM.

DATE OF ISSUE April 27, 1992
month day year

DATE EFFECTIVE May 27, 1992
month day year

ISSUED BY Milton E. Leeds
name of officer
Milton E. Leeds

President, P.O. Box 7017, Jefferson City, Mo.
title address

Capital Utilities, Inc.
Name of Issuing Corporation

For Missouri Certificated Service Area
Community, Town or City
Sewer Division

APR 27 1992

Rules and Regulations
Governing Rendering of Service

MISSOURI

Public Service Commission

deposit with the Company the sum of _____

DOLLARS (\$ _____). Such deposit shall be adjusted, based upon the determination of the actual cost by Company of facilities installed including sewer pipe and appurtenances, property, connection fees, engineering, accounting, and legal expenses plus the cost of obtaining any necessary easements or permits from governmental agencies or other direct costs. If it is necessary to adjust the amount of such deposit, in accordance with the terms of this paragraph, a supplemental memorandum will be prepared setting forth the actual costs and shall be attached hereto and made a part hereof.

3. The amount required for deposit may be reduced by the construction cost provided by the Developer and accepted by the Company. This may only apply in the specific case where the Developer will be the construction contractor. Such construction cost shall be attached hereto and made a part hereof.

4. The Company will use its best efforts to commence and carry to completion as soon as possible the installation of said extension, having in mind, however, delays which may be occasioned by weather, acts of God, strikes, or other matters not within its control.

5. It is further mutually understood and agreed that the collecting sewers and appurtenances within the limits of the street, avenues, roads or easement areas, whether or not attached to or serving customers but constructed as part of the extension shall be and remain the property of the Company, its successors and any collecting

*Indicates new rate or text
+Indicates change

FILED

MAY 27 1992
92 - 195

MO. PUBLIC SERVICE COMM.

DATE OF ISSUE April 27, 1992
month day year

DATE EFFECTIVE May 27, 1992
month day year

ISSUED BY Milton E. Leeds
name of officer
Milton E. Leeds

President, P.O. Box 7017, Jefferson City, Mo.
title address

Capital Utilities, Inc.

For Missouri Certificated Service Area
Community, Town or City
Sewer Division

Name of Issuing Corporation

Rules and Regulations

Governing Rendering of Service

RECEIVED

APR 27 1992

sewers installed by it pursuant to the terms of this Agreement in or to other lands, streets, easements without incurring any liability to Applicant(s) whatsoever. MISSOURI Public Service Commission

- 6. Developer will, upon the request of the Company, grant to it an exclusive and irrevocable easement, at no cost to Company, for the installation, maintenance, operation, repair and replacement of said extension and appurtenances within the limits of any existing or proposed street, roadway, or easement area, together with right of ingress and egress thereto, in form satisfactory to the Company and duly executed and acknowledge in proper form for record. The Company shall also have the right to additional easement area over property owned by the Developer for the purpose of future extension of system to provide service to adjacent property.

- 7. It is further understood and agreed by and between the parties hereto that the Company's agreement to construct the said extension is subject to the Company obtaining all necessary consents, orders, permits, easements, and approvals of public officers or public bodies having jurisdiction over or lawful interest in any of the subject matters herein. In the event that the Company, after prompt application and deligent effort, is unable to obtain any necessary consent, order, permit, easement, or approval as aforesaid, or in the event that the Company is enjoined or prevented by lawful action of any such public officer or official body from constructing the said extension, the Company shall have no obligation to the

FILED

MAY 27 1992
92 - 195
MO. PUBLIC SERVICE COMM.

*Indicates new rate or text
+Indicates change

DATE OF ISSUE April 27, 1992
month day year

DATE EFFECTIVE May 27, 1992
month day year

ISSUED BY Milton E. Leeds President, P.O. Box 7017, Jefferson City, Mo.
name of officer title address
Milton E. Leeds

Capital Utilities, Inc.

For Missouri Certificated Service Area

Name of Issuing Corporation

Community, Town or City

Sewer Division

RECEIVED

Rules and Regulations
Governing Rendering of Service

APR 27 1992

MISSOURI
Public Service Commission

Developer to proceed with the installation such time as the aforesaid lawful action shall be resolved.

- 8. It is agreed by Developer that he will not build at any time hereafter on, in or over the said easement any structure, the construction or presence of which will endanger or render ineffective or difficult the access to collecting sewers or appurtenances of the Company, or lay other pipes or conduits within two (2) feet, measured horizontally or ten (10) feet for water main, measured horizontally, from the said collecting sewers except pipes crossing same at right angles in which latter case a minimum distance of eighteen (18) inches shall be maintained between the pipes. No excavation or blasting shall be carried on which in any way endangers the said collecting sewers. Provided, however, that should the Developer wish to do so, he may at his own expense provide a new location acceptable to the Company for the said collecting sewers and the Company will then move said collecting sewers and appurtenances to said new location, and the whole cost of such moving and altering and any expenses incident thereto, shall be borne by the Developer. It is further understood and agreed that in case of any damage by Developer or caused by neglect of Developer to the collecting sewers or their appurtenances, connection therewith, these facilities will be repaired and brought to proper grade by the Company or Company's contractor at Developer's expense.

- 9. It is further mutually understood and agreed by and between the parties hereto that this Agreement is subject to all the requirements of

*Indicates new rate or text
+Indicates change

FILED

MAY 27 1992
92 - 195

MO. PUBLIC SERVICE COMM.

DATE OF ISSUE April 27, 1992
month day year

DATE EFFECTIVE May 27, 1992
month day year

ISSUED BY Milton E. Leeds
name of officer

President, P.O. Box 7017, Jefferson City, Mo.
title address

FORM NO. 13

P.S.C.MO. No. 2

{ Original } SHEET No. SE 10
{ Revised }

Cancelling P.S.C.MO. No. All Previous Schedules { Original } SHEET No. _____
{ Revised }

Capital Utilities, Inc.

Name of Issuing Corporation

For Missouri Certificate **RECEIVED** Area
Community, Town or City

Sewer Division APR 27 1992

Rules and Regulations
Governing Rendering of Service

MISSOURI
Public Service Commission

the Company's Rules and Regulations Governing Rendering of Sewer Service currently on file with the Missouri Public Service Commission be they expressed herein or not. It is specifically noted that the Company's definition of a sewer system "extension" may refer to either continuation of piping from existing Company owned collecting sewer or the construction of an entirely new wastewater collection/treatment system.

10. The Company reserves the right to withdraw this proposal at any time before it has been accepted by the Developer. In the event it is not accepted and the payment for the sewer system extension is not in the possession of the Company within sixty (60) days from the date this Agreement is transmitted to the Developer, this proposal will be null and void.

IN WITNESS WHEREOF, the parties hereto have agreed to the above conditions as indicated by their signatures affixed below on this _____ day of _____.

COMPANY

ATTEST:

BY _____

ITS _____

DEVELOPER

ATTEST:

FILED

MAY 27 1992

92 - 195

MO. PUBLIC SERVICE COMM.

*Indicates new rate or text
+Indicates change

DATE OF ISSUE April 27, 1992
month day year

DATE EFFECTIVE May 27, 1992
month day year

ISSUED BY Milton E. Leeds
name of officer
Milton E. Leeds

President, P.O. Box 7017, Jefferson City, Mo.
title address



Matt Blunt, Governor • Doyle Childers, Director

DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

5.100 Aqua Missouri -Lake Carmel Subdivision
Cole County
#MO-0088986

July 17, 2006

Mr. Jason Becker
Becker Development Company
8723 Nine Hills Lane
Centertown, MO 65023

Dear Mr. Becker:

The Missouri Department of Natural Resources has reviewed the May 2006 revised engineering report from Trabue, Hansen & Hinshaw, Inc. for the Lake Carmel Subdivision wastewater treatment improvements.

The May 2006 revised engineering report made the same recommendations as the April 2006 revised engineering report. Both reports recommend adding aeration to the primary cell of the existing three-cell lagoon to serve 86 lots in the Lake Carmel Subdivision. The report states as an interim, that the existing lagoon has capacity for four additional homes. Then, the remaining lots would be designed for individual on-site wastewater treatment.

Additionally, the department received a June 8, 2006, letter from Blitz, Bardgett & Deutsch, L.C., Attorneys at Law, on behalf of Aqua Missouri.

With the current information, the department cannot complete its review of the recommendations in the May 2006 revised engineering report. Please address the following comments:

Verification of Capacity of Existing Three-Cell Wastewater Treatment System – Phase I

1. Regarding the reduced hydraulic flow per house, Aqua Missouri, according to the March 14, 2006, letter enclosed in the engineering report, reportedly has changed out 30 water meters in February 2006, which potentially may change the recorded water meter usage for these houses. This data should be obtained to confirm that the old water meter readings accurately represent the actual water usage. It is important to have accurate meter readings when using water usage records in place of wastewater discharge readings in determining flow to and through the lagoon.



Recycled Paper

Exhibit Y

Mr. Jason Becker
Becker Development Company
July 17, 2006
Page 2

2. No census or other data has been provided justifying the assertion of an average of only two people per house in Lake Carmel Subdivision. In the June 8, 2006, letter, Aqua Missouri states that this would be the exclusive responsibility of the developer.
3. Before the department can approve any additional loading, a letter from the continuing authority accepting this additional loading is required. In the June 8, 2006, letter, Aqua Missouri states that it will not issue a letter of acceptance until the developer agreement is executed and a deposit is placed.

Addition of floating aerators to the primary cell of the existing three-cell lagoon to expand capacity to a total of 86 Lots in Lake Carmel Subdivision – Phase II

1. In accordance with 10 CSR 20-6.010(3)(A), all applicants for construction permits or operating permits shall show, as part of their application, that a permanent organization exist which will serve as the continuing authority for operation, maintenance and modernization of the facility for which the application is made. A letter of acceptance will be required from the continuing authority. In the June 8, 2006, letter, Aqua Missouri states that it will not issue a letter of acceptance until the developer agreement is executed and a deposit is placed.
2. Missouri Clean Water Commission Regulation 10 CSR 20-7.015(8)(B)1 states, "Discharges from wastewater treatment facilities which receive primarily domestic waste or POTW, shall undergo treatment sufficient to conform to the following limitations: BOD₅ and NFRs (Total Suspended Solids) equal to or less than a monthly average of 30 mg/L." In accordance with 10 CSR 20-7.015(8)(B)2., the pH shall be maintained in the range from six to nine standard units. The calculations from Aeration Industries International, Inc. use a volume of 930,000 gallons for the lagoon and your calculations are based on 1,140,000 gallons. Please clarify the volume of the primary lagoon cell. Please confirm the proposed design flow of the treatment facility. Please provide design calculations that show the proposed three-cell aerated lagoon will meet the limits in the water quality standards.
3. In accordance with 10 CSR 20-8.020(11)(B)3. Table I and (11)(B)4., a single family dwelling consists of 3.7 people per residence with a loading of 0.17 pounds of biochemical oxygen demand per person per day and a flow of 75 to 100 gallons per day per person. To date, the department has not received any satisfactory data regarding the hydraulic or organic loading to the lagoon or the number of actual people per house. If a flow of less than 277.5 (3.7 persons at 75 gallons per day per person) gallons per day per residence is to be considered, the hydraulic data needs further refining. No data regarding actual organic loading data has been received.
4. USEPA regulations at 40 CFR 122.44 (d)(1)(i) require effluent limitations for all pollutants that are or may be discharged at a level that will cause or have the reasonable potential to cause or contribute to an in-stream excursion above a narrative or numeric water quality standard. Because the first classified stream is approximately one-half mile away and

Mr. Jason Becker
Becker Development Company
July 17, 2006
Page 3

nitrification in lagoon systems is minimal, Ammonia as Nitrogen effluent monitoring only is proposed for the first five years of a permit. Then, a Reasonable Potential Analysis for Total Ammonia Nitrogen will be conducted to determine whether or not the discharge caused or contributed to an in-stream excursion above numeric water quality criteria.

5. Please understand a proposal to construct a new wastewater treatment system is to be designed for a 20-year population and flow life and not just for the five-year timeframe when data is being collected for a reasonable potential analysis. Regulation 10 CSR 20-8.020(11) requires the 20-year life to meet the water quality requirements in 10 CSR 20-7.015 and 10 CSR 20-7.031.

Remaining lots – Phase III

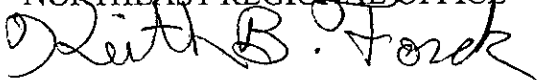
1. Please note in regards to the proposal to serve the remaining portion of the subdivision with on-site single-family wastewater treatment systems. In accordance with 10 CSR 20-6.030(1)(D), the developer of any residential housing development shall obtain approval from the department for the method of sewage treatment and disposal to be used in the development. A soils report and plat map for the lots that will be served by on-site treatment must be submitted in accordance with 10 CSR 20-6.030(3) and (4) respectively.

Please address the concerns above regarding the sanitary sewage collection and treatment plant improvements for Lake Carmel Subdivision by **August 17, 2006**. The department will not approve an engineering report without an acceptance/approval from the continuing authority. Any additional revised engineering report submittals without resolution of the continuing authority issues may be returned as incomplete. The department is ceasing further review until resolution of the continuing authority issues.

If you have any questions, please contact me at (573) 526-4232 or (660) 385-8000 in the Northeast Regional Office, 1709 Prospect Drive, Macon, MO 63552.

Sincerely,

NORTHEAST REGIONAL OFFICE



Keith Forck, P.E.
Environmental Engineer

KF/ps

c: Mr. Kevin Thompson, Public Service Commission
Trabue, Hansen, & Hinshaw, Inc.
Aqua Missouri, Inc.