

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of a Working Case to Draft a Rule )  
Regarding Utility Pay Stations and Loan Companies ) File No. AW-2014-  
0329

COMMENTS OF MIKE DANDINO, UTILITY CUSTOMER

My name is Mike Dandino. My address is 12 Inverness Court, St Peters, MO 63376. I am a residential utility ratepayer in Missouri and have been for about 40 years. I have been a member of the Missouri since 1975. I served as an attorney with The Office of the Public Counsel of Missouri for almost 15 years and retired in December, 2009 as OPC's Chief Legal Advisor. In 2009, I was counsel in PSC Case No. AX-2010-0061, *Office of the Public Counsel's Petition for Promulgation of Rules Relating to Billing and Payment Standards for Residential Customers*, that included a rule similar to the rules proposed in this case. I served on the Board of Directors of the Consumers Council of Missouri during 2010.

At the pleasure of the Missouri Public Service Commission, I respectfully submit these comments to the Commission and to the Staff of the Commission for consideration. I request that these comments be made part of this working case record.

I fully support the pleadings, proposed rule and comments submitted in this case by The Missouri Office of Public Counsel. I ask the Commission to look hard at the numerous studies that not only discuss the general nature of payday loan stores and the other predatory lenders, but also their role as utility pay stations. Public Counsel's authorities reflect evidence based upon factual findings, conclusions and reports of the social and economic impact of payday lenders and, specific to the central issue here, that category of lender as pay stations. OPC's comments

are founded in these reports from known and recognized and credible authorities. Contrast this to the payday loan industry's self-serving press releases disguised as "studies."

In Missouri, every week appears to be Shark Week. Every year the payday lenders and similar quick cash stores circle, ready to attack any consumer protection legislation proposal. No matter how loud and how often the payday loan industry tries to dress it up, the ugly truth is that these predatory lenders are legal loan sharks with a street address and phone book ad. They lure customers who need cash now with human street billboards dressed as Uncle Sam or the Statue of Liberty and late night cable ads.

Like sharks, payday lenders thrive on those who struggle at what some commentators call the "margins of society." **Make no mistake, these are not marginal people.** Medical expenses, unemployment, reduced and stripped pension payments and other life changing events have caused many of us to live at times on that margin for gas, water, electric and telephone bills. Over reaching lenders and money merchants are not entitled to pick off victims on the margin.

Even though the Commission does not regulate payday loan businesses, the Commission should consider how these stores affect the utilities and their customers. There are issues of public protection, utility customer service and sound public policy.

With the payday loan industry's record, should the PSC and public utilities participate in generating business for them? The siren song of quick cash increases foot traffic to provide additional target opportunities; "Need cash for that huge electric bill from the heat wave? Need to avoid a shut off? Rent overdue? Just sign here!"

The agency status of the individual or group of loan stores is a problem. Bills are paid in cash on a walk-in basis for an additional fee. The specific service and consequences of a payday

loan utility payment is important for continued uninterrupted service, proper billing and payment, together with regulatory rights such a compliance, appeal and protest notice times.

I respectfully ask the Commission to consider these questions within the PSC's jurisdiction: What is the specific service the customer buys? Who sets the fee ? Is the store an authorized pay agent so that receipts issued by the store are the utility's receipt? What must the store disclose to customers and how? Is payment immediately recorded to the utility records as a payment to prevent delinquencies, penalties or suspension or termination of service? Who bears the risk of loss if a payment made to the store, but is lost or otherwise not transferred to the utility ? Is it considered paid or will it stop adverse action? Is the service merely to accept individual utility bill payments and then aggregate them for transfer for payment to the companies?

**SUMMARY:** Payday loan stores and the predatory lenders identified in the proposed rule are commercial loan sharks and are not consumer friendly dolphins as the industry would have the public and the Commission believe. I ask the Staff of the Public Service Commission to issue a positive report and endorse the rules proposed by The Office of Public Counsel and supported by the Consumer's Council of Missouri . I respectfully ask the Missouri Public Service Commission to issue the proposed rules because they are just, reasonable and grounded in sound public policy and consistent with the public interest.

Respectfully submitted, /s/ Michael F. Dandino  
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