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Chair

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ROBERT G. SCHEMENAUER

M. DIANNE DRAINER
Vice Chair

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.ecodev.state.mo.us/psc/>

November 4, 1999

GORDON L. PERSINGER
Acting Executive Director
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WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. KOLILIS
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

FILED³

NOV 04 1999

Missouri Public
Service Commission

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: SR-2000-302

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **RESPONSE TO HOUSE SPRINGS SEWER COMPANY, INC.'S MOTION FOR WAIVER.**

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

David J. Gueven
Assistant General Counsel
(573) 751-6726
(573) 751-9285 (Fax)

DS/jb
Enclosure
cc: Counsel of Record

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

FILED³
NOV 04 1999

In the Matter of the Request of House)
Springs Sewer Company, Inc. for a Rate)
Increase Under the Small Company Rate)
Increase Procedure)

Case No. SR-2000-302

Missouri Public
Service Commission

**RESPONSE TO HOUSE SPRINGS SEWER
COMPANY, INC.'S MOTION FOR WAIVER**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by its undersigned counsel, in response to House Springs Sewer Company, Inc.'s ("House Springs") Motion for Waiver from Requirements that it be Current in the Payment of PSC Assessments and Filing of PSC Annual Reports ("Motion"), and states to the Missouri Public Service Commission ("Commission") as follows:

1. Staff confirms that:
 - House Springs is currently under receivership in Division 39 of the Circuit Court of St Louis County, Missouri;
 - House Springs is owned and operated by EPCO;
 - EPCO also owned and operated Imperial Utility Corporation ("Imperial");
 - EPCO sold substantially all of Imperial's assets, which were used for the provision of sewer services, to Rock Creek Public Sewer District;
 - Staff, House Springs, Imperial and the Office of the Public Counsel ("OPC") entered into a Stipulation and Agreement in Case No. SC-96-427 that precluded House Springs and Imperial from filing a rate case before January 1, 2000, absent an extraordinary event;

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- Staff and House Springs have entered into a Stipulation and Agreement in Case No. SC-99-135 that provides for the payment, in full, of all Commission assessment fees that House Springs owed prior to July 1, 1999, either through the distribution of proceeds from the Imperial sale or in the event of a sale of the assets of House Springs;
- Imperial's past due Commission assessment fees have been paid;
- House Springs has not received payment for its operation of the sewer system at the Byrnes Mill Farms Mobile Home Park ("BMFMHP") for an extended period of time;
- BMFMHP has canceled the contract under which House Springs operated the sewer system at BMFMHP;
- House Springs has initiated civil litigation against BMFMHP as a result of BMFMHP's cancellation of the contract and its failure to make payments under the contract; and
- The operation of the sewer system at BMFMHP accounted for approximately 1/3 of House Springs' operating income.

2. Staff treated House Springs and Imperial as one company for ratemaking purposes in Case No. SC-96-427. This effectively resulted in Imperial's operation subsidizing a portion of House Springs' operation. Staff agrees with House Springs that "extraordinary events" have occurred since the Stipulation and Agreement was entered in that case. Staff thus does not oppose releasing House Springs from the rate moratorium contained in the Stipulation and Agreement in Case No. SC-96-427.

3. In the event that the Commission grants House Springs' requested waivers, Staff recommends that the Commission authorize House Springs to seek rate relief under the small company rate increase procedures found in 4 C.S.R. 240-2.200 and that it then close this case.

4. In the event that the Commission grants House Springs' requested waivers and authorizes House Springs to seek rate relief under the above-referenced small company rate increase procedures, Staff's recommendation in House Springs' small company rate case will reflect House Springs' most recent Commission assessment fees. Staff's recommendation will also be premised upon House Springs agreeing to conditions regarding payment of both its prior and current Commission assessment fees. These conditions will be in addition to the conditions contained in the Stipulation and Agreement in Case No. SC-99-135, which only address House Springs' prior assessment fees. Such additional conditions will include, at a minimum, a deadline by which House Springs' prior and current Commission assessment fees must be paid. Absent House Springs' written agreement to such additional conditions, Staff will not recommend that the Commission grant rate relief to House Springs.

5. Staff does not oppose the granting of House Springs' requested waivers based on the information provided by House Springs, as confirmed by Staff.

WHEREFORE, Staff respectfully requests that the Commission consider Staff's comments in making a determination in this matter.

Respectfully submitted,

DANA K. JOYCE
General Counsel

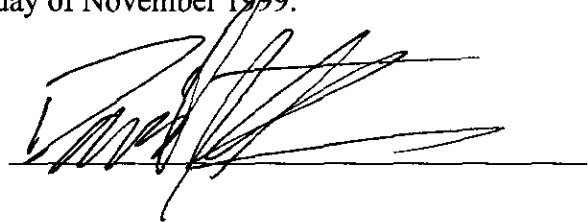


David J. Stueven
Assistant General Counsel
Missouri Bar No. 51274

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-6726 (Telephone)
(573) 751-9285 (Fax)

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 4th day of November 1999.



Service List for
Case No. SR-2000-302
November 4, 1999

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Patricia Fribis
3800 Jeffco Boulevard
Arnold, MO 63010