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Exhibit No. 106

Staff – Exhibit 106
Clark
Rebuttal
File No. WR-2023-0344

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

REBUTTAL TESTIMONY OF
MELANIE CLARK
THE RAYTOWN WATER COMPANY
CASE NO. WR-2023-0344

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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”) tariff¹.

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

¹ Direct Testimony of Geoff Marke (Public) page 17, line 14.

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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...²"

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 tariff³, 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 RWC⁴. 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.

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

³ PSC MO No. 5, 1st Revised Sheet No. 12.

⁴ www.census.gov/quickfacts.

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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 503,000⁵ and 9,883⁶ 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 testimony⁷. According to the US Census Bureau⁸, 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

⁵ WA-2023-0434.

⁶ WR-2023-0006.

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

⁸ www.census.gov/quickfacts.

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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.

