

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

In the Matter of an Investigation into the) **Case No. WO-2026-XXXX**
Operation and Condition of S. K. & M. Water) **Case No. SO-2026-XXXX**
And Sewer Company)

STAFF’S MOTION TO OPEN AN INVESTIGATORY DOCKET

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and moves the Commission for an order opening an investigatory docket concerning the operation and condition of S. K. & M. Water and Sewer Company (“S. K. & M.”). Staff states in support of this motion:

1. The Missouri Public Service Commission (“Commission”) is an agency of the State of Missouri charged with the general supervision of investor-owned utilities,¹ including the promulgation and enforcement of rules that promote and safeguard the public health and safety.²

2. S. K. & M. provides water service to approximately 288 connections in Perry County, Missouri. S. K. & M. provides sewer service to approximately 176 connections in Perry County, Missouri.³ Its principal place of business is located at P.O. Box 212, 636 PCR 917, Perryville, Missouri 63775. Thus, S.K. & M. is a “water corporation,” a “sewer corporation,” and a “public utility” as defined in Section 386.020(59), (49), and (43), RSMo, and is subject to the regulatory jurisdiction of the Missouri Public Service Commission’s under chapters 386 and 393, RSMo.

¹ Section 396.250, RSMo
² Section 386.310, RSMo
³ Per the Company’s 2024 Annual Report

3. Staff recently became aware of issues regarding the condition of S. K. & M.'s assets, which directly affect the company's ability to provide safe and adequate service. Specifically, in early April 2026, Staff received customer complaints about S. K. & M., in which two residents' basements had flooded with sewage. These complaints were investigated by Staff on April 15, 2026. During the course of its investigation of these complaints, Staff discovered that at least four customers have experienced sewage backing up into their basements.

4. Staff also observed during its investigation that there are places in the service area where the street is sinking due to what appear to be voids where sewer lines are located. Further, Staff observed an area in a customer's yard where a main is located. According to the customer, material has been repeatedly placed into the void, but it continually disappears. This suggests a failure in a water or sewer conveyance of some sort below grade.

5. At Parkwood Village (a trailer court) on the western edge of the S. K. & M. service area, Staff noted that there are at least two sewer manhole covers missing, and the open holes are quite deep. In addition, many water meter pits at Parkwood Village were completely flooded, making meter reads impossible.

6. Staff also observed several sewer lines that are completely exposed above grade, with visible breaks and holes in the lines.

7. Staff also viewed woody vegetation growing in the sewer treatment facility and piles of solid waste, suggesting that basic facility maintenance seems to have been abandoned.

8. Staff also received four informal complaints from April 20, 2026, through April 30, 2026, that mention drops in drinking water pressure. These complaints state that water pressure is constantly low and service goes out regularly. These concerns were also mentioned to Staff during the April 15, 2026, visit. Customers state that boil advisories are not publicized or they are very delayed.

9. In addition to the above-referenced safety and environmental concerns, Staff also spoke with customers about their bills and water usage. Some customers reported being billed a flat rate of \$75.00 per month. S.K. & M.'s tariff authorizes a flat rate of \$35.36 to be charged for nonfunctioning meters, but S. K. & M. is not authorized to charge a \$75.00 flat fee for water.

10. S. K. & M. last filed for a rate increase on March 8, 2022 (Case No. SR-2022-0239). That case was resolved by disposition agreement,⁴ which not only resulted in a rate decrease, but called upon the Company to develop and maintain a customer complaint log, amend company policies around disconnection, and re-evaluate the company's billing practices.

11. During the customer visits and investigation in mid-April, Staff uncovered several issues of concern, including that S. K & M. has failed, and continues to fail, to adhere to the agreements it made in the disposition agreement in SR-2022-0239, to wit:

- A. Actual meter read numbers that do not match the number provided to the customers on their monthly bill;

⁴ Item 20 in Case No. SR-2022-0239

- B. Customers self-reporting significantly higher usage than that of their neighbors but seeing no impact on their monthly bill (e.g. each customer is billed a flat \$75.00 despite one being a low-use single household and another being a multi-occupant residence).
- C. Customers having difficulty reaching the company when they have problems or concerns, and, if the company can be reached, representatives are frequently dismissive; and
- D. Customers having little or no awareness of the Public Service Commission nor of how to effectuate complaints.

12. Despite the fact that many customers have reported attempts to register complaints with the company, one of the company owners claimed to Staff that he was unaware of any complaints regarding S. K. & M., which, if true, would suggest that the company never created a complaint log or it has not been maintained as required by regulations.

13. Pursuant to the disposition agreement in Case No. SR-2022-0239, a company brochure was created and was supposed to have been distributed to customers. This brochure was confirmed as compliant⁵ by Staff. If existing customers are largely unaware of the Commission, it would suggest that the brochure and accompanying information was not or was inconsistently provided to customers.

14. Staff has repeatedly attempted to schedule, over the course of the last month, a site visit with S. K. & M. to further investigate the concerns raised herein, but

⁵ 20 CSR 4240-13.040

representatives of the company have been “elusive” in that regard. While Staff and S. K. & M. have had some communication on the issues mentioned herein, Staff believes that a formal investigation is appropriate at this time due to the seriousness of the issues and lack of response from the company.

15. Section 393.140(1), RSMo, grants the Commission general supervision of regulated utilities, and Section 393.140(2), RSMo authorizes the Commission to “examine or investigate the methods employed by such persons and corporations...in supplying and distributing water for any purpose whatsoever, and in furnishing a sewer system.”

16. Further, the Commission has jurisdiction over the subject matter of this investigation because it involves S.K.&M.’s obligations under statutes administered by the Commission, in particular, its obligation to provide safe and adequate service as just and reasonable rates to all persons and entities requesting such service within its Commission-authorized service areas. Sections 386.250(1); 393.130.1, RSMo.

17. Section 386.390.1, RSMo, authorizes the Commission to hear and determine complaints:

Complaint may be made by the commission of its own motion, or by the public counsel or any corporation or person, chamber of commerce, board of trade, or any civic, commercial, mercantile, traffic, agricultural or manufacturing association or organization, or any body politic or municipal corporation, by petition or complaint in writing, setting forth any act or thing done or omitted to be done by any corporation, person or public utility, including any rule, regulation or charge heretofore established or fixed by or for any corporation, person or public utility, in violation, or claimed to be in violation, of any provision of law, or of any rule or order or decision of the commission

18. The Commission has by Rule 20 CSR 4240-2.070(1) authorized the Staff Counsel to bring complaints on the behalf of the Staff: “A complaint may also be filed by ... the commission staff through the staff counsel”

19. The authority to bring complaints necessarily extends to and encompasses the authority to pursue investigations. Section 393.140, RSMo.

20. A formal investigation will allow Staff to ascertain the status of S. K. & M.’s ability or willingness to provide safe and adequate service and to comply with Missouri law and the Commission’s rules and orders.

21. During its investigation of the afore-mentioned complaints, Staff spoke with many customers in S. K. & M.’s service area. Most, if not all, were enthusiastic about the opportunity for a town hall type meeting to discuss their various concerns. If the Commission grants Staff’s request to open an investigatory docket, Staff further recommends the Commission reserve the Robinson Event Center, 2411 Walters Lane, Perryville MO 63775, on July 13, 2026, at 6:00 p.m. for a town hall type meeting to hear from customers.

WHEREFORE, Staff requests that the Commission issue an order to open an investigatory docket into S. K. & M.’s operation and condition, and upon the conclusion of its investigation, Staff will submit a report of its findings to the Commission and shall recommend any necessary and desirable improvements.

Respectfully submitted,

/s/ Douglas W. Hennon

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all parties and/or counsel of record as reflected in the certified list maintained by the Commission in its Electronic Filing Information System this 12th day of June, 2026.

/s/ Douglas W. Hennon