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Public Service Commission*

Foxfire Utility Company, Inc.

244 Bo's Circle, Spokane, MO 65754 Tel. 417 443 6055

August 6, 2009

Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

RE: Case # WW 2009-0386

Dear Commissioners:

These are the comments of Foxfire Utility Company in the above referenced matter.

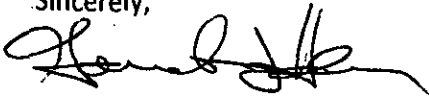
1. The Missouri Public Service Commission should allow direct pass through to all utility customer rates any increases in annual assessments to the Commission in excess of the assessments included in the most current rate case. To do otherwise is patently unfair to the Company, and is taking advantage of the one sided regulatory authority that the Commission enjoys and the inherent reticence to engage in a full blown rate case that Utility Companies, especially small water and sewer companies exhibit.
2. The Missouri Public Service Commission should allow direct pass through to all utility customer rates any increase in operating costs that arise from new environmental regulations imposed by the Missouri Department of Natural Resources.
3. The Missouri Public Service Commission should require a reasonable burden of proof from it's staff to disallow expenses any Company has documented in rate cases.
4. The Missouri Public Service Commission should direct its staff to develop and implement a method to allow small water and sewer companies to fund through rates and maintain a reasonable repair and maintenance fund, and not rely on the borrowing power of a small company and it's owners to fund repairs and maintenance on water and sewer systems.
5. The ratemaking process is currently heavily weighted against utility companies and in favor of the customer due to the close relationship the publicly funded Office of Public Counsel has with the Commission's staff, and the failure of much of the Commission's staff to see any obligation on the part of the Commission to assure the fiscal health of small water and sewer companies. To be perfectly frank, it appears from the Company standpoint, the Commission's staff and the Office of Public Counsel are often working together to keep customer rates as low as possible without regard for impartiality or any degree of fairness to the Company in terms of operating a profitable business while at the same time providing sustainable safe and reliable service to customers.
6. The Missouri Public Service Commission staff should recognize the reality of reverse economy of scale and how it necessarily affects the rates that small water and sewer companies must charge. The level of effort to operate, maintain and manage a company with 50 or 100 service connections is nearly identical to the level of effort for a company with 500 or 1000 connections,

this means that rates for small companies should in reality never be compared with rates for large companies and certainly not with rates charged by political subdivisions.

7. The Missouri Public Service Commission staff should recognize that local conditions can have a marked effect on construction and operating costs. Here in Southwest Missouri, we install and operate systems in difficult terrain (steep and rocky) and have more stringent effluent regulations due to water quality considerations than many other areas of the state. That reality has to ultimately be reflected in rates.
8. The Missouri Public Service Commission should itself examine the entire regulatory process and climate for small water and sewer companies. In the view of many, the entire process has become so burdensome and toxic that the option of forming a new small regulated company is completely off the table. In fact, here in Southwest Missouri, small companies are going out of business, GIVING their assets to various entities that are not regulated by the Commission, and in one case, actually paying the non-regulated entity to take the system. The effect is the Commission is regulating itself out of business with respect to small water and sewer companies. The Commission may wish to compare the number of new small water and sewer systems that have been permitted by the Missouri Department of Natural Resources over the last ten years, versus the number of new small water and sewer companies that have been certificated in the same period. This does not need to be the default condition, and can and should be corrected. Small water and sewer companies can be responsible stewards of the environment, charge reasonable rates and at the same time be healthy contributors to the State's economy. I am confident that with appropriate guidance and management such an outcome can be achieved.

Thank you for the opportunity to provide these comments. I sincerely wish the Commission and staff the best in this most welcome review of some of the issues facing small water and sewer companies today. Please feel free to contact me with any questions or comments you might have.

Sincerely,

A handwritten signature in black ink, appearing to read 'Garah F. Helms', with a stylized flourish at the end.

Garah F. Helms
President