

**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 March 23, 2005¹, the Commission issued an **Order Directing Filing** (March 23 Order), in which it directed the Staff to file two status reports regarding the potential transfer of the sewer collection and treatment system owned by Mill Creek Sewers, Inc. to the St. Louis Metropolitan Sewer District, with the reports to be filed on March 25 and April 1.

2. The Staff filed the two status reports required by the Commission's March 23 Order on March 25 and April 1, respectively.

3. As a part of its April 1 status report, the Staff stated that it would continue to file weekly status reports in this case. Consistent with that commitment, the Staff filed its third weekly status report on April 8.

4. Consistent with the commitment that the Staff made in its April 1 status report, attached hereto and identified as Appendix A is the Staff's fourth weekly status report.

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

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

Respectfully Submitted,

DANA K. JOYCE
General Counsel

/s/ Keith R. Krueger

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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 15th day of April 2005.

/s/ Keith R. Krueger

Keith R. Krueger

APPENDIX A

Staff's Case Status Report

Case No. SR-2005-0116

April 15, 2005

CASE STATUS REPORT
CASE NO. SR-2005-0116

Prepared By:

Dale W. Johansen

Water & Sewer Department

Utility Operations Division

April 15, 2005

Procedural History

On March 16, 2005¹, 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.

On April 1, the Staff filed its second Status Report regarding the possible transfer of the Mill Creek system to the MSD, as required by the above-referenced Commission order. As a part of its April 1 status report, the Staff committed to continue to file weekly status reports in this case.

Consistent with the commitment made in the April 1 status report, the Staff filed its third weekly Status Report on April 8.

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

Actions Taken Subsequent to the April 8 Status Report

I have tried on two occasions this week to contact Joe Bindbeutel by telephone, and also sent an e-mail message to Paul DeFord on Thursday of this week, in an attempt to obtain additional information from them regarding the status of the potential transfer of Mill Creek's sewer collection and treatment system to the MSD. (As noted in my March 25 Status report, Mr. Bindbeutel is an attorney with the AGO who is familiar with the MSD's potential purchase of Mill Creek's sewer system and who 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.)

As of the writing of this report, I have not yet been able to talk with Mr. Bindbeutel, nor have I received a response to my e-mail message to Mr. DeFord.

In addition to the follow-up activities regarding the potential system transfer, on April 12, Steve Loethen of the Water & Sewer Department contacted Jim Holmes with Mill Creek to follow up on the condition of the sewage treatment plant. A summary of Mr. Loethen's discussion with Mr. Holmes, and related matters, is included in the section of this report titled "Current Condition of the Sewer Plant".

Current Status of the Potential System Transfer

AGO/DNR: Although I have not spoken with Mr. Bindbeutel recently, I have also not received any information from him that would indicate that these agencies' interest in the transfer has changed since the filing of my April 1 Status Report.

MSD: Although Mr. DeFord has not yet responded to my April 14 e-mail message, I have also not received any information from him that would indicate that the MSD's interest in taking over the Mill Creek system has changed since the filing of my April 8 Status Report.

Mill Creek: It continues to be clear from recent discussions with Mr. Afshari, the owner of Mill Creek, that he is still committed to the transfer, under acceptable terms.

Possible Completion Date: Regarding a possible 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, I believe that the necessary parties are all still interested in seeing the transfer accomplished and continue to work toward that goal with the thought in mind that "sooner is better".

Current Condition of the Sewer Treatment Plant

Regarding Mr. Loethen's April 12 discussion with Mr. Holmes of Mill Creek, Mr. Loethen reported that Mr. Holmes stated that Commercial Pumping Service (Commercial) is scheduled to pump out the sewage treatment plant's clarifier and unclog the sludge returns, but that

Commercial had not yet done that work due to the recent wet weather and because a small portion of the road to the plant goes through a customer's yard and is not paved. Mr. Loethen noted that he agrees that access to the treatment plant would be better under drier conditions, so as to not leave ruts in the customer's yard.

Mr. Loethen also reported that he contacted a representative of Commercial directly on April 12 and that the representative confirmed what Mr. Loethen was told by Mr. Holmes regarding Commercial's planned work at the treatment plant. Additionally, a Commercial representative contacted Mr. Loethen today (April 15) and informed him that Commercial planned on being at Mill Creek's plant on either April 19 or 20, depending on the weather, to conduct the planned work (pumping sludge out of the clarifier and cleaning out the sludge returns).

Planned Follow-Up Activities

I will be attempting to contact Mr. Bindbeutel and Mr. DeFord again today (April 15) by telephone for the purpose of obtaining additional information regarding their clients' current positions regarding the possible transfer of Mill Creek's system to the MSD, and for the purpose of setting a date for a meeting or conference call to further discuss the possible transfer. If those contacts are not successful by mid-afternoon, I will be sending each of them e-mail messages asking that they provide me any additional available information, and asking for their input on an acceptable time for a conference call or meeting.

Regarding further inspection of the sewage treatment plant, Mr. Loethen plans to be at the plant when Commercial is there next week, and we are hopeful that the plant will be operating properly upon completion of the planned work.

Regarding future status reports, the Staff will continue to file weekly status reports until such time that it is advised by the Commission that such reports are no longer necessary.