

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

Rob Lee,)
)
 Complainant,)
)
 v.)
)
 Missouri American Water Company,)
)
 Respondent.)

Case No. WC-2009-0277

STAFF REPORT

COMES NOW Staff of the Public Service Commission of Missouri (Staff), and for its Report, states:

1. On January 27, 2009, Rob Lee filed a complaint against Missouri American Water Company (MAWC or Company).
2. Complainant alleges that there has been continuous leaking in his basement for the last 19 years as a result of leaks in the MAWC system. Complainant further alleges water leaks throughout his neighborhood from MAWC water mains. Complainant has provided the Commission with photographs and videos of the alleged leaks in his basement and neighborhood.
3. Complainant's requested relief is that MAWC stop the water leaks in his neighborhood so that his basement stops leaking.
4. In accordance with Commission Rule 4 CSR 240-2.070 and the January 28, 2009 Commission Order Directing Filing, MAWC timely filed its Answer on February 27, 2009 to the complaint filed by Mr. Lee.

5. The Staff's Water and Sewer Department, Consumer Services Department, and Records Department have performed an extensive investigation into this matter. These efforts have consisted of on-site visits to Complainant's home and neighborhood, sample water testing, and discussions with the Missouri Department of Natural Resources, MAWC, and the Consumer Services Department staff.

6. Based on the results of Staff's extensive investigation and for reasons explained in more detail in its Report, Appendix A, it is Staff's belief that the water leaks in Complainant's basement investigated in this case are not a result of MAWC's water mains. Staff feels that it may be in Complainant's best interest to consider water-proofing his basement to preclude further leaks.

7. Staff further notes that MAWC is on notice of pipe leaks that were discovered and repaired in the course of this investigation and notes that MAWC should closely monitor its aging water infrastructure in this area.

WHEREFORE, the Staff submits its report as directed by the Commission and respectfully requests that the Commission accept its report on the above-captioned case.

Respectfully submitted,

/s/ Sam Ritchie

Sam Ritchie
Legal Counsel
Missouri Bar No. 61167

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronic mail to all counsel of record this 20th day of March, 2009.

/s/ Sam Ritchie

REPORT OF STAFF

TO: Missouri Public Service Commission Official Case File
Case No. WC-2009-0277
Rob Lee v. Missouri-American Water Company

FROM: James A. Busch, Manager – Water and Sewer Department

DATE: March 20, 2009

/s/ James A. Busch 3/20/09
Water & Sewer Department/Date

/s/ Samuel Ritchie 3/20/09
General Counsel's Office/Date

BACKGROUND

Rob Lee is a customer of Missouri-American Water Company (MAWC or Company). Mr. Lee lives in the Spanish Lake area of North St. Louis County. Mr. Lee filed an informal complaint against MAWC with the Missouri Public Service Commission (PSC or Commission) on June 3, 2008. This informal complaint was given number C200804678 in the Commission's EFIS system. This complaint was forwarded to Martin Hummel of the Water and Sewer Department on June 4, 2008. Mr. Hummel proceeded to contact Mr. Lee and discussed the complaint with him at that time. The nature of Mr. Lee's complaint was that he had water in his basement. Mr. Lee claimed that the water was a result of leaks in the MAWC system. Mr. Lee further claimed that the leaks would stop whenever MAWC would fix a leak in his neighborhood. Finally, Mr. Lee claimed that there were leaks throughout his neighborhood, all a result of MAWC mains.

Mr. Hummel visited Mr. Lee's neighborhood on June 29, 2008. Mr. Hummel is a Utility Engineering Specialist III with the Water and Sewer Department. Mr. Hummel has over 20 years of experience in the water and sewer industry. At the time of Mr. Hummel's visit, Mr. Lee was not at home. However, Mr. Hummel took the time to walk around Mr. Lee's residence and investigated the surrounding area. It was Mr. Hummel's expert opinion that the cause of the water in Mr. Lee's basement was due to poor drainage around Mr. Lee's house, as well as the general topography of the area that allowed water to flow towards Mr. Lee's residence. Mr. Hummel informed Mr. Lee of his findings on July 8, 2008 and closed complaint number C200804678 on July 14, 2008.

On September 24, 2008, a Local Public Hearing was held at the University of Missouri – St. Louis campus in conjunction with MAWC's rate case, WR-2008-0311. At this hearing, Mr. Lee testified that he had a leaky basement and that there were leaks throughout his neighborhood. He also indicated that he was highly dissatisfied with the recommendation of Mr. Hummel. During his testimony, Mr. Lee showed a video he made of water running in a culvert near his home. After his testimony, Mr. Lee

submitted five DVDs showing water running in his neighborhood, plus a CD with pictures showing water in his basement and water around the area.

Upon hearing this testimony, Staff visited with Mr. Lee at his home. Staff attending the meeting were Natelle Dietrich (Division Director – Utility Operations), James Busch (Manager – Water and Sewer Department), Jerry Scheible (Utility Regulatory Engineer I), and Steve Loethen (Utility Operations Technical Specialist II). Mr. Scheible and Mr. Loethen combined, have more than 25 years of experience in the water and sewer industries. Also attending this meeting with Mr. Lee was a member of the Missouri Department of Natural Resources (DNR) and an employee of the Metropolitan Sewer District (MSD).

During the visit, there was little water in Mr. Lee's basement. The only water was some minor seepage in one corner of his basement. On a tour of the neighborhood, there was standing water in various places, plus some running water in a drainage ditch. Near the drainage ditch, there did appear to be a leak. Staff contacted MAWC upon returning to Jefferson City and a leak was confirmed and repaired by MAWC. This leak was near 11533 Larimore Road.

After Staff's visit with Mr. Lee, DNR, and MSD, it was Staff's initial thought that the problem did not appear to be caused by MAWC's, but more of a problem with Mr. Lee's basement. However, in an effort to consider all possible situations, Staff refrained from making a finding at that time to continue investigating. Staff did inform Mr. Lee that he could file a formal complaint against MAWC with the Commission. On November 24, 2008, Mr. Lee filed an informal complaint against MAWC. This was given case number C200902179. This case is currently still open. Shortly after this filing, Mr. Lee and I had a discussion regarding the complaint. Mr. Lee wanted a formal case to be filed. Mr. Lee was sent the appropriate forms and filed the formal complaint on January 27, 2009. The formal complaint was assigned as WC-2009-0277.

To get a better understanding of MAWC's facilities in Mr. Lee's neighborhood, Mr. Scheible, Mr. Loethen and I met with employees of MAWC and DNR at MAWC's offices in St. Louis on December 11, 2008. Later on that date, the meeting moved to Mr. Lee's neighborhood. At that time, MAWC showed Staff where its mains were located and how service connections were made to deliver water to the customers. No leaks were noticed during our time in the area.

On January 12, 2009, DNR and MAWC did a site visit at a potential leak at 11338 Larimore. This is an area that Mr. Lee had indicated was a MAWC leak in previous communications. The tests from that water were not consistent with water from MAWC. Furthermore, DNR representatives visited with Mr. Lee and took samples from his basement. The results of those tests were that the water in the basement was not consistent with tap water coming from MAWC.

As indicated above, Mr. Lee then filed his formal complaint, WC-2009-0277 on January 27, 2009. On February 5, 2009, Mr. Lee sent in more pictures of water on the ground in

his neighborhood. Staff contacted MAWC about the potential leak and the water on the ground. MAWC investigated and did not find any leak in the area.

On March 3, 2009, Mr. Scheible and Mr. Loethen were in the area and stopped by Mr. Lee's home. Mr. Lee was not at home at the time. Then on March 12, 2009, Mr. Loethen visited with Mr. Lee. Mr. Loethen walked around the neighborhood with Mr. Lee and eventually took water samples from Mr. Lee's tap and from Mr. Lee's basement. Results of these tests indicated that the water found in Mr. Lee's basement was not consistent with the water out of Mr. Lee's tap.

FINDINGS

Staff, including the Water and Sewer Department, the Consumer Services Department, and the Records Department has spent a tremendous amount of time investigating the water situation in Mr. Lee's neighborhood. Staff visited the area on at least five occasions. Staff invited MAWC, DNR, and MSD to look into possible sources of the water in the area. Tests have been performed on water in Mr. Lee's home and at other potential leak sites. On two occasions, potential leaks were investigated and it was determined that a leak did exist and MAWC repaired them. On numerous other occasions, potential leaks were investigated and no leak was found.

It is Staff's findings that there is a tremendous amount of water in the area. On two occasions, Staff discovered that suspected MAWC leaks that Mr. Lee pointed out were in fact situations of leaks coming from a particular home that were not the result of MAWC's service capabilities. Both of these leaks were in an area of the neighborhood unrelated to Mr. Lee's residence. In other words, a homeowner had a leaky toilet or a bad sump pump that caused water to accumulate in the neighborhood. It is Staff's opinion that Mr. Lee needs to contact a company in the St. Louis area that specializes in waterproofing basements. Staff also recognizes that MAWC's system in St. Louis is an old system. MAWC needs to continue its focus on the Spanish Lake area for further leaks and to be prepared to have a major main replacement if the leaks continue to worsen.

SUMMARY

Staff has been aware of Mr. Lee's leaky basement and potential leaks in his neighborhood since late June of 2008. Staff has spent a considerable amount of time investigating the area and searching for potential solutions to the problem. Staff worked with MAWC and DNR to find the continuing source of the water in the neighborhood, to no avail. It is Staff's opinion that Mr. Lee needs to have an estimate from a professional water proofing service investigate his residence to see if that would solve a majority of his problems. However, MAWC should keep a vigilant eye on the Spanish Lake area for future problems associated with its infrastructure as demonstrated by the number of leaks discovered and repaired throughout this investigation's timeframe.

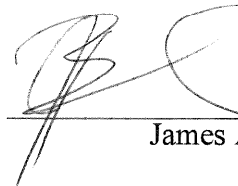
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Missouri-American Water Company,)	
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AFFIDAVIT OF JAMES A. BUSCH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

James A. Busch, of lawful age, on oath states: that he has participated in the preparation of the foregoing Staff Report of Investigation, to be presented in the above case; that he has knowledge of the matters set forth in such memorandum; and that such matters are true to the best of his knowledge and belief.



James A. Busch

Subscribed and sworn to before me this 20th day of March, 2009.



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



Notary Public