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## Missouri Public Service Commission

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April 8, 2002

ROBERT J. QUINN, JR.  
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WESS A. HENDERSON  
Director, Utility Operations  
ROBERT SCHALLENBERG  
Director, Utility Services  
DONNA M. PRENGER  
Director, Administration  
DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge  
DANA K. JOYCE  
General Counsel

**FILED<sup>3</sup>**

APR 08 2002

Missouri Public  
Service Commission

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

**RE: Case No. SC-99-135 - House Springs Sewer Company, Inc.**

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **STAFF'S CASE STATUS REPORT**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Cliff E. Snodgrass  
Senior Counsel  
(573) 751-3966  
(573) 751-9285 (Fax)

CES:sw  
Enclosure  
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED<sup>3</sup>

APR 08 2002

Missouri Public  
Service Commission

Staff of the Missouri Public  
Service Commission

Complainant

v.

House Springs Sewer Company

Respondent

Case No. SC-99-135

**STAFF'S CASE STATUS REPORT**

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its Case Status Report states the following to the Missouri Public Service Commission (Commission):

**RECENT PROCEDURAL HISTORY**

1. On January 31, 2002, the Commission issued its Sixth Order Directing Filing, wherein it directed the Staff to file a report on the status of this case with the Commission by March 4, 2002.
2. On March 4, 2002, the Staff filed a Request for Brief Delay in Filing Status Report so that certain information to be included in the Staff's status report could be verified prior to the filing of the report.
3. On March 5, 2002, the Commission issued its Seventh Order Directing Filing, wherein it granted the Staff an extension to April 8, 2002 to file the required status report. This order also established April 18, 2002 as the date by which responses to the Staff's status report are to be filed.

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4. In response to earlier Commission Orders, the Staff previously filed status reports in this case on September 22, 2000 (09/22/00), February 8, 2001 (02/08/01) and October 4, 2001 (10/04/01), respectively. Additionally, the Staff filed a report in this case on November 30, 2001 (11/30/01) in which it responded to several questions from the Commission regarding this case and other matters pertaining to House Springs Sewer Company (HSSC or Company).

#### **SUMMARY OF PREVIOUS STAFF REPORTS**

5. In the 09/22/00 status report, the Staff informed the Commission that HSSC was operating under the terms of a court-approved consent decree that involved the Missouri Department of Natural Resources (MDNR) as a party. The terms of the MDNR consent decree included, among other things, a provision that HSSC's assets were to be sold no later than December 31, 2000.

6. In the 09/22/00 status report, the Staff also informed the Commission that HSSC would pay its past due Commission assessments upon the sale of its assets, pursuant to the terms of a Stipulation and Agreement (Stipulation) approved by the Commission in this case. Additionally, the Staff informed the Commission that the Stipulation provided for payment of the Company's past due assessments if and when the net proceeds of the previously consummated sale of the assets of Imperial Utility Corporation (Imperial), an affiliate of HSSC, were distributed to its owners.

7. In the 02/08/01 status report, the Staff informed the Commission that proposed revisions to the terms of the MDNR consent decree had been sent to the Circuit Court of Jefferson County for the Judge's approval. Under those revisions,

which were eventually approved by the Court, HSSC's obligation to the MDNR to sell its assets was extended by six months to June 30, 2001.

8. In the 02/08/01 status report, the Staff also informed the Commission that HSSC's payment of both its past and future assessments were addressed in the Company's most recent rate case, Case No. SR-2001-303. The agreements reached in that rate case, which were in addition to the conditions regarding the payment of the Company's delinquent assessments imposed in this case, were as follows: (a) that the Company would make quarterly payments on its fiscal year (FY) 2002 assessment, upon its receipt of that assessment; and (b) that upon successful resolution of certain pending litigation the Company would make a lump sum payment toward its delinquent assessments, with that payment to be equal to one-third of the proceeds of the litigation or \$30,000, whichever was greater.

9. In the 10/04/01 status report, the Staff informed the Commission that it believed the Jefferson County Circuit Court had extended the obligation of HSSC to sell its assets under the MDNR consent decree for another six months to December 31, 2001. The Staff also noted, however, that it had not been able to specifically verify that extension.

10. In the 10/04/01 status report, the Staff also informed the Commission of the following matters regarding the conditions pertaining to HSSC's payment of its past and current assessments, which had been established in this case and the Company's rate case: (a) that the Company's assets had not yet been sold; (b) that the proceeds of the sale of Imperial's assets had not yet been distributed to its owners because of ongoing litigation; (c) that the Company had not yet made any payments toward its

FY2002 assessment \*; (d) that the litigation referenced in Paragraph 6 above had not yet been completed; and (e) that the Staff had been informed that the Company continued to actively seek a buyer for its assets, but that a current prospective buyer did not exist. (\*As reported later to the Commission, and as shown in the table presented in Paragraph 12 below, this statement was not accurate.)

11. In the report of 11/30/01, the Staff reported that it did not believe HSSC was in violation of the provisions of either the Stipulation in this case or of the provisions of the Commission's Order in this case that approved the Stipulation.

12. In the report of 11/30/01, the Staff also provided the following information about HSSC's payment history regarding the Company's Commission assessments for those years for which it had outstanding balances. (All amounts shown are rounded to the nearest whole dollar.)

<b>Fiscal Year</b>	<b>Amount of Assessment</b>	<b>Amount of Payment</b>	<b>Date of Payment</b>	<b>Unpaid Balance</b>
1997	\$11,632	\$2,908 \$2,908	08/21/96 11/27/96	\$5,816
1998	\$12,491	None	xxxxxxx	\$12,491
1999	\$22,787	None	xxxxxxx	\$22,787
2000	\$28,831	None	xxxxxxx	\$28,831
2001	\$18,119	\$1,500 \$1,500 \$5,000	03/27/01 06/05/01 10/10/01	\$10,119
2002	\$14,671	\$3,668 \$3,668	07/17/01 10/10/01	\$7,335

### CURRENT CASE STATUS

13. As an update to the information previously reported to the Commission in this case, the Staff reports that HSSC timely made the most recently required quarterly payment on its FY2002 assessment, which reduces its outstanding balance for FY2002 to \$3,667. (The Company's final quarterly payment on its FY2002 assessment is due on April 15, 2002, which, if made, will bring it current on its FY2002 assessment.)

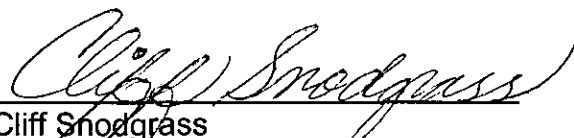
14. In addition to the information presented in Paragraph 13 above, the Staff presents the following updated information, about which it has recently been advised by representatives of HSSC: (a) the Company's assets have still not yet been sold; (b) the proceeds of the sale of Imperial's assets have still not yet been distributed to its owners because of ongoing litigation; (c) the law suit referenced in Paragraph 8 above has been settled, however, the proceeds that the Company was entitled to receive from that law suit were apparently credited to the plaintiff in a related law suit as a part of the combined resolution of both law suits, rather than being made available to the Company for its use in making the previously agreed-upon lump sum payment on its past due assessments; (d) as is shown in the table presented in Paragraph 12 above, the Company did, however, make three payments totaling \$8,000 during calendar year 2001 that were credited toward its past due FY2001 assessment; (e) the deadline for the Company to fulfill its obligation to sell its assets under the MDNR consent decree has not been formally extended past the previously court-approved extension to June 30, 2001, but the MDNR has not yet taken any enforcement action against the Company regarding its non-compliance with this obligation; and (f) the Company continues to seek a buyer for its assets, but a prospective buyer still does not yet exist.

15. The Staff will continue to monitor the situations surrounding this case and will inform the Commission when a change in factual circumstances occurs. In particular, the Staff will attempt to obtain additional information regarding the settlement of the law suits discussed in Paragraph 14(c) above and will advise the Commission if its believes further formal actions are warranted.

WHEREFORE, the Staff submits this Case Status Report for the Commission's information and consideration in this case.

Respectfully Submitted,

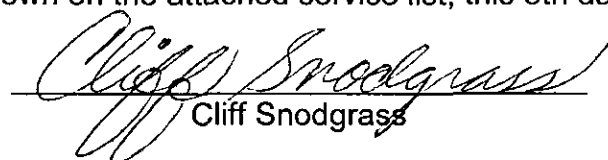
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**Certificate of Service**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all parties of record, as shown on the attached service list, this 8th day of April, 2002.

  
Cliff Snodgrass

**Service List for  
Case No. SC-99-135  
Revised: April 8, 2002 (SW)**

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