

Exhibit No. _____
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Witness: Garah (Rick) Helms
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Sponsoring Party: Foxfire Utility Company
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Missouri Public Service Commission

Direct Testimony

of

Garah F. (Rick) Helms

On Behalf of

Foxfire Utility Company

August 19, 2022

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**DIRECT TESTIMONY OF
GARAH F. (RICK) HELMS
FOXFIRE UTILITY COMPANY**

1 **WITNESS INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Garah F. (Rick) Helms. My business address is 3478 Smyrna Road,
4 Rogersville, Missouri 65742.

5 **Q. WHAT IS YOUR POSITION WITHIN FOXFIRE UTILITY COMPANY
6 (“FOXFIRE”)?**

7 A. I hold the offices of Director and President of Foxfire. I am also a Trustee of the
8 Rick and Janet Helms Revocable Trust dated 8/29/2014, which holds 100% of the
9 shares of Foxfire Utility Company.

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL
11 EXPERIENCE.**

12 A. I am an honorably discharged veteran of the United States Marine Corps.
13 I received a Bachelor of Science Degree in Environmental Health from Missouri
14 Southern State University in 1977. I am an “A” level certified wastewater operator,
15 an “A” level certified drinking water operator and a DSIII level certified water
16 distribution system operator. I have worked as an operator at surface water
17 drinking water treatment systems, groundwater treatment systems and many
18 water disinfection and distribution systems. I have also worked as an operator and
19 manager at publicly and privately owned wastewater collection and treatment
20 systems using various secondary and tertiary treatment processes. I worked for

1 the Missouri Department of Natural resources coordinating all water and sewer
2 activity for the Division of Parks and Recreation and for the Division of
3 Environmental Quality in the wastewater construction grants program with a focus
4 on operation and maintenance at newly constructed wastewater treatment
5 systems. I have instructed certification training classes on a broad range of water
6 and wastewater subjects. I started a regulated sewer company in Missouri and
7 owned and operated several other regulated water and sewer companies in
8 Missouri. I started Foxfire Utility Company and have served as the owner operator
9 through today. I also started and operated a contract operations firm that provided
10 services to publicly and privately owned water and sewer systems. I have served
11 as a consultant to owners of publicly and privately owned water and sewer systems
12 and have evaluated system conditions and values in that role. Most recently I
13 served as operations manager for White River Valley Environmental Services and
14 for Ozarks Environmental Services. I retired from Ozarks Environmental Services
15 in December 2016.

16 **PURPOSE**

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

18 A. I will provide the Missouri Public Service Commission (“Commission”) with a
19 description of the Foxfire water and sewer systems that Ozarks Clean Water
20 Company (“OCWC”) seeks to acquire and operate on an ongoing basis, the reason
21 for the sale of Foxfire’s assets, and how the purchase price for those assets was
22 agreed upon.

1 **FOXFIRE SYSTEMS**

2 **Q. WHAT WATER AND WASTEWATER SYSTEMS DOES OCWC SEEK TO**
3 **ACQUIRE IN THIS CASE?**

4 A. OCWC proposes to acquire substantially all the water and sewer system assets of
5 Foxfire.

6 **Q. IS THERE AN AGREEMENT CONCERNING THE SALE AND PURCHASE OF**
7 **FOXFIRE'S WATER AND SEWER SYSTEMS?**

8 A. Yes. The *Agreement for Sale and Purchase of Assets* dated December 10, 2019
9 (“Asset Purchase Agreement”), is attached to the Direct Testimony of Mr.
10 Casaletto.

11 **Q. PLEASE DESCRIBE THE FOXFIRE WATER AND SEWER SYSTEMS.**

12 A. Foxfire currently provides water and sewer service to approximately 258 billed
13 locations within an area generally referred to as Lantern Bay, pursuant to
14 certificates of convenience and necessity granted by the Commission in Case No.
15 WA-95-31. Foxfire is a “water corporation” a “sewer corporation” and a “public
16 utility” as those terms are defined in Section 386.020, RSMo, and is subject to the
17 jurisdiction and supervision of the Commission as provided by law. Foxfire has no
18 pending action or final unsatisfied judgment or decision against it from any state or
19 federal agency or court that involves customer service or rates that has occurred
20 within the last three years.

21 **Q. WHAT IS THE NATURE OF THE CUSTOMER BASE FOR FOXFIRE?**

1 A. The service area is a condominium development. The Company serves the
2 condominium units, three offices, four swimming pool/hot tub areas and two
3 irrigation systems. The condominiums typically represent second homes,
4 investment properties, or both, for their owners. I estimate that there are fewer
5 than 10 customers that reside in their condominium year around.

6 **Q. ARE YOU FAMILIAR WITH HOW A FOXFIRE WATER AND SEWER BILL**
7 **RELATES TO THE NORMAL, DAILY RENTAL FOR A CONDOMINIUM IN THE**
8 **LANTERN BAY AREA?**

9 A. Yes. A normal monthly water and sewer bill would represent approximately one
10 half, or less, of a typical daily rental for these units.

11 **REASON FOR THE SALE OF FOXFIRE'S ASSETS**

12 **Q. WHY IS FOXFIRE SELLING THE WATER AND SEWER ASSETS IN**
13 **QUESTION?**

14 A. I am now 70 years old, have been involved in the water and sewer business for
15 approximately 48 years, and wish to fully retire. I have no intention to be involved
16 in any capacity with the operation, maintenance, or management of public drinking
17 water systems or wastewater collection and treatment systems in the future.

18 **Q. IN MAKING THIS TRANSITION TO RETIREMENT, DID YOU HAVE A**
19 **PARTICULAR INTEREST IN OCWC AS A PURCHASER?**

20 A. Yes. Because of my confidence in OCWC's qualifications to provide water and
21 sewer service, I believe this sale provides a solid succession plan that will result in
22 safe and adequate service on a permanent going-forward basis, which is of

1 primary importance to our customers and to me personally. The same staff that
2 currently operates and maintains the system for Foxfire will perform those duties
3 on behalf of OCWC.

4 **PURCHASE PRICE FOR FOXFIRE'S ASSETS**

5 **Q. HOW WAS THE PURCHASE PRICE FOR THE ASSETS OF FOXFIRE**
6 **DETERMINED?**

7 A. The purchase price was agreed upon between me and the board of OCWC based
8 on our respective knowledge of the market and their analysis of revenue the
9 system generates, Foxfire's historical operating costs and their projected operating
10 costs. I do note that Mr. Casaletto is a degreed accountant and former business
11 owner/operator. I believe Mr. Casaletto is fully qualified to conduct such analysis
12 and to determine the viability of this transaction from OCWC's perspective. My
13 career has exposed me to many acquisitions and sales of water and sewer
14 systems, both regulated and non-regulated, in Missouri, Tennessee and Texas. I
15 am well aware of the trend towards consolidation of water and sewer assets, and
16 how systems are generally valued. Ultimately, this is a price that both the buyer
17 and the seller believe is appropriate. Further, my acceptance of this price was
18 informed by my own personal financial situation, including assets, debts, and
19 income sources with an eye towards my own retirement

20 **Q. ARE THERE OTHER ASPECTS OF THIS TRANSACTION THAT SUPPORT**
21 **THE PURCHASE PRICE?**

1 A. Yes. The Foxfire systems are in very good condition. There is no known need for
2 repairs or immediate investment in the systems. There has been no deferred
3 maintenance. Additionally, significant growth is likely which will inure to the benefit
4 of OCWC. The service area adjoins the Silver Dollar City Property and is a very
5 desirable recreational destination. This has favorably impacted property values
6 and demand for properties in the service area is strong. Infrastructure to serve 13
7 cabin sites and one 8-unit condo is currently under construction. A total of 31 cabin
8 sites and 24 condo units have been designed and construction permitted by
9 Missouri Department of Natural Resources. The water and sewer systems were
10 originally designed and constructed to serve approximately 420 units. So
11 significant reserve capacity exists with the only cost to developers being line
12 extension costs. There are no impact fees for capacity in either the water
13 production and storage system or the wastewater treatment system, which makes
14 this an attractive system to build in. Lastly, I do think it is also significant that the
15 agreement includes financing of the purchase for OCWC over a twenty (20) year
16 period at an annual interest rate of 2.5%.

17 **Q. GIVEN YOUR MANY YEARS OF EXPERIENCE IN THE WATER AND SEWER**
18 **INDUSTRY AND YOUR KNOWLEDGE OF THE FOXFIRE WATER AND SEWER**
19 **SYSTEMS, DO YOU BELIEVE THAT THE PURCHASE PRICE REPRESENTS A**
20 **FAIR MARKET VALUE FOR THE ASSETS?**

21 A. Yes.

1 **Q. THE STAFF RECOMMENDATION IDENTIFIES AN ESTIMATED RATE BASE**
2 **AND COMPARES THIS TO THE PURCHASE PRICE. DO YOU BELIEVE THIS**
3 **IS AN APPROPRIATE COMPARISON?**

4 A. No. The proposed purchase price is agreed to by Foxfire and OCWC. As a not-
5 for-profit corporation that is not price regulated, rate base, or net original cost, has
6 no import for OCWC.

7 **Q. HAVING SAID THAT, IS THERE ANY COMMENT YOU WOULD LIKE TO MAKE**
8 **IN REGARD TO THE RATE BASE NUMBER IDENTIFIED BY STAFF?**

9 A. Yes. I believe there are investments that are not included in the numbers used by
10 Staff, including \$23,878.37 in costs relating to repairing, replacing, and installing
11 new pressure regulation valves, and some \$78,000 in other various maintenance
12 and improvement projects.

13 **ASSOCIATION WITH OCWC**

14 **Q. WERE YOU PREVIOUSLY ASSOCIATED WITH OCWC?**

15 A. Yes. I was on the board of OCWC until I resigned in August of 2019.

16 **Q. DID YOU PARTICIPATE IN OCWC'S DECISION TO PURCHASE THE FOXFIRE**
17 **SYSTEM?**

18 A. No. I recused myself from the July 15, 2019 board meeting in which the acquisition
19 of Foxfire was first discussed, and resigned from OCWC's board of directors in
20 August of 2019, long before the December 31, 2019 vote to purchase Foxfire's
21 assets at the negotiated price in question.

22 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

1 A. Yes, it does.

AFFIDAVIT

STATE OF MISSOURI)
)
COUNTY OF Christian

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I, Garah (Rick) Helms, state that I am the President of Foxfire Utility Company; that the Direct Testimony and schedules attached hereto have been prepared by me or under my direction and supervision; and, that the answers to the questions posed therein are true to the best of my knowledge, information and belief under penalty of perjury, and pursuant to § 509.030, RSMo.

Garah D. (Rick) Helms
Garah (Rick) Helms

Aug. 17, 2022
Date