

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

In the Matter of a Working Case to )  
Investigate solutions to Problems Facing ) File No. WW-2009-0386  
Small Water and Sewer Public Utilities. )

**STAFF'S NOTICE OF GROUP MEETING SET FOR FEBRUARY 25, 2010**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and submits its Notice of Group Meeting Set For Monday, February 25, 2010 to the Missouri Public Service Commission (Commission) stating as follows:

1. On May 1, 2009, the Commission opened the above referenced working case.
2. On October 1, 2009, OPC, Staff, and multiple water and sewer companies convened and discussed various problems, concerns, and potential solutions to the small water and sewer utility regulatory process. This meeting was highly productive and parties indicated that a future meeting was necessary to continue working towards a resolution.
3. On December 14, 2009, Staff and multiple water and sewer companies convened and discussed various problems, concerns, and potential solutions to the small water and sewer utility regulatory process. This meeting was also highly productive. The parties indicated that a future meeting was necessary to continue working towards a resolution.
4. A group meeting has been scheduled for the following date, time and location:  

Date: Thursday, February 25, 2010  
Time: 9:30 am – 12:00 pm  
Location: Governor Office Building (if close to Jefferson City)  
Conference Room 130  
200 Madison Street  
Jefferson City, MO 65102  
Phone Numbers: local 573-526-6207 or long distance 866-630-9356  
Topic: Staff update
5. Attached as Attachment A is *Staff's Update* as of January 31, 2010.

6. This February 25<sup>th</sup> date was chosen to give sufficient notice for those interested to make arrangements to attend.

**WHEREFORE**, Staff submits its Notice of Group Meeting Set For Thursday February 25, 2010, for the Commission's information and attention.

Respectfully submitted,

/s/ Jaime N. Ott  
Jaime N. Ott  
Assistant General Counsel  
Missouri Bar No. 60949

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-8700 (Telephone)  
(573) 751-9285 (Fax)  
[jaime.ott@psc.mo.gov](mailto:jaime.ott@psc.mo.gov)

### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 10th day of February, 2010.

/s/ Jaime N. Ott

WW-2009-0386  
Staff Update  
January 31, 2010

On December 14, 2009, a roundtable discussion was held in Jefferson City with interested stakeholders in Case No. WW-2009-0386. In attendance were members of the Missouri Public Service Commission Staff (Staff), Missouri Department of Natural Resources (DNR), the Missouri Attorney General Staff (AG), and various representatives of water and sewer utilities from the State of Missouri. Many items were discussed at that meeting. The foremost discussions dealt with the PSC assessment and the concept of a Reserve/Contingency/Emergency fund for small (for purposes of this update, small will be water and sewer utilities with under 8,000 customers) water and sewer companies.

Other topics addressed at the roundtable were rate case education, consolidating rates (single-tariff pricing (STP) v. district-specific pricing), pass-through of wholesale water costs, and infrastructure approvals. At the end of the meeting, Staff promised to report back to the group by the end of January, 2010 and set up a phone conference to discuss Staff's comments. At this time, Staff has not been able to set up a date for this phone conference. However, Staff will find a date that is suitable and let the parties know ASAP. Below is Staff's update concerning the PSC assessment, Reserve/Contingency/Emergency Fund, and rate case education.

1) PSC Assessment

Staff has had numerous discussions regarding the PSC assessment. As the group knows, the assessment for sewer has increased over the last couple of years. Those increases have been due to the significant rise in Staff's hours attributable to work related to the sewer industry. After much discussion, it is Staff's opinion that due to statutory constraints, it has no authority or ability to change the way the assessments are calculated and collected. However, Staff will continue to explore options that will address this situation.

2) Emergency/Contingency/Reserve Fund

Staff has also had numerous discussions regarding some type of fund for small water and sewer utilities. To help keep this concept moving forward, Staff offers some concepts below that we think will be important if we move to this type of mechanism.

- A) Yearly limit on revenues collected. The small utility will have a limit on to how much additional revenue it can collect within this fund.
- B) Limit on additional charge to ratepayers. There will be a limit as to how much additional dollars the company will be allowed to collect from the ratepayer on a monthly basis.

- C) Fund cap. There will be a limit as to how much extra money the utility can collect after which the excess charge will no longer be collected from the ratepayers.
- D) Record Keeping and Overview. Staff will have overview of the dollars collected for the fund. The small utility will have to maintain and provide Staff with certain documents regarding the dollars collected and the balance of the fund. This fund will be set up in a dedicated account by the company separate from its normal banking accounts.
- E) Limit on use of funds. The small utility will only be able to spend the funds on certain types of projects that will be defined prior to the utility receiving approval to collect any fund in rates. In keeping with (D) above, Staff will also have to be notified and provide approval prior to the release of any of these funds for a project.
- F) Rate case. Any utility wanting to establish a fund will have to come in for a rate request and full audit before any fund can be established in rates.
- G) Managerial conduct. Staff will develop a benchmark of recordkeeping requirements that the company will have to meet before it can be eligible for a fund.
- H) Misappropriation of funds. If any utility, officer of said utility, employee, or anyone involved with the utility mis-uses the funds set up through this mechanism, that mis-use will cause the fund to be discontinued with all dollars re-paid to the ratepayers, including interest. Further, Staff will initiate an investigation into the behavior that may lead to the seeking of penalties against the utility.

This list is not necessarily a comprehensive list of items that will be required of any small utility that participates in this type of mechanism, but is Staff's initial attempt to identify what qualifications will need to be in place in order to ensure that any funds collected are used for designated purposes only and that there will be sufficient oversight to insure the proper use of said funds. Further this mechanism will be limited to companies that have fewer than 8,000 customers in total. This includes customers in Missouri and customers in other states combined, including customers of firms under the same parent organization.

### 3) Rate Case Education

Staff does believe that educating the companies is beneficial. Staff agrees that to be able to develop some sort of checklist for the companies would help both the utilities and Staff. However, at this time, Staff is unable to commit to accomplishing these tasks in the near future. The crush of business is such that Staff does not have the time to devote to such an important endeavor. Staff will start to work on the process and as items are completed will make companies aware as time permits. The utilities are also encouraged to begin the development of such checklists and criteria for the effective internal control and management of such funds.

If anyone has any questions or comments prior to the phone conference, please do not hesitate to contact Jim Busch at 573-751-7529.