

PSC STAFF INFORMATIONAL FILING

MILL CREEK SEWERS, INC.

CASE NO. SR-2005-0116

APPENDIX A

PSC Staff Informational Filing

Mill Creek Sewers, Inc.

Case No. SR-2005-0116

Ratemaking Income Statement
(Phase 1 of Rate Increase)

MILL CREEK SEWERS, INC.

Ratemaking Income Statement

(Without Return on Rate Base)

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 4,440
2	Other Operating Revenues	\$ -
3	Total Operating Revenues	\$ 4,440

Cost of Service

Item	Amount
1 O & M Salary (plant operations, etc.)	\$ 4,356
2 Administrative Expenses (supervision, billing, etc.)	\$ 3,480
3 DNR Permit Fees	\$ 3,000
4 Sludge Hauling	\$ 2,772
5 Electric Expense (operation of treatment plant)	\$ 2,436
6 Testing Fees	\$ 2,119
7 Grounds Maintenance	\$ 500
8 Equipment Maintenance	\$ 407
9 PSC Assessment	\$ 261
10 Postage Expense	\$ 232
11 Sub-Total Operating Expenses	\$ 19,563
12 Property Taxes	\$ 416
13 State & Federal Income Taxes	\$ -
14 Sub-Total Taxes	\$ 416
15 Depreciation Expense	\$ 5,240
16 Amortization of Lagoon Closing	\$ 1,522
17 Sub-Total Depreciation/Amortization	\$ 6,762
18 Return on Rate Base *	\$ -
19 Total Cost of Service	\$ 26,741

Overall Revenue Increase Needed

\$ 22,301

* 74 customers x \$5/month x 12 = \$4,440

PSC Staff Informational Filing

Mill Creek Sewers, Inc.

Case No. SR-2005-0116

Rate Design Worksheet & Billing Comparison
(Phase 1 of Rate Increase)

MILL CREEK SEWERS, INC.

Development of Tariffed Rates

(Without Return on Rate Base)

1	Revenues Generated by Current Tariffed Rates	\$ 4,440
2	Agreed-Upon Overall Revenue Increase	\$ 22,301
3	Total Revenues to Generate	\$ 26,741
4	Monthly Customer Charge (flat rate)	\$ 30.11

(annual revenues needed / 12 months per year / 74 customers)

Customer Bill Comparison

(Without Return on Rate Base)

1	Proposed Monthly Flat Rate	\$ 30.11
2	Current Monthly Flat Rate	\$ 5.00
3	\$ Increase in Monthly Flat Rate	\$ 25.11
4	% Increase in Monthly Flat Rate	502.20%

PSC Staff Informational Filing

Mill Creek Sewers, Inc.

Case No. SR-2005-0116

Ratemaking Income Statement
(Phase 2 of Rate Increase)

MILL CREEK SEWERS, INC.

Ratemaking Income Statement

(With Return on Rate Base)

Operating Revenues at Current Rates

1	Tariffed Rate Revenues *	\$ 4,440
2	Other Operating Revenues	\$ -
3	Total Operating Revenues	\$ 4,440

Cost of Service

	Item	Amount
1	O & M Salary (plant operations, etc.)	\$ 4,356
2	Administrative Expenses (supervision, billing, etc.)	\$ 3,480
3	DNR Permit Fees	\$ 3,000
4	Sludge Hauling	\$ 2,772
5	Electric Expense (operation of treatment plant)	\$ 2,436
6	Testing Fees	\$ 2,119
7	Grounds Maintenance	\$ 500
8	Equipment Maintenance	\$ 407
9	PSC Assessment	\$ 261
10	Postage Expense	\$ 232
11	Sub-Total Operating Expenses	\$ 19,563
12	Property Taxes	\$ 416
13	State & Federal Income Taxes	\$ -
14	Sub-Total Taxes	\$ 416
15	Depreciation Expense	\$ 5,240
16	Amortization of Lagoon Closing	\$ 1,522
17	Sub-Total Depreciation/Amortization	\$ 6,762
18	Return on Rate Base *	\$ 18,766
19	Total Cost of Service	\$ 45,507

Overall Revenue Increase Needed

\$ 41,067

* 74 customers x \$5/month x 12 = \$4,440

PSC Staff Informational Filing

Mill Creek Sewers, Inc.

Case No. SR-2005-0116

Rate Design Worksheet & Billing Comparison
(Phase 2 of Rate Increase)

MILL CREEK SEWERS, INC.

Development of Tariffed Rates

(With Return on Rate Base)

1	Revenues Generated by Current Tariffed Rates	\$ 4,440
2	Agreed-Upon Overall Revenue Increase	\$ 41,067
3	Total Revenues to Generate	\$ 45,507
4	Monthly Customer Charge (flat rate)	\$ 51.25

(annual revenues needed / 12 months per year / 74 customers)

Customer Bill Comparison

(With Return on Rate Base)

Increase from Current Rate	
Proposed Monthly Flat Rate	\$ 51.25
Current Monthly Flat Rate	\$ 5.00
\$ Increase in Monthly Flat Rate	\$ 46.25
% Increase in Monthly Flat Rate	925.00%
Increase from "Phase 1" Rate	
Proposed Monthly Flat Rate	\$ 51.25
Phase 1 Monthly Flat Rate	\$ 30.11
\$ Increase in Monthly Flat Rate	\$ 21.14
% Increase in Monthly Flat Rate	70.21%

PSC Staff Informational Filing

Mill Creek Sewers, Inc.

Case No. SR-2005-0116

Customer Responses to the Notice of the Company/Staff
Disposition Agreement Regarding Rate Increase Request

Missouri Public Service Commission**Public Comments**

Utility Type	Sewer
Utility Company	Mill Creek Sewers, Inc.-(Sewer)
First Name	Glenn
Middle Initial	N/A
Last Name	Hecht
Street Address	82 Kings Dr.
Mailing Address	N/A
City	Florissant
State	MO
County	N/A
Phone No.	314-839-4911 Ext -
Email	N/A
Case No.	SR-2005-011611
Public Comments Description	Opposed to large increase, neighbors of plant work without pay because owner will not do the right job. Also does not consistently recieve bills for service, then late bills have late charges. By phone with, and entered by Merciel 11/4.
Date Filed	11/04/2004 3:03:41 PM

Missouri Public Service Commission**Public Comments**

Utility Type	Sewer
Utility Company	Mill Creek Sewers, Inc.-(Sewer)
First Name	Sharon
Middle Initial	N/A
Last Name	Steimel
Street Address	281 Kings Dr.
Mailing Address	N/A
City	Florissant
State	MO
County	St. Louis County
Phone No.	999-999-9999 Ext -
Email	N/A
Case No.	SR-2005-011611
Public Comments Description	11-09-04 (Pam) Co. has had problems 10+ years with sewer being dumped in the MO River and backing up into homes. Co. won't fix anything. Co. doesn't deserve anything until problems are all fixed.
Date Filed	11/9/04 1:19:45 PM

16 November 2004

Public Service Commission
Attn: Water/ Sewer Dept
Fax 573-751-1847

Office of the Public Counsel
Attn: M. Ruth O'Neill
Fax 573-751-5562

RE: Commission Case # SR-2005-0116

Recently I received the notice of Mill Creek Sewers' request for a permanent increase in sewer charges. While I appreciate the Commission Staff's efforts to reduce the ridiculously high request, even the reduced request is still exorbitant.

I can understand some increase resulting from the additional outlay of funds Afshari was required to incur – it's one thing to recoup the expenditure, it's another thing entirely to place outrageous fees on services for which we homeowners have little other option as to whether we use it or not. I would hope that your organizations would help to protect our interests by limiting the increase and keeping the monthly cost to a reasonable amount (e.g. no more than \$10 per month).

I appreciate your assistance on this matter!

Sincerely,



Meg Williams
139 Kings Drive
Florissant, MO 63034
314/838-4554

November 2004

To Public Service Commission
Office of Public Counsel

RECEIVED
NOV 17 2004
UTILITY OPERATIONS
DIVISION

This letter is in response to the PSC case SR-2005-0116. The residents of Castlereagh and Afshari Plat II subdivisions are very concerned about the proposed rate increase by Mill Creek Sewer for the following reasons:

Joseph Afshari and Mill Creek Sewer have a long history of collecting fees while failing to perform the appropriate installation or proper maintenance on the system (see attached update).

Over the years, various residents have maintained the sewer (and the lagoon prior to that), but all have quit over disagreements with Joseph Afshari principally because he would not pay for their services and chemicals, etc. Residents have had to pay for repairs involving the main sewer lines when flooding occurred in their homes and Afshari refused to make the necessary repairs. His lack of an answering machine to respond to calls when emergency repairs are needed is one example of his lack of appropriate interest in the operation.

Joseph Afshari and Mill Creek Sewer have failed to comply with government requirements of the Clean Water Commission and court orders for years. In numerous court hearings since 1992, the Attorney General of Missouri has been battling Mr. Afshari over his refusal to comply with government regulations. Final disposition of this case is still pending.


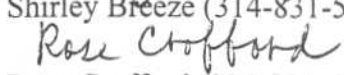
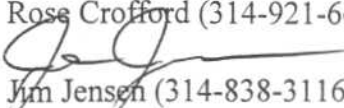
Mill Creek Sewer has for years shown by its haphazard billing procedures that it is fiscally irresponsible.


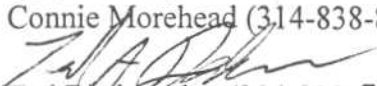
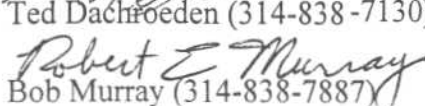
Users of the system are often billed for money already submitted, charged late fees on something already paid, or not billed for over a year. This represents an example of the fiscally irresponsible operation of Mill Creek Sewers. Any possible increase should, at the least, result in a more professional operation.

There is pending litigation against Joseph Afshari and Mill Creek.

Residents have continued to strongly support any action that would put control of the sewer system under an authority other than Joseph Afshari. They feel that granting a rate increase to Afshari prior to resolution of the pending court action is a mistake, and would only encourage him to continue his poor business practices, and his numerous delaying techniques in court.

We sincerely hope a public hearing **will be held** on this rate increase. Further information may be obtained from the chairman of the Mill Creek Users Committee, Bob Palmer (314-837-9260), or any of the trustees listed below.


Shirley Breeze (314-831-5359)

Rose Crofford (314-921-6698)

Jim Jensen (314-838-3116)


Connie Morehead (314-838-8751)

Ted Dachroeden (314-838-7130)

Bob Murray (314-838-7887)

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November 2004

SEWER UPDATE

The following issues should be brought to your attention.

As you know, there are many areas in which the Mill Creek Sewer System (treatment plant) was not built according to codes and regulations. Private homeowners' properties were destroyed during the construction phase unnecessarily. Joe Afshari never paid for any of the damages and homeowners were left to pay for thousands of dollars of repairs such as grading, sodding, removal of trees that were killed, and landscaping that was destroyed. Following its completion, the following areas continue to be problematic:

There has been no or very inconsistent maintenance and care to the plant by a qualified engineer. Ron Ferris was hired for a period of time after Joe Afshari's original engineer, Dave Zigler, quit due to not being paid for his work. Ron Ferris has since quit working for Joe Afshari for the same reasons. Due to this, the plant has had several motors replaced due to them burning up and not being properly maintained. When they have failed to work, weeks have gone by where the motors do not run, and thus the plant is not operating. It smells frequently and has not been maintained chemically. Sludge is not removed from the plant on a regular basis. When the motors have worked, they are noisy and loud. They became so loud that neighbors in the surrounding area built a small housing to place over the motors to quiet the noise.

When there appears to be a problem with the plant, i.e., a motor not running, Joe Afshari's office is called and messages are left regarding the problem. Mr. Afshari does not return phone calls, and it is usually weeks before someone comes to fix the problem. Lately, a neighbor has borne the cost of fixing the motors and billed Mr. Afshari, due to a lack of response from him to fix the plant.

Missouri Public Service Commission

Public Comments

Utility Type	Sewer
Utility Company	Mill Creek Sewers, Inc.-(Sewer)
First Name	Don
Middle Initial	N/A
Last Name	Selke
Street Address	174 Kings Drive
Mailing Address	N/A
City	Florissant
State	MO
County	N/A
Phone No.	314-838-0846 Ext -
Email	N/A
Case No.	SR-2005-011611
Public Comments Description	(call rec'd by DaleJ) Don concerned about amount of increase & system operation (current & past). Residents paying for repairs to blower motors & not being reimbursed. Plant basically not being operated by anyone. Supports transfer to new owner.
Date Filed	11/23/2004 8:12:09 AM

Call rec'd 11/18/04



Missouri Public Service Commission
Consumer Complaint-Inquiry

Complaint	New
Complaint/Inquiry No.	C200504536
Mode of Receipt	N/A
Service Type	Residential
Utility Type	Sewer
Utility Company Name	Mill Creek Sewers, Inc.
Priority	Response within 3 business days
Complaint Issue	Rates/Tariff
Complaint Sub Issue	Oppose Rate Increase
Consumer's Account No.	N/A
Additional Name	N/A

<u>Account Name</u>		<u>Reporting Party</u>	
First Name	Dave	First Name	Pat
Middle Initial	E	Middle Initial	M
Last Name	Crow	Last Name	Crow
Street Address	266 Kings Dr	Street Address	266 Kings Dr
Mailing Address	N/A	Mailing Address	N/A
City	Florissant	City	Florissant
State	Missouri	State	Missouri
Zip	63034	Zip	63034
County	St. Louis County	County	St. Louis County
Home Phone	314-831-1194	Contact Phone	314-831-1194
Work Phone	314-291-2200		
Cellular/Pager	N/A		
Fax	N/A		
E-Mail	CrowDE@prodigy.net		

Preferred Contact Time **From 6:00 PM To 8:00 PM** Contact Place **Home**

Preferred Contact Method **Phone**

Complaint/Inquiry Description **We oppose the rate increase by Mill Creek Sewers. They have not provided any service for our current rates. You can never get in touch with their office and all they want to do is take our money. the storm sewers are in a state of disrepair**

Date Filed **11/21/2004 4:52:57 PM**

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Johansen, Dale

From: Johansen, Dale
Sent: Monday, November 22, 2004 2:23 PM
To: 'CrowDE@prodigy.net'
Cc: Faulkner, Beverly; Bocklage, Michelle
Subject: Mill Creek Sewers, Inc.

Mr. Crow:

Thank you for your comments regarding the pending rate increase request of Mill Creek Sewers, Inc. - which have been recorded in our electronic filing and information system as Complaint #C200504536.

Your comments, and those of other customers, will be submitted to the Commission for its consideration, along with the Commission Staff's recommendation regarding the proposed rate increase.

Please let me know if you have any questions or additional comments.

Dale W. Johansen
Manager - Water & Sewer Dept.
Missouri Public Service Commission
Phone: 573-751-7074
Fax: 573-751-1847
E-Mail: dale.johansen@psc.mo.gov

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Johansen, Dale

From: O'Neill, Ruth [ruth.oneill@ded.mo.gov]
Sent: Wednesday, December 29, 2004 4:34 PM
To: Bolin, Kim; Johansen, Dale
Subject: FW: Attn: M. Ruth O'Neill. - Commision Case No. SR-2005-0116

-----Original Message-----

From: Harrison, Kathy
Sent: Monday, November 22, 2004 7:33 AM
To: O'Neill, Ruth
Subject: FW: Attn: M. Ruth O'Neill. - Commision Case No. SR-2005-0116

-----Original Message-----

From: kzieg1er@sbcglobal.net [mailto:kzieg1er@sbcglobal.net]
Sent: Sunday, November 21, 2004 10:08 PM
To: Public Council
Subject: Attn: M. Ruth O'Neill. - Commision Case No. SR-2005-0116

I'm submitting comments on Mill Creek Sewers, Inc. (Mr. Joseph Afshari) request for a rate increase. See attached WORD document.

To summarize my comments it would be to say that I do not feel Mr. Afshari can be counted on to operate this sewer system up to the standards of this state and meet the needs of the homeowners.

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12/30/2004

206 Kings Drive
Florissant, MO 63034-1321

November 21, 2004

Office of the Public Counsel
P.O. Box 2230
Jefferson City, MO 65102

Attention: M. Ruth O'Neill

Dear Office of the Public Counsel:

Subject: MILL CREEK SEWERS, INC. REQUEST FOR RATE INCREASE

I'm sorry that I must send this letter via email, the due date slipped up on me; however, I must comment on Mr. Afshari's request for a rate increase, Commission Case No. SR-2005-0116. By this man's actions with regard to the upkeep and maintenance of the previous sewer system (sewerage lagoon), by his delaying actions when confronted with legal actions to bring the system up to PSC codes, and his refusal to pay his fines to the state of Missouri, I do not believe that you can trust him to use the increased revenue to run the new system properly. I feel that we will have the same lack of service as before and that all the fees will go into Mr. Afshari's pockets.

This last spring we had a backup in my sewer line and I was probably just inches away from having sewerage backed up into my basement. In fact, raw sewerage was running out of a sewer manhole on my neighbor's lot and running down the storm water sewer that is not far from the sanitary manhole. The manhole is not much lower the basement drain in my house. My neighbor called MSD and thankfully they came out and cleared the tree roots in the sewer line. This line supports at least a dozen houses. Mr. Afshari has not made any contacts with me or made any attempt to resolve the tree root problem.

At a subdivision meeting later in the summer we were informed that Mr. Afshari was not taking care of the new treatment plant and that it was not processing the waste as it should. The man who was running the plant for Mr. Afshari, and monitoring the chemical reaction in the plant, reported that he had quit because he was not being paid. Another man, a contractor, who said he was being paid, stated that the electric motors in the treatment plant were undersized and were being repaired on a regular basis. It still appears to me that Mr. Afshari cannot be trusted to operate the new sewer system (treatment plant).

I also feel that there is no incentive in the agreement for Mr. Afshari to turn the system over to the subdivision or the Metropolitan Sewer District. In the past when MSD tried to take this system over Mr. Afshari requested an exorbitant

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price just for the easement rights. I believe he will do the same thing again. He will drag his feet, which he is very good at, until the commission staff is tired of dealing with Mr. Afshari and he will get his full rate increase.

I believe that this sewer system should be taken away from Mr. Afshari and given to MSD, or that some other reliable entity be contracted to operate this system in Mr. Afshari's stead, one that can be counted on run the treatment plant and repair the system when needed in a timely manner.

Respectfully yours,

Karl F. Ziegler

November 08, 2004

Rec'd 11/22/04
W/S Dept.
DWJ

Office of the Public Counsel
P O Box 2230
Jefferson City, Mo 65102

Attn: M. Ruth O'Neill

Subject: Commission Case No. SR-2005-0116 (CASTLEREAGH ESTATES)

Reference: (A) Mill Creek Sewers. Inc.(Mill Creek) "Dear Customer" letter dated November 1, 2004

Based upon the Staff of the Public Service Commission (Commission Staff) audit and investigation of Mill Creek Sewer's, Inc. books, records, and annual sewer operating revenues the above Ref: (A) resulted. This was a BOMB DROPE IN CUSTOMER'S (Home Owners) LAP.

Little or no rate increase information was presented to Castlereagh Trustees, let alone individual property owners. Month after month the question was---Have you heard any thing from Mill Creek?

Little or no information was presented about "Plant, Filtration, Maintenance, or Lagoon problems"

There was the question--where was the \$60 x ? homes going year after year? No information was presented on how Mill Creek calculated operating revenue let alone expenses. How many homes are in Mill Creek System?

Ref: (A) is like here it is. Take it or?? Again, as in the past no COST or REVENUE calculations are given to home owners (CUSTOMERS) .

By March 31, 2005 is not much time for Metro or even Castlereagh to begin Operation of this Sewer System. Will the Castlereagh Association or Metro Sewer operate this Sewer System??

Are there BIG PROBLEMS in the Mill Creek OPERATING SYSTEM? Are main line Sewer pipes in STREETS the responsibility of Mill Creek or the Home Owners? Who pays this replacement Cost?

Some one should explain what PROBLEMS are in this sewer system and the Cost of corrections.

Are the PROBLEMS being corrected so that Metro or Association may take over as indicated by Mill Creek? Is this one of the reasons for his outrageous rate increase? See Ref: (A) page 2 of 2

The current rate of Economic inflation, to a certain point, can be justified.

But, A rate increase estimate of 985% is unreal and has not yet been justified . Where is information


Please advise the facts, figures, revenue, expense and number of Homes in Mill Creek operating System.

A previous Mill Creek letter mentioned a (Rate of Return) on Plant? What's this?

Please advise why the Office of the Public Counsel or their representative has not called a Castle Reigh Subdivision meeting to discuss these important issues and other Home Owner's questions over the past 2 years or more.

Your reply would be appreciated.


Henry Oughton
166 Duke Dr
Florissant, Mo 63034


Public Service Commission
Attn: Water/Sewer Dept.
P O Box 360
Jefferson City, Mo 65102

Shirley Breze Trustee
138 Kings Dr.
Florissant, Mo. 63042