

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

In the Matter of the Establishment of a)
Working Case for the Consideration of)
Writing a New Affiliate Transaction Rule)
for Water Corporations with 8,000)
Customers or Less and/or Sewer)
Corporations with 8,000 Customers)
or Less)

Case No. WW-2018-0392

MOTION TO CLOSE CASE

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Motion to Close Case*, states as follows:

1. On July 11, 2018, the Commission established this case to “assist its Staff in its consideration of a new affiliate transaction rule to apply to water corporations and sewer corporations with 8,000 or fewer customers.”

2. On August 10, 2018, comments were received from Liberty Utilities and from the Office of the Public Counsel. Liberty stated, “Liberty Utilities questions the need for affiliate transactions rules for small water and sewer utilities (those with 8,000 or less customers). Imposing an affiliate transactions rule for small water and sewer utilities would create significant burdens that would make it more difficult to maintain the efficiencies of running smaller utility systems. For example, the proposed creation and approval processes for a Cost Allocation Manual are labor and cost-intensive (proposed rule subsection (3)) and would be an unreasonable burden for a small utility, with little or no resulting benefits. The same is true for the record, reporting, and training requirements that would require substantial actions outside the rate case process. Many small utility operators seek to keep operations lean, thereby keeping down the costs for customers. The requirements imposed by the proposed affiliate transactions rule could increase utility

costs substantially and require a rate case when it would otherwise not be needed, thereby increasing customer rates due to both the new rule and the additional rate case. Subsection (8) of the proposed rule contemplates variance requests. It is likely, however, that variances would soon swallow the rule. Also, the variance process itself would be an unnecessary burden, as there has been no showing of a need for the rule in the first place. As noted in the Staff Motion to Establish Working Case filed herein, the Commission has been taking actions to streamline rules and lessen unnecessary administrative burdens in response to Executive Order 17-03. Yet, with no showing of a need for an affiliate transactions rule for small water and sewer utilities, Staff is proposing the creation of a new rule. The proposed rule is a solution in search of a problem.”

3. The Office of the Public Counsel stated; “The Commission should adopt robust affiliate transaction rules; maintaining current protections, extend those rules to small water and sewer corporations, and even consider extending existing oversight mechanisms.”

4. On July 17, 2019, the Commission directed Staff to file a draft rule. Staff did so on September 16, 2019.

5. On February 18, 2020, Staff moved the Commission to invite “comments in this docket as to the costs, if any, of implementing Staff’s proposed rules.” The Commission did so on February 26, 2020. No such comments were received.

6. No activity has occurred in this docket since May 5, 2021, when an attorney moved for leave to withdraw.

7. Staff agrees with the comments filed by Liberty that the proposed rule would impose onerous and expensive burdens upon small water and sewer utilities, and thus

upon their ratepayers, with no corresponding benefit to the public interest. As Liberty cogently pointed out, a need for this rule has never been demonstrated. Customers of small water and sewer utilities would be better protected by a Staff complaint upon the discovery in a rate case audit of reason to suspect that improper subsidization of an affiliated entity was occurring.

WHEREFORE, on account of all the foregoing, Staff respectfully urges the Commission to close this case; and grant such other and further relief as the Commission considers just in the circumstances.

Respectfully submitted,

/s/ Kevin A. Thompson

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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 November, 2021.

/s/ Kevin A. Thompson