

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

In the Matter of Staff's Investigation into the)	
Conduct of the Court-Appointed Receiver for)	<u>Case No. WO-2016-0139</u>
M.P.B., Inc.; P.C.B., Inc.; and Rogue Creek)	
Utilities, Inc.)	

STAFF'S FINAL REPORT

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Staff's Report and Investigation* in this matter hereby states:

1. On December 8, 2015, Staff filed its *Motion to Open Investigatory Docket* with the Commission, asking that the Commission permit Staff to investigate the conduct of the court-appointed receiver, Johansen Consulting, LLC (JCS), of three small water and/or sewer utilities, M.P.B., Inc., P.C.B., Inc. and Rogue Creek Utilities, Inc. The Commission issued its order opening a docket December 16, 2015. Staff filed a *Status Report* February 16, 2016. On April 14, 2016, Staff requested an extension to April 29, 2016, to file its final report in this matter.

2. *Staff's Final Report*, filed as an attachment to this pleading outlines in detail, the results of Staff's investigation.

3. Staff investigated M.P.B, P.C.B. and Rogue Creek individually.

A) Regarding Rogue Creek, JCS was appointed as receiver in June 2012 and the Missouri Department of Natural Resources (DNR) already had in place several compliance issues with the utility. Despite Rogue Creek entering into a Bilateral Compliance Agreement with DNR in June 2012, many of the problems with the system persisted well into 2013 and some still have not been remedied. Throughout the period of time that JCS has been receiver of

Rogue Creek, the system experienced a sewer main emergency and a sewer backup for which it held insufficient funds to repair; lost its contract operator due to failure to pay; experienced several water leaks and sewer blockages; and received two additional Notices of violation from DNR, one against the water system and one against the wastewater system. Rogue Creek has had several issues with failing to bill customers, under-billing customers, and customers hooking up to the system illegally, resulting in inadequate funding to maintain the system.

B) Regarding M.P.B, JCS was appointed as receiver in March 2014 and DNR already had in place several compliance issues against the utility. Throughout the period of time JCS has been receiver of M.P.B., the existing DNR compliance issues have continued to be a problem and other issues have arose. Staff also discovered JCS was failing to consistently bill customers. However, the billing appears to be proper as of this date, and Staff will continue to monitor the company. A potential buyer for M.P.B. may file a transfer of assets case with the Commission in the upcoming months.

C) Regarding P.C.B., JCS was appointed as receiver in March 2014 and DNR already had in place several compliance issues with the utility. Throughout the period of time JCS has been receiver of P.C.B., the existing DNR compliance issues have continued to be a problem and other issues have arose. Staff also discovered JCS was failing to consistently bill customers. However, Utility Management of Missouri, LLC, was appointed receiver of P.C.B. on April 4, 2016.

4. Staff's conclusion for all three utilities is that JCS has failed as a receiver in its attempts to properly manage the utilities. As to Rogue Creek, Staff is seeking either a buyer or an alternate receiver for this utility. Staff's conclusion for M.P.B. is that it will monitor the system and await the possible purchase of the system by a new buyer. Staff's conclusion for P.C.B. is that it will monitor the new receiver and continue to seek a buyer for the system.

WHEREFORE, Staff asks that the Commission accepts *Staff's Final Report* as a true and just accounting of Staff's investigation; and grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

/s/ Whitney Payne

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 4th day of May, 2016, to all counsel of record.

/s/ Whitney Payne

Staff's Final Report
WO-2016-0139
Investigation of Conduct of the Court-Appointed Receiver
for M.P.B., Inc.; P.C.B., Inc.; and Rogue Creek Utilities, Inc.

EXECUTIVE SUMMARY

On December 8, 2015, Staff filed its *Staff's Motion to Open Investigatory Docket*. The purpose of the *Motion*, was to create a formal docket to allow Staff to gather information and investigate the conduct of a Court-Appointed Receiver, Johansen Consulting Services, LLC (JCS). At the time of Staff's filing, JCS was the Court-Appointed Receiver for three Missouri Public Service Commission (Commission) regulated entities. The three entities are M.P.B., Inc., (MPB) a sewer-only utility that provides sewer service in two distinct service areas, one in Franklin County, the other in Jefferson County; P.C.B., Inc., (PCB) a sewer-only utility that provides sewer service to five distinct service areas in Jefferson County, and Rogue Creek Utilities, Inc., (Rogue Creek) a water and sewer utility that provides water and sewer service to the Rogue Creek recreational area in Washington County, near Potosi.

In its Investigation, Staff reviewed the financial, managerial, and operational conduct of JCS.

As noted in Staff's *Motion*, the purpose of this docket was to investigate the conduct of JCS and, if it was determined that JCS was not managing the utilities in an adequate manner, to seek the appointment of an alternate receiver, or other relief as deemed appropriate by the Commission.

Also attached to this Report are individual reports by Staff's Auditing Department and Consumer and Management Analysis Unit. These reports go into more detail regarding JCS' current financial situation and management practices.

Based on Staff's investigation and general knowledge of the situations at MPB/PCB and Rogue Creek, it is Staff's conclusion that JCS has not performed satisfactorily in its duty as a receiver. Staff will proceed in its efforts to find interested entities to either purchase the systems or to replace JCS as receiver.

BACKGROUND

MPB/PCB

MPB is a sewer only utility that provides sewer service to approximately 215 customers in two distinct service areas. The first service area is called Villa Ridge. This area is in Franklin County and has approximately 177 customers. The other service area is called Lake Virginia. This area is in Jefferson County and provides service to approximately 38 customers.

PCB is a sewer only utility that provides sewer service to approximately 333 customers in five distinct service areas. All five service areas are in Jefferson County. The five service areas are:

Bel-Air Estates, Sandia Heights, Secluded Forest, Sennawood Villages, and Wedgewood Village.

Although two separate and distinct companies, MPB and PCB have common ownership and historically been operated as one combined entity. The original owners of each company were business partners and shared operational control of the companies. When those owners relinquished control of the companies, one of those owners' children stepped in and became the owners/operators of the two companies. It is after the second set of owners relinquished control that these companies were placed under the control of a receiver.

On March 3, 2014, Johansen Consulting Services, LLC, (JCS) was appointed receiver of PCB by the Circuit Court of Cole County.

On March 10, 2014, JCS was appointed receiver of MPB by the Circuit Court of Cole County.

Rogue Creek

Rogue Creek is a water and sewer utility that provides service to an area of Washington County consisting of Somethin' Green subdivision, also known as Rogue Creek. There are approximately 99 water connections and 93 sewer connections.

Rogue Creek was originally developed and operated by Mr. William Rummel. Mr. Rummel operated the system off and on until ill-health forced him to voluntarily put the system into receivership on November 9, 2007. The initial receiver, a local resident, served until his untimely death in April, 2008. His wife became the second receiver at that time and served until June 2012. In early 2012, the second receiver made it known to Staff that she was ill-equipped to continue acting as receiver and Staff began searching for a third receiver to take her place.

Johansen Consulting Services was appointed receiver in June 11, 2012, by the Circuit Court of Cole County. Johansen Consulting Services became Johansen Consulting Services, LLC and appointment of this "new" entity was made on September 9, 2013, by the same Court. This change was merely a formality and did not impact the actual receivership.

General

Starting on June 11, 2012, JCS initially became a Court-appointed receiver for Rogue Creek and subsequently added MPB/PCB in March 2014.

Prior to JCS' appointment as receiver to any of the three entities, the entities were under severe operational and financial distress. The Missouri Department of Natural Resources (DNR) had issued various Notices of Violation (NOVs) to the entities or had issued reports of other unsatisfactory results of the operations of the systems. Furthermore, the DNR operating permits of some of the systems had expired prior to the appointment of JCS. In plain terms, these were three poorly run companies with major deficiencies with no funding source or ability to raise capital to address needed current upgrades and to meet future emergencies.

STAFF'S INVESTIGATION

Upon the appointment of JCS as a receiver, Staff and JCS maintained a very open and ongoing dialogue of technical, management, and financial concerns with all three receiverships.

Rogue Creek

As noted above, JCS officially was appointed receiver on June 11, 2012. On June 18, 2012, DNR sent a Bilateral Compliance Agreement (BCA) to JCS. A BCA is an agreement between DNR and a water or wastewater provider that generally sets up a schedule of items that the provider must accomplish to get a system into compliance. The violations that the BCA addressed occurred prior to JCS' involvement with Rogue Creek, dating back to October 2011.

JCS responded to the BCA on July 19, 2012, requesting certain changes to the BCA. On August 6, 2012, Staff received notification from DNR that a boil order, originally initiated at Rogue Creek in February of 2012, was being lifted. The reason stated by DNR for the lifting of the boil order was that samples collected by DNR had tested absent for bacteria. However, at this time, the June 2012 BCA had still not been signed and agreed to between JCS and DNR.

In September of 2012, Staff received notification that the BCA had been signed between DNR and JCS. Also in that month, JCS informed Staff that cash flows were tight and that a rate request would need to be filed in the near future.

When Staff filed its request with the Circuit Court to appoint JCS as receiver, one condition that Staff requested from JCS was to have monthly status reports submitted to it. Starting in September 2012, Staff reached out to JCS inquiring about the status reports, and was assured that the reports would be submitted soon. In October, Staff again reached out to JCS about the status reports, and again was told that the reports would be filed in the near future. No reports were ever submitted to Staff.

On December 14, 2012, Staff was copied on an email from DNR to JCS. This email indicated that JCS was not in compliance with the items agreed to in the BCA. JCS responded that a certified operator was in the process of being hired and that the operator had started to address some of the items in the BCA. JCS promised to follow-up with DNR.

In early January, 2013, DNR sent another email to JCS regarding compliance. JCS responded on January 7, 2013, that a certified operator had been hired and that other items were being addressed.

Also in early January 2013, Staff had a meeting with JCS to discuss a potential rate request increase and to discuss various potential ratemaking theories to address JCS' expenses and rates.

On January 31, 2013, Staff received an email from JCS. In the email, JCS informed Staff that there was a blocked or collapsed sewer main in Rogue Creek. The entity that JCS hired to look at the situation did some work and was willing to do more work. However, the contractor required a 50% down-payment of the costs and JCS informed Staff that it did not have the available cash resources to meet this requirement. Staff was informed that JCS was going to try and contact a bank to see if a loan was possible to cover these and other major capital expenses that needed to be worked on the system.

On February 6, 2013, Staff was included on an email to a bank in the Potosi area requesting a loan. Later that day, the bank declined to make the loan.

On February 8, 2013, Staff met with JCS to discuss the problems with Rogue Creek, the potential for a rate request and to determine if emergency rates should be requested. At this meeting, Staff was informed that JCS had not been able to pay itself. Throughout February, Staff was in contact with JCS about the potential requirements for a rate request and had discussions regarding billing software.

On March 15, 2013, Staff was informed that there was another sewer backup at Rogue Creek. JCS was planning to contact DNR and was also trying to find financing and a contractor to make the repair.

On March 21, 2013, JCS filed a rate increase request for both water and sewer rates for Rogue Creek. Included in this request was a request for emergency rates.

On March 22, 2013, DNR issued a Letter of Warning to JCS regarding JCS' noncompliance with the BCA that was signed in 2012 and regarding routine samples that were not submitted for October or November 2012.

On March 29, 2013, Staff was informed by DNR that DNR was considering an emergency declaration to allow for a DNR contractor to be hired to go out to Rogue Creek and fix the blockage. The reason for the emergency declaration is that due to the blockage, raw sewage was being discharged into a local lake. On April 1, 2013, Staff was informed that DNR had contracted with an entity and that the blockage was being fixed. Staff also learned that DNR would be billing Rogue Creek for reimbursements of the costs.

On April 3, 2013, Staff received information that the contract operator was suspending its services due to a lack of payment.

In the spring of 2013, there were several water leaks throughout the system, as well as three more sewer blockages. These sewer blockages were observed by Staff personnel on April 23, 2013. Repairs were ongoing and Staff was providing assistance to JCS.

On May 9, 2013, Staff received an email indicating that DNR was going to invoice JCS approximately \$15,000 for the emergency work done in early April 2013 to fix the sewer blockage.

In late May, 2013, emergency, interim rates became effective for Rogue Creek.

On June 29, 2013, Staff and the Office of the Public Counsel (OPC) went to Rogue Creek to have a meeting with property owners of Rogue Creek. This meeting was generally regarding the interim rate increase as well as the overall operations of the system. During the meeting, certain customers indicated they would discontinue service if rates increased too much. Some customers left the system after the rate increase.

In July, 2013, Staff received further clarification from DNR regarding its invoice for the sewer blockage repair in April. The final bill was approximately \$22,000.

Also in July, 2013, JCS informed DNR that further updates required to be completed by June 30, 2013, were not finished due to insufficient funds with the utility.

On October 7, 2013, an email from OPC to JCS and Staff indicated that a customer was complaining about not being billed by JCS. On October 8, JCS responded by indicating that every so often, a month was missed, but then JCS would bill for two months during the following billing cycle. JCS included a schedule of billing dates.

During July 2013 through the end of the rate case, the ownership of the assets and the property on which the assets sit became a subject of debate among JCS, Staff, OPC, and the Attorney General's Office (AG). There were emails back and forth regarding this issue and it was agreed that it needed to be addressed. The main issue was whether through a sale executed by the local sheriff's office, the Property Owners' Association (POA) had acquired ownership of certain assets.

Also during this time, certain representatives of the POA at Rogue Creek expressed interest in taking control of the systems.

In an email dated November 8, 2013, an attorney with the AG's office indicated that DNR would not be pushing for cost recovery through the Company due to the issues with ownership. However, based on a review of the documents in the rate case, it appears DNR was referring to a portion of the DNR request from the April 1 repair. The billed amount of approximately \$22,000 included the repayment of DNR employees. Ultimately, an amount of approximately \$15,000 was included in rates and amortized over a 36-month period.

In early January 2014, the system was experiencing low pressure. Low pressure is an issue because possible contaminants can enter the system. On January 7, 2014, the system was reported to be out of water. It appeared that there was freezing on the system near the well. Due to this new development, JCS provided bottled water for the customers who were out of water. A boil water advisory was requested by DNR. Later on that date, JCS indicated that the well was up and running by 5:00 p.m. and still operating at 7:00 p.m. JCS also indicated that 60 cases of bottled water had been delivered to the customers.

In February 2014, a stipulation and agreement was approved by the Commission and new, permanent rates went into effect on March 1, 2014. One item included in the agreement that was signed between OPC and JCS (Staff and DNR did not sign, but did not oppose) was that a rate case was to be filed 12 months after the effective date of new rates. JCS has not filed a rate case in compliance with this agreement.

In September 2014, Staff was informed by JCS that certain customers had terminated service, but were illegally connecting to the system. This, with the earlier issue of customers terminating service, caused collections to be less than the agreed to revenue requirement.

In November 2014, there was an informal complaint regarding Rogue Creek and the rates being charged to the clubhouse. Rates, which are paid by the POA, were increased at the clubhouse, to offset those customers who terminated service and would use the clubhouse facilities instead.

On December 1, 2014, Staff received notification that JCS was not sending out bills to customers. Later in December 2014, Staff received an email from a concerned customer regarding issues at Rogue Creek. This customer was also a liaison with the POA. The main issue the customer had was billing. The customer also indicated that the POA had issues regarding taking over the system. The POA's main concerns involved the lack of funds with the utility and outstanding debts owed by utility. Another concern of the POA was an inability to find a certified operator to run the system.

On January 8, 2015, JCS responded to the concerns of the customer. JCS indicated that it was behind in billing, but that it was catching up. However, in July of 2015, Missouri Rural Water Association (MRWA) an organization that helps small water and wastewater systems throughout the State, reached out to Staff to indicate that bills were not being sent out. Around that time, Staff sent a list of questions to JCS regarding the billing practices at all three companies that it was controlling, plus requests for other information.

JCS provided a detailed list of billing for Rogue Creek. Based on Staff's investigation and review, it appeared JCS was billing properly through February 2013. JCS missed sending bills in March 2013, but sent a double bill in April 2013. May 2013 billing was fine, then June 2013 was missed. A bill was sent out in July 2013 for May and June usage. No bill was sent in August 2013. In September 2013, a bill was sent out for July usage, but not August usage. After that date, billing was "hit and miss", and billing statements kept falling further and further behind.

Another issue at this time was the large number of individuals who were not paying their bills at all. It was discussed with JCS and a customer discontinuance of service notice was drafted. Due to Commission rules, if water is disconnected, someone from the company has to be available the next day to reconnect if payment is made. JCS is not local to Rogue Creek and has not been able to secure an employee to accomplish this requirement.

Over the course of 2013 – 2015, billing became very sporadic and late. Staff tried to work with JCS to encourage it to get caught up with its billing; however, it appears that billing remains an issue with JCS to date.

In late February, 2015, Staff tried to set up a meeting with JCS, the POA, and members of the MRWA. The purpose of the meeting was to try to work out issues between the customers and JCS and to pursue the idea of the POA taking over the systems. Unfortunately, due to the potential for bad weather, this meeting had to be postponed until April 12, 2015. Although the meeting occurred, the POA has not decided to take control of the systems. Staff and certain customers have maintained communications since that time, but have not been able to come to any satisfactory resolution. However, Staff is aware that the POA still is considering taking over control of the systems.

Staff met with JCS in December 2015, to discuss continued billing issues.

In March 2016, due to continued deterioration of the systems, DNR issued Notices of Violation (NOV) to Rogue Creek. The first NOV was issued on March 14, 2016, and involved the wastewater system. The second NOV was issued on April 1, 2016, and involved the water system. The April 1 NOV indicated there was an elevated level of lead in the distribution system. Due to this elevation, the U.S. Environmental Protection Agency issued its own NOV to Rogue Creek on April 4, 2016. On April 6, 2016, DNR issued a **Notice and Emergency Order To Abate Violations** (Emergency Order). This order was the result of the higher lead levels sampled in the water supply. The Emergency Order requires Rogue Creek, among other items, to hire a certified operator, provide alternative water supplies, and to lower the lead levels below the action level, which is mandated at 15 parts per billion. At the time of this Report, the system is attempting to meet these requirements.

Summary

JCS has been the Court-appointed receiver for Rogue Creek for just under four years. Prior to JCS taking over the management of utility, the utility was facing scrutiny from DNR due to failures of the previous receiver and due to the lack of capital to make necessary upgrades and complete everyday maintenance.

Shortly after receiving Court approval, JCS was faced with a BCA from DNR to address problems that occurred prior to JCS' appointment. JCS did not fully respond quickly to the needs and requirements of DNR. In Staff's view, some of the delay was the result of a seeming lack of urgency by JCS; some of the delay was due to a lack of funds to the utility. Not only did JCS have issues with cash flow to meet the needed level of expense, JCS was unable to collect enough funds from the ratepayers to pay the contract operator. The contract operator ceased working for Rogue Creek on April 1, 2013. As of the writing of this report, JCS has not been able to find a replacement certified operator, partly due to the location of the system and the lack of certified operators in the general area.

On March 27, 2013, JCS filed for a rate request from the Commission Case Nos. WR-2013-0436 and SR-2013-0435. Within this request, JCS also requested emergency, interim rates. Staff concludes that the request for an increase in rates and for emergency rates was a good decision by JCS. However, the rate increase was meant to cover past due expenses, more so than to prepare the system for future expenses.

As with any aging system, failure of the infrastructure is inevitable. At Rogue Creek, this problem is continually exacerbated by lack of both ownership and a certified contract operator. The system continues to deteriorate and various components break down, requiring any cash collected to be expended on "band-aid" approaches to keep the system at some level of operation.

The lack of revenue makes undertaking repairs more difficult. The lack of revenue is due to two reasons: 1) the number of customers who either dropped off the system because of the increased rates or quit paying their bill altogether; and, 2) JCS falling behind on its billing requirements.

The first issue is a common issue throughout the industry. The second issue is a failure of management and should not have occurred.

Since the opening of this investigatory docket, the situation at Rogue Creek has continued to decline. As noted, DNR has issued two NOV's, one each for the water and wastewater systems. Besides the NOV from DNR on the water system, EPA has also filed an NOV regarding lead in the water. These issues are ongoing.

Staff's Auditing Department has reviewed the financial documentation provided by JCS. For calendar year 2015, Rogue Creek's annual revenues should have been \$68,968. JCS only collected \$35,873 from the ratepayers. Thus, only 52% of the available funds were collected, either as a result of non-payment or non-billing. Annualized expenses for 2015 were \$49,903. This shows that the company is operating in a deficit; however, if collections and billings were closer to 100%, the system could meet basic obligations.

In conclusion, Staff has determined that the receiver for Rogue Creek has failed in its attempts to properly manage the utility. The biggest failure is the negligence in billing and collecting appropriate revenues from the ratepayers. This failure has led to operational issues resulting from not having the ability to pay for a certified operator. Not having a certified operator has then led to various environmental problems that have resulted in NOV's being issued to the utility.

Staff has made inquiries to various entities to see if a buyer can be found for this utility, since at this time, the POA has not been willing to take control. If a buyer cannot be found, Staff will look for a replacement receiver to take over the management of the system. Due to the various issues with DNR and EPA, it may be difficult to find a receiver to properly operate the system and make the appropriate repairs to get the water and wastewater systems in compliance.

MPB/PCB

In late 2012, Staff received information from the then owners of MPB/PCB that they were unwilling and unable to operate the companies. Staff began the process of searching for an entity that was willing to purchase the system or to at least take over the operations of the companies as receiver.

After many months of effort, it was finally determined that a buyer was not coming forth, but a receiver was found. On August 28, 2013, the Commission ordered JCS to become Interim receiver for both MPB/PCB. In this order, emergency rates were approved to address the lack of funds.

On September 9, 2013, a formal rate request was filed by JCS.

In early March, 2014, JCS was officially appointed by the Circuit Court of Cole County as receiver for MPB/PCB.

During the timeframe of JCS' control of MPB/PCB, Staff became aware of similar managerial issues that Staff was seeing in the Rogue Creek situation. Billing was not being performed on a

consistent basis and when bills were sent, collections were lacking. A solution to the problem of non-payment of sewer service is to contract with the local water provider to shut-off water service to the customer who did not pay their sewer bill. JCS was not able to secure a contract with the various water districts.

In December, 2015, Staff received notification from the contract operator hired by JCS for both systems that the contract operator would cease providing contract operations on the PCB systems due to lack of payment. The contract operator indicated that there was sufficient payment for its services on the MPB systems and it would remain as the contract operator for that company.

In and around that time, Staff had conversations with various entities about purchasing the system. Through those conversations, the contract operator indicated that it would be interested in becoming the receiver for the PCB systems. The hope was that by switching receivers, the situation could stabilize and that a buyer could be found. On April 4, 2016, Utility Management of Missouri, LLC., was appointed receiver of the PCB systems.

The MPB system is still under receivership of JCS. The billing issues seem to be better at this time, but Staff will continue to monitor the situation. It is Staff's understanding that a buyer is interested in the MPB system and that a transfer of assets case may be filed in the next few months.

According to work performed by Staff's Auditing Department, during calendar year 2015, MPB had annualized revenues of approximately \$57,989. Actual collections were \$46,647, roughly 80% of total revenues. Actual expenses for calendar year 2015 were approximately \$45,086. Thus it seems that the MPB system is operating at sufficient levels at this time.

Summary

JCS first became involved with the MPB/PCB systems in the summer of 2013 as the Commission appointed receiver and became an official Court-appointed receiver in early 2014.

Similar to the Rogue Creek situation, MPB/PCB was under violations from DNR due to the previous owners' lack of capital investment and upgrades. Further, rates were initially too low to meet the operational requirements of the systems. Also, the previous owners were behind on payments to the electric provider causing an accounts payable to have to be dealt with by JCS. Even after rates were eventually increased, the combined issues of lack of billing and customer non-payments led to further issues, especially on the PCB system. This culminated in the hired contract operator walking away from PCB due to lack of payment. Due to this occurrence, a new receiver, the former contract operator, was put into place for the PCB system.

OVERALL SUMMARY

Based on Staff's investigation and general knowledge of the situations at MPB/PCB and Rogue Creek, it is Staff's conclusion that JCS has not performed satisfactorily in its duty as a receiver. The receiver is tasked with operating the systems in a manner that allows for the provision of safe and adequate service. In order to provide this service, the utility must collect revenues from its customers. JCS has not demonstrated a consistent ability to send out proper bills for services

rendered or to take the appropriate actions to disconnect customers who refuse to pay when bills have actually been sent.

This lack of revenues then leads to certified operators not being paid and ceasing operations. The lack of revenues means that only “band-aid” repairs can be made and there is no ability to collect funds to undertake more substantial upgrades to the systems.

When these factors are combined, the utility’s ability to provide safe and adequate service is jeopardized. This can be seen by the number of NOV’s that have been issued by DNR to the companies.

It is Staff’s recommendation that the receiver continue to take every action possible to find appropriate buyers. In the meantime, Staff will also continue searching for interested entities to either purchase the systems or to replace JCS as receiver for Rogue Creek and MPB.

AUDIT STAFF WRITE-UP INVESTIGATION OF MPB, PCB AND ROGUE CREEK
RECEIVER – CASE NO. WO-2016-0139

I am sponsoring Audit Staff's portion of the investigation into the conduct of the Court Appointed Receiver, Mr. Dale W. Johansen. Audit Staff reviewed the receiver's responses to Staff data requests, reviewed the workpapers provided by the receiver and performed a cash flow analysis to determine if the receiver was receiving sufficient cash flow from its customers to pay its outstanding expenses and be able to adequately operate the MPB, PCB and Rogue Creek systems.

MPB has two separate sewer systems, Lake Virginia and Villa Ridge, which provide sewer service to approximately 38 and 177 customers respectively. The current sewer rates were established in Case No. SR-2014-0067, and became effective on November 1, 2014. The current monthly sewer rate for Lake Virginia Sewer customers is \$13.33 and the current monthly sewer rate for Villa Ridge customers is \$24.24. Based on the number of customers for these two systems and the current tariff rates, MPB's annualized revenues for calendar year (CY) 2015 would be approximately \$57,989. Based on the Company's (Summary of Deposits & Account Balances), deposit workpaper, the Company actually collected \$46,647 from its ratepayers during CY 2015. This represents approximately 80.44% of what Staff has determined should have been collected during CY 2015. In comparison, MPB's actual expenses for CY 2015 were approximately \$45,086. MPB incurred approximately \$1,561 less in expenses during CY 2015 than they received in revenues. In conclusion, even with MPB only collecting 80.44% of its annualized revenues, it should still have sufficient funds to pay its expenses and to operate the MPB systems, excluding income taxes.

PCB has five separate sewer systems: Bell Air Estates, Sandia Heights, Secluded Forrest, Sennawoods Village and Wedgewoods Village, which provide sewer service to approximately 333 customers total. The current sewer rates were established in Case No. SR-2014-0068, and became effective on November 1, 2014. The current monthly sewer rate for the PCB systems' customers is \$29.75. Based on the number of customers for these five systems and the current tariff rates, PCB's annualized revenues for CY 2015 should be approximately \$118,881. Based on the Company's (Summary of Deposits & Account Balances), deposit workpaper, the Company actually collected \$59,184 from its ratepayers. This represents approximately 49.78% of the funds collected as compared to what Staff has determined should have been collected in

CY 2015. In comparison, PCB's actual expenses paid for CY 2015 was approximately \$74,475. PCB incurred approximately \$15,291 more in expenses during CY 2015 than it received in revenues. In conclusion, if PCB had collected the full revenues from its customers that were owed for services, it would have sufficient funds to pay its expenses and operate the PCB systems, excluding income taxes.

Rogue Creek has both a water and sewer system, which provides service to approximately 99 water customers and 93 sewer customers, respectively. The current water rates for Rogue Creek were established in Case No. WR-2013-0436, and became effective on March 1, 2014. The current sewer rates for Rogue Creek were established in Case No. SR-2013-0435, and also became effective on March 1, 2014. The current monthly water rate for customers is \$23.06 plus \$3.89 per 1,000 gallons for water used. The current monthly sewer rate for customers is \$41.16. Based on the number of customers for these two systems and the current tariff rates, Rogue Creek's annualized revenues for water and sewer for CY 2015 is approximately \$68,968. Based on the Company's checking account workpaper, the Company actually collected \$35,873 from its ratepayers. This represents approximately 52.01% of the funds collected as compared to what Staff has determined should have been collected in CY 2015. While reviewing the Company's workpapers, Staff noticed that the receiver did not bill Rogue Creek water or sewer customers for three months of service during CY 2015. Rogue Creek's annualized expenses for CY 2015 were approximately \$49,903. Rogue Creek incurred approximately \$14,030 more in expenses during CY 2015 than it received in revenues. In conclusion, if Rogue Creek had collected the full revenues from its customers that were owed for services, it would have sufficient funds to operate the Rogue Creek Water and Sewer system.

In Conclusion, Dale Johansen, the receiver for MPB, PCB and Rogue Creek collected approximately \$141,704 and incurred expenses of approximately \$169,464 for CY 2015. This under collection created a shortfall for the receiver of approximately \$27,760 for CY 2015 which caused him to be unable to pay the systems' incurred expenses. However, if Mr. Johansen had billed and collected the appropriate amounts from the customers of MPB, PCB and Rogue Creek, he would have collected approximately \$245,838, which would have been sufficient to pay for the systems' incurred expenses. In addition, due to his inability to collect the proper amounts from the systems' customers from the time he was assigned as the receiver, Mr. Johansen was also unable to pay the ECO System Operator for PCB from April 2015 through December 2015,

a total of \$18,624. Furthermore, Mr. Johansen also has outstanding bills for DNR fee amortization of \$9,281 and an accumulated total unpaid balance for his services of \$42,732.

CONSUMER AND MANAGEMENT ANALYSIS CUSTOMER SERVICE REVIEW

Staff's Investigation into the Conduct of the Court-Appointed Receiver for

M.P.B., Inc., P.C.B., Inc., and Rogue Creek Utilities, Inc.

Case No. WO-2016-0139

Gary Bangert

The Consumer and Management Analysis (“CMAU”) staff of the Missouri Public Service Commission (“Commission”) initiated a customer service investigation into the conduct of Johansen Consulting, LLC, which serves as the court-appointed receiver for M.P.B., Inc.; P.C.B., Inc.; and Rogue Creek Utilities, Inc., (“Companies”) in January 2016. The investigation was performed in response to the Commission’s order in Case No. WR-2016-0139, which was filed on December 16, 2015.

The CMAU staff had previously conducted customer service and business operations reviews of all three Companies. The CMAU staff performed a review of Rogue Creek Utilities, Inc., in 2013 in Case Nos. SR-2013-0435 and WR-2013-0436; and reviews of M.P.B., Inc., and P.C.B., Inc., in 2014 in Case Nos. SR-2014-0067 and SR-2014-0068, respectively. These reviews were conducted within the time period in which Mr. Dale Johansen of Johansen Consulting, LLC, was the receiver. The scope of this investigation by the CMAU staff incorporated an evaluation of the implementation actions taken by Mr. Johansen on the 23 recommendations for improvement in the areas of business operations, customer billing, and customer communications included in the three reports.

The following discussion provides a listing of the 23 recommendations, the Companies’ response to data requests for documentation of the implementation actions taken by Mr. Johansen in the context of the current investigation, and an implementation status for each recommendation based on an evaluation by CMAU staff. Thirteen of the 23 recommendations for M.P.B., Inc., P.C.B., Inc., and Rogue Creek Utilities, Inc., contained in the Customer Service and Business Operations Review Reports prepared by the Commission’s CMAU staff have not been implemented. The end of the discussion includes an analysis of the Companies’ responses to data requests associated with delinquent account activity.

M.P.B., Inc.

The CMAU staff Customer Service and Business Operations Review Report in Case No. SR-2014-0067, included seven recommendations. Information relative to these seven recommendations follows.

1. Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide examples of time sheets that verify implementation.

Response: The company initially provided a work record template with a statement that a completed record for a recent time period would be provided no later than 1/28/16. Mr. Johansen submitted an example of a completed work record on 2/5/16. The work record identifies the date, description of activities, worked hours, travel hours, and any mileage associated with the work for each respective company.

Implementation Status: Complete

2. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a vehicle log that verifies implementation.

Response: The company initially provided a work record template with a statement that a completed record for a recent time period would be provided no later than 1/28/16. Mr. Johansen submitted an example of a completed work record on 2/5/16. The work record identifies the date, description of activities, work hours, travel hours, and any mileage associated with the work for each respective company.

Implementation Status: Complete

3. Incorporate the correct delinquent date on customer bills that designates the date when customer accounts will be subject to late payment fees. The delinquent date should allow at least twenty-one (21) days from the rendition of bills before a payment is considered delinquent. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a customer bill that verifies implementation.

Response: The company provided a bill template, but no information was completed on the bill verifying that a correct delinquent date is included. Mr. Johansen represented that information included on a customer list is used to “fill in” the bill form. The delinquent date noted on the customer list submitted by Mr. Johansen provides at least 21 days from the rendition of bills before a bill is considered delinquent.

Implementation Status: Complete

4. Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a signed customer application that verifies implementation.

Response: This recommendation was not implemented when the data request was submitted on January 6, 2016. However, The company provided a draft “customer information sheet” on February 2, 2016. Mr. Johansen stated that this document would be sent to all customers of record and used for new customers.

Implementation Status: In progress. Mr. Johansen has not provided a copy of a “customer information sheet” that had been signed by a customer. The “customer information sheet” is only in a draft stage of development.

5. Develop and utilize a notice of discontinuance of service. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a notice of discontinuance that verifies implementation.

Response: The company provided a Rogue Creek Utilities, Inc., notice of discontinuance notice. Mr. Johansen stated this notice would be modified for M.P.B., Inc., and available to customers. No notices have been sent to date to M.P.B., Inc., customers.

Implementation Status: In Progress. Mr. Johansen provided a Rogue Creek Utilities, Inc., notice of discontinuance and noted that it would be modified for M.P.B., Inc.

6. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation should include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of actions the Company has taken to address the complaint. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a report of customer complaints that verifies implementation.

Response: A formal “log” of customer calls/inquiries/complaints is not currently being used. Notes are kept of conversations with customers, but few, if any, contacts are considered “complaints.” Customer correspondence occurring by e-mail is kept in an archive file. No examples of notes or archived e-mails were provided.

Implementation Status: Incomplete. Mr. Johansen provided no evidence of actual notes or archived e-mails.

7. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0067.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the written information specifying rights and responsibilities that verifies implementation.

Response: This recommendation has not been completed.

Implementation Status: Incomplete. Mr. Johansen indicated that the recommendation has not been implemented.

P.C.B., Inc.

The CMAU staff Customer Service and Business Operations Review Report in Case No. SR-2014-0067, included seven recommendations. Information relative to these seven recommendations follows.

8. Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide examples of time sheets that verify implementation.

Response: The company initially provided a work record template with a statement that a completed record for a recent time period would be provided no later than 1/28/16. Mr. Johansen submitted an example of a completed work record on 2/5/16. The work record identifies the date, description of activities, worked hours, travel hours, and any mileage associated with the work for each respective company.

Implementation Status: Complete

9. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a vehicle log that verifies implementation.

Response: The company initially provided a work record template with a statement that a completed record for a recent time period would be provided no later than 1/28/16. Mr. Johansen submitted an example of a completed work record on 2/5/16. The work record identifies the date, description of activities, worked hours, travel hours, and any mileage associated with the work for each respective company.

Implementation Status: Complete

10. Incorporate the correct delinquent date on customer bills that designates the date when customer accounts will be subject to late payment fees. The delinquent date should allow at least twenty-one (21) days from the rendition of bills before a payment is considered delinquent. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a customer bill that verifies implementation.

Response: The company provided a bill template, but no information was completed on the bill verifying that a correct delinquent date is included. Mr. Johansen represented that information included on a customer list is used to “fill in” the bill form. The delinquent date noted on the customer list submitted by Mr. Johansen provides at least 21 days from the rendition of bills before a bill is considered delinquent.

Implementation Status: Complete

11. Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a signed customer application that verifies implementation.

Response: This recommendation was not implemented when the data request was submitted on January 6, 2016. However, the company provided a draft “customer information sheet” on February 2, 2016. Mr. Johansen stated that this document would be sent to all customers of record and used for new customers.

Implementation Status: In progress. Mr. Johansen did not provide a copy of a “customer information sheet” that had been signed by a customer. The “customer information sheet” is only in a draft stage of development.

12. Develop and utilize a notice of discontinuance of service. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a notice of discontinuance that verifies implementation.

Response: A Rogue Creek Utilities, Inc., notice of discontinuance notice was provided. Mr. Johansen stated this notice would be modified for P.C.B., Inc., and available to customers. No notices have been sent to P.C.B., Inc., customers.

Implementation Status: In Progress. Mr. Johansen provided a Rogue Creek Utilities, Inc., notice of discontinuance and stated that it would be modified for P.C.B., Inc.

13. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation should include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of actions the Company has taken to address the complaint. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a report of customer complaints that verifies implementation.

Response: A formal “log” of customer calls/inquiries/complaints is not currently being used. Notes are kept of conversations with customers, but few, if any, contacts are considered “complaints.” Customer correspondence occurring by e-mail is kept in an archive file. No examples of notes or archived e-mails were provided.

Implementation Status: Incomplete. Mr. Johansen did not provide evidence of actual notes or archived e-mails.

14. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in Case No. SR-2014-0068.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the written information specifying rights and responsibilities that verifies implementation.

Response: Mr. Johansen indicated that this recommendation has not been completed.

Implementation Status: Incomplete

Rogue Creek Utilities, Inc.

The CMAU staff Customer Service and Business Operations Review Report in Case Nos. SR-2013-0435 and WR-2013-0436, included nine recommendations. Information relative to these nine recommendations follows.

15. Develop and utilize time sheets to record the time associated with work assignments. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide examples of time sheets that verify implementation.

Response: The company initially provided a work record template with a statement that a completed record for a recent time period would be provided no later than 1/28/16. Mr. Johansen submitted an example of a completed work record on 2/5/16. The work record identifies the date, description of activities, worked hours, travel hours, and any mileage associated with the work for each respective company.

Implementation Status: Complete

16. Develop and execute a written agreement with the part-time Company employee who performs regular meter reading and maintenance actions. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the written agreement with the part-time Company employee that verifies implementation.

Response: Mr. Johansen indicated that this recommendation has not been implemented.

Implementation Status: Incomplete

17. Develop and utilize a written vehicle log to maintain information regarding vehicle usage. The log should include information regarding the vehicle type, date, description and location of the task, and the miles attributable to the task. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the written vehicle log that verifies implementation.

Response: The company initially provided a work record template with a statement that a completed record for a recent time period would be provided no later than 1/28/16. Mr. Johansen submitted an example of a completed work record on 2/5/16. The work record identifies the date, description of activities, worked hours, travel hours, and any mileage associated with the work for each respective company.

Implementation Status: Complete

18. Initiate action to read water meters on a regular basis and develop a consistent schedule for mailing bills and performing other appropriate actions associated with bill collection. This recommendation should be completed within ninety (90) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the schedule for mailing bills and performing other appropriate actions associated with bill collection that verifies implementation.

Response: Mr. Johansen represented that meters are not always being read on a consistent basis; however, bills are now being sent out on a consistent (monthly) basis. If current meter readings are not available for a particular billing, the company takes action one of two ways; (1) usage is based on average daily usage calculated from available meter readings; or (2) only monthly base charges are billed.

Implementation Status: Incomplete

19. Incorporate the correct delinquent date on customer bills that designates when customer accounts will be subject to late payment fees. Provide at least twenty-one (21) days from the rendition (or the mailing) of bills before a payment is considered delinquent as required by Commission Rule 4 CSR 240-13.020(7). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the schedule for mailing bills and performing other appropriate actions associated with bill collection that verifies implementation.

Response: Mr. Johansen represented that this recommendation has been implemented in that the delinquent date shown on customer bills is calculated by adding 22 days to the statement date shown on the bills.

Implementation Status: Complete

20. Develop and require a signed customer application prior to providing service as specified in the Company's tariff. The Company's customer application shall include the date, the customer's signature, and a statement indicating that the customer agrees to abide by the Company's rates, rules and regulations, and applicable state statutes. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a signed customer application that verifies implementation.

Response: This recommendation was not implemented when the CMAU staff submitted the data request on January 6, 2016. However, the company provided a draft "customer information sheet" on February 2, 2016. Mr. Johansen stated that this document would be sent to all customers of record and used for new customers.

Implementation Status: In progress. Mr. Johansen did not provide a copy of a "customer information sheet" that had been signed by a customer. The "customer information sheet" is only in a draft stage of development.

21. Develop and utilize a notice of discontinuance of service that is in compliance with Commission Rule 4 CSR 240-13.050(4). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a notice of discontinuance that verifies implementation.

Response: The company provided a Rogue Creek Utilities, Inc., notice of discontinuance.

Implementation Status: Complete. Mr. Johansen provided a Rogue Creek Utilities, Inc., notice of discontinuance.

22. Develop and implement a process to ensure all customer complaints received by Company personnel are documented and maintained for at least two (2) years. Documentation shall adhere to Commission Rules 4 CSR 240-13.040 and 4 CSR 240-60.010(4) and include the customer name, address, nature of the complaint, date of occurrence, as well as an explanation of what the Company has done to address the complaint. This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of a report of customer complaints that verifies implementation.

Response: A formal “log” of customer calls/inquiries/complaints is not currently being used. Notes are kept of conversations with customers, but few, if any, contacts are considered “complaints.” Customer correspondence that occurs by e-mail is kept in an archive file. No examples of notes or archived e-mails have been provided.

Implementation Status: Incomplete. Mr. Johansen has not provided evidence of actual notes or archived e-mails.

23. Develop and distribute to all current and future customers written information specifying the rights and responsibilities of the Company and its customers. This document should adhere to Commission Rule 4 CSR 240-13.040(3). This recommendation should be completed within thirty (30) days of the effective date of any Commission order issued in cases, SR-2013-0435 and WR-2013-0436.

Data Request: Please state whether the recommendation has been implemented and, if so, provide a copy of the written information specifying rights and responsibilities that verifies implementation.

Response: Mr. Johansen indicated that this recommendation has not been completed.

Implementation Status: Incomplete

M.P.B., Inc., P.C.B., Inc., and Rogue Creek Utilities, Inc.

The CMAU staff submitted two additional data requests related to the delinquent account activity at M.P.B. Inc., P.C.B. Inc., and Rogue Creek Utilities, Inc. Information relative to these two data requests follows.

Data Request: Number of disconnections for non-payment, on a monthly basis, for 2014 and 2015.

Response: Mr. Johansen represented that there have not been any non-pay disconnects during the referenced time frames for M.P.B., Inc., P.C.B., Inc., or Rogue Creek Utilities, Inc.

Data Request: Number and total dollar amount of accounts that have been delinquent for 31-60 days, 61-90 days, and exceeding 90 days.

Response: Mr. Johansen responded that the information requested is not currently/readily available for M.P.B., Inc., P.C.B., Inc., or Rogue Creek Utilities, Inc.

Findings

Thirteen of the 23 recommendations for M.P.B., Inc., P.C.B., Inc., and Rogue Creek Utilities, Inc. contained in the Customer Service and Business Operations Review reports prepared by the Commission's Consumer and Management Analysis Unit staff have not been implemented. While Mr. Johansen has made some progress on five of these thirteen recommendations, eight recommendations are incomplete, with no action taken. Based on the Commission orders in the rate cases for these three companies, all of the recommendations had 30- or 90-day implementation requirements and should have been implemented from one to two years ago. In addition, the fact that no non-pay disconnects have been performed in the last two years and that the number and dollars associated with delinquent accounts are not readily available raises concern with Mr. Johansen's awareness of any potential delinquency problem.

Conclusion

The implementation actions taken by Mr. Johansen to address the customer service deficiencies identified in previous CMAU staff reports are unsatisfactory. Many of the recommendations were associated with tariff or Commission rule violations. In CMAU staff's opinion, Mr. Johansen's implementation actions have not adequately addressed the Commission's orders to improve customer service for M.P.B., Inc., P.C.B., Inc., and Rogue Creek Utilities, Inc., customers.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 28, 2019
Commission Number: 15207377

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Staff's Investigation into the)
Conduct of the Court-Appointed Receiver for) Case No. WO-2016-0139
M.P.B., Inc.; P.C.B., Inc.; and Rogue Creek)
Utilities, Inc.)

AFFIDAVIT OF PAUL R. HARRISON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Paul R. Harrison, of lawful age, on his oath states: (1) that he is a Utility Regulatory Auditor IV in the Auditing Department of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing *Staff's Final Report*, in memorandum form; (3) that information in *Staff's Final Report* was provided by him; (4) that he has knowledge of matters set forth in *Staff's Final Report*; and (5) that such matters set forth in *Staff's Final Report* are true and correct to the best of his knowledge, information and belief.

Paul R. Harrison
Paul R. Harrison

Subscribed and sworn to before me this 4th day of May, 2016.

Dianna L. Vaught
Notary Public

