

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

In the Matter of the Application of Ozark Meadows,)
Aqua Development Company, dba Aqua Missouri, Inc.)
Request for Increase in Annual Sewer System Operating) Case No. SR-2010-0023
Revenues MPC Sewer Utility Small Company Rate)
Increase Procedures)

In the Matter of Aqua RU, Inc. dba Aqua Missouri)
Request for Increase in Annual Water System Operating) Case No. WR-2010-0025
Revenues MPSC Water Utility Small Company Rate)
Increase)

In the Matter of Aqua Missouri, Inc (CU) Request for)
Increase in Annual Sewer System Operating Revenue) Case No. SR-2010-0026
MPSC Sewer Utility Small Company Rate Increase)
Procedures)

In the Matter of Aqua Missouri, Inc (CU) Request for an)
Increase in the Annual Water System Operating Revenues) Case No. WR-2010-0027
MPSC Water Utility Small Company Rate Increase)
Procedures)

The Staff of the Missouri Public Service Commission,)
Complainant, v. Aqua Development Company) Case No. SC-2010-0150
d/b/a Aqua Missouri, Inc.)

Golden Pond Homeowners Association, Complainant) Case No. SC-2010-0204
vs. Aqua Missouri, Inc., Respondent)

NOTICE REGARDING EXTERNAL COMMUNICATION

Issue Date: February 25, 2010

On February 25, 2010, I received the attached letter from John & Shirley Wood regarding

Case Nos. SR-2010-0023; WR-2010-0025; SR-2010-0026; WR-2010-0027; SC-2010-0150; SC-2010-0204.

Respectfully Submitted,



Robert M. Clayton III
Chairman

Dated at Jefferson City, Missouri,
On this 25rd day of February, 2010.

February 22, 2010

Mr. Robert M. Clayton III, Chairman

Missouri Public Service Commission

200 Madison Street

Jefferson City, MO 65101

Dear Chairman Clayton:

In the early years of Quail Valley Lake Subdivision development, money from the sale of each lot was escrowed to pay for the cost of the treatment system and installation. In 1994, the system went on line with approximately 45 households hooked into the system. At that time the system was granted (at no cost) to Capital Utilities to operate and maintain. According to Aqua Missouri's web site Capital Utilities was sold to Aqua Source, Inc. in October 1998 but payments were made to Capital Utilities until May 2000. Aqua America Inc. acquired the system from Aqua Source in 2003 and Quail Valley residents began making payments to Aqua Missouri in March 2004. Hopefully in these sales and transfers of ownership the acquiring company did not purchase the system that the property owners had already paid for when they bought their lots and are not now paying again in the monthly rate. We trust that the PSC's analysis of the expenses of Aqua Missouri and establishment of the rate structure would recognize a double payment of the system.

The initial rate of \$22.53 remained from Nov. 1994 until Nov. 2006 when it was adjusted to \$27.75. The rate was again increased in Nov. 2008 to \$44.79 and the PSC staff and the company have agreed on another increase to \$53.22. In just over 3 years this would be a 136% increase while the Consumer Price Index (CPI) shows approximately a 7% increase. If the sewer rate had increased since inception at the CPI increase of 45%, the current rate, based off the original rate of \$22.53 would be \$32.67. And since the CPI has actually declined since the last rate increase in Nov. 2008, how can any increase, not to mention the agreed upon 19% increase, be granted? And why was the 61% increase granted in Nov. 2008 warranted when the CPI increase was 7.3%? The 61% increase followed a 23% increase just 2 years earlier.

It's also interesting to note the varying rates paid by Aqua Missouri customers. For example, in the Sept. 29, 2006 PSC News release, the current rate paid by Jefferson City was \$22.53 and the

agreed upon rate between PSC staff and Aqua Mo was \$27.75. By comparison, Maplewood's rates were \$12.93 and \$20.80 respectively. The Jan. 14, 2010 release has Jefferson City's rate increasing from \$44.79 to \$53.22 while Maplewood's rate increases from \$15.67 to \$18.05 (both less than the agreed upon rates noted in Sept. 2006). We recognize that Ozark Meadows rate is even higher than Jefferson City. This begs the question: Are these systems that much different that the variances in rates are justified?

There was evidently a document filed with the Public Service Commission in 1992 with an effective date of May 27, 1992 that provides a schedule of service charges stating "A charge of \$65 per load will be assessed each Customer that the Company is required to remove solids from the Customer's septic tank." In the 17 years I have lived in my home the Company has never pumped my septic. I have had it pumped but it cost more than the \$65 that the Company agreed to charge. Is it true that the Company, along with the rate increase, is requesting that they be relieved of the responsibility of removing solids from the customer's tanks? If so, customers will be paying more than \$65 so this also is, in effect, a rate increase.

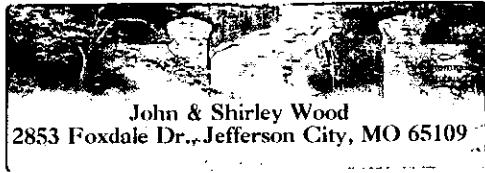
Aqua America, Inc. reports strong sales and profit from 2007 to 2008 with a 3% profit increase. In their annual report they discuss how they controlled operation and maintenance expenses despite the high fuel cost in 2008. Aqua America has gradually increased dividends from 2006 through 2009 from \$0.44 to \$0.55 and declared a first quarter dividend for 2010 of \$0.145 or \$0.58 annualized.

In these difficult economic times when the CPI is unchanged and people on social security did not receive an increase in benefits from 2009 to 2010, yet Aqua's sales, profits and dividends are on the rise, how can the increase in sewer rates be justified?

On behalf of my neighbors in Quail Valley I ask the Commission to consider these issues when reviewing the Company's request.

Sincerely,

John D. Shirley Wood



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