

LAW OFFICES

BRYDON, SWEARENGEN & ENGLAND

PROFESSIONAL CORPORATION

312 EAST CAPITOL AVENUE

P.O. BOX 456

JEFFERSON CITY, MISSOURI 65102-0456

TELEPHONE (573) 635-7166

FACSIMILE (573) 635-3847

E-MAIL: DCOOPER@BRYDONLAW.COM

DAVID V.G. BRYDON

JAMES C. SWEARENGEN

WILLIAM R. ENGLAND, III

JOHNNY K. RICHARDSON

GARY W. DUFFY

PAUL A. BOUDREAU

SONDRA B. MORGAN

CHARLES E. SMARR

DEAN L. COOPER

MARK G. ANDERSON

GREGORY C. MITCHELL

BRIAN T. MCCARTNEY

DIANA C. FARR

JANET E. WHEELER

OF COUNSEL

RICHARD T. CIOTTONE

November 26, 2002

Secretary
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED³

NOV 26 2002

Missouri Public
Service Commission

RE: Case No. WR-2002-1162

Dear Mr. Roberts:

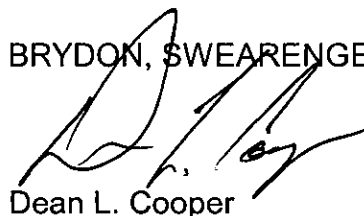
Enclosed for filing in the above-referenced proceeding please find an original and eight copies of Foxfire Utility Company's Motion for Leave to File Report and Report in Response to Commission Order. Please stamp the enclosed extra copy "filed" and return same to me.

If you have any questions concerning this matter, then please do not hesitate to contact me. Thank you very much for your attention to this matter.

Sincerely,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:



Dean L. Cooper

DLC/tli

Enclosures

cc: General Counsel
Office of the Public Counsel

FILED³

NOV 26 2002

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of Foxfire Utility Company)
Water Rate Increase Request)

Case No. WR-2002-1162 ✓

In the Matter of Foxfire Utility Company)
Sewer Rate Increase Request)

Case No. SR-2002-1163

MOTION FOR LEAVE TO FILE TO FILE REPORT
AND REPORT IN RESPONSE TO COMMISSION ORDER

COMES NOW Foxfire Utility Company ("Foxfire") and, as its Motion for Leave to File Report and as its Report in Response to the Missouri Public Service Commission's ("Commission") Order Directing Filing of Report, states as follows:

1. Foxfire initiated these matters on January 9, 2002, by submitting a request in accordance with the Commission's Small Company Rate Increase Procedure (4 CSR 240-2.200).
2. An Agreement Regarding Disposition of Small Company Rate Increase Request was filed with the Commission on June 27, 2002.
3. On November 15, 2002, the Commission issued its Order Directing Filing of Report in each of the above cases. This order directed the Commission's Staff ("Staff") and Foxfire to file a report by November 25, 2002, which addressed certain identified Commission concerns.
4. Attached as Appendix A is the Report that Foxfire prepared in response to the Commission's Order. On November 25, 2002, Foxfire's Vice-President, Joy L. Helms, attempted to file this document with the Commission. Because both of these

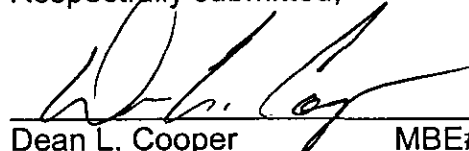
matters are small company rate proceedings, Ms. Helms believed an attorney would not be required to file this document on behalf of Foxfire. Ms. Helms was not allowed to file the document and was informed that she would in fact need an attorney for this task.

5. Foxfire has since engaged the undersigned counsel and moves the Commission for leave to file its Report one day out of time.

6. It is Foxfire's understanding that the Staff was also unable to file its Report on November 25, 2002, and has asked for a one day extension. Therefore, a grant of this motion should not prejudice any of the parties or impede the timely processing of these matters.

WHEREFORE, Foxfire prays for an order granting its motion for leave to file its report and further asks that the Commission accept this pleading and the attached Appendix A as such Report.

Respectfully submitted,



Dean L. Cooper MBE#36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P. O. Box 456
Jefferson City, MO 65102
(573) 635-7166
(573) 635-3847 facsimile
dcooper@brydonlaw.com

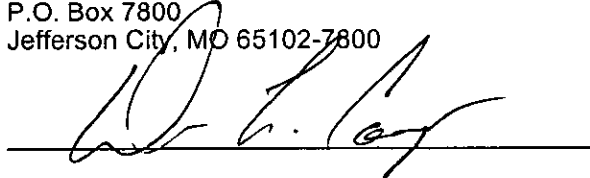
ATTORNEYS FOR FOXFIRE UTILITY
COMPANY

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was hand-delivered, on this 26th day of November, 2002:

Mr. Keith R. Krueger
Missouri Public Service Commission
Governor State Office Building
P.O. Box 360
Jefferson City, MO 65102-0360

Ms. Ruth O'Neill
The Office of the Public Counsel
6th Floor, Governor State Office Building
P.O. Box 7800
Jefferson City, MO 65102-7800

A handwritten signature in dark ink, appearing to read "Ruth O'Neill", is written over a solid horizontal line.

Foxfire Utility Company
323 Fox Creek Rd.
Jefferson City, MO 65109
(573) 632-6007, (573) 632-6475 or 1-866-224-2035
Fax (573) 632-6057 e-mail: wms@socket.net

November 25, 2002

Mr. Dale Roberts, Executive Secretary
Missouri Public Service Commission
Governor State Office Building
P.O. Box 360
Jefferson City, MO 65101

Dear Mr. Roberts:

In the Matter of Foxfire Utility Company Water Rate Increase Request Case No. WR-2002-1162 Tariff File 2002 0057 (water) and in the Matter of Foxfire Utility Company Sewer Rate Request Case No. SR-2002-1163 Tariff File 2002 00556 (sewer):

FOXFIRE UTILITY COMPANY'S RESPONSES TO
THE ORDER DIRECTING FILING OF REPORT

Foxfire Utility Company wants to clarify that we provide Water and Sewer Service to Lantern Bay (Branson, MO) and Water Service to Spring Branch (Edwards, MO).

In response to the questions of the Missouri Public Service Commission, Foxfire Utility Company responds:

- I. Regarding the quality of service concerns raised in the customer's letters. The Lantern Bay service area (Branson) had only two quality of services problems reported by customers. The first concerned the hardness of the water. The company does not alter the water hardness or softness. The second comment concerns "brown" water. This is caused by iron and Foxfire does treat the

water with aquamag to keep the iron in solution. With this treatment, iron will remain in solution for about three days. If the condominium is unoccupied for an extended period, the iron will come out of solution and a brief occurrence of red water may occur. It is our policy to advise the customer to let their water run until it clears and then to adjust the usage (and bill) by 1,000 gallons for customers that experience this problem and contact us. The Company also flushes the Lantern Bay system regularly and documents that maintenance.

The Spring Branch Water System was issued a Certificate of Convenience and Necessity Authorizing Foxfire to Construct, Install, Own, Operate, Control, Manage, and Maintain a Water System for the Public in an Unincorporated Area of Benton County, MO on April 30, 2001. Since that time we have been addressing numerous service complaints. The system is 30-40 years of age and needs frequent repairs to leaks and breaks in the distribution system. We have repaired 36 leaks from January 1, 2002 to August 31, 2002. Some of the customers reported that they do not see any changes in the system. These customers are unaware of the ongoing maintenance and repairs as we try to cause the least interruption to service and often open a diversion valve from another well so that customers continue to have water while repairs are made. Foxfire has added chlorination equipment on all three wells, replaced water line, contracted an engineering firm to map the water line system, and instituted laboratory testing of water samples to comply with DNR statutes. We have primary and back-up repair contractors and provide 24 hour/ 7 day per week telephone answering and emergency response. We have now owned the Spring Branch System 20 months and we continue to make improvements in the system. This system is located in a rural area between Warsaw and Camdenton, Missouri.

Three customers requested office staff Monday through Friday from 8:00 to 4:30 and the staff and company did not find this necessary. We currently staff part time and use an answering service for emergency call outs and messages regarding billing questions.

II. The second question of the Commission regarded what Foxfire has done to assure the Commission that it will operate the company in a manner that will guarantee quality service to its customers. Foxfire Utility Company, a small utility company, is owned and operated by highly educated and trained professionals in the utility field. Rick Helms, the Company President has a Bachelor of Science in Environmental Sciences from Missouri Southern University. He holds the highest Missouri State Certifications in both water and wastewater operations. Rick has worked in the field of water and wastewater treatment for 29 years and has managed facilities serving up to 40,000 service connections. Joy Helms, the Company Vice-President has a Bachelor of Science from University of Missouri-Columbia and a Master's Degree from Lincoln University. Rick and Joy are the previous owners of Capital Utilities, Riverside Utilities, Water Management Services and have retained the ownership of Foxfire Utility Company. We have owned and operated water and wastewater facilities for 15 years and have always been very aware of customer service, regulatory compliance, business ethics, and financial responsibility.

Please note that in the history of the Lantern Bay system, there have *never been any water system outages, no wastewater system outages or collection system problems, and no failures of the lift station.* The wastewater treatment plant has a history of *100% compliance* with effluent limitations and monitoring requirements, the water system has not had any positive bacteriological samples, and the chemical quality of the *water supply meets all primary and secondary state and federal drinking water standards.*

We have taken similar steps to improve the overall quality of service at the Spring Branch system, which are outlined above. Also please note that since we have acquired the Spring Branch service area the Company has been able to achieve a record of *100% compliance* with Federal and State monitoring requirements and the *water supplied meets all primary and secondary standards state and federal drinking water standards.* By the addition of chlorinating equipment and chlorine we were able to resolve an undetected but ongoing issue regarding potential bacteriological contamination of this small and previously completely unregulated

and unmonitored system. The Company feels this is an outstanding record and is representative of our management capability and dedication to providing quality service to our customers.

- III. The third question of the Commission is why the Company needs such a large increase in rates. Since the service areas are different and have differing circumstances, I will address them separately.

Lantern Bay (Branson) is the area needing the large increase in rates so I will address it first. The Lantern Bay system was established in 1994 through an agreement with the developer. The developer, Charles Heidelberg and others were to construct a 3-phase development to serve 498 customers. The developer stopped construction after stage one leaving the system with 182 customers due to overbuilding in the Branson area. As owners of the utility system, we hoped that another owner would continue the project to completion so we did not file for a rate increase after our initial rates were approved. After several years of not being able to meet our financial obligations, we must file for rates based on the current occupancy.

We have also experienced significant changes in expenses to operate the system and some examples are given in a comparison of costs in 1998 to 2002.

1998 Liability Insurance \$1176.07
2002 Liability Insurance \$3774.00

1998 Dept. of Natural Resources Fees \$50
2002 Dept. of Natural Resources Fees \$3120.00

1998 Regulatory Commission Expenses \$3653.70
2002 Regulatory Commission Expenses \$4431.73

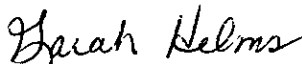
As you can tell, inflation has increased our operating costs and we have not been able to meet these expenses under our current rates.

As for Spring Branch (Edwards, MO), the requested increase for a part-time resident is \$.90 per month and a \$3.01 increase for full time

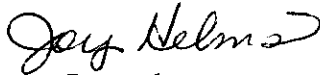
residents. This is unmetered service and the maximum proposed monthly fee for a full time resident is \$25.29 for unlimited usage. This rate seems reasonable considering the cost of operation for the system. The audit by the Public Service Commission staff supports this rate.

The Company has demonstrated that it has and will continue to provide safe and reliable service to its customers and that the rates contained in Tariff Sheets previously submitted are justified. We respectfully request the Commission's approval of the Staff and Company's agreement in this matter and that the Commission act to approve the filed tariffs in an expeditious manner.

Sincerely,



Garah F. Helms
President



Joy L. Helms
Vice-President

Missouri Public Service Commission
Water and Sewer Department
PO Box 360
Jefferson City, MO 65102

Office of the Public Counsel
Attn: Ruth O'Neill
PO Box 7800
Jefferson City, MO 65102