

**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 Sewers, Inc. ("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 the Staff 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 as Appendix A attached hereto is the sixth *Staff Monitoring Report*, dated May 15, 2006, covering the Company's activities during April 2006, which includes the sixth 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 April billing as required by the Second Supplemental Agreement, and did not divert any of those funds to its owners or shareholders.

5. In addition to the information noted in Paragraph 4 herein, the following matters are also addressed in the sixth *Staff Monitoring Report*: (a) Mill Creek's past-due customer account balances; (b) customer service complaints and inquiries; and (c) customer access to Mill Creek personnel outside of normal business hours.

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

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

Respectfully Submitted,

/s/ Keith R. Krueger

Keith R. Krueger
Deputy General Counsel
Missouri Bar No. 23857

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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 15th day of May 2006.

/s/ Keith R. Krueger

AFFIDAVIT OF DALE W. JOHANSEN

STATE OF MISSOURI)

) ss

Case No. SR-2005-0116

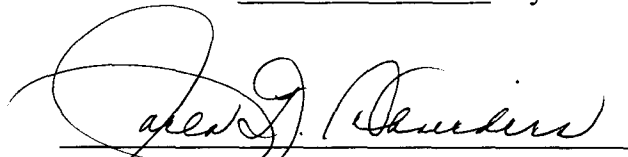
COUNTY OF COLE)

Dale W. Johansen, of lawful age, on his oath states: (1) that he is a member of the Staff of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Status Report and the *Staff Monitoring Report* that is included in Appendix A attached hereto; (3) that he has knowledge of the matters set forth in the foregoing Status Report and the *Staff Monitoring Report* included in Appendix A; and (4) that the matters set forth in the foregoing Status Report and the *Staff Monitoring Report* included in Appendix A are true and correct to the best of his knowledge, information and belief.



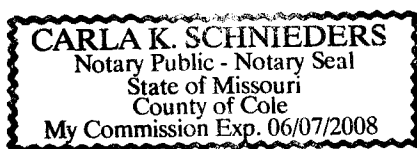
Dale W. Johansen – Manager
Water & Sewer Department
Utility Operations Division

Subscribed and sworn to before me this 15th day of May 2006.


Notary Public

My Commission Expires:

June 7, 2008



APPENDIX A

Staff Monitoring Report

Case No. SR-2005-0116

May 15, 2006

STAFF MONITORING REPORT

CASE NO. SR-2005-0116

MILL CREEK SEWERS, INC.

Prepared By:

John Cassidy

Auditing Department

and

Dale Johansen

Water & Sewer Department

May 15, 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.

On January 13, 2006 (unless noted otherwise, all dates hereafter refer to the year 2006), the Staff filed its second monitoring report.

On January 23, the Commission issued its **Order Directing Filing** ("01/23/06 Order") directing the Staff to provide an indication of Mill Creek's customer satisfaction in its February status report by addressing the following issues set out in the order: "Are the customers satisfied with the service? What concerns or problems do they have? In particular, Staff notes that ten of the customers account for 75% of the company's bad debt. Are their non-payments because of dissatisfaction with the company's service?"

On February 15, the Staff filed its third monitoring report, including information regarding the issues raised in the Commission's 01/23/06 Order and other information relevant to Mill Creek's operations.

On March 15, the Staff filed its fourth monitoring report, which included information regarding the following items: (a) Mill Creek's most recent customer billings; (b) the Staff's most recent review of Mill Creek's books and records, and the Staff's conclusions regarding Mill Creek's use of its funds; (c) Mill Creek's past-due account balances; (d) an update regarding the "customer satisfaction issues" raised in the Commission's 01/23/06 Order; and (e) Mill Creek's purchase of a telephone answering machine.

On April 17, the Staff filed its fifth monitoring report, which included information regarding the following items: (a) Mill Creek's most recent customer billings; (b) the Staff's most recent review of Mill Creek's books and records, and the Staff's conclusions regarding Mill Creek's use of its funds; (c) Mill Creek's past-due account balances; (d) an update regarding customer service complaints and inquiries; (e) customer access to Mill Creek personnel outside of normal business hours; and (f) the DNR operating permit for Mill Creek's sewage treatment plant.

INFORMATION REGARDING CUSTOMER BILLINGS

On or about April 4, Mill Creek issued its fifth customer billing under its new rates, for service provided during the period covering March 1 through March 31. On or about May 2, Mill Creek issued its sixth customer billing under its new rates, for service provided during the period covering April 1 through April 30.

STAFF'S REVIEW OF MILL CREEK'S BOOKS AND RECORDS AND CONCLUSIONS REGARDING MILL CREEK'S USE OF ITS FUNDS

On May 4, John Cassidy of the Auditing Department's St. Louis Office reviewed Mill Creek's books and records, to determine if the Company's use of the funds that it collected from its April 4 customer billing complied with the provisions of the Second Supplemental Agreement.

Based on his May 4 review of Mill Creek's books and records, Mr. Cassidy determined that Mill Creek had appropriately spent customer funds collected from its April 4 billing on the following items: operations and maintenance of the wastewater treatment plant; electricity expense; and compensation to Mr. Jim Holmes, Mill Creek's office manager, for performing his customer billing and general management duties. No payments to Mill Creek's owners or shareholders were noted during the course of Mr. Cassidy's May 4 review.

INFORMATION REGARDING PAST-DUE ACCOUNT BALANCES

As of April 30, Mill Creek's customers have past-due balances totaling approximately \$6,260. Mr. Holmes reported to the Staff that three customers are routinely paying extra amounts each month as part of agreed-upon payment plans. Additionally, during the month of April, Mill Creek collected approximately \$710 from six customers, which represented those customers' entire past-due balances.

However, ten of Mill Creek's customers continue to be responsible for a significant portion of the total past-due balance. As of April 30, those ten customers are responsible for approximately \$4,865 (approximately 78%) of the total past-due balances. An historical summary of Mill Creek's total past-due account balances is set out below.

Balance at October 31, 2005	\$ 10,445
Balance at November 30, 2005	\$ 8,773
Balance at December 31, 2005	\$ 7,101
Balance at January 31, 2006	\$ 7,187
Balance at February 28, 2006	\$ 6,827
Balance at March 31, 2006	\$ 6,534
Balance at April 30, 2006	\$ 6,261

As previously reported, the Staff intends to work with Mr. Holmes in contacting the customers with significant past-due balances, to determine the feasibility of developing customer payment plans to address these arrearages. The Staff will report the results of those efforts, when they are completed, in a future status report.

CUSTOMER SERVICE COMPLAINTS AND INQUIRIES

The Staff's review of the Commission's electronic filing and information system (EFIS) revealed that there has been no activity with regard to customer complaints or customer inquiries, since the time of its last monthly status report.

CUSTOMER ACCESS TO COMPANY OUTSIDE OF NORMAL OFFICE HOURS

During his May 4 review, Mr. Cassidy examined customer bills and verified that those bills now include the phone number of a cell phone that Mr. Holmes keeps with him at all times, and also verified that this phone has voice mail capability. This will allow customers to contact Mr. Holmes outside of Mill Creek's normal office hours, which extend from 8:30 a.m. to 5:00 p.m., Monday through Friday. Additionally, Mr. Cassidy noted that the customer bills now include the cell phone number of Testing Analysis and Control, Mill Creek's contract treatment plant operator, for customers to contact in the event of service-related emergencies.