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July 18, 2003

FILED

APR 08 2004

Ms. Shelley Vaccaro
 3 Shamrocks Properties LLC
 312 Massas Creek Road
 Jonesburg, MO 63351

Missouri Public
 Service Commission

Dear Ms. Vaccaro:

I am writing in response to your letter dated June 20, 2003, and received on July 3, 2003. Regarding your opposition to a rate increase, I will place your letter in the case file and it will be considered along with other comments and evidence filed in the case.

With regard to legal expenses, I don't yet know what annual expense may be eventually included in rates. I do believe that North Oak's legal consultation was valuable in resolving the important billing issue with your properties, because, unfortunately, it was very difficult to resolve informally, as you are aware. I had expressed my opinion that at some point some formal resolution procedure might have become necessary, and I think we were at that point.

I must disagree with two points in your letter, those being that the argument took five minutes to resolve in our meeting, and that the agreement finally reached was that billing the units would be based on water usage as per the tariff. The tariff does not speak to water usage, actually meaning the existence of water service, as a basis for generally billing multi-tenant customers by applying Rate B, a flat rate that is not based on water consumption. The tariff does have a provision for billing customers in individual rental units, if an agreement exists with the water utility to discontinue water service for non-payment of a sewer bill as per Rule 4 J 2, however such is not the case. Nonetheless, the company agreed to count units based on water service for your apartments, and agreed to a combination of water usage and capping of unused sewer pipelines to vacant mobile home units. The agreement also addressed past billing issues. As stated, I believe the company's counsel provided valuable input in accomplishing this agreement. You are absolutely correct that Mr. Cooper did not represent you, since it was North Oak who hired him for the purpose of resolving the matter.

Staff Exhibit No. 2
 Case No(s) SR-2004-0306
 Date 3-7-04 Rptr JK

Ms. Vacarro
July 18, 2003
Page 2

The Staff will only be able to provide you with data that is filed in the rate case as "public information." It would be the same information anyone else can see and review. I realize you are very familiar with this company since you were involved in its startup and formerly with its operations, but the preliminary negotiations and discussions with the company prior to submitting data and positions in the case does not include the general public. Mr. Hubbs indeed is the person handling the rate case in the Water and Sewer Department. I agree with you that without the Orchard Farm MHP this company may have viability problems. Apparently a requirement by DNR for this development to abandon its facility and connect to North Oak was not certain, as you and Mr. Vacarro had believed and represented when you filed the certificate case.

Sincerely,

James A. Merciel, Jr., P.E.
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