

**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

**NOTICE OF UNANIMOUS SUPPLEMENTAL AGREEMENT REGARDING
DISPOSITION OF SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Missouri Public Service Commission Staff ("Staff"), by and through Counsel, and for its Notice of Unanimous Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request states the following to the Missouri Public Service Commission ("Commission").

1. On October 27, 2004, Mill Creek Sewers, Inc. ("Mill Creek") submitted to the Commission revised tariff sheets to implement an increase in its sewer service rates and charges, and the instant case was established.

2. As was stated in Mill Creek's tariff filing transmittal letter, the rates and charges contained in the subject revised tariff sheets were based upon a *Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement") entered into by Mill Creek and the Staff, which pertained to the small company rate increase request that Mill Creek submitted to the Commission on February 20, 2002.

3. On October 29, 2004, the Staff filed the above-referenced Disposition Agreement in this case.

4. On November 1, 2004, the Staff sent a notice to the Company's customers regarding the rate increase that would result from the Company's tariff revisions being approved (the Staff filed a copy of this notice in this case on November 2).

5. On December 2, 2004, the OPC filed a request for a local public hearing, based upon responses received in response to the above-referenced customer notice.

6. On December 7, 2004, the Commission issued an order suspending the Company's tariff revisions until April 12, 2005.

7. On December 22, 2004, the Commission issued an order setting January 24, 2005 as the date for a local public hearing regarding the Company's Request.

8. On January 24, 2005, the local public hearing for this case was held as scheduled.

9. As directed by an order that the Commission issued on February 8, 2005, the parties participated in an on-the-record presentation regarding the Company's Request and related matters on March 16, 2005.

10. Pursuant to negotiations held after the above-referenced on-the-record presentation, the Company, the Staff and the OPC have reached several additional agreements regarding the Company's operations and the implementation of Company's pending tariff revisions. Those agreements are set forth in a *Unanimous Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request*, which is attached hereto as Appendix A.

WHEREFORE, the Staff respectfully submits the attached *Unanimous Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request* for the Commission's information and consideration in this case.

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Cliff E. Snodgrass

Cliff E. Snodgrass
Senior Counsel
Missouri Bar No. 52302

Attorney for the Staff of the
Missouri Public Service Commission
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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

NOTICE OF UNANIMOUS SUPPLEMENTAL
AGREEMENT REGARDING DISPOSITION OF
SMALL COMPANY RATE INCREASE REQUEST

APPENDIX A

Unanimous Supplemental Agreement

Unanimous Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request

Mill Creek Sewers, Inc.

MO PSC Work I.D. No. 2002 00682 and Case No. SR-2005-0116

BACKGROUND

Mill Creek Sewers, Inc. ("Company") initiated the small company rate increase request ("Request") for sewer service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") tracking file and case file by submitting a letter to the Secretary of the Commission, which was received at the Commission's offices on February 20, 2002. The Company submitted its Request under the provisions of the then existing Commission Rule 4 CSR 240-2.200 Small Company Rate Increase Procedure ("Small Company Rate Increase Procedure"). (This rule has since been rescinded and replaced by rules pertaining to small gas utilities, small sewer utilities and small water utilities in Chapter 3 of the Commission's rules.) In its Request, the Company represented that it was asking for Commission approval of customer rates intended to generate an increase of \$43,700 in its total annual sewer service operating revenues. The Company provides service to approximately 75 customers, all of which are residential customers.

Pursuant to the provisions of the Small Company Rate Increase Procedure and related internal operating procedures, the Staff of the Commission ("Staff") initiated an audit of the Company's books and records, a review of certain of the Company's general business practices, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (Hereafter, these activities will be collectively referred to as the Staff's "investigation" of the Company's Request.)

Upon the completion of its investigation of the Company's Request, the Staff provided representatives of the Company and the Office of the Public Counsel ("OPC") with the results of the investigation. Subsequent to that information being provided to the Company and the OPC, the Staff and the Company executed a *Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Disposition Agreement").

On October 27, 2004, the Company filed tariff revisions consistent with the above-referenced Disposition Agreement and Case No. SR-2005-0116 was opened. On October 29, 2004, the Staff filed the Disposition Agreement in that case. On November 1, 2004, the Staff sent a notice to the Company's customers regarding the rate increase that would result from the Company's tariff revisions being approved (the Staff filed a copy of this notice in the case on November 2). On December 2, 2004, the OPC filed a request for a local public hearing, based upon responses received in response to the above-referenced customer notice.

On December 7, 2004, the Commission issued an order suspending the Company's tariff revisions until April 12, 2005. On December 22, 2004, the Commission issued an order setting January 24, 2005 as the date for a local public hearing regarding the Company's Request. On January 24, 2005, the local public hearing was held as scheduled.

As directed by an order that the Commission issued on February 8, 2005, the parties participated in an on-the-record presentation regarding the Company's Request and related matters on March 16, 2005.

SUPPLEMENTAL AGREEMENTS

Pursuant to negotiations held after the above-referenced on-the-record presentation, the Company, the Staff and the OPC have reached the following supplemental agreements regarding the Company's operations and the implementation of Company's pending tariff revisions:

- (1) That the Company will take the actions necessary to ensure that its sewer treatment plant is operating properly, including at a minimum the purchase of new blowers or blower motors, or the repair of available blowers/motors that are currently not in working order;
- (2) That the Company will contract with a properly qualified operator for the routine operation and maintenance of its sewer treatment plant, including at a minimum the required visits to and inspections of the plant, and the effluent testing required by the DNR;
- (3) That the Company will evaluate the need to haul sludge from its sewer treatment plant, and will haul sludge from the plant as deemed necessary to ensure proper operation of the plant;
- (4) That the Company will evaluate the need to flush its sewer collecting mains and take the actions necessary as a follow-up to that evaluation;
- (5) That the Company will initiate regular monthly billing once new rates go into effect;
- (6) That the Company acknowledges that the Staff will monitor the Company's actions in regard to items (1) – (5), and further acknowledges that these actions must be carried out to the Staff's satisfaction;
- (7) That the Company will place a telephone contact number on its customer bills and will take the actions necessary to ensure that customer contacts are responded to in an expeditious manner;
- (8) That the Company will submit its CY2004 Commission annual report on or before April 15;
- (9) That for the purpose of the calculation of the Commission's FY2006 assessments, the Company's annual operating revenues for CY2004 are \$4,400;
- (10) That as a result of the above agreements, the Staff and the OPC agree that the Company's pending tariff revisions should be allowed to go into effect on April 12, 2005; and
- (11) That the Company acknowledges that the Staff and/or the OPC have the right to recommend to the Commission that the customer rates be reduced to the level currently in effect (\$5/month) if the Company does not comply with the agreements set forth herein.

ADDITIONAL MATTERS

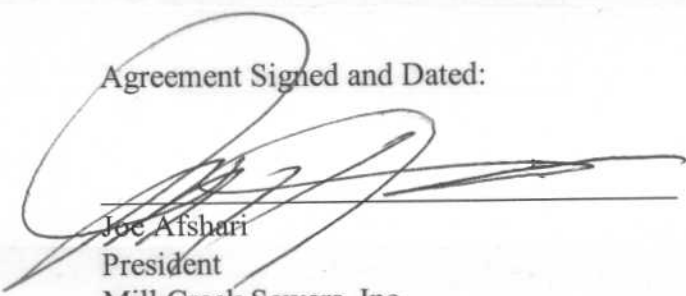
The Company and the OPC acknowledge that the Staff will be making an additional filing with the Commission regarding this matter, with that filing including the Staff's recommendation for approval of the subject tariff revisions (consistent with the above-stated agreements), background information regarding the Company's Request and the Staff's investigation thereof, and certain Staff workpapers.

Additionally, that filing will include information regarding the status of the Company's payment of its Commission assessments, the status of the Company's submission of its Commission annual reports, the status of the Company's submission of its Commission annual statement of operating revenues, any other pending cases that the Company may have before the Commission, any recent Notices of Violations issued to the Company by the Missouri Department of Natural Resources, and the status of the Company's corporate standing with the Missouri Secretary of State.

EFFECTIVE DATE AND SIGNATURES

This agreement shall be considered effective as of March 31, 2004.

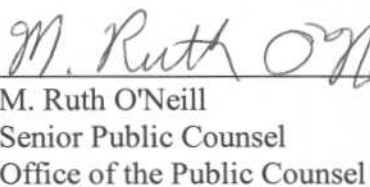
Agreement Signed and Dated:


Joe Afshari
President
Mill Creek Sewers, Inc.

3-28-05
Date


Dale W. Johansen
Manager – Water & Sewer Department
Missouri Public Service Commission Staff

3/30/05
Date


M. Ruth O'Neill
Senior Public Counsel
Office of the Public Counsel

3-31-05
Date