

May 10, 2002

FILED³

Exhibit 3
Oughton

FEB 2 2005

Office of the Public Counsel
Attn: Ruth O'Neill
P.O. Box 7800
Jefferson City, MO 65102

Missouri Public
Service Commission

Ms O'Neill

Residents in Castlereagh and Afshari Plat II subdivisions are very concerned about the rate increase proposed by Mill Creek Sewer for the following reasons:

- (1) Joseph Afshari and Mill Creek Sewer have a long history of collecting fees but failing (and refusing) to perform the required maintenance to the lagoon and sewer lines that comprise the system.
- (2) Between 1992 and 2001 Joseph Afshari and Mill Creek have failed and refused to comply with government requirements despite repeated demands of the Clean Water Commission staff or Court order.
- (3) Joseph Afshari and Mill Creek have demonstrated financial irresponsibility by filing for bankruptcy in 1997 and by using haphazard billing procedures.
- (4) All residents on the sewer system (except 2) signed a petition (in 1998) requesting the formation of a sewer district under the Metropolitan Sewer District.
- (5) The rate is exorbitant when compared to the Metropolitan Sewer district rate.
- (6) Other litigation against Joseph Afshari and Mill Creek is in progress.

Comments on the above points:

- (1) Prior to 1992 a former resident maintained the lagoon, but quit when Afshari refused to supply the necessary funds, buy the necessary chemicals, maintain the fence and mow the property. Other residents have had to pay for repairs involving the main sewer lines when flooding occurred in their homes, and Afshari refused to make the necessary repairs.
- (2) Since 1992 the state of Missouri has had a running battle with Joe Afshari and Mill Creek sewers to comply with environmental standards and properly maintain the sewer system:

State of Missouri ex rel. Jeremiah W. (Jay) Nixon, Attorney General, and the Missouri Clean Water Commission v. Mill Creek Sewers, Inc. and Joseph P. Afshari, No. 611262

Hearings have been scheduled almost every 6 months, but through various delaying tactics the defendant has avoided final disposition of the case.

The following was taken from a "Findings of Fact" dated April 16 1998:

"For a period of years defendants Joseph Afshari and Mill Creek have failed and refused to invest the time or capital resources necessary to accomplish said compliance. Defendants Joseph Afshari and Mill Creek have failed and refused despite repeated demands of the Clean Water Commission staff or prior order of this Court to: 1)... 2)... and 3)..."

Public Hearing Exhibit No. 3
Date 1-24-05 Case No. SR-2005-0116
Reporter Midwest

Nothing was done to the system until the summer of 2001. At that time, work was started on a processing plant. In fact, no work has been done except by court order, under threat of punishment.

As of this date a final disposition of the case has not been reached.

- (3) In 1997 Mill Creek Sewers Inc filed for Chapter 7 bankruptcy: Case number 97-42024-172 (date filed 3/5/97). Users are often sent bills for periods previously paid for, indicating a lack of proper accounting practices and often charged a late payment fee for money already submitted.
- (4) Based on the history, residents do not trust Joseph Afshari and Mill Creek to perform the tasks required, and as a result, signed a petition to form a sewer district and have Metropolitan Sewer District maintain the system. We have doubts that proper maintenance will be performed without court supervision (a gross waste of the court's resources). We also have concerns that the facility, including the access road, may not meet DNR requirements. There has been considerable erosion (improper drainage) already.
- (5) The proposed rate is much higher than that imposed by MSD.
- (6) There is currently litigation against Joseph Afshari and Mill Creek concerning damage done to adjoining property during construction of the current facility.

We request your assistance in the following:

- (1) A thorough audit of Mill Creek books before granting any rate increase.
- (2) Rates in line with those of Metropolitan Sewer District.
- (3) If a rate increase is granted to make it temporary, contingent on periodic audits of Mill Creek financial books and evidence that necessary maintenance has been or is performed.
- (4) A public hearing.

Should additional information be required, you may contact us at 314-837-9260 (Palmer), 314-831-5359 (Breeze), or 314-838-8751 (Morehead).

Sincerely



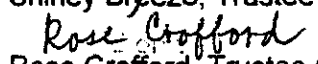
Robert Palmer, Former Trustee



Don Baird, Trustee Castlereagh



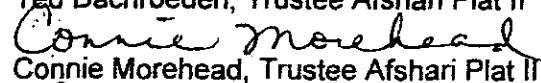
Shirley Breeze, Trustee Castlereagh



Rose Crofford, Trustee Castlereagh



Ted Dachroeden, Trustee Afshari Plat II



Connie Morehead, Trustee Afshari Plat II



Robert Murray, Trustee Afshari Plat II

c: Missouri Public Service Commission
Cheryl C. Nield, Assistant Attorney General
State Senator John D. Schneider
State Representative Thomas George