

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

Staff of the Missouri Public Service Commission,)	
)	
Complainant,)	
)	
v.)	<u>File No. WC-2016-0141</u>
)	
Smithview H2O Company,)	
John Kuhle and Kuhle H2O Company,)	
)	
Respondents.)	

STATUS REPORT

COMES NOW the Staff of the Missouri Public Service Commission, by and through undersigned counsel, and for its *Status Report* hereby states:

1. On December 8, 2015, the Staff of the Missouri Public Service Commission filed its *Complaint* against Respondents for violating the Commission's statutes and rules related to the filing of annual reports, payment of annual assessments, provision of safe and adequate service, and provision of unauthorized services.

2. On April 6, 2016, Staff filed a *Status Report*.

3. Staff met with the owner of Central States Water Resources, Inc. ("CSWR"), the Respondent's contract manager¹, on June 2, 2016, to discuss several items related to the *Complaint*.

¹ This contract management arrangement was reported in paragraph 5 of Staff's April 6, 2016 Status Report.

4. Regarding Count 1 of the *Complaint*, Respondents have still not submitted their 2014 annual report and are now also delinquent on filing their 2015 annual report. It is Staff's understanding that neither Smithview H2O Company ("Smithview") nor CSWR has any financial records available to prepare the 2014 and 2015 annual reports, so they will likely never be done. Staff expects that CSWR or a subsidiary will be able to keep current with future reports, whether as manager of Smithview, or as an owner of this system after a future transfer of assets case².

5. The status of Count 2 is that Smithview is past due \$284.40 for fiscal year 2015, which will likely be resolved as part of the future transfer of assets case. Smithview paid the past due amount of \$31.77 for fiscal year 2016 on June 16, 2016.

6. Regarding Count 3, CSWR, through the management contract with Smithview, is now operating the water utility that provides service to the Smithview service territory. At the present time, and for as long as this management contract is in place, Staff considers the issues behind Count 3 to be resolved.

7. With regard to the day-to-day operations and compliance with DNR standards from Count 4, Respondents are largely on track. The electric bills are being paid and all past due amounts to the electric provider have been paid. Required monitoring, sampling, testing, chlorination, regular system visits, etc. are now being done with day-to-day operations by contract. CSWR is in the process of addressing the Smithview-owned chlorinator issues, but it has not yet installed a new chlorinator, and it

² The existence of a contract for a future purchase of the assets of Smithview by CSWR or a subsidiary was reported along with the management contract in paragraph 5 of Staff's April 6, 2016 Status Report.

has not yet returned the borrowed DNR-owned chlorinator.³ There is also remaining operating expense, billing, and system upkeep issues that should be addressed before Count 4 can be considered resolved. Meters are not being read, so bills only include the minimum customer charge at present, and do not include the commodity portion of the rates, resulting in a substantial revenue shortfall.

8. Regarding DNR fees from Count 4, Smithview is past due for Drinking Water lab and primacy fees for 2015 and 2016, amounting to a total of \$1,200.82. As of May 24, 2016, the total lab past due fee is \$424 for 2015 and 2016, which is expected to be addressed during the transfer of assets case. As of May 24, 2016, the total primacy past due is \$766.82 for 2014 and 2015, which is also expected to be addressed during the transfer of assets case. Primacy fees for 2016 will be invoiced September 30 and due on November 30, 2016, amounting to \$3.24 per connection, or approximately \$340 total. Lab fees will be due again in February 2017. CSWR has indicated it will keep current with fees going forward and that any amounts past due will be addressed in the future transfer of assets case.

WHEREFORE, Staff submits its *Status Report*.

Respectfully submitted,

/s/ Marcella L Mueth

Assistant Staff Counsel

Missouri Bar No. 66098

Attorney for the Staff of the

Missouri Public Service Commission

P.O. Box 360

Jefferson City, MO 65102

(573) 751-4140 (Telephone)

(573) 526-6969 (Fax)

Marcella.mueth@psc.mo.gov

³ Through an email from CSWR's engineer, Staff learned that CSWR has purchased a new chlorine pump, but code issues with the well house have delayed its installation. The engineer indicated in the email that the Company plans to have the new pump installed by mid-July 2016.

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 20th day of June, 2016.

/s/ Marcella L Mueth