



P.O. Box 7017
5402 Bus. Hwy. 50 W. Suite 3
Jefferson City, MO 65102

October 20, 2006

Via FedEx

Colleen M. Dale, Chief Regulatory Law Judge/Secretary
Missouri Public Service Commission
Governor Office Building
P.O. Box 360
200 Madison Street, Suite 100
Jefferson City, MO 65102

FILED²
OCT 23 2006
Missouri Public
Service Commission

Re: Aqua Missouri, Inc.
Docket Nos. WR-2007-20
WR-2007-21
SR-2007-22
SR-2007-23

Dear Secretary Dale:

I have enclosed for filing an original and 5 copies of the "Report of Customer Comments at Public Hearing August 30, 2006"

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Pape", written over a large, stylized circular flourish.

Kathy L. Pape

KLP/kab

Enclosure

cc: The Honorable Jeff Davis
The Honorable Linward Appling
The Honorable Robert M. Clayton III
The Honorable Connie Murray
The Honorable Steve Gaw
The Honorable Lewis Mills
The Honorable Nancy Dippell
Dale Johansen

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document
upon the participants listed below:

VIA FEDERAL EXPRESS

The Honorable Jeff Davis
Missouri Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
Jefferson City, MO 65102

The Honorable Linward Appling
Missouri Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
Jefferson City, MO 65102

The Honorable Robert M. Clayton, III
Missouri Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
Jefferson City, MO 65102

The Honorable Connie Murray
Missouri Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
Jefferson City, MO 65102

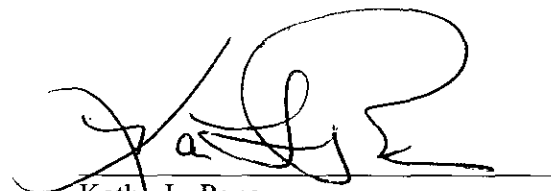
The Honorable Steve Gaw
Missouri Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
Jefferson City, MO 65102

The Honorable Lewis Mills
Office of Public Counsel
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, MO 65102

The Honorable Nancy Dippell
Adjudication Division
Missouri Public Service Division
Governor Office Building
200 Madison Street
Jefferson City, MO 65102

Dale Johansen, Manager
Water and Sewer Department
Missouri Public Service Commission
Governor Office Building
200 Madison Street
Jefferson City, MO 65102

Dated: October 20, 2006



Kathy L. Pape
Vice President, Treasurer and Rate Counsel

FILED²

OCT 23 2006

Missouri Public
Service Commission

Aqua Missouri, Inc.

Report of Customer Comments at Public Hearing August 30, 2006

Prepared: October 6, 2006

Prepared by: Tena Hale-Rush
Terry J. Rakocy

Statistics:

- | | |
|--|-------|
| • Total Active Water Customers in Missouri | 1,586 |
| • Total Active Sewer Customers in Missouri | 2,054 |
| • Customers who made a statement at the Public Hearing | 22 |
| • Percentage: Customers who Commented of Total Customers | 0.6% |

Generally, the customers who made a statement at the public hearing were against the water and/or sewer rate increase because they believed it was too large of an increase. The company's position on these statements is that the company needs a certain level of revenue to provide quality water and adequate service and that at the time of filing, and even after any rate award is effective, the Company will still not have enough revenue to cover its expenses.

Pertaining to the Customer Service procedures as they pertain to Customer calls either during regular working hours or after regular working hours the company is in the process of reviewing and considering changes to the current procedures. Changes are being finalized which will address the Customer statements/complaints, but are not completed at this time. The company will submit the changes in a future report in one to two weeks.

The following are the results of the company review of each Customer statement pertaining to none Customer Service issues:

PUBLIC HEARING TRANSCRIPT PROCEEDINGS & COMPANY RESPONSES

1. Barbara Winters Complaint: Two apartment buildings including 57 apartments, one water meter to each building with water provided by Callaway County Public Water Supply Number 1, water is always on, and sewer is always charged.

Response: Previous owner filed a complaint at Case No. SC-2005-0359 with the MPSC, Conclusions: The company's tariff provides, in the Staff's opinion, for all of the apartment units to be billed for sewer service regardless to occupancy. Past due bills, in the Staff's opinion would have been legitimately calculated without regard to occupancy, though the company could exercise an option to settle on some amount to settle a past due account.

Although this complaint was dismissed, the same would apply to the current owner and all apartments would be billed. It is too costly for billing to update move-ins and move-outs every month and too challenging to track for accuracy and proof as to whether each unit is vacant or occupied. For these reasons, the water service remains available continuously.

In addition, Ms. Winters wants a single bill instead of 57 bills mailed to her. This question has been addressed on numerous occasions and was most recently addressed in an informal complaint before the MPSC on January 18, 2006. The complaint was settled at that time and the company continues to send 57 bills. Despite the 57 bills, the customer has the option to pay the bills with a single check.

2. Virgil Hermann Complaint: Poor roadwork associated with a main extended at another customer's request and cost. Complainant never gave an address or name of neighbor.

Response: Per tariff Rule 14, Aqua RU, Inc., customer must pay CIAC for main extension to be brought to his property line. Customer must bear all costs. An Aqua representative visited Mr. Hermann and informed him that the company would check all road repairs and improve on these efforts. Aqua found one repair that was poor and have made additional repairs.

3. Doug Ritchie Complaint: No hydrants in the LTA area for fire protection. Particles in his water and low water pressure issue. Mr. Ritchie does not believe the customers should pay for acquisition fees. Mr. Ritchie also stated that "they never returned a call to me."

Response: Aqua is not required to provide fire protection in our systems; no "fire" hydrants are present. A sample was taken and no discoloration, odor or visible particle precipitation was noted. The pressure is 85 psi at the service connection, however, he possibly has a flow issue due having a 3/4 x 5/8 meter. When multiple fixtures run simultaneously, the flow can be negatively impacted, causing the appearance of inadequate pressure.

Customers are not paying for acquisitions. Aqua has reviewed all of its service records and found no record of a call or request for Mr. Ritchie's account until after the public hearing.

4. Shannon Hawk Complaint: Ms. Hawk submitted a letter alleging that the treatment lagoon system needs to be "dug out" and that the system should have been transferred to the HOA if the former owner decided to sell the system.

Response: Letter dated May 10, 1993 to Pat Rackers, Secretary of the HOA, completing transaction for a Warranty Deed, easements, etc. to be given to the company for ownership. A letter addressed to Dennis and Shannon Hawk of 5610 Horseshoe Drive, dated August 2, 1993 references that Capital Utilities is in the process of assuming "ownership" of the sewer system. The company cannot find any reference to system being returned to the HOA. The company had asked the Hawks for an easement, and an easement is on file and recorded granted by the Hawks along with several other home owners.

5. John Ogle Complaint: Pressure is down and neighbors tell him that they have sand and dirt in their water. Mr. Ogle claims he has not noticed it but states that his filter is probably collecting the alleged debris. He refers to people up road but does not give addresses or names.

Response: Water pressure at Mr. Ogle's home is 95 psi. A water sample was taken with no discoloration, odor or visible particles noted after precipitation time.

6. Lucy Combs Complaint: Low pressure issues on other customers' service lines--but not their own--and sediment issues.

Response: An Aqua operator talked with Mr. Combs who stated that he has good pressure and, in fact, had to install a pressure reducing valve. A water sample was taken and no discoloration, odor or visible particles were found noted after precipitation time.

7. James Howard Complaint: Mr. Howard claims that if the system were to be sold it was supposed to revert to HOA. He also stated that home owners have to pay to have septic tanks cleaned out and claims he was told that AquaSource was responsible to pump the tanks and pay for these services. He claims the lift station bypassed into lake and made note of the company's new vehicles.

Response: Aqua representatives visited Mr. Howard's home, but no one was there. Employees have left phone message for him asking that he return our calls to discuss the issues he raised. Mr. Howard has not returned the calls. Aqua has an "Emergency Maintenance Report" for a call out on August 4, 2006 to the lift station near Mr. Howard's home. The report states that although the high level alarm and buzzer were sounding, the lift station "did not" over flow. The company replaced the alternator and pumped down the lift station. Aqua's tariff Rule 11, states that the installation costs of the STEP, or grinder pump system, electrical service and connecting lines between the dwelling and the STEP or Grinder Pump, and the service sewer line between the STEP or Grinder Pump and the Company's collection sewer line shall be the responsibility of the customer. The last MDNR inspection report indicated that there were no NOV or non compliance issues noted.

8. Leo Horvath: Complaint: Chemical taste to water.

Response: An Aqua representative spoke to customer and asked him to take a sample the next time he experienced the chemical taste so that Aqua could test the water. Sample results indicated total chlorine level of 0.49 mg/l and a free chlorine level of 0.52 mg/l. These results are within state regulatory limits.

9. June Kuechler Complaint: Rate increase too high.

10. Keith Kempker Complaints: Mr. Kempker claims that one half of the plant is not being used and he doesn't want to be charged for the entire plant. He claims that the plastic liner is torn and that there is a gap between the fence and the ground allowing small animals to get in facility.

Response: The plant to which Mr. Kempker refers is fully contributed and thus does not affect rates. The sand filter liner beneath the media bed continues to serve its purpose. The outer fragments that are visible are not serving as part of any treatment. The ground over flap of the lining keeps it from slipping out of place during construction. Gravel had been placed under the fence to seal the hole twice but was washed away by rain. Boards have since been put in place to cover the resulting gap between the fence and ground.

11. Norman Kisler Complaint: Water has a bad odor and makes bad coffee, and there is low pressure when showering. Complainant alleges the company did not restore his driveway to his satisfaction after a repair was completed and believes there is a water leak somewhere. He stated he called the 800 customer service number but did not get a satisfactory answer.

Response: The driveway needs further restoration and should have been restored better. Restoration is scheduled in the near future. Water pressure at Mr. Kisler's property is 36 psi. No leak was visible at the property where water usage appears.

12. Harry Waterson Complaint: Concerns with the MPSC about how the rate case was handled with regard the details of financial information.

Response: This is to be addressed by the MPSC.

13. Joseph Crowe Complaint: In 2001, water was extremely discolored with rust. Mr. Crowe says that while these things have been resolved to a degree, he still get discolored water sometimes, especially if the water stands for a period of time. The toilet stool gets

discolored. When they first moved in (2001) pressure fluctuated, but is better now. He also complained about the sewer, the developer and additional sewer connections. He said his water pressure has gotten worse again within the past year.

Response: See response to number 14 below.

14. Margie Crowe (wife of Joseph) Complaint: Mrs. Crowe says her complaints to the company began in 2002. She claims she was told by someone whose name she cannot recall that her extra lot was not a build-able. She states she has not made a phone call for quite some time to the company. Mrs. Crowe entered as Exhibit 3, pictures of her jetted tub from 2002 before the standpipe was installed. Although she says things are better now, she says she is afraid to use the tub. Mrs. Crowe also indicated that she did not receive a call back from Tena Hale-Rush even though she specifically requested a return call when she contacted customer service in Illinois.

Response: A water sample was taken on September 11, 2006 and to date the sample still does not show any visible precipitation of particles or discoloration in the sample. The customer's pressure is 50 psi. The company received correspondence from MDNR dated April 19, 2005 commending the company on its upgrades and actions taken to resolve the issues in this system. The last contact that Aqua has on record from Mrs. Crowe is dated August 23, 2004. Her call indicated that she had brown water which had ruined her laundry. Company employees visited her home and found the water was clear. Water well logs from June, July and August indicate that a ferrous iron test was run on 6-14-06 and the result was 0.02 mg/L. The same tests were run again on 6-30-06; 7-12-06 and 7-14-06. The ferrous iron was run on 8-8-01 and the result was 0.02 mg/L. The ferrous was run again on 8-10-06 and the result was 0.02 mg/L before and after chlorination. All these results would indicate that there should be no discolored water issues. Regarding the phone call that was not returned, Ms. Hale-Rush has no record of ever receiving a message to call Mrs. Crowe. Aqua will have instituted procedures to ensure future responses in a timely manner.

15. Thomas Kelley Complaint: Rate increase was too high.

Response: The company believes that the settlement rates will begin to provide enough revenue to pay expenses. A return on investment will not be earned.

16. John Atkins Complaint: Mr. Atkins says he must change his filter every three to four months.

Response: Company employees took a sample from the outside faucet and there were no visible particles.

17. Sharon Scheulen Complaint: She stated she is in a new subdivision, that they built their home by the WWTF and they feel it is too loud. She said that the MPSC told her it would get louder and run more often as more houses connected. She cannot sit on her deck because the noise is too distracting to read her books. She can also hear it in the house. However, she admits that she has not called the company and complained about this.

Response: Aqua has ordered and installed acoustic panels inside of the blower housing and conferred with Jerry Scheible from MPSC before and after panels were installed. Mr., Scheible noted that there was about a 50 percent reduction in noise between his first and second field trips to the site. The customer claims that there is still no difference. No further action has been taken at this time.

18. Darrell Renner Complaint: He owns small resort and claims he has poor water pressure.

Response: Pressure was checked at two different outside faucets and the results were 67 psi and 70 psi. Mr. Renner's his entire resort run through a $\frac{3}{4}$ meter; this is a volume and flow issue, and not a pressure issue. Company employees informed Mr. Renner that he would need to upgrade his meter size to get better flow if he desires to do so.

19. Joanne Reinard Complaint: Feels that there is too much chlorine in her water.

Response: The chlorine residual taken at Ms. Reinard's home indicated total chlorine of 0.39 mg/l and free chlorine of 0.44 mg/l. These results are within regulatory limits. Aqua asked customer to call the company when she feel that the chlorine level is too high so that we can re-sample at that time.

20. Lyndell Salmons Complaint: He owns rental properties and does not believe that he should pay for sewer service for vacant apartments even if the water is available to them. Water is provided by Cole County. He has an old lagoon on his property that has two houses hooked to it and MDNR is requesting that he address the situation. He feels that it is Aqua Missouri's responsibility to do something to the lagoon. He was to do further development near a subdivision called Ryan's Lake but he is not the developer who built the system, and the current developer plans to use all of his capacity. He feels that he should just be able to hook in to the Aqua system without paying for capacity. Mr. Salmons claims he has been waiting two months for a response from both Aaron Lachowicz and Tena Hale-Rush.

Response: Both Mr. Lachowicz and Ms. Hale-Rush have attempted to contact Mr. Salmons since the public hearing and have left messages for him that he will not return. Prior responses provided to Mr. Salmons by Ms. Hale-Rush were deemed by him as

unsatisfactory. Mr. Lachowicz went as far as to contact MDNR to see if they would try to help Mr. Salmons. Mr. Salmons was told that the rental properties could apply to Aqua for service but that he was responsible for the lagoon as it is on his property, and has never been owned or operated by Aqua Missouri. Ms. Hale-Rush also told Mr. Salmons in person when he came into the Jefferson City office that he would have to go to Mr. Sampson to see if he was willing to work out something with him for capacity. Mr. Sampson apparently told Mr. Salmons that he planned to use all of his capacity and had none for him.

21. Gene Carlsen Complaint: Mr. Carlsen states that he has sand and rock that comes through his line; and has bad water and claims that water softener gets clogged with sand and rock. Mr. Carlsen also indicated that he did not receive a call back from the company even though he specifically requested a call when he contacted customer service in Illinois.

Response: Company employees collected sample which have had no visible signs of particles in sample to date. Aqua recommended that Mr. Carlsen put his filter in front of his water softener, and not behind it. Regarding the request for a return call, Aqua's Missouri customer service office has no record of receiving a message to call Mr. Carlsen. Aqua has instituted procedures that will guarantee future responses in a timely manner.

22. Debra Barr Complaint: Ms. Barr lives by the Crowe's and states her water is brown if it stands all day. Ms. Barr took water bottle to work with water from home and it turned dark brown but says her situation has improved though. Mrs. Barr also indicated some problems with the customer service representatives. She indicated that she was not satisfied with the response she received on a call placed to the Customer Service number, but was satisfied on another occasion.

Response: Aqua collected a sample from Ms. Barr's home following the public hearing and, to date, no discoloration has been noted. Ms. Barr's water pressure is 49 psi. Aqua has taken steps to assure appropriate responses to any customer questions and to ensure that requests for return calls from supervisors are forwarded to the appropriate person and returned.