

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

In the Matter of Indian Hills Utility Operating)
Company, Inc.'s Request for an Increase)

WR-2017-0259

NOTICE OF COMMUNICATION


Issue Date: May 19, 2017

This notice is being filed on behalf of the Commissioners at the Missouri Public Service Commission (Commission) who received the attached email correspondence regarding the above referenced case.

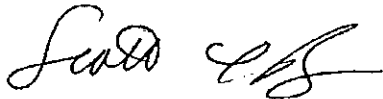
The Commission has promulgated rules denoted as the "Standards of Conduct" at 4 CSR 240-4.010 and 4.020. Section 4 CSR 240-4.20 specifically deals with Ex Parte and Extra-Record Communication Rules. This notice is filed in conformance with the rule.



Daniel Y. Hall
Chairman



Stephen M. Stoll
Commissioner



Scott T. Rupp
Commissioner



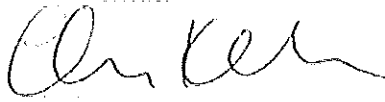
William P. Kenney
Commissioner



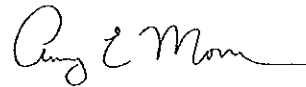
Maida J. Coleman
Commissioner



Rachel M. Lewis
Advisor to Commissioner Kenney



Charlene R.M. Ketchum
Advisor to Commissioner Coleman



Amy E. Moore
Advisor to Chairman Hall



Alex Antal
Advisor to Commissioner Rupp

Dated at Jefferson City, Missouri
On this 19th day of May, 2017

Ziegler, Erica

From: Hall, Daniel
Sent: Thursday, May 18, 2017 8:58 PM
To: Ziegler, Erica; Moore, Amy
Subject: Fwd: Indian Hills Utility Operating Company rate increase
Attachments: IH Utiitiy Operating Company.docx; ATT00001.htm

Sent from my iPhone

Begin forwarded message:

From: Patricia Bode <[REDACTED]>
Date: May 18, 2017 at 12:20:23 PM CDT
To: "daniel.hall@psc.mo.gov" <daniel.hall@psc.mo.gov>,
"commissionersteve.stoll@psc.mo.gov" <commissionersteve.stoll@psc.mo.gov>,
"bill.kenney@psc.mo.gov" <bill.kenney@psc.mo.gov>, "scott.rupp@psc.mo.gov"
<scott.rupp@psc.mo.gov>, "maida.coleman@psc.mo.gov" <maida.coleman@psc.mo.gov>,
"dan.brown@senate.mo.gov" <dan.brown@senate.mo.gov>,
"wallingfordwayne.wallingford@senate.mo.gov"
<wallingfordwayne.wallingford@senate.mo.gov>
Subject: Indian Hills Utility Operating Company rate increase
Reply-To: Patricia Bode <[REDACTED]>

Attached is a letter to you regarding the monthly rate increase to the Indian Hills Community in Cuba, MO. Please consider all the letters you receive from the members of Indian Hills.

Thank you,

Pat and Bill Bode
Indian Hills Member

18 May 2017

Subject: Indian Hills Utility Operating Company Rate Increase

Reference: Case Number WR-2017-0259

To:

Mr. Daniel Hall, Chairman

Mr. Steve Stoll, Commissioner

Mr. Bill Kenney, Commissioner

Mr. Scott Rupp, Commissioner

Maida Colman, Commissioner

Senator Mr. Dan Brown

State Senator Mr. Wayne Wallingford (Missouri 27th District)

This letter is written in regards of a proposed rate increase from Josiah Cox, President of the Indian Hills Utility Operating Company, Inc., dated April 21, 2017. The mentioned letter compares the current rate to the proposed rates and shows a significant rate change as well as a significant rate change to water usage over 4,000 gallons (per 1,000 gallons). The current rate is \$10.81/month, which has been the rate for several years without any rate increase from the previous management. The proposed rate increase to \$84.21/month is now being considered by the new management to cover their expenses and investments without any calculated price breakdown to determine their proposed increase as fair and reasonable.

The members of Indian Hills were provided with your names and e-mails from our Indian Lake Board to express our concerns over this ridiculous rate increase. Any help in this matter will be very much appreciated from all the residence of Indian Hills Lake community. Thank you for your help in advance.

Sincerely,

Bill and Pat Bode (concerned members of the Indian Hills community)

[REDACTED]

[REDACTED]

[REDACTED]

Ziegler, Erica

From: Hall, Daniel
Sent: Thursday, May 18, 2017 9:01 PM
To: Ziegler, Erica; Moore, Amy
Subject: Fwd: Indian Hills Utility

Sent from my iPhone

Begin forwarded message:

From: John Richmond <[REDACTED]>
Date: May 18, 2017 at 11:45:53 AM CDT
To: "Scott Rupp (scott.rupp@psc.mo.gov)" <scott.rupp@psc.mo.gov>
Cc: "daniel.hall@psc.mo.gov" <daniel.hall@psc.mo.gov>, "wayne.wallingford@senate.mo.gov" <wayne.wallingford@senate.mo.gov>
Subject: Indian Hills Utility

Hello Mr. Rupp,

I am quite concerned about the size of the rate request from Indian Hills Utility Operating Company (Cuba, MO). Just on the face, it appears outlandish. Even if the previous water utility that operated at Indian Hills did not adequately maintain water operations and repairs, they somehow operated with our monthly bills being about \$10-11 per month. If rates were quadrupled, would that not be enough to operate the system properly?

I am also wondering where the roughly \$2,000,000 figure in repairs came from. Not believing that they were calculated out of thin air, BUT, were they calculated at all? Or just kind of arrived at, using perhaps conveniently inflated construction crew wages, inflated materials costs, inflated equipment costs? I hope not.

And, I am wondering if the Company is using a conveniently high interest cost of "borrowing" to cover those \$2,000,000 repairs? Is it from a bank loan; or a "controlling interest entity" that could internally loan funds to the operating company at an inflated rate? Would there be any possibility in getting private money loaned to a water utility if there were individuals who would love to loan money at, say, 8 or 9%, if proper lending safeguards were in place to secure such loans?

Finally, whatever rate request might be approved by your Commission, is there any sunset provision? (This seems a little like Ameren, but on a much smaller scale, asking rate payers to pay for an entire nuclear reactor within 3 or 4 years.)

Hopefully there will be time or places scheduled for public comment.

I appreciate you taking these comments seriously and considering if the rate request from Company is fair and reasonable, even allowing for a reasonable rate of return.

Thank you,

John and Mary Ann Richmond

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Ziegler, Erica

From: Hall, Daniel
Sent: Thursday, May 18, 2017 9:03 PM
To: Ziegler, Erica; Moore, Amy
Subject: Fwd: Indian Hills and IHUOC

Sent from my iPhone

Begin forwarded message:

From: "Larry Eberle" <[REDACTED]>
Date: May 18, 2017 at 10:59:14 AM CDT
To: <daniel.hall@psc.mo.gov>, <bill.kenney@psc.mo.gov>, <scott.rupp@psc.mo.gov>, <maida.coleman@psc.mo.gov>, <Wayne.wallingford@senate.mo.gov>
Cc: "lynn" <[REDACTED]>
Subject: Indian Hills and IHUOC

To Whom It May Concern,

Like many of my Indian Hills Lake neighbors, I am mystified by the audacity of the proposed water rate hike by Indian Hills Utility Operating Company (IHUOC).

I am a member of the Major Improvement Projects Committee and president of the Booster Club and I spend a lot of time attempting to convince residents that we need to spend money to improve our quality of life and maintain our property values. I am so disappointed in the lack of performance from the previous water utility owner and was very happy to hear of the sale. I totally expected a substantial rate hike to begin much needed improvements and quality service. I was prepared to go to bat for IHUOC.

Wow. To even imagine that a successful business could be so irresponsible is beyond me. An increase from \$10 to \$84 for water service, all at once, with no input or feedback from residents? Really? I know nothing about the utility business. I am sure it's tricky and will cut them some slack on their performance so far as our infrastructure is decrepit. But I demand, as a customer, to be treated with a certain amount of respect. Before we enter an agreement this important, we deserve a public hearing regarding:

- 2-way communication about how rates are determined and how my money will be spent.
- How IHUOC is accountable for their performance

Indian Hills is a community of good, hard-working, tax-paying people. When it comes to our community, we have a heart. But we are not idiots. Please consider us and our families when dealing with this issue.

Larry Eberle, Indian Hills Resident.

Ziegler, Erica

From: Hall, Daniel
Sent: Thursday, May 18, 2017 9:01 PM
To: Ziegler, Erica; Moore, Amy
Subject: Fwd: WR-2017-0259 and Indian Lake

Sent from my iPhone

Begin forwarded message:

From: Tom McLaughlin <[REDACTED]>
Date: May 18, 2017 at 11:44:40 AM CDT
To: "bill.kenney@psc.mo.gov" <bill.kenney@psc.mo.gov>, "maida.coleman@psc.mo.gov" <maida.coleman@psc.mo.gov>, "dan.brown@senate.mo.gov" <dan.brown@senate.mo.gov>, "daniel.hall@psc.mo.gov" <daniel.hall@psc.mo.gov>
Subject: WR-2017-0259 and Indian Lake
Reply-To: Tom McLaughlin <[REDACTED]>

Folks,

I'm writing to express my concern over the proposed water rate hike from \$10.81 to \$84.21 in the community of Indian Lake in Cuba MO. The following are requests and concerns. I'm sure you would agree that this proposed rate hike is ridiculous and that more transparency needs to be shown in this process.

- It appears from the timeline documents submitted, that a local public hearing is not necessarily mandatory. We respectfully demand that a mandatory local hearing be held so that we and any of the members of our association may voice their opinions and concerns about IHUOC's proposed rate increase directly with the PSC commissioners. We request that the hearing be held in a location in Cuba, MO.
- We request that we be provided with information on how the PSC Staff determines what an appropriate rate increase should be given the investment made in a water utility by a new owner.
- We request to be provided with the specific information used by the PSC Staff to determine what they recommended to the PSC the rate increase should be for IHUOC.
- We request a detailed accounting of the \$2,075,000 IHUOC has spent on improvements and repairs to the water utility.
- The proposed rate increase includes a monthly minimum allowance of 4,000 gallons of water. We request information on how the minimum allowance is determined.

Regards,
Tom McLaughlin

Ziegler, Erica

From: Hall, Daniel
Sent: Thursday, May 18, 2017 8:56 PM
To: Ziegler, Erica; Moore, Amy
Subject: Fwd: Indian Hills Water Rate Hike

Sent from my iPhone

Begin forwarded message:

From: "Parson, Dawn" <[REDACTED]>
Date: May 18, 2017 at 2:34:05 PM CDT
To: "daniel.hall@psc.mo.gov" <daniel.hall@psc.mo.gov>
Subject: Indian Hills Water Rate Hike

To Who It May Concern,

As a full-time resident of Indian Hills Lake, I was in total shock with the proposed water bill hike-that's more than my monthly electric bill.

I understand repairs need to be made, but seriously, increasing our rate by 797% is a bit extreme.

That rate is more than STL and Jefferson City's water rate and they are a lot bigger than our small little community.

I have had 2 experiences with IHUOC and though the service center was friendly, the time frame it took them to fix/check on the leaking water line was long.

The first service call took a week for them to come out to my residence. The issue was deemed their problem and it took them another 3 days to dig up my yard and fix it.

The second service took two months and the end result was "my problem and we shut off your water so you need to fix it before you can turn your water back on".

Both times they dug up my yard and left nice big holes by my water meter. The first service they dug up the road and now I have a crater in front of my house.

I know that the Board of ILPOA has also sent up a letter with questions and I will basically copy what they said:

I request that we be provided with information on how the PSC Staff determines what an appropriate rate increase should be given the investment made in a water utility by a new owner.

I request to be provided with the specific information used by the PSC Staff to determine what they recommended to the PSC the rate increase should be for IHUOC.

I request a detailed accounting of the \$2,075,000 IHUOC has spent on improvements and repairs to the water utility.

The proposed rate increase includes a monthly minimum allowance of 4,000 gallons of water. We request information on how the minimum allowance is determined.

One final note:

A lot of the residences are part-timers and or retirees, charging them \$84.21 a month is ridiculous.

Some are on a fixed budget, how can you seriously justify raising their water bill to almost 800%

VR

Dawn C Parson

[REDACTED]

Ziegler, Erica

From: Erik Lowes <[REDACTED]>
Sent: Thursday, May 18, 2017 4:15 PM
To: Hall, Daniel; Stoll, Steve; Rupp, Scott; Kenney, Bill; Coleman, Maida
Subject: Indian Hills Utility Operating rate increase

Members of the PSC,

I am a property owner of Indian Hills Lake in Cuba MO, with the water utilities provided by the new operating company. It has come to my attention of the substantial rate increase for services. This sudden, dramatic change comes as a sudden shock. I realize the owner has made investments into the system. They are substantial and we all know were needed long, long ago. However, that doesn't make acceptable the amount of rate increase for the base level of water usage. You have a very large population of retired individuals who moved to this development (planned as a retirement community) that are not only going to be facing a struggle to pay this additional bill each month; some simply can't afford this at all. Residents have no choice but to pay this bill each month - and unlike most bills - they have no choice in who the provider is.

I've done some math, based on the amount of residents, the amount of water connections, and the costs of business. No one can really estimate the Utilities cost of business, and they are not a Non-Profit. However, it doesn't take too much investigation into those numbers to realize - This utility is making some good money if this rate increase passes.

In addition, I have contacted them on numerous occasions about a water leak in the system around the address of 1864 Lakeshore, and I have gotten nowhere with them. They claim there is no leak, but I know it also hasn't been looked at. I have contacted the men as they were working at a different site, and they claimed they were never told to look at that address. Maybe if they would fix this issues, they wouldn't be using as many gallons of water! I could only imagine how many other spots are like that.

And, their repairs to the roads are a joke! The repairs have been miserable!

Things cost more. Cost go up. I get that. However, this is just is a sudden jolt that I simple ask you to look into this before casting your decision.

--

Erik Lowes
President
Lowes Landscaping &
Planted in Stone Landscape Supply

[REDACTED] on
[REDACTED]
[REDACTED]
[REDACTED]

"To enhance the beauty and value of every clients property, while exceeding their expectations - every step of the way"

<https://www.youtube.com/watch?v=AArp0wZszdE>