

**FILED<sup>5</sup>**

SEP - 8 2006

DALE A. & CYNTHIA L. HEDRICK  
340 CAUDILL WAY  
BRANSON, MISSOURI 65616

Missouri Public  
Service Commission

HOME: 417-336-3937

HELAD1940@CENTURYTELNET

Mr. Keith R. Krueger, Deputy General Counsel.  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

August 30, 2006  
**RECEIVED**  
SEP 08 2006

Subject: Enclosures, Aqua Missouri LTA Rate Request

COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION

Dear Mr. Krueger,

I hereby request that the enclosed documents become a part of the record of the hearings of August 30<sup>th</sup> this year, regarding the subject rate requests, which were conducted via computer linkup; and which heard witnesses located in Jefferson City, Point Lookout, and Reeds Spring, Missouri.

I was in attendance at the Point Lookout location, and signed the register to be a witness at the hearing. Due to the low volume of my voice, as a result of a condition called Spasmodic Dysphonia, it appeared to those directing the witnesses and myself, that it would be unlikely that my testimony could be heard through the microphone system being utilized. As a result, those parties of the State and I, agreed that I would submit my comments (Testimony) and the enclosed documents via mail.

The enclosed documents include a draft copy of a customer notice, written and mailed by Jean Liscum, the former owner of LTA Water, sometime around September 15, 2004. The draft copy indicates that copies of this document were slated to be mailed to your office as well as the Water/Sewer Department of the Public Service Commission.

There also is enclosed a copy of a memorandum to PSC from Dale W. Johnson, Project Coordinator of the Water and Sewer Department, with copies to various State Officials as indicated, regarding Case No. WN-2005-0058, i.e., Aqua Missouri and LTA Water. This document provided information which was alluded to by witnesses at the above hearing, and which contains information which I submit is of import in the deliberations of the parties hearing the matter of the current rate requests from Aqua Missouri/LTA.

There is also a copy of a local article regarding the various rate increases by Aqua Missouri, which shows the current rates and the rates requested. I suggest that a comparison of these proposed rates and the rates proposed in the final two documents I have enclosed, make for

an interesting comparison. Those two pages of data, show comparisons of the water and sewer rates for 2006, and show proposed five year rates. These are for various localities within close proximity to several of Aqua Missouri's operations, including their LTA Company.

I hereby submit copies of all of the mentioned documents, and request that they be made a part of the record of the subject hearings.

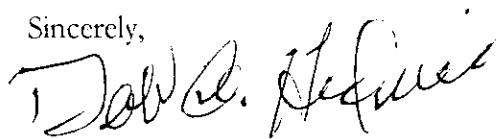
I would also like to suggest to the regulatory bodies of the State of Missouri, that Aqua Missouri has been remiss in keeping their customers in the LTA area apprised of their intent regarding operations of the water system upon which we are dependent. It is my experience as the former Founder and President of Four State Small Business Lobbying Organization, which lobbied both National and State regulatory and legislative bodies, that before you go to the governing bodies, you need to do all possible to make sure that the grass roots is educated about, and is behind your requests. We have not heard anything from Aqua Missouri other than to advise us, after the fact, that they had requested increased rates on two occasions. Apparently, they feel that their customer's are of little import when it comes to decision making and direction of the single well which provides all of the water to almost a hundred homes. We have no idea what their fall back plans are on matters as basic as what they intend if this well was to be rendered incapable of continuing operations for some reason. Since they took over operations, they have not communicated with us, their customers, other than to bill us or send belated notices. This is a shoddy operating practice in my opinion, and in that of the some other water customers with whom I have communicated.

I suggest that it is not in their best interest, to cut us out of the process, and thus foster an adversarial position. We have some pretty experienced and bright former business owners and managers within our ranks. If I were Aqua Missouri, I would want to tap that base of knowledge for recommendations, rather than rile them up in an "Us and Them" manner.

This is my testimony which I request become a part of the record on this matter.

I would appreciate an acknowledgment and disposition from you regarding acceptance of the requests included herein.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dale A. Hedrick". The signature is fluid and cursive, with the first name "Dale" being more prominent.

Dale A. Hedrick

Attachments

Copies to various property owners in the LTA area

Records  
of  
LTA &  
GLENN COMBS

Mailed to customers about 9-15-04

**CUSTOMER NOTICE - TO BE PUT ON COMPANY LETTERHEAD**

Month Day, Year

**Draft**

Dear Customer:

On September 3, 2004, LTA Water Company (LTA) and AquaSource/RU, Inc. d/b/a Aqua Missouri, Inc. (Aqua Missouri) filed a Joint Application with the Missouri Public Service Commission (Commission) seeking the Commission's approval of the acquisition of LTA's water utility assets by Aqua Missouri.

Aqua Missouri is an established utility company that provides Commission-regulated water utility service to approximately 960 customers in various locations in Missouri, including areas in the vicinity of Branson.

As a part of their Joint Application, LTA and Aqua Missouri state that LTA's customers will not experience a change in rates as a result of the proposed acquisition, and that the customers should experience an improvement in the quality of their day-to-day utility service over time. As a result, LTA and Aqua Missouri believe that the proposed acquisition is in the public interest.

As a part of the regulatory process for approval of the acquisition of LTA's water utility assets by Aqua Missouri, the Staff of the Commission (Commission Staff) and the Office of the Public Counsel (OPC) are conducting independent reviews of the Joint Application and will be submitting recommendations to the Commission regarding the approval of the Joint Application.

Any customer who has comments regarding the proposed acquisition of LTA's assets by Aqua Missouri should contact the Commission Staff and/or the OPC, within 20 days of the date of this notice. To do so, please use the mailing addresses, telephone numbers, fax numbers or e-mail addresses shown below, and please also include a reference to Commission Case No. WM-2004-0058. As a part of their review of the Joint Application, the Commission Staff and the OPC will review all customer comments they receive in response to this notice.

Public Service Commission  
Attn: Water/Sewer Dept.  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 800-392-4211  
Fax: 573-751-1847  
E-Mail: [pscisd@psc.mo.gov](mailto:pscisd@psc.mo.gov)

Office of the Public Counsel  
Attn: M. Ruth O'Neill  
P.O. Box 2230  
Jefferson City, MO 65102  
Phone: 573-751-4857  
Fax: 573-751-5562  
E-Mail: [mopco@ded.mo.gov](mailto:mopco@ded.mo.gov)

If you have questions about this notice, the Joint Application or anything else with which I may be of assistance, please feel free to contact me at the telephone number listed at the top of this notice.

Sincerely,

Jean Liscum - President  
LTA Water Company

Lucy  
P  
GLEN  
Combs

# Water rate increases proposed in two Branson area subdivisions

## ■ Rate increases of 25 to 69 percent proposed

A public hearing to receive customer comments on a water rate increase requested by Aqua Missouri, Inc. will be held Wednesday, Aug. 30, at the College of the Ozarks. Aqua Missouri filed the rate hike request with the Missouri Public Service Commission (PSC), who will be conducting the hearing.

The hearing will be held in the presidential dining room at the Keeter Center. A PSC staff information session begins at 5:30 p.m., followed by the public hearing at 6 p.m.

Aqua Missouri has approximately 350 customers in Taney County. Approximately 100 customers in the LTA service area, and 250 customers in the Riverside Estates service area, both near Branson.

Branson area customers could see water rates increase from 25 to 69 percent, according to PSC information.

Rates for customers in the LTA service area will go from \$14.41 for 5,000 gallons of water per month to \$24.32, if the rate increase is approved.

Rates for customers in the Riverside Estates service

area near Branson for 5,000 gallons of water will go from \$22.29 to \$28.79 per month, if the rate increase is approved.

The public hearing will continue until all those wishing to testify have been given an opportunity to do so, or 9 p.m., whichever is sooner. The commission will be video conferencing this public hearing with ones in Reeds Spring and Jefferson City.

Aqua Missouri is seeking to change its water and sewer rates for all of its 11 service areas in Cole, Pettis, Greene, Benton, Taney, Christian, Stone and Barry counties.

Residential customers in the company's Lakewood Manor, LTA, Ozark Mountain, Rankin Acres, Riverside Estates and Spring Valley service areas that uses 5,000 gallons of water a month are listed below. These example bills are based upon the company's current rates and the rates agreed-upon by the Aqua Missouri and the PSC Staff that resulted from a staff audit of the company's books and records.

Lakewood Manor — currently \$15.71, new rate \$38.20.

LTA — currently \$14.41,

new rate \$24.32.

Ozark Mountain — currently \$19.95, new rate \$33.81.

Rankin Acres — currently \$22.34, new rate \$24.73.

Riverside Estates — currently \$22.29, new rate \$28.79.

Spring Valley — currently \$22.58, new rate \$41.19.

The rate case in which the increased rates are being considered is currently before the Public Service Commission. The five Commissioners have not yet decided this case.

Aqua Missouri provides water service to approximately 35 customers in its Lakewood Manor service area in Barry County near Shell Knob; approximately 435 customers in its Ozark Mountain service area in Barry County near Shell Knob; approximately 90 water customers in its Rankin Acres service area in Greene County near Republic; and approximately 120 water customers in its Spring Valley service area in Christian County near Ozark, as well as the locations in Taney County.

# Proposed 5 Year Rates

Proposed Water & Sewer Rates (3.5% Inflation)								
		Current	2006 Inside City	2007 Inside City	2008 Inside City	2009 Inside City	2010 Inside City	
<b>Residential Monthly Rates</b>								
	Water 1st 2,000 gallons	\$ 4.24	4.66	4.90	5.14	5.32	5.51	
	Each 1,000 thereafter	1.55	1.71	1.80	1.89	1.95	2.02	
	Sewer 1st 2,000 gallons	1.92	2.40	2.76	3.17	3.65	4.02	
	each 1,000 thereafter	0.96	1.20	1.38	1.59	1.83	2.01	
<b>Commercial Monthly Rates</b>								
548	Water 1st 2,000 3/4" meter	4.80	5.28	5.54	5.82	6.02	6.24	
295	Water 1st 2,000 1" meter	5.94	6.53	6.86	7.20	7.46	7.72	
467	Water 1st 2,000 2" meter	12.14	13.35	14.02	14.72	15.24	15.77	
79	Water 1st 2,000 3" meter	20.05	22.06	23.16	24.32	25.17	26.05	
43	Water 1st 2,000 4" meter	31.35	34.49	36.21	38.02	39.35	40.73	
5	Water 1st 2,000 6" meter	59.60	65.56	68.84	72.28	74.81	77.43	
	each 1,000 thereafter	2.32	2.55	2.68	2.81	2.91	3.01	
	Sewer 1st 2,000 gallons	1.92	2.40	2.76	3.17	3.65	4.02	
	Each 1,000 thereafter	1.84	2.30	2.65	3.04	3.50	3.85	
<b>Total Revenues</b>								
	Water	1,984,582	2,142,362	2,249,480	2,362,954	2,444,622	2,530,184	
	Sewer	1,488,950	1,932,809	2,222,730	2,556,140	2,939,561	3,233,517	
<b>Total Expenses</b>								
	Water	2,180,775	2,126,484	2,200,911	2,277,943	2,357,671	2,440,189	
	Sewer	2,604,544	2,833,667	2,932,845	3,035,495	3,141,737	3,251,698	
<b>Projected Net Loss/Gain</b>								
	Water	(196,193)	15,878	48,569	85,011	86,951	89,995	
	Sewer	(1,115,694)	(900,858)	(710,115)	(479,355)	(202,176)	(18,181)	
	<b>Total Loss/Gain</b>	<b>\$ (1,311,787)</b>	<b>\$ (884,980)</b>	<b>\$ (661,546)</b>	<b>\$ (394,344)</b>	<b>\$ (115,225)</b>	<b>\$ 71,814</b>	

## Comparisons of Water and Sewer Rates-2006

		RESIDENTIAL/5,000 gal Based on 3/4" Meter	COMMERCIAL/15,000 gal Based on 3/4" Meter
<b>Branson, Missouri</b>			
	Proposed Water	\$9.79	\$38.43
	Proposed Sewer	\$6.00	\$32.30
	<b>Total</b>	<b>\$15.79</b>	<b>\$70.73</b>
<b>*Hollister, Missouri</b>			
	Water	\$12.42	\$29.62
	Sewer	\$19.10	\$51.26
		<b>\$31.52</b>	<b>\$80.88</b>
<b>*Ozark, Missouri</b>			
	Water	\$11.45	\$27.25
	Sewer	\$16.72	\$46.72
		<b>\$28.17</b>	<b>\$73.97</b>
<b>*Nixa, Missouri</b>			
	Water	\$13.28	\$28.76
	Sewer	\$20.00	\$60.00
		<b>\$33.28</b>	<b>\$88.76</b>
<b>Forsyth, Missouri</b>			
	Water	\$20.85	\$48.05
	Sewer	\$21.76	\$46.24
		<b>\$42.61</b>	<b>\$94.29</b>
<b>*Springfield, Missouri</b>			
	Water	\$16.75	\$43.95
	Sewer	\$14.07	\$25.94
		<b>\$30.82</b>	<b>\$69.89</b>

\*These cities are currently proposing rate increases not reflected in the above amounts.