

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

In the Matter of a Requested Rate Increase for)
Annual Sewer Operating Revenues by Hickory) File No. SR-2014-0166
Hills Water & Sewer.)

In the Matter of a Requested Rate Increase for)
Annual Water Operating Revenues by Hickory) File No. WR-2014-0167
Hills Water & Sewer.)

**THE OFFICE OF THE PUBLIC COUNSEL’S REQUEST
FOR LOCAL PUBLIC HEARING**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Request for Local Public Hearing states as follows:

1. On December 2, 2013, Hickory Hills Water & Sewer (Hickory Hills) initiated the above stated small company rate increase proceedings with the Missouri Public Service Commission (Commission) requesting a \$6,248 (approximately 25%) increase in its annual sewer system operating revenues and a \$4,525 (approximately 25%) increase in its annual water system operating revenues.
2. On July 7, 2014, the Staff of the Missouri Public Service Commission (Staff) filed in each case stated above a *Company/Staff Agreement Regarding Disposition of Hickory Hills Water and Sewer Revenue Increase Request* (Company/Staff Agreements) indicating agreement between Staff and Hickory Hills for an annualized operating revenue increase for sewer of \$41,640 (172.47%) and an annualized operating revenue increase for water of \$14,472 (65.75%). Public Counsel did not join in the agreements.

3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreements were filed by Hickory Hills on July 14, 2014, bearing an effective date of September 1, 2014.

4. As the Company/Staff Agreements were executed by only Hickory Hills and Staff, 4 CSR 240-3.050(15) requires Public Counsel to file a pleading stating its position regarding the Company/Staff Agreements and the related tariff revisions, or requesting a local public hearing or an evidentiary hearing no later than five (5) working days after the end of the comment period for the written customer notice contemplated in 4 CSR 240-3.050(14).

5. Affording customers the opportunity to speak to the Commission at a hearing is a critical part of the ratemaking process. The increases proposed in the Company/Staff Agreements of approximately 173% for sewer service and 66% for water service are significantly more than originally requested and are extremely large increases which will cause severe rate shock for the customers. The proposed increase for sewer alone would result in rates of \$116.33 per month while the proposed increase for water would result in a water bill of \$74.54 per month for the average customer using 6,000 gallons of water per month. These rates would then be the highest rates for any water and sewer company in Missouri.

6. Additionally, Mr. Cover has been the Permanent Receiver for Hickory Hills for more than seven years.¹ As the Permanent Receiver, it is his duty to take the action necessary to operate the utility in such a way so as to fulfill the Court's January 2, 2007, Judgment directive that he "transfer the utility by sale or liquidate the assets of the utility."² However, it can be

¹ See *PSC v. Hickory Hills Water & Sewer Co., Inc.*, Case No. 06AC-CC00885.

² *Id.*

argued that Hickory Hills today is not improved from the situation which caused a receiver to be appointed in 2007.³

7. Therefore, customers should have the opportunity to voice their concerns regarding these proposed increases to the Commission at a local public hearing. Also, holding a local public hearing will also provide customers the opportunity to ask questions of the receiver regarding the status of the utility and any plans the receiver has to fulfill the Court's directive to sell or liquidate the assets of the utility.

8. Public Counsel does not object to the Commission scheduling the hearing promptly, as long as customers are given sufficient notice.

9. Section 393.150 RSMo provides that the Commission may suspend tariff sheets for a maximum period of 120 days plus six months. Therefore, Public Counsel requests that the Commission suspend the proposed revised tariff sheets for a sufficient period to allow adequate time for a local public hearing and subsequent case disposition as appropriate.

10. As stated above, 4 CSR 240-3.050(14) requires a written notice of the proposed tariff revisions no later than five (5) working days after the utility makes its tariff filing. To prevent the unnecessary duplicative costs of mailing a customer notice and a separate notice of local public hearing at a later date, Public Counsel is making its request for a local public hearing promptly and without delay. It is Public Counsel's hope that a combined notice will be sent to the customers of Hickory Hills which notifies the customers of the proposed increase and provides information regarding an upcoming local public hearing where comments on the proposed increase may be provided directly to the Commission.

11. Consequently, in order to allow for the mailing of a combined proposed tariff notice and local public hearing notice, Public Counsel requests a waiver of the requirement that the written

³ See *State of Missouri v. Hickory Hills Water & Sewer, Inc.*, Case No. 12MT-CC00027.

notice of the proposed tariff revisions be mailed no later than five (5) working days after the utility makes its tariff filing as contemplated in 4 CSR 240-3.050(14).

12. Therefore, in compliance with 4 CSR 240.3-050(15), Public Counsel requests that the Commission schedule a local public hearing in this matter. Public Counsel also requests that the Commission suspend the proposed revised tariff sheets for a sufficient period to allow adequate time for a local public hearing and subsequent case disposition as appropriate. Additionally, Public Counsel requests a waiver of the requirement that the written notice of the proposed tariff revisions be mailed no later than five (5) working days after the utility makes its tariff filing as contemplated in 4 CSR 240-3.050(14).

WHEREFORE, Public Counsel respectfully submits its request.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 15th day of July 2014:

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