

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

**AFFIDAVIT IN SUPPORT OF PROPOSED COMPENSATION AGREEMENT FOR COMMISSION-
APPOINTED INTERIM RECEIVER OF HICKORY HILLS WATER & SEWER COMPANY**

STATE OF MISSOURI)
) ss MO PSC Case No. WO-2007-0036
COUNTY OF COLE)

COMES NOW Dale W. Johansen, being of lawful age, and on his oath states the following in support of the Commission Staff's proposed compensation agreement for the Commission-appointed interim receiver of Hickory Hills Water & Sewer Company (HHWSC):

(1) I am the Manager of the Commission's Water & Sewer Department;

(2) Subsequent to the Commission's appointment of Gary V. Cover as the interim receiver of HHWSC, I directly participated in the process whereby Mr. Cover and the Commission Staff attempted to identify and obtain bids from properly licensed water and sewer system operators for the purpose of carrying out the day-to-day operations and maintenance of HHWSC's water and sewer systems;

(3) The process of identifying and receiving bids from a properly licensed water and sewer system operator for HHWSC's water and sewer systems initially included me directly contacting Aqua Missouri, Inc. (AquaMo) and Lake Ozarks Water & Sewer (LOWS), both of which are known by me to provide reasonable and satisfactory contract operations of water and sewer systems, to determine if either of those entities would submit bids for carrying out the day-to-day operations and maintenance of HHWSC's water and sewer systems;

(4) In response to my contact with AquaMo, a representative of AquaMo advised me that the company was no longer taking on additional contract operations and would thus not submit a bid to operate HHWSC's water and sewer systems;

(5) In response to my contact with LOWS, a representative of LOWS provided a bid for the day-to-day operations and maintenance of HHWSC's water and sewer systems directly to Mr. Cover, with that bid being in the amount of \$2,000 per month;

(6) As a result of having obtained only one bid from my initial contacts with AquaMo and LOWS, Mr. Cover and I contacted Mr. David Arl, who is the licensed water and sewer system operator for the water and sewer systems of Missouri Utilities Company, a Commission-regulated utility company for which Mr. Cover is the court-appointed receiver, to see if he would be interested in operating HHWSC's water and sewer systems on a contract basis for Mr. Cover as the interim receiver of HHWSC.

(7) Subsequent to my and Mr. Cover's discussions with Mr. Arl, and subsequent to him making an on-site inspection of HHWSC's water and sewer systems, Mr. Arl offered to act as the contract operator of HHWSC's water and sewer systems for the sum of \$1,500 per month.

(8) It is my opinion that Mr. Arl's proposed fee of \$1,500 per month to carry out the day-to-day operations and maintenance of HHWSC's water and sewer systems is reasonable since it is the lowest of the two bids received, and because of my general knowledge of other such contract operations for systems of similar size to HHWSC's water and sewer systems.

(9) With regard to the proposed compensation rate of \$150 per hour for the time spent by Mr. Cover as the interim receiver of HHWSC, I believe this is a reasonable level of compensation since this is the hourly rate that Mr. Cover receives as the court-appointed receiver of Osage Water Company.

(10) Based on the above, I respectfully recommend that the Commission issue an order approving the Staff's proposed compensation agreement for Mr. Cover and Mr. Arl.

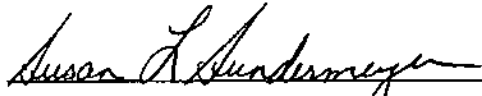
A handwritten signature in cursive script, reading "Dale W. Johansen", written over a horizontal line.

Dale W. Johansen – Manager
Water & Sewer Department
Utility Operations Division

ACKNOWLEDGMENT OF NOTARY PUBLIC

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

Now on this 25th day of October 2006, personally appeared before me Dale W. Johansen, known by me to be the Manager of the Missouri Public Service Commission's Water & Sewer Department, and executed his signature above.



Notary Public

My Commission Expires: 9-21-10



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086