

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

**In the Matter of Aqua Missouri, Inc.'s)
Request for an Increase in Rates for)
Water Service Pursuant to the)
Commission's Small Company Rate)
Increase Procedure**

Case No. WR-2008-0266

**In the Matter of Aqua Missouri, Inc.'s)
Request for an Increase in Rates for)
Sewer Service Pursuant to the)
Commission's Small Company Rate)
Increase Procedure**

Case No. SR-2008-0267

**In the Matter of Aqua Missouri, Inc.'s)
Request for an Increase in Rates for)
Sewer Service Pursuant to the)
Commission's Small Company Rate)
Increase Procedure**

Case No. SR-2008-0268

**In the Matter of Aqua Missouri, Inc.'s)
Request for an Increase in Rates for)
Water Service Pursuant to the)
Commission's Small Company Rate)
Increase Procedure**

Case No. WR-2008-0269

**STAFF'S REPORT OF THE PHYSICAL AUDIT
IN THE JEFFERSON CITY SERVICE AREA**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), and for its Report Of The Physical Audit In The Jefferson City Service Area, respectfully states to the Missouri Public Service Commission (Commission) as follows:

1. On July 25, 2008, the Commission issued its Second Order Setting Additional Public Comment Hearing And Directing Further Staff Investigation And Report.
2. The Order directed Staff to "conduct a physical customer audit of the Jefferson City

service areas of Aqua Missouri, Inc.; and file a report with the Commission concerning the current number of customers of Aqua Missouri, Inc., and whether that number is materially changed from the information used when calculating the company's rate design in these cases."

3. Lisa Hanneken, Staff Regulatory Auditor, and Jerry Scheible, Staff Utility Regulatory Engineer I, completed the physical audit from July 30, 2008, through August 1, 2008.

4. Attached is Staff's Report from the physical audit.

5. On July 28, 2008, a procedural conference was held, during which Judge Nancy Dippell requested Staff to include in its report a chart of customer numbers for each service area of Aqua Missouri, Inc. Staff's findings on customer numbers are provided in the "Conclusions" section of the Report.

WHEREFORE, Staff respectfully submits its Report Of The Physical Audit In The Jefferson City Service Area.

Respectfully submitted,

/s/ Jennifer Hernandez

Jennifer Hernandez

Legal Counsel

Missouri Bar No. 59814

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 5th day of August 2008.

/s/ Jennifer Hernandez

Staff Report of Investigation Regarding the Current Number of Aqua Missouri, Inc. Jefferson City Service Area Customers

Case Nos.
WR-2008-0266
SR-2008-0267
SR-2008-0268
WR-2008-0269

Prepared By:
Jerry Scheible, P.E.
Utility Regulatory Engineer
Water & Sewer Department

August 5, 2008

Introduction and Background

The Commission issued its Second Order Setting Additional Public Comment Hearing and Directing Further Staff Investigation and Report on July 25, 2008, in which it was ordered that Staff “conduct a physical customer audit of the Jefferson City service areas of Aqua Missouri, Inc.; and file a report with the Commission concerning the current number of customers of Aqua Missouri, Inc. . .”

Lisa Hanneken and Jerry Scheible (Staff) of the Missouri Public Service Commission conducted a physical audit of the Aqua Missouri (Company) Jefferson City sewer customers on July 30th through August 1st, 2008, in conjunction with the employees of the Company. This audit consisted of driving by and confirming each address as listed on the Company’s billing system printout, as well as determining if any additional homes may be on the system, but are not being billed.

In Staff’s original revenue calculations, 1,775 customers were attributed to the Company’s Jefferson City sewer service area.

Staff's Findings

The results of the audit were as follows:

1,795 homes and businesses were confirmed to be receiving sewer service from the Company. This figure will result in the monthly rate charged to the customers in this area to be slightly lower than Staff’s original calculation.

In addition to the 1,795 confirmed customers, the following inaccuracies were found to be included on the Company’s billing system printout:

45 homes, mostly contractor-built speculation homes, were still vacant and therefore not yet receiving sewer service.

17 vacant lots that the lot owners have completed an application for sewer service for, but are not yet receiving service; one of which was actually being billed for service.

6 residences listed on the billing system were determined not to be Company sewer customers.

35 of the listed billing addresses were either duplications or in error.

Staff is continuing to contact several homes and businesses that were identified during the audit to be in close enough proximity to potentially be on one of the Company's systems, but are not listed by the Company as customers. If any of these are confirmed to be connected to Aqua Missouri's systems, Staff will increase the total number of the physical audit accordingly.

Conclusions

The following customer numbers are believed to be based on the best available information:

Sewer Service Areas

Jefferson City	1,795
Maplewood	394
Ozark Meadow	22

Water Service Areas

Lake Carmel & Maplewood	444
Lakewood Manor	35
LTA	103
Ozark Mountain	444
Rankin Acres	88
Riverside Estates	289
Spring Valley	121
White Branch	182

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JERRY SCHEIBLE

STATE OF MISSOURI)

) SS

CASE NOS. WR-2008-0266; SR-2008-0267

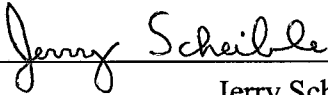
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SR-2008-0268 and WR-2008-0269

COUNTY OF COLE)


COMES NOW Jerry Scheible, being of lawful age, and on his oath states the following:

(1) that he is a Utility Regulatory Engineer in the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the preparation of the foregoing *Staff Report of Investigation*; (3) that he has knowledge of the information presented in the foregoing *Staff Report of Investigation*; and (4) that the information presented in the foregoing *Staff Report of Investigation* is true and correct to the best of his knowledge, information and belief.



Jerry Scheible

Subscribed and sworn to before me this 5th day of August 2008.



Notary Public



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

My Commission Expires: 9-21-10