

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

The Staff of the Missouri Public Service)
Commission,)

Complainant,)

v.)

Apsen Woods Apartment Associates,)
LLC., Barry Howard, Aspen Woods)
Apartments, Sapal Associates, Sachs)
Investing Co., Michael Palin, Jerome)
Sachs, and National Water & Power,)
Inc.)

Case No. WC-2010-0227

Respondents.

NWP ANSWERS TO
COMPLAINANT'S FIRST SET OF INTERROGATORIES TO
RESPONDENT NATIONAL WATER & POWER, INC.

1. Please identify the persons and/or organizations by location (subdivision or housing complex name and the city, or other similar identification) from whom NWP derives revenue in Missouri for water and/or sewer service billing, regardless if the invoices for master meter usages (from which NWP derives the billing units) are issued to any person or organization other than NWP.

ANSWER:

Please be advised that the response to this interrogatory, including the documents produced in response to the document requests accompanying these interrogatories, have been classified by NWP as PROPRIETARY and HIGHLY CONFIDENTIAL.

Please see the Master Services Agreement set forth in NWP's accompanying response to your Document Requests.

The following is a list of the Missouri locations.

- a. City Place, Kansas City, MO
- b. Hunters Ridge, St. Louis, MO
- c. South Pointe, St. Louis, MO
- d. The Continental Life Building, St. Louis, MO
- e. Crosswoods Apartments, Rogersville, MO
- f. Crosswoods Phase II, Rogersville, MO
- g. Falcon Falls, Kansas City, MO
- h. Water Way Apartments, Lake St. Louis, MO
- i. Coach House North, Kansas City, MO
- j. Coach Lamp, Kansas City MO
- k. Prairie Walk Apartments, Kansas City, MO
- l. The Trails at the Ridge, Kansas City, MO
- m. Market Station, Kansas City, MO
- n. The Manor Homes of Fox Crest, Kansas City, MO
- o. Crossroads of Lees Summit, Lees Summit, MO
- p. Madison at Aspen Woods, Florissant, MO
- q. Madison at Seven Trails, Ballwin, MO
- r. Walnut Creek, Kansas City, MO

2. Please identify the date on which NWP commenced conducting business, and ceased conducting business if applicable, with each of the persons and/or organizations you identify from interrogatory one (1) above, including Respondent Aspen Woods Apartment Associates, LLC (Aspen Woods).

ANSWER:

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The following is a list of the dates.

- a. City Place, Kansas City, MO: September 9, 2009 (has not been implemented and billing has yet to commence)
- b. Hunters Ridge, St. Louis, MO: June 22, 2005
- c. South Pointe, St. Louis, MO: June 22, 2005
- d. The Continental Life Building, St. Louis, MO: November 1, 2008. NWP acquired Viastar billing units with a closing date of 11/1/08
- e. Crosswoods Apartments, Rogersville, MO: October 15, 2003
- f. Crosswoods Phase II, Rogersville, MO: October 15, 2003
- g. Falcon Falls, Kansas City, MO: April 28, 2004
- h. Water Way Apartments, Lake St. Louis, MO
- i. Coach House North, Kansas City, MO: May 25, 2010 (has not been implemented and billing has yet to commence)
- j. Coach Lamp, Kansas City MO: May 25, 2010 (has not been implemented and billing has yet to commence)
- k. Prairie Walk Apartments, Kansas City, MO: March 19, 2008
- l. The Trails at the Ridge, Kansas City, MO: March 19, 2008

- m. Market Station, Kansas City, MO: December 2, 2009
- n. The Manor Homes of Fox Crest, Kansas City, MO: May 3, 2001
- o. Crossroads of Lees Summit, Lees Summit, MO: November 1, 2008. NWP acquired Viastar billing units with a closing date of 11/1/08
- p. Madison at Aspen Woods, Florissant, MO: November 11, 2008
- q. Madison at Seven Trails, Ballwin, MO: November 11, 2008
- r. Walnut Creek, Kansas City, MO: November 11, 2008

3. Please explain for each person and/or organization identified in response to interrogatory one (1) above how NWP calculates the property (common use) deductions to derive the net amount to allocate from the master meter invoice and bill those persons and/or organizations for usage and water and/or sewer services provided by NWP.

ANSWER: NWP and the owner or manager with whom it contracts for each property analyze master metered bills from providing utilities to determine which bills will be allocated. The providing utility may have installed more than one master meter at a specific property. If a meter's usage is solely for irrigation or other non-residential use purposes, NWP advises the owner/manager not to allocate the charges for the specific meter(s). Additionally, NWP discusses the physical and common area water usage characteristics of each property such as non-metered irrigation, pools, fountains and ponds and determines a percentage deduction to apply prior to allocation for ratio utility billing service ("RUBS") and metered properties.

4. For the dates you identify in response to interrogatory two (2) above, including, but not limited to the revenue months of January 2009 through May 2010, please explain any and all internal audit procedures, either written or verbal, that NWP uses for its water and/or sewer services to balance and prevent an over-collection of the net amount allocated as billable

amounts and billed to a person and/or organization, compared to the dollar amount of the master meter invoice for the corresponding revenue month.

ANSWER: NWP creates a custom charge report ("CCR") which details the amounts allocated to each unit and the amounts allocated from applicable master metered bills. If a master metered bill is not allocated, however, that amount does not appear on the CCR. The maximum the amount to allocate could conceivably be in a RUBS context is the total of all charges contained on all master metered bills to the customer of record. For metered properties, the CCR will similarly demonstrate the amount charged to the owner and total billed to all residents.

5. Please explain any and all procedures NWP has in place to resolve billing disputes and/or complaints of any nature from persons and/or organizations from which NWP derives revenues in Missouri for its water and/or sewer services including, but not limited to the procedures in place for Aspen Woods and/or the resident persons thereof.

ANSWER: NWP has a dedicated Resident Relations Department, including telephone representatives to answer resident questions and concerns. Residents may also utilize NWP's resident portal on the NWP website to initiate a dispute or bring to light questions or concerns. A third avenue for initiation of a dispute would be to speak directly with the on-site property management. The management will direct the resident to contact NWP and/or contact NWP on behalf of the resident. When a dispute reaches NWP through any of the above mechanisms, a dedicated Resident Support Specialist liaises with NWP billing, account management, property service and legal personnel to investigate the issue and respond directly to the resident.

6. Please explain for each person and/or organization you identify for interrogatory one (1) above from which NWP derives revenue in Missouri:

a. How NWP determines the amount to be charged to persons and/or organizations from which it derives revenues in Missouri for water and sewer usages, including, but not limited to the amounts that will be charged for sub-metered water usage and/or usage derived from any RUBS Method calculation; and

b. How NWP initially determines the fees charged for its water and/or sewer service business operations from which it derives revenues in Missouri, including but not limited to: monthly service fees, administration fees, late fees, returned check fees, new account fees, termination fees, disconnection fees, reconnection fees, late fees and equipment fees; and

c. How NWP determines and implements changes to the fees charged for its water and/or sewer service business operations from which it derives revenues in Missouri, including but not limited to: monthly service fees, administration fees, late fees, returned check fees, new account fees, termination fees, disconnection fees, reconnection fees, late fees and equipment fees.

ANSWER:

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Please see the Master Services Agreement set forth in NWP's accompanying response to your Document Requests.

a. For RUBS properties, NWP compiles the amount to allocate from all master metered bills and line items which NWP and the owner/manager decided to allocate and applies the common area deduction (as defined above) to achieve a net amount to allocate. A ratio is then calculated using one of the following metrics: 1) number of occupants in a unit divided by the total number of occupants; 2) square footage of a unit divided by the total square footage of all units; 3) one unit divided by the total number of units at the property; or (4) a percentage (usually 50%) is calculated using 1) above and a percentage (usually 50%) is calculated using 2) above. The ratios derived in 1)-4) above are then applied to the net amount to allocate to derive the total charges for a specific unit. For metered properties, NWP collects meter reads (via radio frequency or manually using a meter reader) to determine a unit's consumption. The consumption is then multiplied by the applicable rate which may be: 1) the providing utility's residential rate; 2) a "blended rate" derived by taking the total charges on the property's master metered bill(s), applying a common area deduction and dividing the net amount to allocate by the total of all resident consumption to derive a rate per unit of measurement. A unit's usage is multiplied by the rate to derive the charges for that unit.

b. NWP initially determines the amount of service fees which are charged to its customers through contract negotiation with potential customers. The service fee contains, in part, fixed costs for reading metering systems, interfacing with the customer to obtain rent roll information and master metered bills, and printing and

mailing of resident billing statements. The service fee also contains, in part, variable costs such as personnel costs, overhead for facilities and equipment used to calculate and generate bills. The nature of the services provided to customers also determines the service fee. NWP may or may not perform payment remittance services for customers which will modify the service fee amount. Administrative fees are typically a pass through of the service fees. Late fees, non-sufficient funds fees and new account fees are jointly determined by NWP and the Owner and are typically based on similar fee amounts for a jurisdiction.

c. Service fees (and therefore administrative fees passed to residents) may be adjusted per the terms of the applicable billing services agreement which may provide for increases to the service fees due to increases in postage costs and/or increases tied to the Consumer Price Index or similar indices. Otherwise, all fee types may be modified upon mutual agreement of NWP and the owning/managing entity.

7. Please state the following regarding NWP's books and records:

- a. The name and contact information of NWP's custodian(s) of records, including address, all telephone numbers and email addresses; and
- b. The location (address, city, state) of NWP's books and records concerning its water and/or sewer services for Missouri.

ANSWER:

- a. Michael Foote, 22 Executive Park, Irvine, CA 92614, (949) 253-2580, mfoote@nwpsc.com
- b. NWP Services Corporation 22 Executive Park, Irvine, CA 92614

8. Please state specifically the infrastructure and/or equipment NWP manages, controls, owns and/or operates related to its water and/or sewer services.

ANSWER: NWP does not provide water or sewer services. NWP provides utility billing and energy management services for its customers. Owners of specific properties purchase and own any water meters and meter reading equipment affixed to any property.

9. For any infrastructure or equipment identified in interrogatory (8) above, please describe in detail how NWP manages, controls, owns and/or operates it.

ANSWER: NWP does not own, operate or manage any infrastructure or equipment for the provision of water and/or sewer services.

10. Please state whether any infrastructure and/or equipment owned, operated, managed and/or controlled by NWP for its water and/or sewer services is installed at the premises of persons and/or organizations from whom NWP derives revenue in Missouri. If yes, please identify the infrastructure and/or equipment and the location thereof.

ANSWER: NWP does not own, operate or manage any infrastructure or equipment for the provision of water and/or sewer services.

11. Please explain when NWP performs the following for each person and/or organization that you identify for interrogatory one (1) above:

- a. Sub-meters and bills for water and/or sewer service usage;
- b. Calculates and bills for water and/or sewer service using the RUBS Method;
- c. charges administration fees;
- d. charges returned check fees;
- e. begins charging late fees;

- f. begins charging disconnection fees;
- g. ceases charging late fees, including describing whether NWP continues to bill such fees after water and/or sewer service has been disconnected or the meter has been removed from the person's and/or organization's residence or place of operation;
- h. ceases charging disconnection fees, including describing whether NWP continues to bill such fees after water and/or sewer service has been disconnected or the meter has been removed from the person's and/or organization's residence or place of operation;
- i. threatens disconnection of water and/or sewer service, and/or has knowledge of or information regarding the threatening of disconnection by another party to this case, and/or any person or organization under the direction of any party to this case, for non-payment of NWP charges;
- j. disconnects water and/or sewer service, and/or has knowledge of or information regarding the disconnection by another party to this case, and/or any person or organization under the direction of any party to this case, for non-payment of NWP charges; and
- k. threatens eviction, or has knowledge of or information regarding the threatening of eviction by another party to this case, and/or any person or organization under the direction of any party to this case, as a method for collecting unpaid NWP charges for usage and related fees.

ANSWER:

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Please see the Master Services Agreement set forth in NWP's accompanying response to your Document Requests.

a:

1. City Place, Kansas City, MO--on or before the 15th of each month.
2. Crosswoods Apartments, Rogersville, MO--on or before the 15th of each month.
3. Crosswoods Phase II, Rogersville, MO--on or before the 15th of each month.
4. Water Way Apartments, Lake St. Louis, MO--on or before the 15th of each month.
5. Market Station, Kansas City, MO--on or before the 15th of each month.

b:

1. Hunters Ridge, St. Louis, MO--on or before the 15th of each month.
2. South Pointe, St. Louis, MO--on or before the 15th of each month.
3. The Continental Life Building, St. Louis, MO--on or before the 15th of each month.

4. Falcon Falls, Kansas City, MO--on or before the 15th of each month.
 5. Coach House North, Kansas City, MO--on or before the 15th of each month.
 6. Coach Lamp, Kansas City MO--on or before the 15th of each month.
 7. Prairie Walk Apartments, Kansas City, MO--on or before the 15th of each month.
 8. The Trails at the Ridge, Kansas City, MO--on or before the 15th of each month.
 9. The Manor Homes of Fox Crest, Kansas City, MO--on or before the 15th of each month.
 10. Crossroads of Lees Summit, Lees Summit, MO
 11. Madison at Aspen Woods, Florissant, MO
 12. Madison at Seven Trails, Ballwin, MO
 13. Walnut Creek, Kansas City, MO
- c. For all properties identified in interrogatory 1 above, with the exception of Village Green, NWP includes an administrative fee on each monthly bill.
- d. NWP charges a returned check fee when an owner or manager informs NWP that the check for the previous month's billing was not honored by their bank. It is charged on a per-occurrence basis. NWP charges for returned check fees for the following properties:
1. Village Green

2. Crosswood Apartments
 3. Crosswood Apartments Phase II
 4. Falcon Falls
 5. Water Way Apartments
 6. Crossroads of Lees Summit
 7. Madison at Aspen Woods
 8. Madison at Seven Trails
 9. Walnut Creek
- e. NWP includes a late charge on a subsequent utility bill on a per occurrence basis when a resident fails to make payment prior to the due date indicated on the resident bill. The due date is ten (10) days from the date resident bills are mailed or transmitted to residents. NWP includes late fee charges for the following properties:
1. Village Green
 2. Crosswood Apartments
 3. Crosswood Apartments Phase II
 4. Falcon Falls
 5. Water Way Apartments
 6. Crossroads of Lees Summit
 7. Madison at Aspen Woods
 8. Madison at Seven Trails
 9. Walnut Creek
- f. NWP does not charge disconnection fees.

g. As indicated above in subsection (e) to this Interrogatory, NWP charges late fees on a per occurrence basis. These amounts will remain on the resident's balance until paid. NWP does not disconnect water or wastewater service. NWP does not remove meters from residential units.

h. NWP does not charge disconnection fees.

i. NWP does not perform disconnection services. NWP has not threatened disconnection of water or wastewater service and has no knowledge of any party issuing any such threat.

j. NWP does not perform disconnection of water and wastewater services and has no knowledge of any such disconnection by any party.

k. NWP does not threaten eviction for nonpayment of utility charges and has no knowledge of any such threats by any party.

12. For the following please identify:

a. if NWP has ever billed Missouri persons for water and/or sewer services including, but not limited to charges for usage and fees, and then threatened eviction for the collection of such fees (or a portion thereof);

b. to the best of your knowledge, information, and belief whether any person or organization under the direction of NWP has threatened eviction for the collection of NWP charges for usages and fees;

c. to the best of your knowledge, information, and belief whether any other party to this case, and/or any person or organization under the direction of any party to this case has threatened eviction for the collection of NWP charges for usages and fees?

If the response to either (a), (b) or (c) is yes, please provide the name of each person(s) and/or organizations involved, and the procedures abided by, number of occurrences by month and year, and the amount collected for each occurrence.

ANSWER:

- a. NWP has not threatened eviction for the collection of such fees. NWP does not have any privity with residents through any lease or other agreement and cannot perform any eviction activities.
- b. To the best of its knowledge, no person or organization under the direction of NWP has threatened eviction for non-payment of utility charges.
- c. To the best of its knowledge, information and belief, no other party to this case and/or any person or organization under the direction of any party to this case has threatened eviction for non-payment of utility charges.

13. With respect to each person or organization you expect or intend to call as a witness at the evidentiary hearing of this matter, please state the substance of the facts and opinions to which the witness is expected to testify and the grounds for each opinion, and the following:

- a. if the witness is a person, the person's full name and present or last known residence address, the present or last known position of employment or business affiliation, and the last known address of such employment or business;
- b. if the witness is an organization, the organization's full name and the address of its principal place of business.

ANSWER:

If NWP retains an expert witness to testify at the trial or hearing in this matter, it will identify him or her and provide the information required of Missouri Rule of Civil Procedures 56.01(b)(4)(a). The balance of the information requested in this interrogatory is objected to, as the appropriate method to obtain discovery of this information is via deposition as provided in MRCP 56.01(b)(4)(b).

/s/Michael Foote
Corporate Counsel for NWP Services
Corporation
22 Executive Park
Irvine, CA 92614

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing pleading, NWP ANSWERS TO COMPLAINANT'S FIRST SET OF INTERROGATORIES TO RESPONDENT NATIONAL WATER & POWER, INC., was electronically mailed to the following attorneys of record in this proceeding this 30th day of June, 2010:

jennifer.hernandez@psc.mo.gov

gencounsel@psc.mo.gov

opcservice@ded.mo.gov

lowell.pearson@huschblackwell.com

john.roodhouse@huschblackwell.com

/s/ Craig S. Johnson

AFFIDAVIT OF JAMES MATHES


THE UNDERSIGNED, James Mathes, deposes and says:

1. I am a Senior Vice President of Aspen Woods Apartment Associates, LLC ("Aspen Woods LLC") and in that capacity I am competent to testify as to the subject matter of this Affidavit.
2. Aspen Woods LLC does not own, operate, control or manage multi-family apartment complexes called Madison at Seven Trails, Madison at Walnut Creek, or Walnut Creek.
3. Aspen Woods LLC did not enter into a contract with National Water and Power, Inc. to provide utility billing or any other services to the multi-family apartment complexes called Madison at Seven Trails, Madison at Walnut Creek, or Walnut Creek.

IN WITNESS WHEREOF, the undersigned James Mathes has executed this Affidavit on October 11, 2010.


James Mathes

Sworn to and subscribed before me this 11th
day of October, 2010.



Notary Public
My Commission Expires: 4/30/13

COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL
DIANE C. THOMAS, Notary Public
City of Philadelphia, Phila. County
My Commission Expires April 30, 2013