

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

In the Matter of the Application of Highway H)
Utilities, Inc. for Authority to Sell Certain Water)
and Wastewater System Assets to the City of)
Waynesville, Missouri, and Pulaski County Sewer)
District Number 1, and, in Connection Therewith,)
Certain Other Related Transactions)

Case No. SM-2018-0095

OPC COMMENT ON TRANSFER OF ASSETS

COMES NOW the Office of Public Counsel (“OPC”), by and through counsel, and for its Comment, and respectfully states:

1. On October 9, 2017, the Highway H Utilities, Inc. (“Highway H”) filed its Application and Request for Waiver seeking authorization from the Commission to sell certain water and wastewater system assets to the city of Waynesville, Missouri (“Waynesville”) and Pulaski County Sewer District Number 1 (“PCSD”).

2. On February 14, 2018, Staff filed its “Staff Recommendation to Approve Transfer of Assets,” which recommended that the Commission approve the proposed transfer of assets.

3. However, Staff’s recommendation is inconsistent with its attached Memorandum. In Paragraph 6, Staff states that “Waynesville and PCSD propose to adopt Highway H’s current rates, rules and regulations and other tariffs currently on file with and approved by the Commission.”

4. However, in its Memorandum, on page 2, Staff states that “for a customer with 5,000 gallons monthly water usage, the water bill would [result] in a 167% increase.” That increase would go from \$9.55 to \$25.50.

5. Similarly, on page 3, Staff states that “for a customer with 5,000 gallons monthly water usage, the sewer bill would [result] in a \$218% increase.” The Northern Heights customers would see an even higher increase, since they would also have an \$8.00 monthly pump unit charge.

6. On top of the significant increases in monthly payments, the PSCD also intends to assess a “one-time charge of \$500 for each existing customer,” and “a one-time charge of \$250 will be applicable to existing customers in Northern Heights....”

7. This means that, in one month, a customer who is accustomed to paying \$30.44 will have to pay \$84.37-\$92.37. On the first month, they will pay \$584.37-\$842.37.

8. The standard for the Commission’s approval of an asset transfer is whether the transaction is not detrimental to the public interest. *State ex rel. City of St. Louis v. Public Service Commission of Missouri*, 73 S.W.2d 393, 400 (Mo. Banc 1934).

9. An “increase [in] a public utility’s costs” is a factor the Commission may consider in determining whether a transaction is “detrimental to the public.” *State ex rel. Praxair v. Mo. Pub. Serv. Comm’n*, 344 S.W.3d 178, 188 (Mo. 2011).

10. Not surprisingly, the monthly bill of roughly triple what the ratepayers are paying currently is not well taken by the ratepayers. The \$500-\$750 up-front charge, however, is so exorbitant that it cannot be said to be consistent with public interest. Such a fee would be crippling. The public comments reflect that:

- Cassandra Springer described these communities as “a very poverty stricken area that is heavily dependent on the amount of troops coming in and out of the fort.” She described the \$750 fee as “astronomical” and the monthly increase as one that will “increase substantially.” She also states that this is a flood zone and that

lower utilities helps property value. This transaction would take away that selling point. For a military community, this is important.

- Erin Hamilton calls the increases “unacceptable” and “ridiculous.” She says that her “family would find it hard to afford these outrageous charges.” “I do not have the extra cash to fund these improvements.” She says that “I will refuse these services if they are allowed to happen.”
- Victoria and Joseph Moody complain that “I believe our service will remain the same as now but we will pay 400% more for it.” They point out that “these neighborhoods involved are comprised of a lot of retired and active duty military families who only got [sic] a 2.4% raise and are now being told to pay 400% more for something as basic as water.”
- Mary Hartshorn Hake states that “Making this change will put a financial burden on me.”
- Gloria and Arya [last name unknown] claim that the communities are being punished for Highway H’s “bad business practice.” They also point out that this is a monopoly and that they have put their trust in government to “maintain the interest of the residence [sic].” “I would not be able to afford an increase nor able to sale [sic] my property in time to avoid such charges....”
- LaTonja Williams calls the increases and fees “deeply troubling.” “The outrageous increase in rates and the ridiculous upfront costs that will put an extreme burden on many in this community.” “We have no choice but to pay or liens will be put against our homes.”

- Michelle Mahapey, John Ludwikowski, Aryan Patel, Victoria Thompson, and Tricia Craig also each submitted comments in opposition.
- Bruce Warren and Miller do not oppose the sale, but do oppose the \$500.00 surcharge.

11. The amount of people who can easily afford to write an \$800+ check are very few. OPC asks the Commissioners to consider how much it would sting for each of them to be mandated to pay more than \$800 in one month. Now consider how well military families can afford that hefty of a bill. Consider further how well someone who is “poverty stricken” could afford that amount of money.

12. OPC opposes this sale on its current terms. Tripling a monthly bill and asking for an up-front charge that exceeds most mortgage payments is against the public interest in a community that cannot afford those types of increases.

13. Additionally, should this Commission approve the sale, OPC requests the Commission to direct Waynesville to notify the non-resident ratepayers that this Commission still has jurisdiction to entertain complaints pursuant to section 386.250(3), RSMo.

WHEREFORE, OPC provides this comment for the Commission’s information and consideration.

Respectfully submitted,

/s/ Curtis Schube

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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 counsel of record this 5th day of March 2018.

/s/ Curtis Schube