

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

In the Matter of the Application of Central Jefferson )  
County Utilities, Inc. for an Order Authorizing the )  
Transfer and Assignment of Certain Water and )  
Sewer Assets to Jefferson County Public Sewer )  
District and in Connection Therewith, Certain Other )  
Related Transactions. )

**Case No. SO-2007-0071,  
et al.**

**RESPONSE OF CENTRAL JEFFERSON COUNTY UTILITIES, INC. TO  
ORDER DIRECTING RESPONSE FROM CENTRAL JEFFERSON  
COUNTY UTILITIES**

Comes now Central Jefferson County Utilities, Inc. (Central Jefferson), and, in response to the Commission's Order Directing Response from Central Jefferson County Utilities, states the following to the Missouri Public Service Commission (Commission):

The following are responses by Central Jefferson County Utilities, Inc. ("Central Jefferson") to public comments made by citizens during the November 6, 2006 local public hearing regarding the transfer and assignment of certain assets of the water and sewer operations to the Jefferson County Public Sewer District. A number of the issues included are general, and do not include sufficient specific information to allow Central Jefferson to determine exactly what is being asked or referenced. Central Jefferson has reviewed the transcript of the Missouri Public Service Commission ("PSC") public hearing held on November 6, 2006. Unfortunately, many of the public comments to which responses are requested do not give specific examples relating to the commenter's complaint. Central Jefferson will respond to the best of its ability based upon its understanding of the issue being raised.

**Issue (1): Excessive hook-on fees and if these hook-on fees would still be paid to Central Jefferson after the transfer of assets to the Jefferson County Public Sewer District.**

Response (1): There have never been hook-on or connection fees paid to Central Jefferson. Therefore, no hook-on fees will be paid to Central Jefferson after the transfer. Jefferson County Public Sewer District will determine what, if any, hook-on or connection fees are to be charged.

**Issue (2): Infrastructure deterioration and lack of maintenance of that infrastructure.**

Response (2): Central Jefferson does not know what specific issues of infrastructure deterioration or lack of maintenance are being referenced. Other than normal “wear and tear” on the system, Central Jefferson does not know of any “infrastructure deterioration.” Central Jefferson has provided regular maintenance on the system. As with any system of this size, maintenance issues arise on a regular basis. To the best of Central Jefferson’s ability, these maintenance issues were addressed and resolved.

**Issue (3): Broken equipment that has not been fixed.**

Response (3): Comments from the public regarding this issue are found on pages 57, 80 and 85 of the public hearing transcript. These comments do not specify what “broken equipment” has not been fixed. Central Jefferson is unaware at this time of any equipment that is broken and has not been fixed. If there is any additional information about what equipment is claimed to be broken, Central Jefferson will be happy to review

that information and determine if maintenance, repair and/or replacement on the particular equipment is necessary.

**Issue (4): Inadequate trunk lines.**

Response (4): Central Jefferson does not believe that the trunk lines are inadequate. The trunk lines were designed by a professional engineer licensed in the State of Missouri. The system was installed in accordance with the engineer's specifications and requirements, which were approved by DNR. Central Jefferson has no information from an engineering perspective that the trunk lines are inadequate.

**Issue (5): Ineffective straining system for nonorganic waste.**

Response (5): The only comment Central Jefferson can glean from the transcript regarding the "straining system for nonorganic waste" is the comment of Mr. Rommel found on page 21. Central Jefferson assumes that this comment relates to the collection boxes which are also addressed in Response 12. As stated in Response 12, Central Jefferson has, through its contract operator, EMC, addressed the issue of the clean out of the collection boxes.

**Issue (6): Lead level in well number one and how water from well number one is mixed with water in well number two.**

Response (6): Well #1 has a higher lead content than Well #2. Representatives of the Missouri Department of Natural Resources stated at a public meeting of the Raintree Plantation property owners in 2006 that testing both by the Missouri Department of Natural Resources ("MDNR") and Central Jefferson show that the level

of lead in the water being used by the residents at Raintree Plantation Subdivision is within the allowable limits set by law. As required by the MDNR (see letter dated August 12, 1997 from Breck E. Summerford to Central Jefferson County Utilities, Inc. attached hereto as Appendix A), Well #2 is the primary well and Well #1 is used only for stand-by and emergency uses. When used, water from Well #1 is mixed in the storage tank with the water from Well #2. This keeps the lead level below the maximum allowable lead level for the water system. To conserve water, and reduce or eliminate the use of water from Well #1, in 2006 the Missouri Department of Natural Resources requested that Central Jefferson County Utilities notify and request its customers to voluntarily reduce summer water usage. Attached as Appendix B is a Notice from Central Jefferson as requested by MDNR regarding that voluntary plan. This Notice was given to all water customers with their monthly water bills.

**Issue (7): Microbacterial contamination and inorganic contamination of the drinking water.**

Response (7): Central Jefferson can find no reference to “microbial contamination” or “inorganic contamination” of the drinking water. On the page 92 of the transcript at line 23 there is a reference by the commentator to the “Commission’s ability to review the infrastructure that is currently there and assess the necessary improvement to it that would decrease the potential for microbial, organic and inorganic contamination of the drinking water.” This comment, as stated, relates not to any existing contamination, but an ability to assess the improvement that would decrease any potential for contamination. Central Jefferson does not know of any microbial contamination or

inorganic contamination of the drinking water is not aware of any allegation of violations of MDNR drinking water standards.

**Issue (8)     Water tower capacity issues – not enough capacity.**

Response (8):        Central Jefferson has sufficient water capacity at this time to serve the Subdivision. Additional storage capacity needs to be provided for future increases in use due to additional homes being built in the subdivision. As part of this proposed transfer, Jefferson County Public Sewer District, through EMC, has agreed to construct additional water storage capacity. If the transfer is not approved, Central Jefferson does not have the funding necessary to increase the water storage capacity.

**Issue (9):     Water rates – before and after the sale.**

Response (9):        The water rates currently in effect have been set by the PSC. At a previous public hearing, representatives of the MDNR have stated to Raintree Plantation Subdivision residents attending the hearing that the current water rates are very low. These same representatives stated to the attendees that the water rates would have to rise substantially to provide adequate water capacity and service to the residents of Raintree Plantation Subdivision in the future. The water rates after the sale will be set by a public entity, the Jefferson County Public Sewer District. The members of the Jefferson County Public Sewer District are appointed by the elected officials for the County, the Jefferson County Commission. Central Jefferson will have no input or control over the water rates after the transfer.

**Issue (10): Misrepresentation regarding the availability of water and sewer services prior to purchasing lots.**

Response (10): Central Jefferson has no information regarding it, or any of its employees or representatives, ever misrepresenting the availability of water and sewer service to any lot purchaser. Central Jefferson is not in the business of selling real estate. A review of the transcript fails to disclose any such claim of misrepresentation. Mr. Gall and Mr. Avilla both testified that they bought lots not knowing that “the sewer collection was going to be shut down.” Transcript page 45, lines 18 and 19. Their lack of knowledge does not, however, constitute a misrepresentation by Central Jefferson. At no time has Central Jefferson misrepresented the availability of water and sewer service to any prospective purchaser of a lot.

**Issue (11): Lack of sewer capacity to support the current home owners resulting in the need to have trucks haul loads of sewage out of the subdivision.**

Response (11): Central Jefferson has removed and hauled sludge from the sewer plant to enable the sewer plant to properly accept and treat sewage from the current home owners. Central Jefferson has paid the costs of this hauling. Hauling of sludge from the sewer plant is regular and required proper maintenance of the treatment plant and treatment operations.

**Issue (12): Current home owners having to clean out manhole covers and collection boxes by hand.**

Response (12): Central Jefferson, through its contract operator, EMC, has recently addressed these complaints. In a letter dated November 30, 2006, Mr. Gene Thurman

of EMC confirms that they have addressed these issues. A copy of the letter is attached hereto as Appendix C.

**Issue (13): Pump grinders that burn up.**

Response (13): Central Jefferson does not know of any grinder pumps that have burned up for any reason related to the forced main sewer system at Raintree Plantation Subdivision. The forced main system which includes grinder pumps was designed by a professional engineer, and Central Jefferson has not been given any information showing that the design of the forced main system contributes in any way to grinder pump burn out. Grinder pumps are electrical devices that are premises equipment that is the responsibility of the home owner. Like any electrical device, grinder pumps can burn out for many different reasons.

**Issue (14): Backflow of sewage into basements.**

Response (14): Sewage can back up into basements for any number of reasons. For instance, sewage may back up into basements because of a clog in the home owner's lateral sewer line to the main, or, the home owner may have problems with their grinder or ejection system. The transcript of the hearings specifically refers to a back up in the basement of Mary Kohler. Ms. Kohler built her home at an incorrect elevation for proper sewage flow. Further, she covered up a collection box which was behind, but not on, her property. She built over a sewer main with no set back. Because the collection box was covered, it clogged and caused a back up in her basement. Central

Jefferson uncovered the collection box and has installed a pipe extending above ground to keep Ms. Kohler from recovering the collection box.

**Issue (15): Raw sewage contaminating creeks and lakes.**

Response (15): Central Jefferson does not know of anytime when raw sewage contaminated the creeks or lakes. On one occasion, a lift station failed, and sewage ran over the top of the lift station and into a home owner's yard. Once Central Jefferson was notified that the lift station was not properly functioning, Central Jefferson brought in equipment to pump out the lift station and repair the pump.

**Issue (16): Raw sewage contaminating lawns.**

Response (16): See Response 15 above. Sewage from the pump station overflow did go into Mr. Neil's yard.

**Issue (17): Failure to flush out fire hydrants.**

Response (17): The Central Jefferson water system with the fire hydrants is a loop system. There are no dead ends leading to stagnant water, and regular flushing is not required. This being said, Central Jefferson understands that its contract operator, EMC, is instituting a fire hydrant flush program.

**Issue (18): Failure of Central Jefferson to provide safe and adequate service.**

Response (18): Central Jefferson has provided safe and adequate water and sewer service to the current residents of Raintree Plantation Subdivision. As everyone

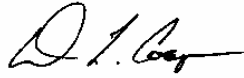


recognizes, the capacity of the sewage treatment plant, and the water storage capacity, must be expanded to accommodate future growth in Raintree Plantation Subdivision. Central Jefferson has attempted to sell the systems to operators which could provide funding for these expansions, but all such sales have failed. Central Jefferson has on two occasions requested the PSC to approve connection fees and/or rate increases to allow Central Jefferson to obtain financing for the needed expansions, but the Staff has opposed any such changes in Central Jefferson's tariffs prior to the facilities being constructed. Therefore, no financing can be obtained. The current request for transfer is a last attempt on the part of Central Jefferson to transfer the facilities to the Jefferson County Public Sewer District so that it and EMC may take over operation of the water and sewer systems and provide for the needed expansions. Central Jefferson is willing to contribute its assets, for no compensation other than assumption of the water tower debt, financing for which was approved by the PSC. Completion of the transfer will permit the Jefferson County Public Sewer District and EMC to complete the needed expansions of the water and sewer systems.

WHEREFORE, Central Jefferson respectfully requests that the Commission

consider this pleading to be responsive to the Order Directing Response.

Respectfully submitted,



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### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and accurate copy of the foregoing was sent via U.S. Mail or electronic mail on this 11<sup>th</sup> day of December, 2006, to:

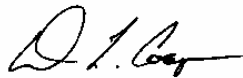
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