

**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. March 23, 2005,¹ the Commission issued an **Order Directing Filing** (Order) that directed the Staff to file two status reports regarding the progress of the potential transfer of the sewer collection and treatment system owned by Mill Creek Sewers, Inc. (Mill Creek) to the St. Louis Metropolitan Sewer District (MSD), with the reports to be filed on March 25 and April 1.

2. The Staff filed its first status report on March 25 as required by the above-referenced Order.

3. Attached hereto, and identified as Appendix A, is the Staff's second status report, as required by the above-referenced Order.

4. In addition to the attached status report, the Staff also notes that it is making two other filings in this case contemporaneously with this filing. Those filings will consist of a "supplemental disposition agreement", which has been executed by the Company, the Staff and the Office of the Public Counsel, and the Staff's recommendation regarding approval of the Company's pending tariff revisions.

¹ Unless noted otherwise, all dates herein refer to the year 2005.

WHEREFORE the Staff respectfully submits the attached status report for the Commission's information and consideration in this case.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Cliff E. Snodgrass

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing 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 1st day of April 2005.

/s/ Cliff E. Snodgrass

Cliff E. Snodgrass

APPENDIX A

Staff's Case Status Report

Case No. SR-2005-0116

April 1, 2005

CASE STATUS REPORT

CASE No. SR-2005-0116

Prepared By:
Dale W. Johansen
Water & Sewer Department
Utility Operations Division

April 1, 2005

Procedural History

On March 16, 2005,¹ the Commission conducted an on-the-record presentation (March 16 Presentation) regarding the *Agreement Regarding Disposition of Small Company Rate Increase Request* entered into by the Staff and Mill Creek. During the March 16 Presentation, the parties to this case informed the Commission that the St. Louis Metropolitan Sewer District (MSD) was a potential purchaser of Mill Creek's sewer system, that the Staff was directly involved in the discussions regarding the potential transfer of Mill Creek's sewer system to the MSD, and that the potential transfer also involved the Department of Natural Resources (DNR) and the Attorney General's Office (AGO). (Provisions regarding the potential transfer of Mill Creek's sewer system to the MSD, or another acceptable entity, are included in the above-referenced disposition agreement, which was filed in this case on October 29, 2004.)

On March 23, the Commission issued its Order Directing Filing, in which it directed the Staff to: (1) file a status report, no later than March 25, informing the Commission of the progress of the potential sale of Mill Creek's sewer system to the MSD; (2) file a statement, no later than March 25, indicating whether it is likely that a sale of Mill Creek's sewer system to the MSD would occur prior to April 12; and (3) file a second status report, no later than April 1, informing the Commission of the progress of the potential sale of Mill Creek's sewer system to the MSD.

On March 25, the Staff filed its first Status Report, which included information regarding the possible completion date of the potential transfer of Mill Creek's system to the MSD, as required by the above-referenced Commission order.

Actions Taken Subsequent to the March 25 Status Report

In the afternoon of March 31, I sent an e-mail message to Joe Bindbeutel and Paul DeFord regarding the potential transfer of Mill Creek's sewer collection and treatment system to the MSD. As noted in the March 25 Status report, Mr. Bindbeutel is an attorney with the AGO that is familiar with the MSD's potential purchase of Mill Creek's sewer system and that has represented the DNR in past enforcement actions involving Mill Creek, and Mr. DeFord is an attorney representing the MSD in the potential purchase of Mill Creek's sewer system.

In my March 31 e-mail message I suggested to Mr. Bindbeutel and Mr. DeFord that we schedule a conference call or meeting to discuss the current status of the potential transfer of Mill Creek's system to the MSD, with the intent being that such a meeting or call would be held sometime during the week of April 7.

¹ Unless noted otherwise, all dates herein refer to the year 2005.

Additionally, I included the "unanimous supplemental disposition agreement" between Mill Creek, the Staff and the OPC, which is being filed in Mill Creek's rate case today (April 1), with my message, and noted that it was my hope that the operational aspects of that agreement would ease some of the concerns about the condition of the treatment plant, particularly from the MSD's perspective.

Current Status of the Potential System Transfer

I have not received any information from either Mr. Bindbeutel or Mr. DeFord that would indicate the interest in the transfer has changed since the filing of my March 25 Status Report. Additionally, it is clear from recent discussions with Mr. Afshari, the owner of Mill Creek, that he is still committed to the transfer, under acceptable terms.

Regarding a potential completion date for a transfer, it is still not yet clear how much time might be needed to finalize the arrangements for a successful transfer of Mill Creek's system to the MSD. However, it is also still clear that the necessary parties are interested in seeing the transfer accomplished and are working toward that goal with the understanding that "sooner is better".

Planned Follow-Up Activities

I will be attempting to contact Mr. Bindbeutel and Mr. DeFord today (April 1) by telephone for the purpose of setting a date for a meeting or conference call to further discuss this matter, with the intent being that such a meeting or call would be held sometime during the week of April 4. Additionally, the Staff will continue to file weekly status reports regarding this matter.

In addition to the follow-up activities regarding the potential system transfer, a Staff member from the Water & Sewer Department will be conducting on-site inspections of the treatment plant next week, specifically for the purpose of monitoring Mill Creek's efforts in complying with the provisions of the above-referenced supplemental disposition agreement.