

1 it would be of his ownership.

2 Q Mr. Merciel, in your review of this matter,
3 what was your understanding of the source of the \$40,000
4 payment to be made by Lakewood Estates?

5 A Well, I think it could either be paid by the
6 developers involved and Lakewood Estates. Or, I guess, it
7 would be possible for the homeowners to consider paying it,
8 the existing homeowners. We really hadn't talked about that.
9 The homeowners before had been, you know, talking about
10 making a contribution to build a new treatment plant just
11 for their own subdivision. So it might be possible to
12 consider allowing them to pay for this \$40,000 cost. I
13 don't know if the Commission would allow that or not.

14 Q Would the Commission consider allowing the
15 \$40,000 to be recovered as a future contribution in aid of
16 construction?

17 A Excuse me. Say that again.

18 Q Well, there are portions of Lakewood Estates,
19 Lakewood Villa area, that have not yet been developed.

20 My question is: Is it something that would
21 be considered by the PSC to allow that \$40,000 to be paid
22 for by connection charges or what you call contributions in
23 aid of construction as that additional acreage is developed?

24 A I would think at least part of it could be
25 paid for from the undeveloped land. In fact, I think the

1 developer would be obligated to, in some way, pick up part
2 of that \$40,000 cost if he does plan on developing that
3 ground further because he would benefit from that.

4 MR. SCOTT: I have no further questions.

5 EXAMINER HYATT: Okay. Is there any redirect?

6 MR. HARRELSON: Yes, I have a couple of
7 questions.

8 EXAMINER HYATT: Please proceed.

9 REDIRECT EXAMINATION BY MR. HARRELSON:

10 Q For clarification, Mr. Merciel, is the rate
11 or the alternative rates you just related for a single-
12 family dwelling?

13 A Yes, they are.

14 Q With regard to the \$40,000 and \$25,000 items
15 listed in the engineering feasibility study submitted by
16 the applicant, do you regard those amounts as they appear
17 in that application as contributions in aid of construction?

18 A Yes, they would be. It doesn't specify if
19 it comes from the developer or the homeowners, though.

20 Q And would you consider that within those
21 amounts there is an amount for the extension, the main trunk
22 sewer lines that would be required to extend to connect these
23 other subdivisions to the proposed treatment facility--

24 A Yes.

25 Q --and a contribution for a part of the

1 treatment facility itself, the proposed treatment facility?

2 A Yeah, that's correct. Both of those would
3 be covered.

4 MR. HARRELSON: I have no further questions
5 at this time.

6 EXAMINER HYATT: Any recross?

7 (No response.)

8 EXAMINER HYATT: I have one question.

9 QUESTIONS BY EXAMINER HYATT:

10 Q Mr. Merciel, if I'm correct, you stated that
11 with the proposed service area, including all of the
12 subdivisions as proposed by the applicant in his application,
13 the charge per month per customer would come to \$8.67; is
14 that correct?

15 A That's correct, yeah.

16 Q On the other hand, with the exclusion of
17 Lakewood Estates, the per customer charge per month would
18 come to \$9.46?

19 A Yes, sir.

20 Q Now, you said that in the first case that
21 with the \$8.67 charge per month that would allow the
22 applicant to--those amounts would sustain the applicant in
23 his operation of the facilities without having to use his
24 own resources?

25 A Yes, that's true. The utility should be

1 self-supporting with that figure.

2 Q And, whereas, the second one would take two
3 to three years in order for the applicant to be able to--for
4 the operation to be able to sustain itself?

5 A Yes, that's correct.

6 Q Do you have any idea what the break even
7 point would be for the first--for those first three or so
8 years where--in other words, what the charge per month per
9 customer would be which would allow the applicant to break
10 even?

11 A Yes. I can give you a rough idea.

12 Q Somewhere in between \$8.67, I presume, and
13 \$9.46 per month per customer?

14 A Okay. Considering all the costs, I estimate
15 the cost of operation to be \$17,600 per year, assuming that
16 the plant is underloaded, you know, with these initial stages
17 of development. And, according to the population forecast
18 currently--and this would include Water's Edge Subdivision
19 and the Lakeland Acres, it would include those two subdivisions.
20 Currently, there would be 55 customers. In one year, there
21 would be 105 customers. And the year after that there will
22 be 155 customers.

23 For your information, the rate, \$9.46, was
24 based on 155 customers. So you can see the first two years.
25 In the first year, the cost would be approximately three

1 times that. The second year would be--well, it would
2 approximately cut that cost in half. And then the third
3 year would come down to \$9.46 or thereabouts.

4 I don't actually have those figures here.
5 I can tell you that out of the \$17,600--in the first year,
6 Mr. Hagan, I figure, will have to carry approximately
7 \$11,000 or a little more than that, approximately \$11,300.
8 In the second year, he would have to carry approximately
9 \$5,680. And, by the third year, he should break even,
10 according to the population forecast.

11 Q This is even if the service area is as
12 proposed?

13 A No, no. This is without Lakewood Estates.

14 Q This is without Lakewood Estates.

15 With Lakewood Estates, he could break even
16 the first year?

17 A Yes. Because, with Lakewood Estates, he would
18 already be starting out with 173 customers.

19 Q I see.

20 A That's the difference. Without Lakewood
21 Estates, it will take him probably three or four years to
22 get that many customers.

23 EXAMINER HYATT: Thank you very much. No
24 further questions.

25 You may step down, please.

1 (Witness excused.)

2
3 EXAMINER HYATT: Does the Staff have any
4 further witnesses?

5 MR. HARRELSON: No, I do not.

6 EXAMINER HYATT: Does the city of Columbia
7 have any witnesses to present?

8 MR. SCHNEIDER: One, your Honor.

9 EXAMINER HYATT: Okay. Could you please call
10 him?

11 MR. SCHNEIDER: Mr. Beck.

12 (Witness sworn.)

13
14 RAYMOND A. BECK testified as follows:

15 DIRECT EXAMINATION BY MR. SCHNEIDER:

16 Q Would you state your name for the record,
17 please.

18 A Raymond A. Beck.

19 Q What is your occupation?

20 A I'm the director of Public Works for the city
21 of Columbia, Missouri.

22 Q How long have you been so employed?

23 A With the city, since 1960 and as director,
24 since '61.

25 Q What are your duties regarding sewer facilities,
Mr. Beck?

1 A It's my job to manage the sewer utilities
2 within the city of Columbia, Missouri, under the general
3 guidance of the city manager and the policies of the city
4 council.

5 Q Are you familiar with the application of
6 Water's Edge Sewer Company, which is the subject of today's
7 proceeding?

8 A The application; however, not the rate study.
9 I never received a copy of the rate study.

10 Q You are aware that the Water's Edge Sewer
11 Company is seeking a certificate of convenience to operate
12 a sewer system?

13 A Yes, sir.

14 Q Mr. Beck, if the Water's Edge Sewer Company
15 application is granted, how could it affect the interests of
16 the city of Columbia?

17 A The request is within what the state and
18 federal government term a 201 area. That is an area surround-
19 ing the city of Columbia; a line that was prepared and
20 delineated on a map by the State Clean Water Commission.

21 And, as a result of that delineation, any
22 treatment facility that's operated in that area is to first
23 look toward the central government agencies, such as the
24 city of Columbia and Boone County in this case, to determine
25 available facilities by that city prior to considering any

1 other alternate course of action in the way of treatment.

2 And I might say, secondly, the city of
3 Columbia has a special interest from the standpoint of health
4 and safety. That is the additional discharge points upstream
5 from the city that discharges through the city of Columbia.
6 We have concern about the transfer of title to the sanitary
7 sewers at some future date, whether it be to the city or to
8 any other public agency. We have concerns about responsibility
9 for future connections to the city sewer system and a number
10 of contracts that the city may have to enter into because of
11 this large number of drainage areas discharging into the city.

12 And I might point out that we do have some
13 concern about the proper sizing of sewer drainage areas where
14 trunk sewers should be constructed. If they're not properly
15 sized the first time they're constructed through a drainage
16 area, some agency or some person will have to provide what's
17 generally termed a "relief line." That is a paralleling
18 type line that adds footage to a city sewer system or to any
19 sewer system, thus causing potential additional infiltration
20 inflow and operating costs to a system.

21 Q Mr. Beck, what would you like the Public
22 Service Commission to consider in regard to this application
23 insofar as the city interest would be concerned?

24 A I think one is the fact that the city council
25 has established, by an adopted resolution, a policy wherein

1 the city staff can negotiate with any private agency or
2 group of people in the 201 area for the operation and
3 maintenance of a sewer facility, provided it's deeded to the
4 city of Columbia with proper easements. And, of course, this
5 would have to, after negotiations, be actually accepted
6 formally by the city council. And this has been done by
7 ordinances.

8 One point is that this particular offer has
9 been made to the applicant in this case. That the city would
10 operate and maintain the sewer facility and that the city
11 would charge the people that live in that sewer facility one
12 and a half times the normal city rate, because that is the
13 adopted city policy for areas outside the city. And this
14 would be done under the conditions that I just outlined.

15 Q Mr. Beck, do you perceive any other interests
16 that might be affected by this application?

17 A Well, ultimately, it may or may not, depending
18 on how all aspects of the application are handled. There
19 could be some effect on who funds at a future date an
20 interceptor line to connect from the existing city trunk
21 sewers to these smaller treatment facilities that discharge
22 through the city.

23 By that I mean that the state recently came
24 out with a standard, stating that a city could obtain, or at
25 least potentially obtain, a state/federal grant to intercept

1 a publicly owned facility. That could be by the city or the
2 county or any other public agency. Provided the facility
3 was loaded or heavily loaded, that they would give this a
4 priority for its removal as far as funding goes. This, as
5 I pointed out, was a recent--the city received a letter in
6 recent days or weeks in that regard.

7 Q Is there anything else, Mr. Beck, that you'd
8 like for the Public Service Commission to consider in this
9 matter?

10 A No. I would like to make one comment regard-
11 ing the request for trunk sewers to the area.

12 The applicant did ask of the city as to whether
13 or not a trunk sewer would be brought up to their area. And,
14 as I recall, this was probably as early as last September or
15 October. And it may have been earlier. I indicated to the
16 applicant that the city did not have a policy to go outside
17 the city upstream into the drainage area.

18 Number two was that the city did have the
19 funding to build a trunk sewer to the city limits line,
20 which was very close to the point where he plans to locate
21 his plant. It's a matter of yards. I don't know how many,
22 but I would expect it's less than 300. It's very near the city
23 limits. We had plans to engineer that particular line at that
24 time. I told him in the very near future. Since that time,
25 that contract has been awarded and the line is being engineered.

1 Number three, I indicated that our treatment
2 plant--I never used the word "overloaded." I think I used
3 the words "heavily loaded." It was a heavily loaded trickling
4 filter plant where this would empty into. And that I would
5 need a revision to our discharge permit from the State Clean
6 Water Commission before I would recommend to the council that
7 we connect areas from outside the city limits, particularly
8 if it included Kenneth Flood's area, which had an established
9 loading up front, so to speak. It was not a loading over a
10 period of years, like as you build houses, you know, maybe
11 10 or 20 a year. This load would hit us all at once from
12 his plant. And that was a concern for me, without getting
13 our discharge permit.

14 And I also expressed some concern that unless
15 I had that permit changed, the discharge permit, I had
16 concerns that it would be a problem politically for the city
17 council; in that, without this change in the permit, the
18 city could find themselves in a position of having to cut off
19 all construction permits to this particular plant, which
20 includes areas inside and outside the city. And I did not
21 feel that we would want to put ourselves in that position.

22 Q Is that it?

23 A. That's a summary.

24 MR. SCHNEIDER: Nothing further.

25 EXAMINER HYATT: Does the applicant wish to
cross-examine?

1 MR. LEWIS: Yes, your Honor.

2 EXAMINER HYATT: Please proceed.

3 CROSS-EXAMINATION BY MR. LEWIS:

4 Q You still have some lagoons in the city of
5 Columbia, do you not?

6 A Yes, sir, we do.

7 Q And there are still areas within the city of
8 Columbia that are not served with sewers?

9 A Very few built-up areas, if any, that would
10 justify trunks.

11 Q But there are some areas, are there not?

12 A There may be.

13 Q And the lack of capacity or the diminished
14 capacity of sewer treatment has caused the city of Columbia
15 to start construction of a new sewage treatment plant, has
16 it not?

17 A That's correct.

18 Q And when is that plant due to be completed
19 and on line?

20 A It's estimated to be on line in January of 1982.
21 And the contract calls for it to be on line by October of 1982.

22 Q And it's been your experience for many years
23 in the public works department that there are occasionally
24 delays in engineering projects, are there not?

25 A There has been.

1 Q And so you can't be sure that this plant will
2 even be finished by January, 1982, can you?

3 A Our delay has been primarily in approval of
4 grants and not in the construction projects. So I would say
5 that barring strikes that would affect the plant and things
6 of that nature, this is a contracted completion date with
7 a bond.

8 Q Well, Mr. Beck, you had a delay just this last
9 week when they discovered artifacts out there, didn't you?

10 A No, we didn't. We kept the contractor working
11 around the artifact site.

12 Q But they have to have to study. And, depend-
13 ing on what they find, that can have different possible
14 repercussions, can it not?

15 A But, up to this point, it didn't delay it.

16 Q But there have been artifacts found. And it's
17 set in motion this bureaucratic investigation about whether
18 or not it's all right to proceed in the area; isn't that
19 correct?

20 A It started an investigation. And most of it
21 has been cleared.

22 Q You can't guarantee a sewer extension to the
23 proposed service area by any particular point in time, can
24 you?

25 A Oh, I think so. It can be guaranteed by some-

1 well, the council can guarantee it. Personally, I cannot.

2 Q Well, you can't speak for the council, can you?

3 A But I testified that we are engineering right
4 up to the point right now that's under contract.

5 Q My question is: Can you guarantee sewer
6 service for this area on behalf of the city of Columbia by
7 this particular date?

8 A I cannot personally, no.

9 Q What are the persons in this service area
10 supposed to do while they're waiting for the sewers for the
11 city proposal to get there?

12 A Handle them--my recommendation is that they
13 be handled exactly the way they would be handled in the
14 city of Columbia, Missouri, when trunk sewers are not avail-
15 able and construction proceeds prior to a trunk. There's a
16 real question whether trunks should be built to an area with
17 no proposed construction versus letting some construction
18 occur to assure a use of that trunk.

19 Q My question contemplates: The situation
20 exists out there where there are many, many lots that are
21 finished and ready and have the other utilities either in or
22 coming in. There are even eight houses under roof. One is
23 completed.

24 Now, what are those persons supposed to do
25 while they wait until January of 1982 or whenever trunk sewers

1 and treatment facilities and all of those other things jell
2 and coincide and get the services out to your area?

3 A Construct the sewer lines as he had planned
4 after he receives proper permits and et cetera, number one.
5 Number two is: Charge the cost of those lines, all of which
6 are going to be used by an abutting lot, the way I understand
7 it from the plans I reviewed and the Boone County Regional
8 Sewer Board. Charge the cost of his sewer lines against the
9 lot like any other developer does and stand the cost of his
10 treatment plant.

11 I recommended to the owner that he buy a
12 treatment plant that could be recycled, so to speak, resold
13 at a future date. And the city would have operated that
14 plant and given him the title back upon completion of an
15 interceptor sewer line to his area, which had allowed him to
16 have a resale value. And he would have only been out of the
17 cost of the sewer plant--he would have been out of the cost
18 of the sewer plant from the time he purchased it and the
19 difference in costs for resale plus his interest.

20 And the way I understand it from the testimony,
21 he's going to be out of some money anyway if he's going to
22 have to push up front. And I question whether there's a lot
23 of difference.

24 Q I understood you to say in your direct testi-
25 mony that you or the city made an offer to the applicant that

1 you would operate and maintain a sewer facility for this
2 service area?

3 A That's true.

4 Q When was this offer made?

5 A At the November 30 meeting. And the response
6 was--

7 Q November 30, 1979?

8 A As I recall it, it was made probably prior to
9 then. And, again, there were two meetings held. I don't
10 remember the exact date, but there was a group of us at the
11 meeting, some people who were present. And the reason I can
12 tell you was--

13 Q My question just was whether you made such an
14 offer?

15 A We did.

16 Q Now, my next question is: In that offer, what
17 was the date by which you offered to operate and maintain a
18 sewer facility for this service area?

19 A What was the date we'd do it?

20 Q By which you would do it?

21 A We explained our policy that I explained here.

22 Q Now, my question is: What was the date by
23 which, in this offer, you promised him or offered him that
24 you would make a city sewer system and facility available for
25 this particular service area?

1 A Well, we're talking about two different things,
2 sir.

3 Q I'm just talking about one.

4 A Okay. Which one are you talking about?

5 Q You've testified that you offered the
6 applicant that the city would operate and maintain a sewer
7 facility for this service area?

8 A That's true.

9 Q And that you made the offer clear back in
10 November or earlier?

11 A That's right.

12 Q And I'm saying that when you made that offer,
13 what is the date by which you told the applicant that the
14 city would be able to do this?

15 A We didn't give him a date. We asked for an
16 application from him to do it.

17 MR. LEWIS: That's all. No further questions.

18 EXAMINER HYATT: Okay. Does the Staff have
19 any cross-examination?

20 MR. HARRELSON: I have a couple questions.

21 CROSS-EXAMINATION BY MR. HARRELSON:

22 Q In this offer you've been speaking about for
23 the city to offer to operate and maintain sewer service for
24 this area, you stated that the fee for that service would be
25 one and a half times the city rate?

1 A That's correct.

2 Q Is that based on cost of service?

3 A It's based on the city putting up the funding.
4 I think, when the original rate was established, it was
5 based upon the city providing the funding for the trunk
6 sewers, the local cost of trunk sewers into those areas out-
7 side the city. We serve some people in subdivisions outside
8 the city now, but they're downstream from the city limits,
9 generally, between the plant and the city.

10 It was also felt that, when the city arrived
11 at this policy I was describing for taking over and operating
12 a plant, that there would be additional travel distance and
13 et cetera. And that this would be some additional costs to
14 the city. And that rate ordinance should not be changed.

15 Q Do you know what the current city rate is?

16 A I do not have it with me. It's handled by
17 another department of the city.

18 Q In your proposal, you are proposing to build
19 all the sewer connection lines?

20 A No. The proposal made to Mr. Hagan was that
21 if he would operate as though he's in the city, that is, he
22 build the sewer lines and he build a treatment plant, he
23 would deed the sewer lines in the subdivision area to the
24 city of Columbia with easements. Number two is: He would
25 deed the plant and the ground it's set on to the city of

1 Columbia with a reverter clause in it. And the council could
2 accept this in 30 days after we received this. The city has--
3 and I should point this out. This was a question raised by
4 this owner at the meeting. The city has required that some
5 other factors be considered in conjunction with this proposal.

6 Number one is: The subdivider needed to meet
7 certain parts of the city's subdivision regulations. Number
8 two is: The city would inspect the plumbing connections in
9 that area to assure that they were built properly. After the
10 city would operate this plant--the city would take it over
11 and operate it. And, when the interceptor comes to that
12 point, we would process through the city council--execute
13 the reversion clause in our deed. The plant would go back
14 to the initial owner; and the deed of the property that it's
15 set on would go back to the owner. And, if it was on a lot,
16 he could build a house on it or do whatever he likes. And
17 he could sell his plant.

18 In this case, I think there was a question
19 raised as to whether or not the city would require paving of
20 32-foot streets and et cetera. And my suggestion to the
21 owner was that he submit a proposal that I would take to the
22 council. And we would respond to the proposal. We never
23 received the proposal.

24 Q What I'm hearing, though, is that the city's
25 offer to provide service to the area was a conditional one,

1 at the least, and there were many prerequisites that the
2 area would have to meet.

3 Didn't you have some doubt about taking on
4 any further discharge to begin with?

5 A No.

6 Q I thought you stated earlier in your testimony
7 that you questioned whether an up-front system, which you
8 described as one which had not shown continued growth but
9 had been serving customers initially, that you had some
10 question as to whether the city should take that kind of
11 a load on immediately. Didn't you testify to that?

12 A Are you talking about trunk sewers now or
13 small plants?

14 I did raise a question whether the city should
15 build a trunk sewer. And we are going to do some of that,
16 by the way. Whether the city should run a trunk sewer up to
17 the drainage area to what we term an "80-acre point"--that's
18 where we go. The drainage above it is in an 80-acre area.

19 Q Do you mean there's a difference in your
20 opinion about what action the city would take if the proposal
21 were to take over the small plant? Would you considering
22 doing that; would you consider taking over the Boone Water &
23 Waste plant, that facility?

24 A Yes, sir, we would, provided it met certain
25 conditions.

1 Q Do you have any idea what investment it would
2 take to cause it to meet those conditions?

3 A No. But we'd find out before we would take
4 it over. You asked me if we would consider it. And my
5 answer to you was, yes. But I don't know that we would take
6 over unless he made some improvements to it or develop a
7 program that would allow those improvements.

8 Now, there's another advantage, as I pointed
9 out in the earlier discussions, for the city to take it over.
10 And I think I explained those earlier that there is. And I
11 think it should be in the record that there's a very strong
12 potential that state and federal grants might be obtained to
13 eliminate a publicly owned facility that is overloaded.

14 Q Let me stop you right there for a second.

15 Are you suggesting that this Commission allow
16 the continued existence of an inadequate facility within this
17 area so that the city could get cheaper funding when the
18 time comes for the city to take it over?

19 A No. My concern is that the Public Service
20 Commission has approved and allowed to operate a bad discharge
21 into the city of Columbia, number one. And, number two is:
22 There is no provision made to eliminate this and other dis-
23 charge points at some future date that our council is getting
24 concerned with. And that is all these small discharge points
25 that are springing up around the city. And this is an

1 additional one right on the city's edge.

2 Q By "this," you mean what?

3 A The one proposed today. And there's no--if
4 the city does not eliminate it, I see no plan for anybody
5 else to eliminate it.

6 Q Let me ask you this: Would the city of
7 Columbia prefer that there be not only the Boone Water &
8 Waste Treatment facility contiguous to its boundaries, but
9 also now--excuse me.

10 In the proposed Water's Edge facility and the
11 Boone Water & Waste facility that now exists, would the city
12 like to see both of those existing? Would it be prefer to
13 have only one as opposed to both facilities operating and
14 existing?

15 A I guess the answer to that is yes and no,
16 depending on what happens with this one. Let me tell you
17 why.

18 I prefer to see a minimum number of discharge
19 points. But I've got to look five years down the road and
20 see how many of these are still going to be dumping into the
21 city after the city has adequate treatment and outfall
22 capacity to eliminate all of them.

23 From that standpoint, someone needs to become
24 responsible and concerned to make sure interceptor lines are
25 run up there to eliminate both of these; as a matter of fact,

1 all of them in that area.

2 Q Now, once again, you're talking two, three,
3 four, maybe five years in the future; is that correct?

4 A Well, I can only tell you what the State
5 Clean Water Commission grant section told us. And they told
6 us that if the city or a public agency became the owner of
7 an overloaded facility and applied for a grant to engineer
8 its removal, they would approve it this fiscal year and most
9 likely approve construction monies next year.

10 This struck me as an opportunity, maybe, to
11 get rid of a bunch of these discharges into the city. I
12 presented this to our city council at a council retreat two
13 weeks ago with the map I have with me. The council is very
14 interested in trying to get rid of this sewage flow and this
15 effluent--to keep that flow into the city.

16 So I guess what I'm telling you is that if
17 the state meetings they held with us are accurate, they would
18 approve an engineering grant this fiscal year. I have not
19 gotten it approved. I did not request it. We do not own any
20 amount in that area.

21 Q Now, that would just be an engineering grant,
22 not a construction grant?

23 A That's true.

24 Q So, really, this proposed facility is not
25 even--there aren't even any existing engineering studies or
plans?

1 A. We have an engineering plant right up to
2 Hagan's dam, almost, right now. We have authorized out under
3 our last bond issue to pay 100 percent of it, to run a trunk
4 line up to the city limits line in this drainage area.

5 The rest of the story is that there could be
6 some advantage that the council could consider to eliminate
7 this problem outside the city limits. That if we had owner-
8 ship of a plant that's overloaded outside the city upstream and
9 the state declared it an ineligible line, the entire line
10 that we would have paid 100 percent for would become grant
11 eligible; and we would pay 10 percent for it. So that other
12 90 percent money we would have normally used to get up to the
13 city limits line of the city's money could be used to go up
14 into the area.

15 And it is an opportunity, if somebody wants
16 to work with this, to get rid of some plants with the same
17 local money up into this area around the city that's shown on
18 that map over there. There's dots all over it. There's 115
19 of them, I think.

20 Q But, you're still talking about sometime in
21 the future, anywhere from two to four years?

22 A. Our plant will be ready in two years. This
23 line could be built in two years if somebody got on it, I
24 really believe. Three years to be safe and from my past
25 experience. I always allow an extra year, to be honest about
it.

1 Q Do you know how long this federal program has
2 been in existence?

3 A This last one since 1972, the program that
4 this would be handled under. There was a previous program,
5 too, that was a little different.

6 Q It's been continually in existence?

7 A The current program is '72.

8 Q Continually, to date, it's been in existence?

9 A Yes.

10 Q The city isn't offering any concrete proposal
11 at this time that would serve the needs of the customers in
12 this proposed service area of Water's Edge or the existing
13 service area of Boone Water & Waste? You can't speak for the
14 council and say that at this time the service could be made
15 available in the existing certificated area of Boone Water &
16 Waste or in the proposed service area of Water's Edge Sewer
17 Company?

18 A Maybe I didn't make it clear.

19 Q Just answer my question.

20 At this time the city could not make available
21 adequate sewer service in either the existing area of Boone
22 Water & Waste Company or the proposed certificated area of
23 Water's Edge Sewer Company?

24 A With trunks? With trunk sewers, are you
25 talking about?

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Q All right. With trunk sewers?

A No.

Q Do you consider the existing facility in the Lakewood Estates Subdivision adequate to serve--

A Is that the one that was previously--

Q That's Mr. Flood's operation.

A I understand it isn't. I did not examine it. I understand it's overloaded.

Q Then I'll ask the same question on your proposal to take over existing facilities and existing plant.

I take it when you said, "trunk line," you're trying to pin me down--

A I didn't understand your question.

Q --to trunk line connections as opposed to taking over existing facilities.

A That's right. That's what I was speaking to.

Q I think you've answered my question.

You've heard that the Lakewood Estates facilities are inadequate?

A That's true.

Q Do you share that opinion?

A I don't know. I never looked at it.

MR. HARRELSON: I don't think I have any further questions.

EXAMINER HYATT: Okay. Does Boone Water &

1 Waste Treatment have any cross-examination of the witness?

2 MR. SCOTT: I would just like to clarify one
3 thing.

4 CROSS-EXAMINATION BY MR. SCOTT:

5 Q Mr. Beck, as I understand, you would not be in
6 a position to offer any immediate sewage in terms of a trunk
7 sewer running up to that area; is that correct?

8 A Immediately, no.

9 Q But, if a developer were prepared to install
10 the mains in the subdivision and build a plant at his own
11 expense, the city would be prepared, assuming he met certain
12 other conditions, to take over the operation of that plant;
13 is that correct?

14 A That's what the council indicated, on an
15 individual basis, by title.

16 MR. SCOTT: That's all.

17 MR. LEWIS: May I ask leave to ask one more
18 question?

19 EXAMINER HYATT: Yeah, you may have leave.

20 FURTHER CROSS-EXAMINATION BY MR. LEWIS:

21 Q Mr. Beck, wouldn't it be fair to say that,
22 rather than making an offer to Mr. Hagan, you indicated to
23 him that if he would make the proposal, you would take it to
24 the city council for their consideration?

25 A Yes. I'd say that properly describes it.

1 MR. LEWIS: Thank you.

2 EXAMINER HYATT: I have a question.

3 QUESTIONS BY EXAMINER HYATT:

4 Q In the application of Columbia, Missouri,
5 to intervene, it states:

6 "Columbia is an 'interested person' in that
7 sewage facilities and sanitary conditions in the vicinity of
8 the City of Columbia which could, at some future date, become
9 part of the City are matters having direct bearing on the
10 public health, welfare and safety of the residents of the
11 City of Columbia."

12 Does the city of Columbia to your knowledge
13 have any present intention or is it, in fact, in the process
14 of attempting to incorporate any of the proposed service
15 area through condemnation or otherwise?

16 A That particular area was in an area studied
17 by the city staff for possible annexation. The report was
18 given to the city council who referred it to the planning and
19 zoning commission for further study. That service area was
20 included in a study area that presently is at the level of
21 the city planning and zoning commission, which will make a
22 recommendation back to the city council as to whether it
23 should or should not be considered for annexation or any
24 other parts of this fairly substantial area that was studied.

25 EXAMINER HYATT: I see. Thank you. You may

1 step down, sir.

2 (Witness excused.)

3
4 MR. HARRELSON: Mr. Examiner, I'd like to
5 request another brief recess for ten minutes.

6 EXAMINER HYATT: There will be a ten-minute
7 recess.

8 (A recess was taken.)

9
10 EXAMINER HYATT: The hearing will come to
11 order.

12 I would note that off the record I was
13 informed by the attorney for the Intervenor City of Columbia
14 that he has left for the day and will not participate in
15 the remainder of the hearing; although, he retains his
16 interest as an intervenor.

17 Would the Intervenor Boone Water & Waste
18 Company please call its first witness.

19 MR. SCOTT: Yes. Vernon Stump.

20 (Witness sworn.)

21
22 VERNON L. STUMP testified as follows:

23 DIRECT EXAMINATION BY MR. SCOTT:

24 Q State your full name for the record.

25 A Vernon L. Stump.

- 1 Q And where do you reside?
- 2 A 506 Nichols, Columbia, Missouri, 65201.
- 3 Q Is that your office address?
- 4 A That's my office address.
- 5 Q What is your educational background?
- 6 A I have a B.S. in civil engineering, an M.S.
- 7 in civil engineering, and a Ph.D. in sanitary engineering.
- 8 Q When did you receive your Ph.D.?
- 9 A In 1977.
- 10 Q And what is your present occupation?
- 11 A I'm president of Mid-Missouri Engineers, which
- 12 is a consulting firm that is primarily oriented towards
- 13 operation of sewage treatment plants and laboratory analysis.
- 14 Q And how many years of experience have you had
- 15 in the field of operation of sewage treatment plants?
- 16 A I've been working with sewage treatment plants
- 17 and water plants since 1969.
- 18 Q How old are you, sir?
- 19 A I'm 35.
- 20 Q Have you had experience in the construction of
- 21 sewage treatment plants?
- 22 A I've had experience in inspecting and follow-
- 23 ing ongoing construction with them, yes.
- 24 Q And has that experience given you any back-
- 25 ground in the costs of constructing sewage treatment plants?

1 A. Yes.

2 Q Now, do you have any present connection with
3 Boone Water & Waste Company, Inc.?

4 A Yes. Our firm is the operating agency for
5 the waste water treatment plant.

6 Q At Lakewood Estates, Lakewood Villa?

7 A Yes.

8 Q For purposes of clarification, can you tell
9 me if there are actually two different subdivisions with
10 which Mr. Flood was connected? One of them is Lakewood
11 Estates and the other is Lakewood Villa; is that correct?

12 A Yes.

13 Q They are both in the geographical area
14 immediately south of Mr. Hagan's area?

15 A Yes.

16 Q And both are presently served by the one
17 existing sewage treatment plant for which your firm is the
18 operator; is that correct?

19 A Yes, they are.

20 Q Now, have you had an opportunity to personally
21 inspect the remaining undeveloped land owned by Mr. Flood
22 or his company, which is available for further development in
23 the Lakewood area?

24 A Yes, I have.

25 Q Based on your inspection, have you also had an

1 opportunity to inspect the plats for the remaining area,
2 the layout of the street and the lots?

3 A Yes, I have.

4 Q Based on your inspection of the property and
5 your knowledge of the plats, is there any area of the Lakewood
6 area that would require the installation of a lift station
7 or a pumping station in order to get the sewage to a plant
8 built by Water's Edge?

9 A Yes, there would be. To fully develop in
10 accordance with the plats the way they are laid out presently,
11 one corner of the property wouldn't be able to be served by
12 the gravity line. And there would be a lift station that
13 would be required in that area.

14 Q Now, that lift station, based on your know-
15 ledge of construction costs in this area, what would be the
16 approximate cost, in your opinion?

17 A We made a preliminary estimate. If this lift
18 station was to serve in the neighborhood of 50 to 75 units
19 and a forced main coming up to the last manhole before it
20 goes gravity, it would be in the neighborhood of \$25,000.

21 Q Now, assuming that the Water's Edge plant is
22 built as proposed, we have a \$4,000 expense up front for
23 connection with the Water's Edge treatment plant, plus a
24 portion of the cost of building that plant; is that correct,
25 based on your review of the figures in this case?

1 A If I've understood it correctly, \$40,000 is
2 the cost provided at the moment; in other words, it was just
3 \$40,000.

4 Q Now, if you fully develop Lakewood, you need
5 an additional \$25,000 for the lift station; is that correct?

6 A Yes, that's correct.

7 Q And you've had an opportunity, I believe, to
8 review the figures involved in this application; is that
9 right?

10 A Yes, I have.

11 Q So, for a total of approximately \$60,000,
12 we have a capacity outlined for Lakewood in the neighborhood
13 of 160 units; is that correct?

14 A That's correct, the way I understand it.

15 Q Now, have you also had occasion to review the
16 cost of constructing a new sewage treatment plant to serve
17 the Lakewood area to its full capacity of 250 to 300 units?

18 A Yes, I have.

19 Q And what is your estimate of that cost?

20 A The latest estimate that I'm aware of on it,
21 which is in speaking to the builders of this type of plant,
22 is \$60,000.

23 MR. SCOTT: No further questions.

24 EXAMINER HYATT: Does the applicant wish to
25 cross-examine the witness?

1 MR. LEWIS: Yes, your Honor.

2 EXAMINER HYATT: Please proceed.

3 CROSS-EXAMINATION BY MR. LEWIS:

4 Q Now, if you build this new plant or extend
5 your present plant, will it be in the same location or
6 essentially the same location as the present?

7 A No. It will be at the end of the property.
8 It will be due west of the existing plant down in the draw.

9 Q Will you use it in lieu of the present
10 facility or in addition to the present facility?

11 A In lieu of.

12 Q Now, you've been running Mr. Flood's system
13 for how long?

14 A For approximately a year.

15 Q And when did you become aware of the problems
16 that they were having with that system?

17 A Three years ago.

18 Q So you knew that there were problems even when
19 you took over the job?

20 A Yes, we did.

21 Q And have you continued to have the problems
22 during the period of the time that you were working with it?

23 A Yes, we have.

24 Q And what is the nature of those problems?

25 A It essentially revolves around the fact that

1 the plant is overloaded.

2 Q Why have you been unable to cure that problem
3 in the year that you've been running the plant?

4 A It would require constructing a larger plant
5 or making a complete rebuilding of the plant.

6 Q Is it correct that some of the other witnesses
7 testified that Mr. Flood, on two occasions, did take out a
8 construction permit and then let it lapse?

9 A This didn't happen during the time we were
10 operating.

11 Q But you were aware of it?

12 A I've, you know, seen discussion of it, but I
13 wasn't directly involved.

14 Q Well, has there been any effort to construct
15 or apply for a permit for new construction during the year
16 that you've been involved?

17 A Well, I think last fall Mr. Flood was discuss-
18 ing with the Public Service Commission about getting this
19 particular construction under way.

20 Q But I'm saying nothing ever came of it, though,
21 did it?

22 A Nothing has happened on it officially.

23 Q When were you first asked to come to this
24 hearing?

25 A I have been aware of the situation for several

1 months. I guess the final decision to come was just this
2 morning.

3 Q By whom were you asked?

4 A Mr. Flood.

5 Q And you rode over with him, did you not?

6 A Yes.

7 Q And I take it that you made certain studies,
8 then, that you made at his request for the purpose of
9 preparing for this hearing?

10 A Yes, we did sometime ago.

11 Q Now, the application to intervene, I believe,
12 was only filed in the last week or ten days or very recently?

13 A Yes.

14 Q But you were involved in preparation to
15 oppose this application as long as a couple months ago?

16 A No. At the time we were involved, we were
17 looking at the situation in terms of "What does this mean for
18 the complete development of Lakewood Estates?" In other
19 words, it wasn't related to opposing this particular
20 application. It was just, "What does this mean to Lakewood
21 Estates if the two systems tie together?"

22 Q What reason did Mr. Flood give you for wanting
23 to oppose this application of Mr. Hagan's?

24 A Well, I think this was related to the cost
25 factors of it.

1 Q Other than the costs factor, you, as an
2 engineer, would not see any--I mean, insofar as it might
3 affect Mr. Flood, you, as an engineer, wouldn't see anything
4 wrong with all three of these being combined in the one
5 system, would you?

6 A No. I think combining all the systems is a
7 good, logical kind of approach. I think that there isn't--
8 you know, I haven't been able to see how the future capacity
9 is provided for in this analysis.

10 MR. LEWIS: I believe that's all.

11 EXAMINER HYATT: Okay. Does Staff wish to
12 cross-examine this witness?

13 MR. HARRELSON: Yes.

14 CROSS-EXAMINATION BY MR. HARRELSON:

15 Q Mr. Stump, you also have been approached by
16 the operator or the proposed owner of the Water's Edge Sewer
17 Company to operate its facility, have you not?

18 A Yes, we have.

19 Q Would Mid-Missouri Engineers receive
20 additional funds if it were to operate two facilities as
21 opposed to one?

22 A Yes, we would.

23 Q What services do you provide for Boone Water &
24 Waste at this time?

25 A For Boone Water & Waste, we operate the plant

1 and maintain the lift station. So we provide just operation
2 of services for the facility. In other words, we don't
3 collect customer bills or handle any of the bookkeeping.

4 Q Do you handle complaints?

5 A We do handle complaints.

6 Q If there were to be any major problem with
7 a major piece of equipment in the Boone Water & Waste
8 facility, such as a blower, would there be sufficient
9 standby facilities there?

10 A At the moment, there are not. We have one
11 blower.

12 Q Would your firm be able to make the investment
13 or do anything to correct such a problem?

14 A We had a blower go out this winter and did
15 take care of it, you know, as it happened.

16 Q Would that be your normal course of business
17 to do that?

18 A Well, this was a case that the owner was out
19 of town and the blower was out. I did get in contact with
20 him and received approval to go ahead and buy it. And we
21 put one in as soon as we could get ahold of one.

22 Q Have you had trouble on any occasion gaining
23 access to Mr. Flood, getting in touch with him?

24 A No, we haven't other than, you know, a phone
25 call away.

1 Q Are you familiar with currently how large the
2 Lakewood Estates Subdivision is, how many acres there are
3 within that subdivision in total?

4 A The exact acreage, no. I know where the
5 boundaries are and have physically been on the site. But I
6 haven't added the numbers up.

7 Q Does 47 acres sound right?

8 A Fifty would be my guess.

9 Q In your estimation of the cost of the lift
10 station, could you break down those costs for us?

11 A I don't have those costs with me. But the
12 three major components of it would be the cost of equipment
13 and the cost of installing it, which would run in the neighbor-
14 hood of probably \$15,000. And, by the time we run a forced
15 main in and complete the legal engineering, that brings us
16 up to the \$25,000 number.

17 Q Now, how much water would this lift station
18 be designed to pump?

19 A Well, it would be designed for 75 units,
20 approximately, which translates to approximately 6,000
21 gallons a day.

22 Q Is that how many units the area unable to be
23 served by gravity would be able to accommodate?

24 A We haven't done the, let's say, complete
25 engineering design of what units would or would not fit in

1 or what adjustments could be made. I think where the
2 question is leading to is that we looked at this as it was,
3 as the design was completed. I think the lines were designed,
4 the plats were laid out, and plots were laid out. And so we
5 looked at it in terms of what we saw existing there. So we
6 saw that approximately 75 units wouldn't be served. I think
7 adjustments could be made, but that's talking about the
8 redesign and re-lay of lots.

9 Q You're saying there's a possibility or perhaps
10 a probability that adequate service could be provided, at
11 least, with a lift station costing less?

12 A That could happen, yes.

13 Q Are you aware that there's a creek running on
14 that piece of land?

15 A Yes, I am.

16 Q Do you know if the area that cannot be served
17 by gravity lies north or south of that creek?

18 A Well, there's part to the north and part to
19 the south. The area that is to the west of the plant goes
20 down the creek. And it drops off significantly on both sides
21 down by the creek.

22 Q Part of that area would also be creek bed?

23 A Right.

24 Q In your cost estimation as to this facility
25 that, I think, has been proposed and even a construction

1 permit obtained on several occasions to build by Boone Water
2 Waste, does that \$60,000 include sewer line costs?

3 A No, it doesn't.

4 Q Do you have an estimate of what that would be?

5 A No, I don't.

6 Q In your opinion, Mr. Stump, could a sewer
7 line be built which would connect the last existing manhole
8 at Lakewood Estates to the proposed Water's Edge treatment
9 plant to serve by gravity?

10 A Yes, it could.

11 MR. HARRELSON: I have no further questions.

12 EXAMINER HYATT: Any redirect?

13 MR. SCOTT: No redirect.

14 EXAMINER HYATT: I have one question.

15 QUESTIONS BY EXAMINER HYATT:

16 Q Mr. Stump, if such a--in your answer to the
17 last question by Mr. Harrelson of the Commission Staff that
18 a lift station--that the need for a lift station could be
19 obviated through the construction of certain tunnels, would
20 you nevertheless see any advantage in the construction of a
21 lift station?

22 A I think what he was asking me was that the
23 line could be built, the gravity line. But, to serve the
24 entire community, it still would take some type of a small
25 lift station. In other words, that lift station wouldn't be

1 a main lift station to serve the entire Lakewood Estates
2 Subdivision.

3 Q So, in other words, even if such a tunnel
4 could be built--

5 A Right. Even if the main gravity line is
6 built, that will serve existing houses. But, to completely
7 develop the subdivision, it will, in the future, take some
8 type of lift station to finish off the development.

9 EXAMINER HYATT: Thank you very much.

10 Do you have any further questions?

11 MR. HARRELSON: Well, in light of the response
12 to that question, could I ask another one?

13 EXAMINER HYATT: Well, okay. Well, that
14 would be--there may be redirect after that, though.

15 I'll give you leave to ask another several
16 questions relating to that particular answer.

17 MR. HARRELSON: I just have one.

18 FURTHER CROSS-EXAMINATION BY MR. HARRELSON:

19 Q You have no personal knowledge as to exactly
20 how many units could not be served by gravity?

21 A No, I don't.

22 MR. HARRELSON: That's my only question.

23 EXAMINER HYATT: Do you have any redirect?

24 MR. SCOTT: Yes, your Honor. I'd like to
25 ask leave for some more redirect.

1 EXAMINER HYATT: You may have leave for more
2 redirect.

3 REDIRECT EXAMINATION BY MR. SCOTT:

4 Q Mr. Stump, on the lift station that you were
5 talking about, where would it be built?

6 A It would be built in almost the same location
7 where the new plant would be built; in other words, where
8 the new proposed plant is now.

9 Q The new proposed plant that you talked about
10 would be to the west of the existing plant at the boundary
11 of the property, essentially?

12 A Yes, that's correct.

13 Q Now, would that new plant serve the entire
14 Lakewood area by gravity flow?

15 A Yes, it would.

16 MR. SCOTT: That's all.

17 EXAMINER HYATT: Okay. You may step down.
18 Thank you.

19 (Witness excused.)

20
21 EXAMINER HYATT: Call your next witness.

22 MR. SCOTT: Mr. Flood.

23 (Witness sworn.)
24
25

1 KENNETH U. FLOOD testified as follows:

2 DIRECT EXAMINATION BY MR. SCOTT:

3 Q State your name for the record.

4 A Kenneth Flood.

5 Q And where do you reside?

6 A 4249 Magnolia Court, Palm Beach Gardens,
7 Florida.

8 Q Now, are you connected with F & W Construction
9 Company, Incorporated?

10 A Yes, I am.

11 Q And what is your connection with that company?

12 A I'm the president.

13 Q Are you a shareholder?

14 A Yes.

15 Q The director?

16 A Yes.

17 Q And who owns the remaining undeveloped areas
18 of the Lakewood area at this time?

19 A I do.

20 Q Individually?

21 A Yes, I believe so. There's some technicality,
22 but it looks like I sold the other property and got it back.
23 So I own it.

24 Q The F & W Construction Company did own it at
25 one time; is that right?