

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

In the Matter of a Proposed Rule Regarding an)
Environment Improvement Contingency Fund)

File No. AX-2018-0241

COMMENTS OF THE STAFF

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and hereby tenders its attached *Comments of the Staff of the Missouri Public Service Commission*, for the Commission's consideration regarding the above-styled matter.

Respectfully submitted,

/s/ Jacob T. Westen

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and or counsel of record on this 1st day of August, 2018.

/s/ Jacob T. Westen

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Comments of the Staff of the Missouri Public Service Commission

The Commission, as well as other public utility commissions across the nation, continues to explore options to address the many issues facing small water and sewer systems. Often, the small system operators do not have the financial means to make the improvements necessary to keep the systems viable. Proposed rule 4 CSR 240-10.095, Environmental Improvement Contingency Fund, is a mechanism intended to enable troubled small utility systems to obtain funds necessary to comply with environmental rules, regulations and orders. This rule allows for prefunding of necessary environmental investments by utility customers under certain limited circumstances. The rule contains protections to ensure that any amounts collected from customers through an EICF are segregated from other utility funds and only disbursed for qualifying environmental expenditures. The rule also requires amounts collected from customers to be accounted for as Contributions in Aid of Construction once amounts are expended, so that ratepayers receive proper credit in rates for capital contributed to qualifying utilities. Staff reached out to the Missouri Bankers Association (MBA). MBA was generally supportive of the rule as a framework that could provide some assurances when troubled systems seek financing. Staff supports this rule.