

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 14th
day of April, 1995.

In the matter of Bill Gold Investments, Inc.'s)
tariff revisions designed to increase rates for) Case No. SR-95-262
sewer service pursuant to the Commission's)
informal rate procedure.)

SUSPENSION ORDER AND NOTICE

On March 1, 1995, Helms Environmental Services, Inc., (Helms), receiver and operator of a public sewer service known as Bill Gold Investments and located in the village addition of Battlefield, Greene County, Missouri, filed a tariff with the Commission proposing to raise the service rate from a current flat rate of \$14.70 to a flat rate of \$28.00. On March 23, 1995, at the request of the Office of Public Counsel (OPC), a public hearing was held in Springfield, Missouri, attended by approximately 50 of the 110 total customers of the instant sewer system.

In addition, as the effective date of this tariff is April 16, 1995, the Commission requested, and received, position statements from both the Staff of the Commission and the OPC.

It is the position of the OPC that this tariff should be suspended. The OPC's position is based on the testimony of public utility accountant Kimberly Kelsay. It is OPC's position that the requested rate is approximately \$8.00 too high, with the principal disagreement between the Staff and OPC centering around the hourly wage rates charged to the operation of this system by Helms. In addition, OPC has noted that no commitment has been made by Helms to improve the quality of the system as the result of this requested rate increase. The OPC states that it is

unjust to expect the Village Addition ratepayers to absorb an approximate 90% increase in sewer rates with no improvement in the system.

On April 7, 1995, the Staff of the Commission filed its recommendation. In that recommendation the Staff approved the requested increase based on 6 months of actual operating expenses. The Staff does not effectively challenge the fact that the system is of poor quality and no upgrades will result from the increase in rates. The Staff maintains that the system will be improved significantly by proper operation.

The Staff also points out that the Missouri Department of Natural Resources has, on the record in the public hearing in this case, virtually guaranteed the Commission that the permit to operate this system from the DNR will not be renewed as the result of the inability of the system to eliminate an ongoing problem with effluent discharge into the watershed.

Finally, the Commission would note that the Bill Gold system was placed in receivership less than a year ago by the Commission at the request of the Staff. The current court appointed operator, Helms, has asked to be relieved of its receivership responsibilities. To date, the Circuit Court of Greene County has taken no action.

The Commission would first state that, as a result of the public hearing in this case, it is clear to the Commission that the current sewer system in Village Addition is inadequate both as a service to the ratepayers and in maintaining compliance with environmental requirements. The longstanding problems associated with this system have reached the point that a timely and permanent solution must be found. Several options are open to the Staff, OPC, DNR, various municipalities, and the ratepayers of Village Addition. It is the opinion of the Commission, from the information presented in this case to date, that simply raising the

tariffed rate as requested will solve none of the apparent problems with this system, either temporarily or permanently. In addition, the OPC has raised legitimate questions as to the accuracy of the rate increase request.

In this rate proceeding the Commission has limited choices as to the ultimate decision it must make. The Commission may choose to adjust the rate currently paid or not, as the evidence may dictate. It cannot, in all likelihood, mandate a final solution to the current severe problems with the operation of the system. It would be far more preferable if a permanent and agreeable solution to the ongoing problems with this system were found by the parties.

In addition, the Commission is faced with a contested issue of fact, offered by the OPC, as to the extent of the proposed rate increase. The Commission has the sole responsibility for setting the rates of public utilities. It is the opinion of the Commission that due process and fairness dictates that an evidentiary hearing should be held.

Therefore, as the Commission does not find it appropriate to conclude that the requested rate increase is reasonable and in the public interest without accepting evidence in that regard, it is the opinion of the Commission that the proposed tariff should be suspended to allow sufficient time to study the effect of the proposed tariff and to determine if it is just, reasonable, and in the public interest.

The Commission will suspend the proposed tariff for an initial period of 120 days plus an additional 6 months beyond the requested effective date.

In addition, in order to facilitate the expedited hearing of this matter, the Commission will order an early prehearing conference. The parties are advised that, as the result of the early prehearing conference,

a suggested procedural schedule should be filed with the Commission no later than June 1, 1995.

The Commission's Information Office will be ordered to send notice of this order to the publisher of each newspaper located in Greene County, Missouri, as listed in the newspaper directory of the current *Official Manual of the State of Missouri*, to all members of the General Assembly representing Greene County, and to the County Commission of Greene County.

Any city, county, or other proper party desiring to intervene in this proceeding shall file an application to intervene on or before the date set out in this order, as provided by 4 CSR 240-2.110(12), and shall serve a copy of the application on Milton E. Leeds, Vice President, Helms Environmental Services, Inc., P.O. Box 7017, Jefferson City, Missouri 65102.

IT IS THEREFORE ORDERED:

1. That the proposed tariff sheets submitted on March 1, 1995, by Helms Environmental Services, Inc. requesting an approximate 90% increase in rates for sewer service are hereby suspended for an initial period of 120 days, from March 16, 1995 to August 14, 1995, and for an additional 6-month period, to February 14, 1996.


2. That an early prehearing conference in this matter is set for May 18, 1995, commencing at 9:00 a.m. in the Offices of the Public Service Commission, Harry S Truman State Office Building, Room 530, 301 West High Street, Jefferson City, Missouri 65101, which will result in a suggested procedural schedule being filed by the parties no later than June 1, 1995.

3. That any proper party desiring to intervene and participate in this matter shall file application to do so, and serve a copy of that application on Helms Environmental Services, Inc. no later than May 15, 1995.

4. That the Information Office of the Commission shall serve and provide notice as set out in this order.

5. That this order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

David L. Rauch
Executive Secretary

(S E A L)

McClure, Kincheloe and Crumpton, CC.,
Concur.
Mueller, Chm., and Perkins, C.,
Dissent.