

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

In the Matter of M.P.B., Inc.'s Request)
For Increase in Annual Sewer System) **File No. SR-2014-0067**
Operating Revenues)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and hereby files its recommendation regarding tariff sheets submitted in the above referenced case. In support of this recommendation, Staff respectfully states:

1. On September 9, 2013, M.P.B., Inc. (MPB) filed a letter before the Missouri Public Service Commission (Commission) requesting an increase in annual operating revenues and also implementation of emergency/interim rates.
2. On September 19, 2013, MPB filed a letter requesting approval of tariff sheets designed to implement interim rates. The letter and the tariff sheets were submitted in accordance with an agreement between Staff, the Office of the Public Counsel, the Missouri Department of Natural Resources, and MPB's commission-approved interim receiver, Johansen Consulting Services, LLC. This Agreement was filed in Case No. SO-2014-0052, and a copy of that Agreement is attached hereto as Appendix A.
3. On September 19, 2013, the Commission issued an *Order Directing Filing*, which directed Staff to file either a Recommendation or a Status Report regarding the proposed tariff sheets no later than September 20, 2013.

4. Staff has reviewed the subject tariff sheets and finds the sheets comply with the Agreement filed in SO-2014-0052. James M. Russo, Rate and Tariff Examination Supervisor for Staff, participated in the review of P.S.C. MO NO. 1 2nd Revised Sheet No. 6, canceling 1st Revised Sheet No. 6, and P.S.C. MO NO. 1 2nd Revised Sheet No. 7, canceling 1st Revised Sheet No. 7, in tracking number YS-2014-0130, and submits the attached Affidavit (Appendix B) stating that those tariff sheets are true and correct to the best of his knowledge, information, and belief.

5. Staff believes MPB's present operational and financial condition, as described in Case No. SO-2014-0052, constitutes good cause for the subject tariff sheets to take effect on less than 30 days' notice. Because of this, Staff recommends approval of these tariffs sheets as soon as possible.

WHEREFORE, Staff respectfully recommends the Commission approve M.P.B., Inc.'s tariff filings of September 19, 2013, to take effect as soon as is practicable.

/s/ Amy E. Moore
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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 electronically mailed to all counsel of record this 20th day of September, 2013.

/s/ Amy E. Moore

AGREEMENT

This agreement is among Staff of the Missouri Public Service Commission (Staff), the Office of the Public Counsel (Public Counsel), Johansen Consulting Services, LLC (JCS), and the Missouri Department of Natural Resources (DNR). The purpose of the agreement is to set out the expectations of all parties in the matter of having JCS appointed receiver for M.P.B. Inc. and P.C.B. Inc.

- 1) Staff will file a petition with the Commission to appoint Johansen Consulting Services, LLC as interim receiver for the companies and request the Commission allow Staff to go to the Circuit Court of Cole County to have JCS appointed receiver for the companies.
- 2) JCS will file rate cases one working day after the effective date of the Commission orders appointing it as interim receiver for both M.P.B. and P.C.B. Within these requests, a request for emergency rates will be included.
- 3) The emergency rates will consist of additional dollars to support receiver salary and expenses, initial sludge hauling, and initial grass mowing. If sludge removal services can be found for a lower cost than what has initially been discussed, the less expensive costs will be built into rates. The monthly emergency interim rates will be as follows: for M.P.B.'s Lake Virginia service territory, rates will be \$6.04; for M.P.B.'s Villa Ridge service territory, rates will be \$12.26; and for P.C.B., rates will be \$10.44. The emergency rates will be subject to refund if the actual costs of these emergency items are less than the actual amount collected through the emergency rates. If the rate cases are not completed within six months after the effective date of the emergency rates, the emergency rates will all be reduced to \$5.75/month, which represent the dollars needed to support the above-referenced receiver salary and expenses, until the conclusion of the rate cases.
- 4) The emergency rate requests will include a request for expedited treatment.
- 5) Upon the submission of the emergency rate requests, Staff will organize a public meeting to discuss the rate increases and other concerns with the ratepayers.
- 6) There will be no contract operator or certified operator initially.
- 7) Staff will commit to perform periodic inspections of the system and will advise JCS regarding the operations of the systems. DNR will coordinate with Staff to ensure adequate frequency of inspections.
- 8) DNR will coordinate monthly effluent sampling with Staff to ensure contaminants do not reach dangerous levels.
- 9) DNR may post signs stating, "Avoid Contact With Water: Stream May Contain Unsafe Levels of e-Coli" at or near facility outfalls.

10) Staff, Public Counsel, DNR, JCS, and Missouri-American Water Company will continue to pursue a solution that will address contract operations, DNR violations, and future system upgrade requirements.

11) If a satisfactory result cannot be obtained through further negotiations with the parties identified in (10) above, JCS will pursue other options to secure a certified operator.

12) The signatories acknowledge that Section 393.145.6, RSMo contains provisions that provide receivers immunity from personal liability for civil damages under certain circumstances.

13) The signatories acknowledge that JCS as receiver for the systems is neither required nor expected to expend its own funds for the operation and maintenance of, or for making physical improvements to, the subject sewer systems.

14) Based upon the outcome of further negotiations and other operational concerns uncovered during the course of the rate cases, extension or withdrawal of the rate requests will not be opposed if proposed for good cause. However, the Company will seek approval from Public Counsel before any request to withdraw the rate requests is made.

/s/ Amy E. Moore

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