

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

In Re the Matter of the Joint Petition of)
Frimel Water System, Inc. and Lake)
Lorraine Property Owners' Association for)
Authority for Frimel Water System, Inc., to)
Transfer Its Assets and Cease Operations)

Case No. WM-2006-0459

STAFF REPORT

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Staff Report in compliance with the Commission's ORDER ESTABLISHING TIME FOR RESPONSE ("Order"), issued on October 27, 2006¹, respectfully states the following to the Missouri Public Service Commission ("Commission"):

1. The Order directed the Staff to review compliance with the Commission's ORDER DIRECTING FILING issued on September 20, 2006 by Frimel Water System, Inc. and Lake Lorraine Property Owners' Association ("Joint Applicants"). There were three (3) specific issues, as follows:

- a. That Frimel's past-due assessment of \$165.48 for fiscal year 2007 be paid;
- b. That the Association be required to submit evidence of changes to its Constitution and By-Laws that will allow all water utility customers to vote on water utility matters, regardless of membership in general;
- c. That, in conjunction with item subpart b above, the Association be required to submit evidence that the notice to its members regarding the proposed changes to its Constitution and By-Laws clearly stated that approval of the changes would result in the water system no longer being regulated by the Commission.

¹ All dates herein refer to the year 2006, unless otherwise indicated.

2. With regard to payment of the assessment, as contemplated by the Order and paragraph a above, the Commission's records reflect payment of the assessment amount in full on September 18.

3. Joint Applicants included within the NOTICE OF COMPLIANCE WITH ORDER DATED SEPTEMBER 20, 2006, filed on October 27, a copy of "Amendments to Constitution & By-Laws of Lake Lorraine Property Owners' Association" ("Association"), which incorporates changes such that all water customers, and only water customers, would be able to participate in water utility business matters, regardless of Association membership status, as contemplated by the Order and paragraph b above. A verified statement by the President of the Association indicates that the Amendments were adopted by the membership.

4. The Joint Applicants also included in their October 27 filing a copy of a "Notice" of the Annual meeting of the Association, with the scheduled date of October 22, along with time and location and meeting agenda. Specifically included were statements, as required by the Order and paragraph c above, that adoption of the above Amendments would result in the water utility no longer being regulated by the Commission, and with rate and management issues to be handled by the Association.

5. After review of the Joint Applicants' filing and the Commission's records, the Staff believes that the Joint Applicants are in compliance with the Order.

WHEREFORE, the Staff respectfully submits this Staff Report.

Respectfully Submitted,

/s/ Jennifer Heintz

Jennifer Heintz
Assistant General Counsel
Missouri Bar No. 57128

Attorney for the Staff of the
Missouri Public Service Commission

P.O. Box 360
Jefferson City, MO 65102
573-526-7779 (telephone)
573-751-9285 (facsimile)
jennifer.heintz@psc.mo.gov (e-mail)

CERTIFICATE OF SERVICE

I hereby certify that copies of this Staff Report have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via electronic mail to all counsel of record this 2nd day of November 2006.

/s/ Jennifer Heintz

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

AFFIDAVIT OF JAMES A. MERCIEL, JR.

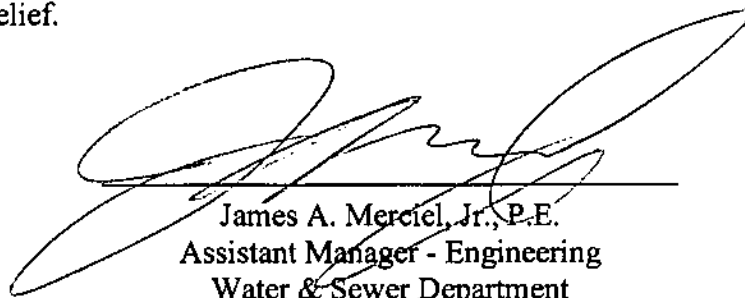
STATE OF MISSOURI)

) ss

Case No. WM-2006-0459

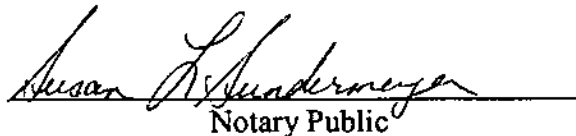
COUNTY OF COLE)

James A. Merciel, Jr., of lawful age, on his oath states: (1) that he is the Assistant Manager – Engineering in the Water and Sewer Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *STAFF REPORT*; (3) that he has knowledge of the matters set forth in the foregoing *STAFF REPORT*; and (4) that the matters set forth in the foregoing *STAFF REPORT* 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 1st day of November 2006.



Notary Public

My Commission Expires: 9-21-10



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086