

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

In the Matter of the Application of Tri-State)
Utility, Inc., for a Certificate of Convenience)
and Necessity Authorizing It to Enlarge and)
Extend Its Service Area and to Construct,)
Install, Own, Operate, Control, Manage, and)
Maintain a Water System for the Public)
Located in an Unincorporated Area in Taney)
County, Missouri)

Case No. WA-2006-0241

RESPONSE TO ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Response to Order Directing Filing ("Response") states the following to the Missouri Public Service Commission ("Commission").

1. On February 10, 2006, the Staff submitted its recommendation for approval of the Application that is the subject of this case.

2. On February 22, 2006, the Commission issued its Order Directing Filing, in which it ordered the Staff to investigate consumer issues and compliance with regulations of the Missouri Department of Natural Resources pertaining to Tri-States Utility, Inc. ("Company") and to file a pleading regarding its findings no later than March 2, 2006.

3. Regarding consumer issues, the Staff reports that there are twelve (12) consumer items logged into the Commission's Electronic Filing and Information System (EFIS), which has been in use for approximately three (3) years. This is in the context of the Company providing water service to approximately 3,000 customers. One entry involves a water quality deficiency that was due to a break caused by nearby unrelated construction; one is from a tenant at a property that needs a main extension. The remaining entries address various billing issues that involve disconnection of service for non-pay, out-of-town customers, changeover of service to different customers and/or at

different locations, disputed bill amounts, and one inquiry regarding a comparison of rates to another utility. All of these logged entries have been resolved and closed, and there are no pending "consumer issues" involving the Company. Additionally, the Staff notes that only one of these twelve entries occurred during the period of January 1, 2005 through February 28, 2006, and that entry was a "quick hit" regarding billing matters.

4. Regarding the Company's compliance with the regulations of the Missouri Department of Natural Resources ("DNR"), personnel in the DNR's Southwest Regional Office in Springfield, MO have informed the Staff that a monthly water sample was not submitted in January 2006, but that is the only such instance reported in more than twelve (12) years. Additionally, the Company needs to implement a "Cross Connection Control" program, which involves enforcement of requirements for certain customers to install and maintain backflow prevention devices within their premises. With regard to this matter, the Staff notes that the Company has an appropriate rule in its tariff. Also, a Company representative has informed the Staff by telephone that the Company is presently in the final stages of drafting its program policies. The Company intends to review its proposed program with DNR and notify the affected customers by June 2006, with a goal of requiring customers to install new backflow prevention devices where appropriate and to perform and report testing on existing devices by August 2006. However, the Company recognizes that customers with special cases could result in less than 100% compliance within this time frame. After this program is in place, the Company will then need to track the customers' periodic testing of their backflow prevention devices.

5. Jim Merciel of the Commission's Water & Sewer Department performed the investigation of these matters on behalf of the Staff.

6. Based on the above, the Staff's conclusions are that: (1) the Company has no unresolved or ongoing consumer issues, and no frequently recurring consumer issues; and (2) in order to fully comply with DNR regulations, the Company needs to continue its work to implement its Cross Connection Control program, which will include ongoing tracking of backflow prevention device testing.

WHEREFORE, the Staff respectfully submits this Response for the Commission's information and consideration in this case.

Respectfully Submitted,

/s/ Robert S. Berlin

Robert S. Berlin
Associate General Counsel
Missouri Bar No. 51709

Attorney for the Staff of the
Missouri Public Service Commission

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CERTIFICATE OF SERVICE

I hereby certify that copies of this Response have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 2nd day of March 2006.

/s/ Robert S. Berlin

AFFIDAVIT OF JAMES A. MERCIEL, JR.

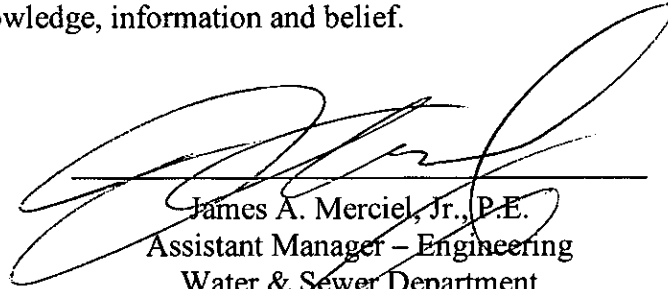
STATE OF MISSOURI)

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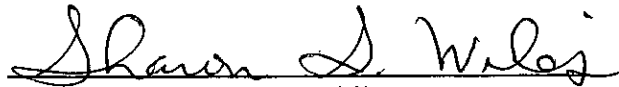
COUNTY OF COLE)

James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is a member of the Staff of the Missouri Public Service Commission; (2) that he participated in the preparation of this Response to Order Directing Filing ("Response"); (3) that he has knowledge of the matters set forth in this Response; and (4) that the matters set forth in this Response are true and correct to the best of his knowledge, information and belief.


James A. Merciel, Jr., P.E.
Assistant Manager - Engineering
Water & Sewer Department
Utility Operations Division



Subscribed and sworn to before me this 2nd day of March 2006.



Notary Public

SHARON S WILES
Notary Public - Notary Seal
STATE OF MISSOURI
COLE COUNTY
MY COMMISSION EXP. SEPT 11, 2006

My Commission Expires: _____