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OPTIONAL RATE STRUCTURE PROPOSAL
INDIAN HILLS UTILITY COMPANY, INC.
Public Hearing

Missouri Public
Service Commission

October 18, 2017

PRESENTED by:
Russell Hunt, Indian Hills Property Owner
2235 Lake Shore Dr.
Cuba, MO 65453

LPH Exhibit No. 1
Date 10-18-17 Reporter GR
File No. WR-2017-0259

Below is an example of an optional billing structure based on consumption. This proposal is presented based on the observation of other Missouri municipalities who use rate structures which are designed using a consumer consumption method. Following a consumption based method allows property owners the opportunity to control the cost of their own utilities and encourages conservation of natural resources. In addition, charging consumers a base rate or ("Service Availability Charge") for each property, generates budgeted income for the utility company.

I am in agreement that an increase for water service is justified and necessary for the residents of Indian Hills, however, the proposed billing structure submitted by Indian Hills Utility Company, Inc., does not incent or reward consumers for practicing conservation, nor does it establish a cost per unit measurement of said water usage. There is no difference in utility costs for someone who uses 100 gallons of water and someone who uses 4,000 gallons in a month.

The example below is based off observations of other Missouri municipalities who practice consumption billing. Each consumer is charged a monthly base, ("Service Availability Rate"), of roughly \$15.00 dollars plus a usage rate of approximately \$0.40 per 100 gallons. As you can see, there is a benefit to conserving resources and an opportunity for consumers to control their utility expenses.

Consumption Based Method (Includes \$15.00 Base Rate + \$0.40 per 100 Gallon)		Indian Hills Utility Company, Inc. Proposed Method	
1000 Gallons Plus Base Rate	\$19.00	1000 Gallons Plus Base Rate	\$84.21
2000 Gallons Plus Base Rate	\$23.00	2000 Gallons Plus Base Rate	\$84.21
3000 Gallons Plus Base Rate	\$27.00	3000 Gallons Plus Base Rate	\$84.21
4000 Gallons Plus Base Rate	\$31.00	4000 Gallons Plus Base Rate	\$84.21
8000 Gallons Plus Base Rate	\$47.00	8000 Gallons Plus Base Rate	\$143.09

I believe a consumption based rate structure is beneficial for both the consumer and operating utility. Under this structure, residence of the Indian Hills community significantly increase revenue for the operating utility, while still allowing consumers control over their utility costs and incenting conservation. In addition, the Indian Hills Utility Company receives needed revenue for additional operating costs.



Data suggest that the average person consumes approximately 60 to 80 gallons of water per day or on the low side 1,800 gallons per month. Utilizing that data the average household of four would consume approximately 7,200 gallons in any given month. Higher in the summer based on lawn and garden usage and less in the winter when the climate is cooler. Based on the suggested proposal above the cost to the average family of four would be about \$43.80. This proposed rate, while not the 840% rate hike proposed by the utility is significant and more in line with a reasonable rate increase of over four hundred percent.

Thank you for your consideration of this alternative rate proposal.

Russ and Kelly Hunt