

DIRECT TESTIMONY
OF
ROBERT M. HELLEBUSCH
LOST VALLEY SUBDIVISION
CASE NO. SC-2005-0083

ST. CHARLES, MISSOURI
FEBRUARY 2007

FILED²

MAR 04 2007

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Robert M. Hellebusch, Complainant,

vs.

Kenneth Jaeger and Blue Lagoon Sewer Corp., Respondent.

)

) Case No. SC-2005-0083

)

AFFIDAVIT OF ROBERT M. HELLEBUSCH

STATE OF MISSOURI)

) ss

COUNTY OF ST. CHARLES)

Robert M. Hellebusch, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony, in question and answer form, consisting of 3 pages, to be presented in the above case; that the answers in the following Direct Testimony were given by him, that he has knowledge of the matters set forth in such answers; and that such answers are true to the best of his knowledge and belief.

Robert M. Hellebusch

Robert M. Hellebusch

Subscribed and sworn to before me this 26th day of February 2007.

Patricia Murray
Notary Public

My commission expires

2/4/08



PATRICIA MURRAY
St. Charles County
My Commission Expires
February 4, 2008

1. **Q. Did Mr. Jaeger advertise his homes as having sewer services?**

2. A. Yes. Complaint to PSC dated October 14, 2004 and floor plan of house showing

3. sewer is included.

4. **Q. Was any disclosure ever made about sewer services?**

5. A. No. Complaint to AGO dated August 18, 2004.

6. **Q. Did Mr. Lemon make false statements in a letter he wrote to the AGO?**

7. A. Letter from Mr. Jaeger's attorney, James F. Lemon, falsely stating that Mr.

8. Jaeger had a contractual agreement with me and falsely stating I called Mr.

9. Jaeger. In the second paragraph he states that complaints are filed in regard to

10. some type of fraudulent transaction. That is exactly what Mr. Jaeger did, fraud,

11. which is why I filed the complaint.

12. **Q. Why did Mr. Jaeger knowingly connect 31 homes illegally to the lagoon?**

13. A. PSC staff recommendations state that lagoon does not qualify as a "nonprofit

14. sewer corporation", 31 homes are illegally connected to the lagoon, he cites

15. other technical problems. It further states Mr. Jaeger should either obtain a

16. certificate of convenience and necessity or convey the facilities to another

17. entity. It states the lagoon also serves commercial developments up to 139

18. identifiable users and that Mr. Jaeger is one of the original owners. So he knew

19. he was illegally hooking up homes.

20. **Q. Why residents wrote a letter asking why no one is exercising their authority and resolving**
21. **the problems?**

22. A. Letter to State Representative, Rachel Bringer, from Lost Valley Residents

23. regarding concerns about the sewer system.

24. Q. **Why does Mr. Jaeger have no respect for the law?**

25. A. Letter to Rachel Bringer from Harry Bozoian dated 7-15-05 that Mr. Jaeger

26. constructed a sewer system without first receiving a permit, that he illegally

27. operates a wastewater lagoon without a Missouri State Operating Permit, and

28. that he illegally discharged water contaminants into water of the State.

29. Q. **Why does Mr. Jaeger try to continually circumvent the law then ask for money he is not**
30. **entitled to per PSC ruling on 1-07-05?**

31. A. In June of 2006 Mr. Jaeger tried to set up a 393 non-for-profit corporation

32. without notifying 90% of the Lost Valley residents. He selected a few of his

33. friends, had them write a letter to the AGO and then ask the AGO to collect

34. sewer bills that he had no authority to bill or seek payment for sewer service

35. (see PSC ruling on 1-7-05).

36. Q. **Why does the AGO have to continually re-iterate what has to be done?**

37. A. Another letter from AGO to Mr. Jaeger's attorney states various items that need

38. to be done per court order (which previously had not been completed).

39. Q. **Why has Mr. Jaeger not complied with AGO letter?**

40. A. Letter from AGO to Mr. Jaeger's attorneys, Lemon and Maxwell, to have Mr.

41. Jaeger work with Cannon Water District so the District could take over the

42. system. Mr. Jaeger has done everything he can to discourage the Water District,

43. not help them.

44. Q. **Why does Mr. Jaeger want to form a 393 with his selected board members?**

45. A. Missouri Statutes for 393 - Section 393-829 explains that a nonprofit sewer

46. company can lease as lessee treatment systems land and classes of real or

47. personal property. Section 393-843 talks about the contracting with any other

48. person or entity for any services needed. This is how Mr. Jaeger thinks he is

49. going to get a free ride. Collecting money through the Board of Directors he

50. picks for the 393.

attachment line 2

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

Robert M. Hellebusch,

Complainant,

v.

Kenneth Jaeger and
Blue Lagoon Sewer Corp.,

Respondents.

Case No. SC-2005-0099

AMENDED NOTICE OF COMPLAINT

Mr. Kenneth Jaeger
17805 Bluffview Drive
Center, Missouri 63436
CERTIFIED MAIL

James F. Lemon, Esq.
Ahrens, Hale & Lemon, LLC
800 Broadway
Post Office Box 1255
Hannibal, Missouri 63401
CERTIFIED MAIL

On October 14, 2004, Robert M. Hellebusch (Complainant) filed a complaint with the Missouri Public Service Commission against Mr. Kenneth Jaeger and Blue Lagoon Sewer Corp., a copy of which is enclosed. On October 19, 2004, the Commission sent notice of this complaint to Blue Lagoon Sewer Corp., but not to Mr. Jaeger. On November 10, 2004, both Mr. Jaeger and Blue Lagoon filed an Answer. In order to cure any potential notice problem, the Commission issues this amended notice.

Pursuant to 4 CSR 240-2.070, Mr. Jaeger shall have 30 days from the date of this notice to file an amended answer or to file notice that the complaint has been satisfied. Because the Respondents have already answered the complaint, no amended answer is required.

All pleadings shall be mailed to:

Secretary of the Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

line 2

BEFORE THE PUBLIC SERVICE COMMISSION OF THE
STATE OF MISSOURI

RECEIVED

OCT 14 2004

ROBERT M. HELLEBUSCH

(your name)

Complainant,

UTILITY OPERATIONS
DIVISION

vs.

Case No.

BLUE LAGOON SEWER CORP.

(utility company's name)

Respondent.

FILED²

OCT 14 2004

COMPLAINT

Missouri Public
Service Commission

1. Complainant resides at 150 Newgrange Pass, St. Charles, MO - but the lake house in question is at 43682 Blue Lagoon Dr. Moberly City, MO. 63456

2. Respondent, Kenneth Greger / Blue Lagoon Sewer Corp.
(Company's name and address)

17805 Bluff View Dr. Carter, MO. 63436, is a public utility providing service to complainant's residence.

3. As the basis of this complaint, complainant states the following facts: When we purchased the house in last valley subdivision, we did so with the understanding that 200 amp elect, water, sewer, and vinyl siding was included as part of the price of the house (as stated in the drawing). No disclosure was made, nothing was said about having to pay a monthly sewer bill based on our water bill. Which we are now being charged. We have since found out in a letter dated 8/24/1990 from the DNR that a operating letter of approval has never been giving to operate the lagoon. An that the original intent of the lagoon was to accomodate a Opey House, Restaurant, Motel (35 rooms) and a camp ground. In a report from DNR dated 9/16/04 it states the minimum size pipe used should be 6", the system has 4" pipes feeding into one 6" pipe. We feel there will be a large cost involved to bring the sewer system up to standards.

4. The complainant has taken the following steps to present this complaint to the respondent:

I spoke to Kenneth Jaeger on 8-9-04 about no disclosure never being made. He was very rude and tried to deny it.

WHEREFORE, complainant now requests the following relief: we feel the system should be taken over by a district sewer system, a homeowners association, or be regulated by the Public Service Commission. It needs to have some independent oversight of the system.

Oct. 11, 2004

Date

Robert M. Wallerud

Signature of Complainant

38

Consumer Complaint Form



RETURN TO: Attorney General's Office
P.O. Box 899
Jefferson City, MO 65102

Missouri Attorney General
Jeremiah W. (Jay) Nixon

Phone: 800-392-8222
Web: www.moago.org

attachment line 5

CONSUMER

☒ MR.
☐ MRS.
YOUR NAME ☐ MS. HELLEBUSCH ROBERT M.
LAST FIRST MI
ADDRESS 150 NEW GRANGE PASS ST. CHARLES MO 63304 ST. CHARLES
STREET CITY STATE ZIP COUNTY
HOME PHONE (636) 447-0354 WORK PHONE 1 ISAME E-MAIL _____

COMPANY

MY COMPLAINT IS AGAINST BLUE LAGOON SEWER CORP.
ADDRESS 17805 BLUFF VIEW DR. CENTER MO 63436 RALLS
STREET CITY STATE ZIP COUNTY
573-267-1132
PHONE (573) 267-9890 WEB SITE _____ E-MAIL _____
PERSON YOU DEALT WITH KENNETH D. JAEGER OWNER
NAME TITLE

PRODUCT OR SERVICE

PRODUCT OR SERVICE DISPUTED SEWER SERVICES
DATE OF TRANSACTION/PURCHASE 8 12 04 AMOUNT PAID \$ 31.30
(For example: 05 01 00) MONTH DAY YEAR
HOW & WHERE DID YOU LEARN ABOUT PRODUCT OR SERVICE? LETTER FROM OWNERS WIFE (CHERYL JAEGER)

PAYMENT

PAYMENT METHOD ☐ CASH ☐ CREDIT CARD ☐ DEBIT CARD ☐ LOAN ☐ LAY-AWAY ☒ CHECK ☐ OTHER
DID YOU SIGN A CONTRACT, WARRANTY AGREEMENT OR SIMILAR PAPERS? ☐ YES ☒ NO

Copies of any documents produced for payment must be returned with this complaint form (such as contracts, warranties, checks — front and back)

CF-2004-11561

Robert Hellebusch
Blue Lagoon Sewer

8/11/2004

REVISED JANUARY 2003

Kevin Abbott
Robert Hellebusch

BRIEFLY EXPLAIN
YOUR COMPLAINT

KENNETH JAEGER BUILT A LAKE HOUSE FOR MY WIFE
AND I AT MARK TWAIN LAKE. IN HOST VALLEY SUBDIVISION. AT THE
TIME WE SIGNED THE CONTRACT TO HAVE THE HOUSE BUILT (11-03-03)
NO DISCLOSURE WAS MADE, NOTHING WAS SAID ABOUT HAVING TO PAY
A MONTHLY SEWER BILL BASED ON OUR WATER BILL. SEVERAL HOMES
HAVE HAD RAW SEWERAGE BACK UP INSIDE THE HOME. HE HAS A
TRAINED INSPECTOR TO MONITOR THE LAGOON, HE IS SIMPLY TRYING TO
SWINDLE MONEY FROM THE RESIDENTS.

WHAT ACTION HAVE YOU TAKEN TO RESOLVE THIS COMPLAINT? I SPOKE TO KENNETH JAEGER ON 8-9
ABOUT NO DISCLOSURE EVERY BEING MADE. HE WAS VERY RUDE AND TRIED TO
DENY IT.

HOW DO YOU WANT
THIS COMPLAINT
RESOLVED?☒ REFUND☐ REPAIR☐ DELIVER PRODUCT☐ PERFORM SERVICE☐ REPLACE/TRADE☒ OTHER

\$99.95 is due from Kenneth Jaeger
REFUND AND NOT HAVE TO PAY ANY FUTURE SEWER BILLS

HAVE YOU BEEN SUED
OR FILED A LAWSUIT
ABOUT THIS COMPLAINT?☒ NO☐ YES

NAME OF ANY AGENCY CONTACTED

AGENCY ADDRESS

BY FILING THIS COMPLAINT, I UNDERSTAND THAT:

The Attorney General is not my private attorney, but enforces state consumer protection laws;

I will testify in court to the facts stated in this complaint; and

A copy of this complaint will be provided to the merchant against whom I am filing this complaint.

I ATTEST TO THE ACCURACY OF STATEMENTS MADE IN THIS COMPLAINT:

YOUR SIGNATURE

Robert M. Nellerhusel

DATE

8-18-04

attachment line 7

AHRENS, HALE & LEMON, LLC

ATTORNEYS AT LAW

C. TODD AHRENS
DEBORA L. HALE
JAMES F. LEMON

800 BROADWAY
P.O. BOX 1255
HANNIBAL, MISSOURI 63401
(573)221-4060
FAX: (573)221-2371
jameslemon@sbcglobal.net

October 26, 2004

RECEIVED

NOV 3 - 2004

MO. ATTORNEY GENERAL

Attorney General of Missouri
Attn: Kimberly D. Slote
Complaint Investigator
PO Box 899
Jefferson City, MO 65102

Re: Complaint No. CF-2004-11561

Mr. Robert M. Hellebusch

Dear Ms. Slote:

My client is in receipt of the complaint filed by Mr. Robert Hellebusch regarding my client Ken Jaeger/The Blue Lagoon Sewer Corporation. Quite frankly, I am unable to determine from the consumer complaint form that was sent to my client what the nature of Mr. Hellebusch's actual complaint is. My client Ken Jaeger is currently the owner of a private sewer lagoon. By contractual agreement, he had agreed to provide sewer services to certain surrounding land owners. From a phone call that was received by my client from Mr. Hellebusch, my client believes that the nature of his complaint is that he believes he should receive sewer service for free and he is upset that my client is not willing to provide such services. It is my client's belief that as his obligation to provide sewer services to Mr. Hellebusch is based upon a contract, and that Mr. Hellebusch has no right to utilize the sewer service absent that contract, this matter is a civil matter and whatever rights Mr. Hellebusch has he would need to enforce in civil court.

Further, my client is quite frankly somewhat baffled by the filing of this complaint with the Attorney General's office. It would be my experience that generally these complaints are filed in regard to some type of fraudulent transaction or failure by the vendor to provide the services for which they were paid. In this case, Mr. and Mrs. Hellebusch received sewer service. They have received exactly what they paid for, and my client is unsure what their protest is. If the Hellebusch's do not wish to obtain sewer service from my client they are certainly welcome to terminate their connection and cease payment. However, for so long as they continue to dump their sewer onto my client's property by their contractual agreement, he believes he is entitled to receive a just payment for it. Please note, that the total amount of payment we are referring to is \$31.30 for a period of sewer service for two months.

no contractual
agreement ever discussed
or signed.

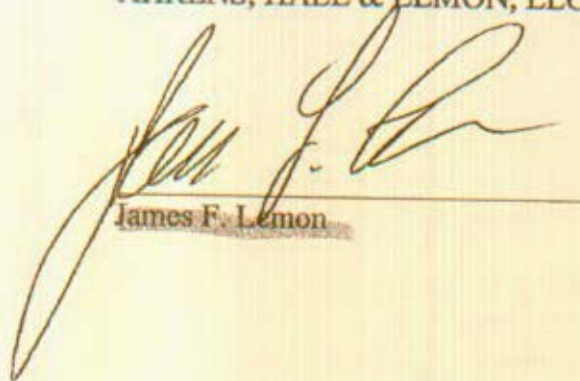
now
\$82.10

that what
it is

As a result of all the foregoing, my client denies the validity of any claim by the Hellebusch's for any wrong doing. He states that he has no intention of refunding their money as they received the services for which they paid. Thank you for your time and attention to this matter.

Sincerely,

AHRENS, HALE & LEMON, LLC

A handwritten signature in dark ink, appearing to read 'James F. Lemon', is written over a horizontal line. The signature is stylized with a large, sweeping initial 'J'.

James F. Lemon

JFL /bnc

cc: Ken Jaeger

attachment line 13

REPORT OF STAFF INVESTIGATION
Case Nos. SC-2005-0083 and SC-2005-0099
Blue Lagoon Sewer System, Inc.

Prepared By:
Jim Merciel and Martin Hummel
Water & Sewer Department

Reviewed/Approved By:
Dale Johansen – Manager
Water & Sewer Department

Overview of the Formal Complaints

Two customers of a sewer utility that provides service generally in an area that includes a subdivision known as Lost Valley Subdivision, near Monroe City, Ralls County, Missouri, have filed formal complaints before the Commission. The sewer utility is not regulated by the Public Service Commission (Commission) at present. The formal complaints pertain to both quality of service, and jurisdictional oversight. More specifically, with regard to quality of service, the Complainants allege service matters including sewage backup events, and inferior construction of the sewer system. Indeed, the Missouri Department of Natural Resources (DNR) is addressing issues of construction and permitting with the owner of the system.

Background of the Sewer Utility

As stated above, part of the sewer utility's service area includes Lost Valley Subdivision, which has approximately 37 lots, 35 of which have been sold, and 31 on which homes have been constructed. A person involved with the subdivision development, Mr. Ken Jaeger perhaps through one or more corporations and perhaps with other partners, is also an owner of the sewer system, or a corporation that owns it. The Complainants in the instant cases have property in Lost Valley. The sewer system also serves commercial developments that include a recreational vehicle (RV) campground called Salt River Campground with 72 sites, five cabins, a theater, a motel with 21 rooms, and a convenience store with a restaurant. The Staff estimates that there may be approximately 36 customers, though there could be up to 139 identifiable users if campground lots and motel rooms are separately counted. The area is largely recreational, being near the Mark Twain Lake.

The Missouri Department of Natural Resources (DNR) had issued a Letter of Approval for the construction of a "no-discharge" system in August of 1990, meaning the treatment facility was constructed so as not to discharge treated sewage to a creek, and therefore did not need a discharge permit. The original owners, according to DNR's information, were Robert Vanderbeck and Ken Jaeger. Sometime in approximately 1999 the owners filed bankruptcy. It appears that Mr. Jaeger either bought back, or retained ownership of the lagoon real estate, since information indicates that in June of 2001 Mr. Jaeger made an agreement with Ralls County State Bank, part of which addresses charging the RV campground lots for sewer service.

Exhibit A

1000

13

attachment line 13



Bob Holden, Governor • Stephen M. Mahfood, Director

DEPARTMENT OF NATURAL RESOURCES

www.dnr.mo.gov

NOV 22 2004

Mr. Joseph P. Bindbeutel
 Chief Counsel, Environmental Protection Division
 Office of the Attorney General
 P.O. Box 899
 Jefferson City, MO 65102-0899

Dear Mr. Bindbeutel:

Mr. Ken Jaeger owns property being developed for residential purposes known as the Lost Valley Subdivision (subdivision). The property is served by an unpermitted single cell lagoon located in the subdivision. Currently connected to the lagoon are: 37 lots in the subdivision; the Salt River Inn with 21 rooms; a convenience store and restaurant; a RV Park with 72 sites; 5 cabins, 2 washing machines, and the Salt River Theater. To date 35 of the 37 lots have been sold, and 31 homes are constructed and illegally connected to the lagoon.

The Department of Natural Resources' (Department) staff have engaged in extensive conference, conciliation, and persuasion with Mr. Jaeger since the Department's initial Notice of Violation issued on October 14, 2003. To date Mr. Jaeger has failed to obtain approval from the Department for the method of sewage treatment and disposal to be used in the development prior to the sale or construction on lots in the subdivision. Mr. Jaeger has sold 35 of the 37 lots, constructed homes on 31 lots, and illegally connected these homes to his unpermitted lagoon. Department staff are concerned that Mr. Jaeger will abandon his legal responsibilities for this subdivision.

Section 644.076.1, RSMo, empowers the Clean Water Commission or the Executive Secretary to:

...cause to have instituted a civil action in any court of competent jurisdiction for the injunctive relief to prevent any such violations or further violations or for the assessment of a penalty...Suit may be brought in any county where the defendant's principal place of business is located...

Integrity and excellence in all we do



January 26, 2006

attachment line 22

Representative Rachel L. Bringer

State Capitol Building
201 West Capitol Avenue
Room 116A2
Jefferson City, MO 65101

Dear Representative Bringer:

We, property owners in Lost Valley Subdivision, Monroe City, Missouri are writing to you again regarding our concerns about the subdivision lagoon issues, the injunction, and legal issues with DNR, DNR Enforcement, Attorney General's Office and Ken Jaeggar.

Harry Bozoian of the Attorney General's Office has not been returning telephone calls or communicating with any of us for quite some time now and so we feel we need to initiate communication. Back in April 2005 there was a scheduled meeting in Monroe City with Harry Bozoian, AGO, Irene Crawford, DNR, Martin Hummel, PSC. This was an information meeting with government officials and the residents of Lost Valley Subdivision to inform everyone of the issues surrounding the lagoon and the possible future of it. Harry had asked at our information meeting if we would select one contact person for phone calls and communication between Harry and the residents. We agreed it would be Joanne Reiersen. In May, 2005 there was an injunction put in effect and Ken Jaeggar had some directives he was to follow with deadlines attached. The injunction dates had come and gone and still some of the directives were not fulfilled. The matter has also been transferred into DNR Enforcement hands. In July 2005 some of the residents sent a letter to yourself, Jay Nixon, AG, and Harry Bozoian, AGO asking for your help with communication between ourselves and Harry. In September there was a violation of lagoon waste spilling into the creek. In October we were told by Harry that there was not a DNR approved engineering report and that we should call Irene Crawford to inquire why not. After some weeks we were told that MECCO Engineering Company was waiting for Ken to forward more funds so the report could be completed. We asked Harry to exercise some authority to get the report and we were told that MECCO didn't have to supply the report before getting more funds from Ken. We were also told by Harry that Ken is solely responsible for getting this DNR approved engineering report. But we have witnessed so far that there are no consequences if Ken doesn't do part or any of the injunction requirements. In December 2005 we were told that Harry was going to pursue another avenue and sue Ken Jaeggar. We weren't told what that avenue was.

We now come to understand that Harry is possibly not going to pursue another avenue and sue Ken but is going to meet with DNR officials, in the near future, to pursue obtaining an approved construction permit. Let us ask.....the permit was not obtainable last October so does it not seem we are spinning wheels and stalling by going backwards in trying to obtain the permit now. If the requirements were not met in 2005 how can we possibly think the permit is going to be obtainable now. We understand Ken is back in Texas and has been for some months, expected to return to Missouri in the next month or two so how can he work on the requirements or upkeep when he's not even here. For someone trying to make things right it looks very questionable.

To our knowledge as of this date we believe a number of violations regarding the injunction have occurred:

#4 there is not a DNR approved engineering report

#5 Ken had not achieved the 2 feet of freeboard on or before May 15, 2005

#6 the September 30, 2005 deadline of a 2 foot level of the lagoon was not achieved

#10 Ken has not acquired or maintained necessary equipment ie: pump broke down and there was not a new one purchased; the spray off hose in the "new" spray off area malfunctioned and caused spilling into the creek (violation on record); some residents have observed some of the spray heads are not being maintained and some heads are missing altogether; discharge hoses in the spray off area are in poor condition

#11 lift station now only has one pump and has live wires with only wire nuts on them

#15 20 day submission of approved construction permit, which we were told last fall the construction permit cannot be issued without a valid continuing authority. Are you still going to apply the limitations listed?

#16 30 days to obtain an application for a Missouri operating permit. Has this been submitted yet?

We have become aware that it is very difficult, if at all possible, to sell our home to future investors who need a mortgage to purchase because of the impending law suit.

Is there a direction the DNR or AGO prefers not to go because they know it's not in the homeowner's best interest? Is there some other reason this problem is not being solved? Why is so much time being given to this problem? Why can't someone in an official position of government exercise their authority over Ken, who seems to be in control of this whole situation, and get these problems resolved so the residents can enjoy their new homes? We would very much like to be more informed about their plan but we have no way of knowing because there is no communication. Would you please help communication begin and continue.

Sincerely,

James & Jerry Peterson
Ray & Debbie Howard
Jim & Donna Hunter
Lost Valley Residents
c/o 43615 Blue Lagoon Drive
Monroe City, MO 63456

Cc: Matt Blunt, Governor
Jay Nixon, Attorney General
Irene Crawford, DNR
Michael Abbot, Enforcement DNR
WGEM TV

Allan Womel
Janet K. Warrell
Mike & Sue Kates
Michael E. Knepp
Robert Helblum
Lynnda Helblum
Michael & Lolace
Walter & Donna Kelly

attachment line 25



ATTORNEY GENERAL OF MISSOURI

JEREMIAH W. (JAY) NIXON
ATTORNEY GENERAL

JEFFERSON CITY
65102

P.O. Box 899
(573) 751-3321

July 15, 2005

Representative Rachel L. Bringer

State Capitol Building
201 West Capitol Avenue
Room 116A2
Jefferson City, MO 65101

Representative Rachel L. Bringer
504 South Main
Palmyra, MO 63461

Re: *State of Missouri v. Ken Jaeger*
Case No. CV805-12CC, Ralls County, Missouri

Dear Representative Bringer:

I am in receipt of the July 7, 2005, letter from Robert and Lynda Hellebusch and Gerald and Joanne Reiersen. This letter is to apprise you of the current situation at Lost Valley Subdivision located in your district.

On January 19, 2005, our office filed a lawsuit against Ken Jaeger for violating the Missouri Clean Water Law, Chapter 644, RSMo. In the suit, the State alleges, among other things, that Mr. Jaeger constructed a sewer system without first receiving a permit, that he illegally operates a wastewater treatment lagoon without a Missouri State Operating Permit, and that he illegally discharged water contaminants into waters of the State.

On May 3, 2005, we obtained a Judgment and Order of Preliminary Injunction against Mr. Jaeger which required him, among other things, to:

1. Submit a preliminary engineering report within 20 days;
2. Pump down the content of the lagoon and maintain the necessary equipment for effective land application;
3. Pay the electric bill for the electricity serving the lift station;
4. Submit a construction permit application for the collection system within 20 days;
5. Submit an application for a Missouri State Operating Permit for the lagoon;

Representative Bringer

July 15, 2005

Page 2

6. Impose a ban on new sewer extensions; and
7. Employ a representative to operate and maintain the lagoon.

I have attached a copy of the Judgment and Order of Preliminary Injunction for your convenience.

Since the entry of the Judgment and Order of Preliminary Injunction, Mr. Jaeger employed MECO Engineering Company to prepare and submit a preliminary engineering report for the wastewater treatment system. As I have continually stated to everyone involved in this matter, a preliminary engineering report is the crucial initial step that must be properly completed before the matter can be fully and appropriately resolved. Only a professional engineer registered in the State of Missouri can certify the integrity of the lagoon and the wastewater treatment system at Lost Valley Subdivision.

After entry of the Judgment and Order of Preliminary Injunction, MECO exchanged letters with the Missouri Department of Natural Resources engineer assigned to this matter. Apparently, a dispute exists between the Missouri Department of Natural Resources engineer and MECO in regard to the various technical components in the preliminary engineering report. Regardless of the dispute, if a preliminary engineering report is not submitted in approvable form by August 1, 2005, I will be forced to file the necessary motions to compel same.

In regard to the level of the contents in the lagoon, no discharges have occurred in the recent past. If the contents of the lagoon discharge, or even rise to a threatening level, we will immediately take further legal action to obtain necessary relief.

In regard to the remaining unfulfilled requirements for the Judgment and Order of Preliminary Injunction, we will analyze Mr. Jaeger's progress towards fulfilling same and take appropriate legal action as necessary. Rest assured that our litigation efforts will not cease until Mr. Jaeger's Lost Valley Subdivision is in complete and total compliance with the Missouri Clean Water Law. If it appears that Mr. Jaeger is abandoning his responsibility under the Judgment and Order of Preliminary Injunction in the future, we will take the necessary legal steps to prevent same.

I hope this letter addresses your concerns and the concerns of the homeowners at Lost Valley Subdivision. As you know, I have spoken with the homeowners on several occasions, including appearing with you at the subdivision to discuss this matter in early April.

line 25

Representative Bringer


July 15, 2005

Page 3

Thank you and if you should have any questions, please feel free to contact me.

Sincerely yours,

JEREMIAH W. (JAY) NIXON
Attorney General



HARRY D. BOZORIAN
Assistant Attorney General
573-751-8803

HDB:lh
enclosure

c: Brett Berri, AGO
James Klahr, AGO
Robert and Lynda Hellebusch
Roy and Debbie Howard
Gerald and Joanne Reiersen

attachment line 31

393 // Jefferson City
3895

Bob's

I received ^{this} ~~a~~ copy ~~of~~ at a meeting held Fri. 6-9-06
~~Before~~ ~~At the~~ meeting I heard Ken Jaeger & James Lemon discussing
a letter that all the homeowners had approved and voted
on at a home-owners meeting held on the weekend
of 6-3-06. After the meeting started I questioned Ken
Jaeger about this letter. Indicating that I was a
home owner or knew nothing about this meeting. Harry
Bozorian gave me the letter to read, at which
time copies were made for everyone in attendance.

If you have ever wondered about who Ken Jaeger's
friends are, and what they will do behind your
back and are willing to do or Jaeger's behave
this should answer ~~any~~ questions. This attempt
has been stopped, but assured they will try
again at Jaeger's direction.

Bob Wellblum

P.S. Cannon ~~the~~ Water District may be interested in
taking over the lagoon. It will be discussed at
the next board meeting.

May 31, 2006

line 31

RECEIVED

JUN 05 2006

MO. ATTORNEY GENERAL

Mr. Harry D. Bozoian
Missouri Attorney General's Office
P.O.Box 899
Jefferson City, Mo. 65102

Dear Harry:

We are writing you regarding Lost Valley sewer system. It is our understanding that a board is needed to over see the sewer system. We believe it would be in the best interest of the subdivision to elect Sue Moses, Ron Reese and Kevin Davis.

Kevin is willing to take the necessary schooling to operate the system. Sue and Ron both have the management back ground needed. It is the majority vote to elect these members.

The board's goal is to get the sewer system PSC approved, and get Cannon Water Dist. to manage the billing. The board thinks to speed up the process , James Lemon could perform necessary legal work. The board also would like your help.

We would like the court to approve the billing for present and past due sewer bills. It is the owners understanding that there is about \$20,000.00 in past and present bills due.

This money would go along way to make the system in compliance. We are hoping this would meet with your approval. Please write us or we would be happy to meet with you.

We are enclosing the names of the property owners that have voted for this board.

Ron Laas -
Irma Meyer
Mildred Jaeger
✓ Sue Moses
✓ Ron Reese

Jacque Stoba -
Gary Dwiggens -
Doug Abbott -
Doug Wlodarek -
Larry Lych

Dick Mitchell -

Merry Johnson

Mitch Turner -

Dave Morningstar -

Dale Stovall

Thank you for your time

Sue Moses

6501 Davis Ct. NW

Cedar Rapids, Iowa

52405

319 396-6893

319 521-7653

Sue Moses

attachment line 37



ATTORNEY GENERAL OF MISSOURI

JEFFERSON CITY

65102

JEREMIAH W. (JAY) NIXON
ATTORNEY GENERAL

P.O. Box 899
(573) 751-3321

September 20, 2006

Mr. James F. Lemon
Ahrens, Hale & Lemons, LLC
800 Broadway
P.O. Box 1255
Hannibal, MO 63401

Mr. Joseph Maxwell
Hagan, Hamlett & Maxwell, L.L.C.
210 East Love Street
Mexico, MO 65265

Re: State of Missouri v. Ken Jaeger; Case No. CV805-12CC

Gentlemen:

This letter summarizes the "on the record" commitments and agreements submitted to Judge Clayton at the September 6, 2006 Ralls County Law Day in regard to the above-referenced matter. As you are aware, Judge Clayton approved these terms and ordered that they be outlined in a letter to be filed with the clerk.

First, Mr Jaeger was ordered to repair all roads and complete all service connections to existing homes within 15 days of September 6. The Judge ordered Mr. Jaeger to repair all existing service connections, including Mr. Hellebusch's service connection, within 3 days of September 6. NOT DONE

Second, the Missouri Department of Natural Resources ("the department") agreed to review and comment on MECO Engineering's latest submittal by no later than September 21. The department has completed this review and has sent its comments. Mr. Jaeger has until no later than October 5, 2006 to address the department's comments. The department agreed to review and comment on any further submittals from Mr. Jaeger by no later than October 19. Mr. Jaeger must then address the department's comments on Mr. Jaeger's October 19 submittal, if any, by no later than October 26, 2006. NOT DONE

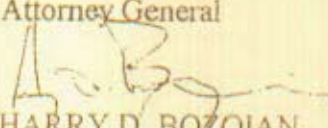
The department has agreed to grant Mr. Jaeger 90 days from September 6, 2006 to identify and obtain a lawful continuing authority, approved by the department, for the operation and maintenance of this wastewater system. The department also agrees to grant Mr. Jaeger 90 days from September 6, 2006 to identify and implement a department approved land application system. The department grants this extension on the land application system in order to give a potential continuing authority the option to select the land application system that will fulfill their needs.

As you are aware, the court has reset this matter for the November 7, 2006 Law Day to review Mr. Jaeger's compliance with the orders of the court. If you feel a meeting is necessary in the interim, I will be happy to travel to the Hannibal area to assist in bringing this matter to a conclusion.

Thank you and if you should have any questions, please feel free to contact me.

Sincerely yours,

JEREMIAH W. (JAY) NIXON
Attorney General


HARRY D. BOZOIAN
Assistant Attorney General
(573) 751-8803

HDB:ls

Enclosures

cc: Paul Dickerson, MDNR-APCP
Brenda Bethel, MDNR-NERO
Gina Jameson, Ralls County Circuit Clerk

line 37
IN THE CIRCUIT COURT OF RALLS COUNTY, MISSOURI
AT NEW LONDON, MISSOURI
10TH JUDICIAL CIRCUIT

State of Missouri, ex rel. Nixon
PLAINTIFF

VS

Ken Jaeger
DEFENDANT

DATE

11/7/06

CASE NUMBER
10VD0500012

ORDER

Cause called to January 2, 2007, Court Day at 11 AM. Defendant
to repair all roads immediately and to address and repair all items
listed in the agreed upon punch list ~~provided~~ provided to defendant by
the State. All previous orders to remain in effect.

Attorney

Bar No.

Address

Phone No.

Attorney

Bar No.

Address

Phone No.

SO ORDERED

Rebecca M. [Signature]
Judge

attachment line 40



Bo's

ATTORNEY GENERAL OF MISSOURI

JEFFERSON CITY

65102

JEREMIAH W. JAY NIXON
ATTORNEY GENERAL

P.O. Box 899
(573) 751-3321

November 28, 2006

Mr. James F. Lemon
Ahrens, Hale & Lemons, LLC
800 Broadway
P.O. Box 1255
Hannibal, MO 63401

Mr. Joseph Maxwell
Hagan, Hamlett & Maxwell, L.L.C.
210 East Love Street
Mexico, MO 65265

Re: *State of Missouri v. Ken Jaeger; Case No. CV805-12CC*

Gentlemen:

The Missouri Department of Natural Resources ("the Department") has agreed to grant Mr. Jaeger until February 6, 2007, to identify and obtain a lawful continuing authority, approved by the Department, for the operation and maintenance of the wastewater system. The Department also agrees to grant Mr. Jaeger until February 6, 2007, to identify and implement a Department approved land application system. The Department grants this extension in order to give your client time to attempt to persuade the Cannon Public Water Supply District to become the lawful continuing authority for this wastewater collection and treatment system. As you know, the State of Missouri and most homeowners in the Lost Valley Subdivision desire that the Cannon Water Supply District become the continuing authority for this subdivision.

Handwritten note: if he can't persuade the Cannon Water Supply District, then the State of Missouri will have to take over the wastewater system.

In addition, attached please find a laundry list which was e-mailed to me by Robert Hellebusch. Please see that your client takes care of the issues outlined in this laundry list. Furthermore, other correspondence from the homeowners at Lost Valley Subdivision has disclosed a general displeasure with the conditions of the road. Please see to it that the roads are repaired immediately as per Judge Clayton's November 7, 2006, Order.

State of Missouri v. Ken Jaeger; Case No. CV805-12CC

November 28, 2006

Page 2

I plan on appearing at the January 2, 2007, law day to inform the court of Mr. Jaeger's compliance with the Orders of the court.

Thank you for your attention to this matter.

Sincerely yours,

JEREMIAH W. (JAY) NIXON

Attorney General



HARRY D. BOZOIAN

Deputy Chief Counsel

(573) 751-8803

HDB:ka

Enclosures

c: Paul Dickerson, MDNR-APCP

attachment line 45

Missouri Revised Statutes

Chapter 393

Gas, Electric, Water, Heating and Sewer Companies

Section 393.843

August 28, 2004

Board of directors, powers and duties.

393.843. 1. The business and affairs of a company shall be managed by a board of not less than five directors, each of whom shall be a member of the company. The bylaws shall prescribe the number of directors, their qualifications, other than those provided for in sections 393.825 to 393.861 and section 393.175, the manner of holding meetings of the board of directors and of the election of successors to directors who shall resign, die, or otherwise be incapable of acting. The bylaws may also provide for the removal of directors from office and for the election of their successors. Without approval of the members, directors shall not receive any salaries for their services as directors. The bylaws may, however, provide that a fixed fee and expenses of attendance, if any, may be allowed to each director for attendance at each meeting of the board of directors.

2. The directors of a company named in any articles of incorporation, consolidation, merger or conversion, as the case may be, shall hold office until the next following annual meeting of the members or until their successors shall have been elected and qualified.

3. The bylaws shall provide that the directors shall be divided into three classes, each class to be as nearly equal in number as possible, with the term of office of the directors of the first class to expire at the next succeeding annual meeting and the term of the second class to expire at the second succeeding annual meeting, and the term of the third class to expire at the third succeeding annual meeting. At each annual meeting after such classification a number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting.

4. A majority of the board of directors shall constitute a quorum.

5. The board of directors may exercise all of the powers of a company except such as are conferred upon the members by sections 393.825 to 393.861 and section 393.175, or its articles of incorporation or bylaws. Nothing in sections 393.825 to 393.861 and section 393.175 shall be deemed to prohibit a nonprofit sewer company from contracting with any other person or entity for any services needed by the nonprofit sewer company including, but not limited to, management or operations services.

(L. 1997 2d Ex. Sess. H.B. 1 merged with S.B. 3)

Effective 12-23-97

attachment line 45

Missouri Revised Statutes

Chapter 393

Gas, Electric, Water, Heating and Sewer Companies

Section 393.829

August 28, 2004

Powers.

393.829. A nonprofit sewer company shall have power:

- (1) To sue and be sued, in its corporate name;
- (2) To have succession by its corporate name for the period stated in its articles of incorporation or, if no period is stated in its articles of incorporation, to have such succession perpetually;
- (3) To adopt a corporate seal and alter the same at pleasure;
- (4) To provide wastewater disposal and wastewater treatment services to its members, to governmental agencies and political subdivisions;
- (5) To make loans to persons to whom wastewater disposal or wastewater treatment is or will be supplied by the company for the purpose of, and otherwise to assist such persons in, installing therein plumbing fixtures, appliances, apparatus and equipment of any and all kinds and character, and in connection therewith, to purchase, acquire, lease, sell, distribute, install and repair such plumbing fixtures, appliances, apparatus and equipment, and to accept or otherwise acquire, and to sell, assign, transfer, endorse, pledge, hypothecate and otherwise dispose of notes, bonds and other evidences of indebtedness and any and all types of security therefor;
- (6) To make loans to persons to whom wastewater disposal or wastewater treatment is or will be supplied by the company for the purpose of, and otherwise to assist such persons in, constructing, maintaining and operating commercial or industrial plants or facilities;
- (7) To construct, purchase, take, receive, lease as lessee, or otherwise acquire, and to own, hold, use, equip, maintain, and operate, and to sell, assign, transfer, convey, exchange, lease as lessor, mortgage, pledge, or otherwise dispose of or encumber, wastewater provision or collection or treatment systems, plants, lands, buildings, structures, dams, and equipment, and any and all kinds and classes of real or personal property whatsoever, which shall be deemed necessary, convenient or appropriate to accomplish the purpose for which the company is organized;
- (8) To purchase or otherwise acquire, and to own, hold, use and exercise and to sell, assign, transfer, convey, mortgage, pledge, hypothecate, or otherwise dispose of or encumber, franchises, rights, privileges, licenses, rights-of-way and easements;