

Staff Exhibit No. B
Case No(s) WC-2007-0303
Date 10-29-07 Rptr per

Staff Report of Investigation

Case No. WC-2007-0303

**Greater Jefferson City Construction Company, LLC
and Edward P. Storey v. Aqua Missouri, Inc.**

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

FILED³

NOV 21 2007

July 25, 2007

Missouri Public
Service Commission

BACKGROUND

On February 9, 2007 (unless noted otherwise, all dates herein refer to the year 2007), Greater Jefferson City Construction Company, LLC, and Edward P. Storey, the principal owner of the construction company (Mr. Storey or Complainant), filed a formal complaint with the Commission against Aqua Missouri, Inc (Aqua).

Mr. Storey is the developer of the Quail Valley Lake Subdivision (Quail Valley) in Cole County near Jefferson City, Missouri. Aqua is a Commission-regulated sewer utility, which serves Quail Valley. (Note that the complaint pertains to sewer service, even though it was assigned a "WC" designation in the case number.)

On June 11, the Complainant filed an amended complaint, clarifying the relief requested by the complaint.

The relief requested by the original complaint was as follows.

WHEREFORE, Complainant now requests the following relief: An order from the Missouri Public Service Commission ordering Aqua Missouri, Inc., to allow hookups for an additional 22 lots so that Quail Valley Lake Subdivision can be completely developed or, in the alternative, to expand the waste water treatment facility to handle the additional 22 lots that are platted in the subdivision.

The relief requested by the amended complaint was as follows.

WHEREFORE, Complainant now requests the following relief: An order from the Missouri Public Service Commission ordering Aqua Missouri, Inc., to allow hookups for an additional 32 lots so that Quail Valley Lake Subdivision can be completely developed or, in the alternative, to expand the waste water treatment facility to handle the additional 32 lots that are platted in the subdivision.

Aqua filed its answer to the original complaint on May 14, and filed its answer to the amended complaint on July 10.

THE QUAIL VALLEY SYSTEM

Development of Quail Valley began in the 1980's. In 1993, Capital Utilities, Inc., with certification from the Commission, acquired the sewer treatment facility and collection system along with other systems that had been owned and operated by Cole County Regional Sewer District. Aqua became the owner of Capital Utilities, Inc.'s assets through some corporate mergers, acquisitions and name changes.

According to Mr. Storey, there are 118 total lots in the subdivision, with 113 of those lots being "developable." There are currently 78 constructed homes connected to the sewer treatment facility, and Mr. Storey owns 32 lots that he wishes to develop or sell.

The sewage treatment plant in Quail Valley is an extended aeration mechanical plant. Extended aeration plants normally are used to treat sewage discharged directly from customers' premises. However, in Quail Valley, each customer owns and maintains a septic tank, which provides some pre-treatment and retains most of the sewage solids. The collection system is what is commonly referred to as a "small diameter collection system" consisting of gravity sewer pipelines, which carry the septic tank effluent to the treatment plant. Four pump stations supplement the gravity flow. Since the treatment plant is only treating septic tank effluent, instead of "full strength" raw sewage, the organic loading on the treatment plant is less than an extended aeration plant would normally treat, even at its full rated hydraulic flow.

Mr. Storey claims that he has sought approval from Aqua (or a predecessor) to add additional connections to the sewer system as long ago as 2002. He further reports that Aqua has put the burden of collecting data and proving that capacity exists at the sewage treatment plant upon him, and that this has effectively prevented him from making further connections.

The subject complaint, as amended, requests an order from the Commission to allow sewer system hookups for an additional 32 lots in Quail Valley, without requiring the Complainant to expand or modify the existing sewage treatment plant.

FINDINGS & CONCLUSIONS

On Mr. Storey's behalf, ReSource Institute of Jefferson City, Missouri performed a study and produced a "Wastewater Facilities Report" dated December 27, 2005. The report states that there is sufficient capacity in the Quail Valley sewage treatment plant for as many as 120 total connections. A series of correspondences, which Mr. Storey has provided to the Staff, has since occurred between Mr. Storey's attorney, representatives of the Missouri Department of Natural Resources (MDNR), and Aqua's staff and attorney. However, Mr. Storey and Aqua have not been able to come to an agreement to resolve the situation.

On March 27, I contacted appropriate MDNR representatives regarding the Quail Valley sewage treatment plant's compliance with the MDNR's monthly effluent limitations for the past five years. All of the monitoring reports show compliance with the effluent limitations for that time frame, further indicating the facility is not at or over capacity.

The Water & Sewer Department (W/S Dept.) Staff has reviewed ReSource Institute's "Wastewater Facilities Report" and has concluded that it includes a reasonable analysis of, and reasonable conclusions regarding, the capacity of the Quail Valley sewage treatment plant. Additionally, Aqua has not produced any data or engineering study proving, or even attempting to prove, otherwise. As a result, the W/S Dept. Staff has concluded that the ultimately requested 32 additional connections to the Quail Valley sewer system should be approved and allowed. If Aqua has concerns regarding the treatment plant's capacity at this point, or in the future, Aqua should address those concerns by conducting an appropriate engineering study. In fact, this is what the W/S Dept. Staff believes should have initially been done.

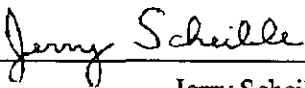
In addition to the Quail Valley system, Aqua owns and operates approximately 50 sewer systems in its certificated service area, which consists of most of Cole County and a portion of Callaway County. In this service area, there is a history of Aqua, and its predecessors, requiring subdivision developers to expend time and money not only for the development of new systems, but also to investigate treatment plant capacity whenever requests for additional connections are made for existing systems. As noted above, it is the W/S Dept. Staff's position that it is Aqua's responsibility to investigate the capacity of the treatment facilities they own, not that of subdivision developers. Further, if additional treatment capacity is indeed required in an existing system, Aqua should then propose and implement the engineering and construction. This should not be the responsibility of the developer requesting service, but could be subject to the developer entering into a "developer extension agreement" in accordance with Aqua's tariff.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

AFFIDAVIT OF JERRY SCHEIBLE


STATE OF MISSOURI)
) SS CASE NO. WC-2007-0303
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 25th day of July 2007.



Notary Public

My Commission Expires: 9-21-10



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