

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

In the Matter of the Small Company Rate        )  
Increase Request of Mill Creek Sewers, Inc.    )

**Case No. SR-2005-0116**

**STATUS REPORT**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its Status Report states the following to the Missouri Public Service Commission (Commission).

1.       On September 28, 2005, Mill Creek Sewer Company (Mill Creek), the Staff and the Office of Public Counsel filed in this case their Second Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request (Second Supplemental Agreement). As a part of the Second Supplemental Agreement, the Staff agreed to monitor, and offered to report on, Mill Creek's business operations on a monthly basis to ensure that the funds generated by Mill Creek's customer rates are used solely for the purposes specified in the agreement.

2.       On September 29, 2005, the Commission issued its **Order Approving Tariff and Agreement** (09/29/05 Order) by which it approved an increase in Mill Creek's monthly sewer rate from \$5.00 per customer per month to \$30.11 per customer per month, with the increased rate becoming effective on October 12, 2005. As a part of that order, the Commission also ordered the Staff to file monthly reports as it offered to do in the Second Supplemental Agreement.

3.       On December 9, 2005, the Staff filed its first monitoring report as contemplated by the Commission's 09/29/05 Order. As a part of that filing, the Staff requested that its future reports be due on or before the fifteenth of each month, until such time that the Commission determines that the reports are no longer needed.

4. Included in Appendix A attached hereto is the second Staff Monitoring Report, dated January 13, 2006, covering the Company's activities during December 2005, which includes the second billing cycle under the rates approved by the Commission's 09/25/05 Order. As stated in the report, Mill Creek spent the customer funds that it collected from its December 1 billing as required by the Second Supplemental Agreement, and did not divert any of those funds to its owners or shareholders.

4. The Staff will continue to file monthly status reports on or before the fifteenth day of each month, unless otherwise ordered by the Commission.

**WHEREFORE**, the Staff respectfully submits this Status Report for the Commission's information and consideration in this case.

Respectfully Submitted,

**/s/ Keith R. Krueger**

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of this Status Report have been mailed with first class postage, hand-delivered, transmitted by facsimile or transmitted via e-mail to all counsel and/or parties of record this 13th day of January 2006.

**/s/ Keith R. Krueger**

# APPENDIX A

## STAFF MONITORING REPORT

JANUARY 13, 2006

CASE No. SR-2005-0116

# **Staff Monitoring Report**

**Case No. SR-2005-0116**

**Mill Creek Sewers, Inc.**

**Prepared By:**

**John Cassidy**

**Auditing Department**

**and**

**Dale Johansen**

**Water & Sewer Department**

**January 13, 2006**

## **BACKGROUND**

On September 29, 2005 the Commission issued its **Order Approving Tariff and Agreement** (09/29/05 Order) by which it approved an increase in Mill Creek Sewers, Inc.'s (Mill Creek or Company) monthly sewer rate from \$5.00 per customer per month to \$30.11 per customer per month, with the increased rate becoming effective on October 12, 2005.

As a part of its 09/29/05 Order, the Commission directed the Staff to file monthly reports regarding Mill Creek's use of the operational funds generated by this rate increase, and to file a complaint if it found that any of the operational funds were being misused. The genesis of this part of the Commission's order was apparently the provisions of Paragraphs 3, 4 and 5 of the *Second Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request* (Second Supplemental Agreement) entered into by Mill Creek, the Staff and the Office of the Public Counsel.

On December 9, 2005, the Staff filed its first monitoring report as contemplated by the Commission's 09/29/05 Order. As a part of that filing, the Staff requested that its future reports be due on or before the fifteenth of each month, until such time that the Commission determines that the reports are no longer needed.

## **INFORMATION REGARDING CUSTOMER BILLINGS**

On or about December 1, 2005, Mill Creek issued its second customer billing under its new rates which became effective on October 12, 2005. This billing represented service for the period covering November 1 through November 30, 2005. Mill Creek issued its third customer billing under its new rates on January 1, 2006 for service rendered during the period December 1 through December 31.

## **STAFF'S COMPLIANCE REVIEW AND DETERMINATIONS**

On January 9, 2006, Staff members Greg Meyer and John Cassidy of the Auditing Department's St. Louis office examined Mill Creek's books and records to determine if the funds that the Company collected from the December 1, 2005 billing complied with the Second Supplemental Agreement applicable to the Company's use of the funds collected.

Based on their January 9th examination of Mill Creek's books and records, the Audit Staff determined that Mill Creek had appropriately spent customer funds collected from its December 1 billing on the operations and maintenance of the sewage treatment plant and also on electricity expense. No payments to the owners or shareholders were noted during this review.

During the January 9th examination, the Audit Staff also observed some improvement in the overall collections of Mill Creek's customers' past due balances; however, this issue is still a problem for Mill Creek. As noted in its first monitoring report, the Staff had previously found that Mill Creek had total past due balances totaling approximately \$8,770. During its January 9th examination, the Audit Staff discovered that Mill Creek experienced additional collections during December that reduced the total past due balances to approximately \$7,100. Upon further review of these past due balances, the Audit Staff discovered that the past due balances for ten of Mill Creek's customers account for approximately 75% of the total past due balances. The Audit Staff identified those ten customers for Mill Creek and instructed Mill Creek to contact those customers by phone, to attempt to establish some sort of payment plan with those customers as an additional step to address the past due balances problem. The Audit Staff also instructed Mill Creek to document the results of those customer contacts through the use of its phone log. The Staff will examine Mill Creek's efforts in this regard as part of its next scheduled monitoring review in February 2006.