

*Exhibit No.:*  
*Issue(s):* *Late Fees*  
*Witness:* *Melanie Clark*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Rebuttal Testimony*  
*Case No.:* *WR-2023-0344*  
*Date Testimony Prepared:* *October 24, 2023*

**MISSOURI PUBLIC SERVICE COMMISSION**

**INDUSTRY ANALYSIS DIVISION**

**WATER, SEWER, & STEAM DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**MELANIE CLARK**

**THE RAYTOWN WATER COMPANY**

**CASE NO. WR-2023-0344**

*Jefferson City, Missouri*  
*October 2023*

1 **REBUTTAL TESTIMONY OF**

2 **MELANIE CLARK**

3 **THE RAYTOWN WATER COMPANY**

4 **CASE NO. WR-2023-0344**

5 Q. Please state your name and business address.

6 A. My name is Melanie Clark and my business address is 200 Madison Street,  
7 P.O. Box 360, Jefferson City, Missouri 65102.

8 Q. By whom are you employed and in what capacity?

9 A. I am employed by the Missouri Public Service Commission (“Commission”) as  
10 a Lead Senior Utility Regulatory Auditor in the Water, Sewer, & Steam Department, Industry  
11 Analysis Division.

12 Q. Are you the same Melanie Clark who filed direct testimony in this case on  
13 October 10, 2023?

14 A. Yes, I am.

15 Q. What is the purpose of your rebuttal testimony in this case?

16 A. The purpose of my rebuttal testimony is to rebut certain statements made by  
17 Office of the Public Counsel (“OPC”) witness, Dr. Geoff Marke, in his direct testimony  
18 regarding late fees.

19 Q. What is OPC’s position regarding late fees?

20 A. According to Dr. Marke’s it is OPC’s position that late fees should be removed  
21 from Raytown Water Company’s (“RWC” or “Company”) tariff<sup>1</sup>.

22 Q. Did Staff state its position regarding late fees in its direct testimony?

---

<sup>1</sup> Direct Testimony of Geoff Marke (Public) page 17, line 14.

Rebuttal Testimony of  
Melanie Clark

1 A. Not directly. Staff did not make any adjustment to the late fee amount that is  
2 currently effective in RWC's tariff.

3 Q. What is Staff's position regarding late fees for RWC?

4 A. It is Staff's position that the late fee should not be removed from RWC's tariff  
5 in its entirety.

6 Q. What is OPC's reasoning for removing late fees?

7 A. Dr. Marke states "the elimination of the (late) fee should help minimize the  
8 punitive pressure on struggling customers...<sup>2</sup>"

9 Q. When are customers required to pay the late fee?

10 A. In accordance with Commission Rule 20 CSR 4240-13(7) and RWC's tariff<sup>3</sup>, a  
11 late fee can be charged when customers do not pay their bill within 21 days of issuance.

12 Q. What is Staff's position on the late fee and the burden this charge can place on  
13 a certain segment of RWC's customer base?

14 A. Staff is cognizant that there are many customers who struggle to pay their bill  
15 on time and adding a small late charge adds to that burden. However, generally speaking, the  
16 City of RWC has a median household income of \$59,049 RWC<sup>4</sup>. Based on this, Staff does not  
17 believe a \$5 fee will be a burden to the majority of RWC customers.

18 Q. Have late fees been removed from other water utilities recently?

19 A. Yes. As part of stipulation and agreements, both Missouri American Water and  
20 Confluence agreed to remove late fees.

---

<sup>2</sup> Direct Testimony of Geoff Marke (Public) page 17, lines 14-15.

<sup>3</sup> PSC MO No. 5, 1<sup>st</sup> Revised Sheet No. 12.

<sup>4</sup> [www.census.gov/quickfacts](http://www.census.gov/quickfacts).

Rebuttal Testimony of  
Melanie Clark

1 Q. If the late fee was removed from MAWC and Confluence, why should it not be  
2 removed from RWC too?

3 A. First, MAWC and Confluence are larger utility companies. They have parent  
4 companies that operate in multiple states with large capital resources, which means they are  
5 better situated to deal with late customer payments and delayed revenue. RWC is a small utility,  
6 locally owned and operated with much smaller economic resources than the larger water  
7 companies in Missouri. The late fees are an incentive to encourage customers to pay on time  
8 and keep revenue flowing. Secondly, all the customers would be charged more to compensate  
9 for the loss of revenue current generated by the late fee. MAWC and Confluence have a lot  
10 more customers, approximately 503,000<sup>5</sup> and 9,883<sup>6</sup> respectively, to offset that loss of revenue;  
11 whereas RWC has much fewer at only 6,597.

12 Q. Is RWC in an area with particularly high poverty levels?

13 A. No. Dr. Marke references financially struggling customers multiple times in his  
14 testimony<sup>7</sup>. According to the US Census Bureau<sup>8</sup>, the poverty level is only 8.7% in RWC as  
15 opposed to 19.6% in St. Louis and 12.6% in Jefferson City. Based on this data, there are fewer  
16 “financially struggling customers” in RWC than other cities; meaning a small \$5 fee is even  
17 less of a burden in RWC.

18 Q. If late fees were removed from RWC’s tariff entirely, what would be the effect  
19 on the customers?

20 A. Late fees, like most other miscellaneous revenues, are included in the utilities  
21 cost of service and helps to reduce the amount of revenue that the utility has to collect from

---

<sup>5</sup> WA-2023-0434.

<sup>6</sup> WR-2023-0006.

<sup>7</sup> Direct Testimony of Geoff Marke (Public) page 16, line 25 and page 17, lines 1, 4, and 15.

<sup>8</sup> [www.census.gov/quickfacts](http://www.census.gov/quickfacts).

Rebuttal Testimony of  
Melanie Clark

1 ratepayers through base rates. To replace the decrease in income RWC is currently receiving  
2 from late fees, the company would have to increase its base rates even more. This means every  
3 customer would absorb the effects of not charging the late fees to the late customers.

4 Q. Does Dr. Marke address the difference in vulnerability between large companies  
5 like MAWC and small companies like RWC if customers do not pay on time?

6 A. No, he doesn't mention how it would affect the company at all, nor propose a  
7 resolution for the company to obtain those revenues elsewhere.

8 Q. Does Dr. Marke present any evidence that the \$5 late fee has caused a certain  
9 percentage of customers to be disconnected?

10 A. No.

11 Q. Are all of the consumers who are charged with a late fee necessarily struggling  
12 financially?

13 A. Because Staff does not have customer-specific data on who pays late and what  
14 their income is, it is not possible to know. It would be fair to say that not all of the customer  
15 charged a late fee are struggling financially. Further, just because a customer may be struggling  
16 financially does not mean that customer is late on their bill and charged a late fee.

17 Q. Does this conclude your rebuttal testimony?

18 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of a Rate )  
Increase of Raytown Water Company )

Case No. WR-2023-0344

**AFFIDAVIT OF MELANIE CLARK**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW MELANIE CLARK** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Melanie Clark*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
MELANIE CLARK

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of October 2023.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
\_\_\_\_\_  
Notary Public