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Missouri Public
Service Commission

March 31, 2016

Morris L. Woodruff, Secretary
Missouri Public Service Commission
200 Madison Street, PO Box 360
Jefferson City, MO 65102-0360

Re: Proposed Amendment to Commission Rule 4 CSR 240-13.020
Case No. AX-2015-0061

Dear Commissioners:

Empower Missouri is a 501(c)3 not-for-profit that advocates for the well-being of Missourians through civic leadership, education, and research. We were founded in 1901 as the Missouri Conference on Charities and Corrections as part of the Progressive Era reform movement that tackled large social ills like child labor, lack of voting rights for women, discrimination in housing, hiring, and public accommodation, etc. In our century-plus history, we have had four names, but one mission: to promote social justice. From 1933 to 2014 we were known as the Missouri Association for Social Welfare, and in 2014 our Board of Directors and membership voted to rebrand as Empower Missouri.

We are thankful that the Missouri Public Service Commission (PSC) has put forward this amendment to its Chapter 13 Residential Billing Rules. The proposed change would provide consumer protections to customers who pay their utility bills in person at a utility pay station. To summarize: the proposed amendment would place reasonable restrictions on the type of locations which a regulated utility may use as a pay station and the formal relationships in which the utility may engage for accepting utility payments.

We are one of several public interest organizations that suggested this change to the PSC, and we believe it is very much needed. Electricity and gas for heating homes and for cooking and water and sewer services for body hydration, cooking, washing dishes, bathing, and other essential daily tasks are necessities

Both health and safety are involved, so oversight by the PSC is in order. We furthermore believe the PSC has authority to make this rule. The PSC has the ability to specify the conditions to which a utility must adhere for billing and for accepting payment for utility service.

Having a short-term lender also serve as a utility pay agent is a situation that is ripe for abuse or at least poor-judgment. Forty-percent of Missouri's non-elderly households have annual incomes of less than \$39,000 annually, and half of these have incomes of \$21,000 or less. Basic human needs are often financially out of reach for these families. Many who visit to pay a utility bill are in situations in which they do not have the full payment in hand for other necessities – like food, medicine, or clean and appropriate work or school clothing. It may be very tempting to borrow money at the site without adequate thought to the future consequences of the lending contract.

We have heard some share stories of severe hardships, including homelessness, as a consequence of borrowing from a payday lender. The proposed amendment is just and reasonable in that utilities could still co-locate with lending institutions that offer loans at an "aggregate, effective annual percentage interest rate of less than thirty-six (36) percent." This is an amount proposed by former Congressman Talent and others for payday lending companies near military posts. We have joined several ally organizations in proposing that this would be a good standard to use in all payday lending institutions in Missouri, but we have not yet secured this important public policy change. We will keep trying; our history has taught us the value of persistence.

We ask the PSC to adopt the proposed rule and to restrict utilities from entering into formal pay agent relationships with payday lenders and other similar businesses that charge outrageously high interest rates. This will reduce the risk that very vulnerable families lose access to the necessities of life, including utility service.

Sincerely,


Jeanette Mott Oxford
Executive Director