
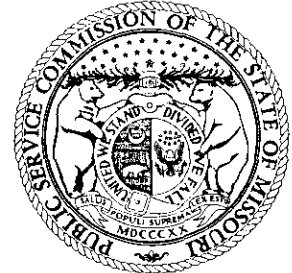


## Notice of *Ex Parte* Contact

TO: Data Center  
All Parties in Cases **WR-2006-0250 and**  
**SR-2006-0249**

FROM: Commissioner Connie Murray 

DATE: June 29, 2006



On June 29, 2006, I received the attached letter from Randy Clifford regarding Hickory Hills Water & Sewer Company. The Commission is currently considering the issues discussed in this document in cases **WR-2006-0250 and SR-2006-0249** which are contested cases. In contested cases, the Commission is bound by the same *ex parte* rule as a court of law.

Although communications from members of the public and members of the legislature are always welcome, those communications must be made known to all parties to a contested case so that those parties have the opportunity to respond. According to the Commission's rules (4 CSR 240-4.020(8)), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it to each member of the Commission and the parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, I submit this report pursuant to the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Commissioners  
Executive Director  
Secretary/Chief Regulatory Law Judge  
General Counsel

HICKORY HILLS WATER & SEWER COMPANY, INC.

PO BOX 297

TIPTON, MISSOURI 65081

PWS ID # 3036043

RECEIVED  
JUN 29 2006

June 26, 2006

Commissioner Connie Murray  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

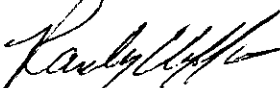
Ms. Murray,

I thank you for your support in the recent rate case hearing. It is evident, by your remarks in your dissenting opinion, that you have a clear understanding of the problems faced by many small water and sewer companies. It is truly unfortunate for the owners, customers, and the State of Missouri that all of the Commissioners do not share this understanding.

When the *Sedalia Democrat* first published an article reporting the dilemma the customers of Missouri Utilities Company faced when that company discontinued service I was somewhat appalled. Having been involved with the PSC I good understand why the owner good be frustrated, but I could not believe the PSC would allow the condition to become so dire that such actions would be warranted. After the plight of HHWS became public, I was contacted by persons associated with the Missouri Utilities Company and encouraged to take the same course of action as Mr. Mitchell had taken. I could still not believe that to be the proper course of action. Although I still do not believe this action to be appropriate, I feel the time is near when this option will be my only choice.

Enclosed, for your information, is a copy of a customer notice mailed Monday, June 26, 2006.

Sincerely,



Randy Clifford

Enc. Customer Notice  
cc. File

**HICKORY HILLS WATER & SEWER COMPANY, INC.**

**P.O. BOX 297**

**TIPTON, MO 65081**

**660-433-5366**

**June 21, 2006,**

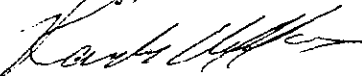
**Customer Notice:**

Early in the year 2004 HHW&S received notice from the Missouri Department of Natural Resources (DNR) that the Company was not meeting certain State regulations in regards to water testing and was required to change its operating procedures and become compliant. Later in the year the Company's Wastewater Discharge Permit was re-issued and it included changes to operating procedures and requirements to make improvements. During the year, the Company also sought, from the Missouri Public Service Commission (PSC), and was granted water and sewer rate increases. The new rates were based on operating expenses incurred during the year 2003. The rate case settlement also included requirements to add additional improvements to service. In each case the Company purchased additional equipment and supplies, increased testing, and/or took other steps to comply with the increased regulations. The Company followed PSC procedures by incurring the expense of providing the services and then applying for rate increases to recover the costs.

Since the beginning of the year 2004 the Company's operating expense debt has increased by approximately \$6000.00. The owners have experienced a net loss of approximately \$15,000.00 in uncompensated services rendered. The Company simply cannot continue to operate in this manner. When any business is in a position where revenues do not meet expenses the company either makes changes to correct the revenues and expenses problem or closes. State regulations prohibit this business from closing. Therefore this company must either increase revenues or cut costs and since the PSC has ruled that the Company must reduce rather than increase water revenue's the Company's only option is to reduce costs. Unfortunately, to reduce cost the Company must reduce services. Effective June 30, 2006, the Company will discontinue chlorination of the water supply. The Company recommends, that as of June 30, all drinking water should be vigorously boiled for fifteen (15) minutes and allowed to cool before drinking. This practice should continue until such time that the DNR can certify that the water is safe to drink in the absence of chlorination. In addition to the above service reduction, the 573-796-4060 and 573-353-6155 phone numbers will be disconnected. With the absence of phone service, the Company will no longer be able to continuously monitor the water system for low water pressure. The company will also suspend its water meter replacement, sewer main cleaning and man hole inspection programs. In its current state, should a breakdown in the system occur, the company is financially unable to make any repairs.

If these attempts at cost savings prove to be insufficient, other more drastic measures may need to be implemented.

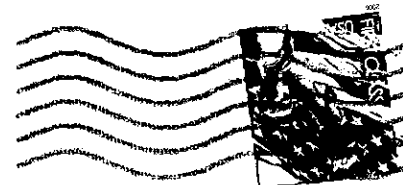
Sincerely,



**Randy Clifford, President**

HHW&S  
P O BOX 297  
TIPTON MO 65081

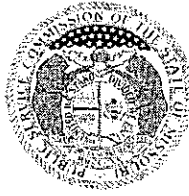
MID-MISSOURI P&DF  
MO 652 1 T  
27 JUN 2006 PM



Commissioner Connie Murray  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102

65102+0360





Commissioners

JEFF DAVIS  
Chairman

CONNIE MURRAY

STEVE GAW

ROBERT M. CLAYTON III

LINWARD "LIN" APPLING

*Missouri Public Service Commission*

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<http://www.psc.mo.gov>

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Executive Director

DANA K. JOYCE  
Director, Administration and  
Regulatory Policy

ROBERT SCHALLENBERG  
Director, Utility Services

WARREN WOOD  
Director, Utility Operations

COLLEEN M. DALE  
Secretary/Chief Regulatory Law Judge

KEVIN A. THOMPSON  
General Counsel

June 29, 2006

Mr. Randy Clifford  
Hickory Hills Water & Sewer Company, Inc.  
P.O. Box 297  
Tipton, MO 65081

Dear Mr. Clifford:

I am in receipt of your letter dated June 26, 2006. In that the Commission's Order does not become effective until July 1, I am required to file a notice of ex parte communication and copy the letter to the official case file. That requirement applies until the Order becomes effective. That does not mean that the communication is improper, only that it must be noticed to the file to give other parties the opportunity to respond.

Thank you for your comments.

Sincerely,

A handwritten signature in cursive script that reads "Connie Murray".

Connie Murray  
Commissioner