

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

Gerald and Joanne Reiersen,)	
)	
Complainants,)	
)	
v.)	<u>Case No. SC-2005-0083</u>
)	
Kenneth Jaeger and Blue Lagoon Sewer)	
Corp.,)	
)	
Respondents.)	

STAFF'S STATUS REPORT

COMES NOW the Staff of the Missouri Public Service Commission and, for its Status Report, states to the Missouri Public Service Commission as follows.

On August 7, 2007, the Commission ordered the Staff and Respondents to file, by no later than October 9, 2007, a status report, in which they update the Commission on the status of a case now pending in Ralls County Circuit Court. The Staff is not a party to Ralls County Circuit Court Case No. 10V080500012, but counsel for the Staff did check the court's docket sheet for that case on Case.net. Counsel for the Staff also contacted the attorneys for the parties to the Ralls County case and another attorney who represents Respondents in a related legal matter.

According to Case.net, the Ralls County case is set for a civil penalty hearing at 11:00 a.m. on December 4, 2007. James F. Lemon, who represents Respondents Kenneth Jaeger and Blue Lagoon Sewer Corporation in both this case before the Commission and in the Ralls County case, confirmed that a civil penalty hearing is scheduled in the Ralls County case for December 4, 2007. Mr. Lemon also said that Respondents propose to transfer Blue Lagoon's sewer utility assets to a third party, who will be recognized by the Missouri Department of

Natural Resources as the continuing authority to provide sewer service in the territory that Blue Lagoon now serves. Mr. Lemon also said that Joe Maxwell is the attorney who will represent the party that seeks a certificate of convenience and necessity from the Commission.

Harry Bozoian, attorney for the Clean Water Commission and the Missouri Department of Natural Resources in the Ralls County case, reported that the Ralls County case is set for a hearing on civil penalties on December 4, 2007. He further stated that he understands that Blue Lagoon will seek to transfer its assets to a third party, and that the third party will seek a certificate of convenience and necessity from the Public Service Commission. He said that if the Commission issues a certificate of convenience and necessity, the Department of Natural Resources will recognize this third party as a continuing authority. Such recognition would be relevant, in the Ralls County Circuit Court, as to the issue of assessment of civil penalties.

Counsel for the Staff was not able to reach Joe Maxwell by telephone.

According to the Commission's Electronic Filing and Information System, neither Respondents nor any other party have filed with the Commission an application for a certificate of convenience and necessity to serve the customers that Blue Lagoon now serves. The Staff is not aware of any party making a substantive inquiry toward filing an application.

WHEREFORE, the Staff submits its Status Report to the Commission for its information and consideration.

Respectfully submitted,

/s/ **Keith R. Krueger**

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Certificate of Service

I hereby certify that copies of the foregoing 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 9th day of October 2007.

/s/ **Keith R. Krueger**