

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

In the Matter of the Application of Highway H)	
Utilities, Inc. for a Certificate of Convenience and)	
Necessity Authorizing It to Construct, Install, Own,)	File No. WA-2009-0316
Operate, Control, Manage, and Maintain a Water)	
System for the Public in an Unincorporated Area)	
of Pulaski County, Missouri)	
)	

In the Matter of the Application of Highway H)	
Utilities, Inc. for a Certificate of Convenience and)	
Necessity Authorizing It to Construct, Install, Own,)	File No. SA-2009-0317
Operate, Control, Manage, and Maintain a Sewer)	
System for the Public in an Unincorporated Area)	
of Pulaski County, Missouri)	
)	

STAFF RESPONSE

COMES NOW the Staff of the Missouri Public Service Commission (Staff), through the undersigned counsel, and respectfully files its *Staff Response* to the May 21, 2009 *Office Of The Public Counsel's Response To Staff's Recommendation*. For its response, Staff respectfully states the following:

Relevant Procedural History

1. On March 5, 2009, Highway H Utilities, Inc (HHU or Company) filed an *Application* with the Missouri Public Service Commission (Commission) to provide water and sewer service in an expanded area of the Northern Heights Estates Subdivision in Pulaski County, Missouri.
2. On May 15, 2009, Staff filed its *Staff Recommendation*, recommending the Commission issue an order granting the Company a certificate of convenience and necessity (CCN) with, in particular to this filing, the following conditions:
 - “approves Highway H Utilities, Inc.’s existing water and sewer rates and service charges to be applicable to the new service area, noting that a rate case is pending in which the Staff expects new rates to be

set for the cost of providing service within the existing and expanded services areas”; and

- “requires that in the event any DNR permits necessary by for Highway H Utilities, Inc. are not obtained by the Company by August 1, 2009, and forwarded to the Manager of the Water and Sewer Department, the Company submit status reports to the Commission describing the good faith attempts in obtaining the necessary permits from DNR, including but not limited to, the preparation and submission of information required by DNR for approval and issuance of such permits”.

3. On May 21, 2009, The Office of the Public Counsel (OPC) filed a response to the *Staff Recommendation*. OPC recommends the Commission approve the water and sewer rates for the expanded service area subject to refund, and order time frames for the Company’s submission of status reports concerning any DNR permits obtained.

Staff’s Response On Rates Subject To Refund

4. OPC does not oppose Staff’s rate recommendation, but requests the rates charged to the customers in the proposed service area be subject to refund. In support of its argument, OPC rests on Staff’s statement that the Company’s current financial and capital information is not sufficiently reliable. Staff’s comment was simply an acknowledgement that the Company’s water rates have remained unchanged since 1990, and its sewer rates have remained unchanged since 1991. As such, the Staff informally requested the Company file a small utility rate increase request, which it has done, currently pending under Case No. WR-2009-0393 and SR-2009-0392.
5. Similarly situated customers receiving the same service should be billed the same rate. The proposed service area is simply an extension of the water and sewer systems used to serve customers within the existing service area, and

customers within the proposed service area will be receiving the same service, from the same utility system, as customers within the existing service area.

6. If the customers in the proposed service area were living in the Company's currently approved certificated area, they would be charged the current tariff rate without the possibility of refund or credit.
7. Additionally, HHU is a small company. Requiring the Company to keep separate records for the proposed subset of customers to determine if a refund or credit is ultimately necessary is overly burdensome.
8. To ensure equity among the customers, Staff recommends the Commission approve the Company's current water and sewer rates be applied to the *Application's* proposed service area, without being subject to refund.

Staff's Response On The Company's Submission Of Status Reports

9. OPC does not oppose Staff on this point, but requests the Commission expand Staff's initial recommendation. OPC requests additional periods be established for the submittal of status reports by the Company, beginning on August 1, 2009 and continuing monthly.
10. *Staff's Recommendation* suggested that if the Company did not obtain the appropriate DNR permits by August 1, 2009, then it submit a status report for combined operations, or separate status reports for the water and sewer operations, as the cases had not been consolidated as of the date of the recommendation. Any report was to describe the actions taken by the Company and the expected date for receipt of the permits. It remains Staff's recommendation that based upon the Company's progress at that time, Staff

can make a more appropriate recommendation on the need of further updates and how frequently they should be submitted. Staff intends to make a recommendation after August 1, 2009, as to whether the Company should be required to file further status reports and at what frequency.

WHEREFORE, the Staff submits its *Staff Response* and recommends the Missouri Public Service Commission issue an order containing the recommendations and conditions of the Staff's May 15, 2009 *Staff Recommendation*.

Respectfully submitted,

/s/Jennifer Hernandez

Jennifer Hernandez

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, e-mailed or transmitted by facsimile to all counsel and parties of record this 1st day of June, 2009.

/s/ Jennifer Hernandez