

**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.)	

JOINT STATUS REPORT OF STAFF AND RESPONDENTS

COMES NOW the Staff of the Missouri Public Service Commission, on its own behalf and on behalf of Respondents Kenneth Jaeger and Blue Lagoon Sewer Corp. and, for the Joint Status Report of Staff and Respondents, states to the Missouri Public Service Commission as follows.

On October 30, 2007, the Commission ordered the Staff and Respondents to file, by no later than December 31, 2007, a status report, in which they update the Commission on the status of a case now pending in Ralls County Circuit Court.

On December 4, 2007, the Circuit Court of Ralls County made the following entry on its docket sheet for Case No. 10V080500012:

Parties appear and announce global settlement contingent on acceptance by PSC of continuing authority and upon certain actions to be taken by Defendant Jaeger. Assistant Attorney General Bozoian to furnish Order & Judgment to Court approving said settlement. Clerk to notify counsel of this Order.

The “actions to be taken by Defendant Jaeger,” referred to in this docket entry, include the requirement that Defendant Jaeger (a Respondent herein) improve the Blue Lagoon waste disposal system, as necessary to comply with the Missouri Clean Water Law. In order to comply

with the Missouri Clean Water Law, Defendant Jaeger needed to install a second pump in the facility's lift station, and to purchase a hose reel system, for the disposal of the effluent from the lagoon. On December 17, 2007, Judge Robert M. Clayton entered an Order in Case No. 10V080500012, which incorporated the aforementioned requirements. A copy of the said Order is attached hereto as Exhibit A.

Respondent Jaeger states that he has purchased and installed the second pump in the lift station as required by the Court's Order. Respondent Jaeger also states that he has ordered the hose reel system, as also required by the Court's Order, but said system has not yet been delivered to the Blue Lagoon facility.

On December 13, 2007, Respondent Jaeger and Blue Lagoon, LLC initiated a new case with the Commission, by filing an application with the Commission in Case No. SM-2008-0188. In the said application, Respondent Jaeger and Blue Lagoon, LLC (a newly formed corporation, of which Alvin Thompson is the sole member) sought authority from the Commission for Mr. Jaeger to transfer the Blue Lagoon wastewater facilities to Blue Lagoon, LLC; to grant Blue Lagoon, LLC a certificate of convenience and necessity; and to allow Blue Lagoon, LLC to charge certain rates to its customers. Respondent Jaeger and Blue Lagoon, LLC intend, by this application, that Blue Lagoon, LLC will obtain from the Commission a certificate of convenience and necessity, as required by the Order attached hereto.

Case No. SM-2008-0188 is presently pending before the Commission. The Commission has established January 3, 2008, as the deadline for intervention requests in the said case.

The Ralls County Circuit Court will call up Case No. 10V080500012 at its March 4, 2008 Law Day, as set forth in the Order attached hereto.

WHEREFORE, the Staff submits this Joint Status Report of Staff and Respondents to the Commission for its information and consideration.

Respectfully submitted,

/s/ Keith R. Krueger

Keith R. Krueger
Deputy General Counsel
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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 31st day of December 2007.

/s/ Keith R. Krueger

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LEMON & MORROW, LLC

IN THE CIRCUIT COURT OF RALLS COUNTY, MISSOURI

STATE OF MISSOURI ex rel.
 JEREMIAH W. (JAY) NIXON, the
 MISSOURI CLEAN WATER
 COMMISSION and the
 MISSOURI DEPARTMENT OF
 NATURAL RESOURCES

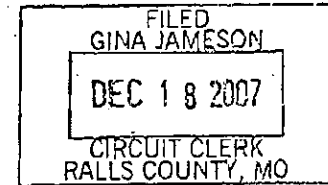
Plaintiff,

v.

KEN JAEGER,

Defendant.

Case No. CV805-12CC

ORDER

1. This matter was called before the Court on December 4, 2007, at 11:00 a.m. Defendant Jaeger appeared with his counsel, James Lemon and Joe Maxwell. The State was represented by Harry D. Bozoian, Assistant Attorney General. Settlement was announced by the parties conditioned on Defendant Jaeger gaining acceptance by the Public Service Commission of a valid continuing authority for the wastewater treatment system serving Lost Valley Subdivision by no later than March 4, 2008. The settlement of this matter will be placed in the form of a Consent Judgment and Order of Injunction to be approved by the Court on the March 4, 2008, Law Day which shall contain the following:

a. Defendant Jaeger will reimburse the residents of Lost Valley Subdivision in the amount of Two Thousand Four Hundred Dollars (\$2,400.00) for the costs the residents incurred for road repair at Lost Valley Subdivision upon entry of the Consent Judgment and Order of Injunction.

b. Defendant Jaeger will be assessed a civil penalty in the amount of Seventy-Five Thousand Dollars (\$75,000.00) for past violations of the Missouri Clean Water Law, Fifty Thousand Dollars (\$50,000.00) of which is to be suspended on the condition that Defendant

EXHIBIT A

Jaeger complies with the Missouri Clean Water Law at all times in the future. Defendant Jaeger shall pay the Twenty-Five Thousand Dollar (\$25,000.00) up-front civil penalty upon entry of the Consent Judgment and Order of Injunction.

c. Defendant Jaeger will be enjoined to comply with the Missouri Clean Water Law at all times in the future.

2. Blue Lagoon, LLC (Alvin Thompson - sole member) is making an application with the Public Service Commission to become the continuing authority for the wastewater treatment system at Lost Valley Subdivision. In the event the Public Service Commission does not approve Blue Lagoon, LLC's application to become the continuing authority for Lost Valley Subdivision by March 4, 2008, and said approval is at no fault of Defendant Jaeger, the terms of this settlement shall be continued to a new date to be set by the court. However, if Blue Lagoon, LLC's application does not gain approval from the Public Service Commission by March 4, 2008, and said delay is caused by actions or inactions of Defendant Jaeger, the settlement terms announced by the parties shall be withdrawn and a future penalty hearing date will be set by the court.

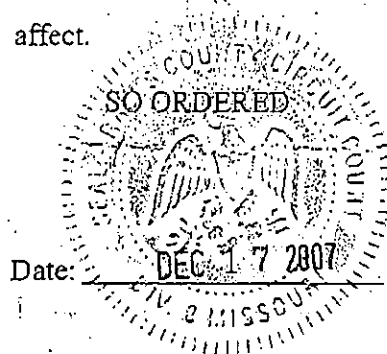
3. Defendant Jaeger's Motion to Set Aside Judgment of Contempt is taken under advisement until the March 4, 2008, Law Day.


4. The settlement outlined above is also conditioned upon Defendant Jaeger transferring all necessary real estate assets and personal property to the continuing authority (which may include the purchase of wastewater land application equipment) so that the continuing authority can operate the wastewater treatment and land application system in compliance with the Missouri Clean Water Law. The residents and users of the wastewater treatment system shall not incur costs in said transfer of real estate and assets, including the purchase of land application equipment. Defendant Jaeger shall be and is prohibited from

acquiring any right, title or interest, legal or equitable, in Blue Lagoon, L.L.C., its successors or assigns.

5. This matter is reset for a hearing on March 4, 2008, at 11:00 a.m. and Defendant Jaeger is ordered to appear at this time.

6. All previous Judgments and Orders of this Court are to remain in full force and affect.




Robert M. Clayton, Circuit Judge