

1 STATE OF MISSOURI
2 PUBLIC SERVICE COMMISSION
3 TRANSCRIPT OF PROCEEDINGS
4 Local Public Hearing
5 June 4, 2008
6 Dexter, Missouri
7 Volume 2
8
9 In The Matter of the Joint)
10 Application of Stoddard)
11 County Sewer Co., Inc.,)
12 R.D. Sewer Co, L.L.C.)
13 And the Staff of The)
14 Missouri Public Service)Case No. SO-2008-0289
15 Commission For An)
16 Order Authorizing Stoddard)
17 County to Transfer Its)
18 Assets To R.D. Sewer,)
19 L.L.C., And for An Interim)
20 Rate Increase)
21 HAROLD STEARLEY, Presiding
22 REGULATORY LAW JUDGE
23 JEFF DAVIS, Chairman
24 CONNIE MURRAY
25 COMMISSIONERS

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PROCEEDINGS

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JUDGE STEARLEY: Good evening. It's Wednesday, June 4th, 2008, and the Missouri Public Service Commission has set this time for a local public hearing in Case No. SO-2008-0289, in which Stoddard County Sewer Company, Inc., seeks to transfer its assets to R.D. Sewer Company LLC, and seeks an interim rate increase. My name is Harold Stearley, and I am a regulatory law judge presiding over this matter. With me tonight is Commissioner Murray and it is still possible Commissioner Davis may appear.

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COMMISSIONER MURRAY: Good evening. Welcome.

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JUDGE STEARLEY: This is an official hearing, and I believe you probably have already been pre-noticed by staff that the reason we having these hearing is that we like to take testimony of your input in these matters. That's why we have a court reporter. We would like to hear your comments tonight regarding the proposed transfer of assets, and the request for a rate increase. The way we will proceed is, we generally have a witness list. Mr. Merciel, do we have a list?

1 MR. MERCIEL: I do, Judge. I have the
2 witness list.

3 JUDGE STEARLEY: And how many witnesses do
4 we have signed up?

5 MR. MERCIEL: Five. One is a couple.

6 JUDGE STEARLEY: What we'll do is we'll
7 have Mr. Merciel call names on the witness list. I
8 will have you come down to the table, and I will swear
9 you in. I might ask a couple preliminary questions of
10 you, and then you can provide us with your statements.
11 I ask that you don't leave at the conclusion of your
12 statements, because the attorneys or commissioners may
13 have questions for you, or I may have an additional
14 question for you.

15 We want to be sure all the questions get
16 answered. Does everyone understand how we will
17 proceed? And because of our technology, there tends
18 to be a little bit of time lag. So occasionally I may
19 start speaking, or you may start speaking, and we may
20 kind of over talk one another. I apologize if that
21 happens. Also, I may ask you to repeat certain
22 things, in case we don't quite hear it here. If you
23 can't hear us there, by all means ask us to repeat
24 thins. I also want to let you know that there is an
25 event, not related to the Public Service Commission,

1 that is occurring tonight in the lobby of the facility
2 we are in.

3 There is the potential we may pick up a
4 little bit of noise from that event, and I apologize
5 in advance for that. We will try to minimize that as
6 best we can. With those instructions in mind, we will
7 go ahead and proceed. I will read the style of the
8 case. It is titled In the Matter of the Joint
9 Application of Stoddard County Sewer Co., Inc., R.D.
10 Sewer Co., LLC and the Staff of the Missouri Public
11 Service Commission for an Order Authorizing Stoddard
12 County Sewer Co., Inc., to Transfer its Assets to R.D.
13 Sewer Co., LLC and for an Interim Rate Increase.
14 Again, Case No. SO-2008-0289. We will begin our
15 hearing by taking entries of appearance from out
16 attorneys of record, starting with Stoddard County
17 Sewer Co.

18 MR. HOLDEN: Judge Steve Holden, on behalf
19 of R.D. Sewer and listed as well for Stoddard County
20 Sewer.

21 JUDGE STEARLEY: Thank you, Mr. Holden.
22 And the staff for the Missouri Public Service
23 Commission?

24 MR. KRUEGER: Keith Krueger and Jennifer
25 Hernandez for the staff of the Missouri Public Service

1 Commission. Our address is P.O. Box 360, Jefferson
2 City, Missouri 65102.

3 JUDGE STEARLEY: Thank you, Mr. Krueger.
4 And The Office of The Public Counsel?

5 MS. BAKER: Thank you, Your Honor.
6 Christina Baker, P.O. Box 2230, Jefferson City,
7 Missouri 65102. Appearing on behalf of The Office of
8 the Public Counsel, and the rate payers.

9 JUDGE STEARLEY: Thank you, Ms. Baker.
10 Commissioner Murray, would you like to give an opening
11 statement?

12 COMMISSIONER MURRAY: No. I would just
13 like to say thank you for coming. We appreciate your
14 comments, and we certainly appreciate the ability to
15 have this webcast, as we are able to do tonight. I am
16 looking forward to hearing what you have to tell us.

17 JUDGE STEARLEY: And I would like to say
18 our thanks to our host in Dexter. Without the ability
19 to do the web casting, and conferencing, the Public
20 Service Commissioner wouldn't be able to reach out to
21 the public in this matter. They are greatly
22 appreciated for that. Mr. Merciel, could you please
23 call our first witness.

24 MR. MERCIEL: The first name on the list is
25 Don Gard.

1 JUDGE STEARLEY: Please state and spell
2 your name for our court reporter.

3 MR. GARD: My name is Don Gard. G-a-r-d.
4 (Witness Sworn)

5 JUDGE STEARLEY: Are you a customer of
6 Stoddard County Sewer Company?

7 MR. GARD: Yes, I am.

8 JUDGE STEARLEY: Please proceed with your
9 remarks.

10 MR. GARD: I built a home in that
11 particular area 32 years ago. I've been hooked up on
12 that system 31 years, and like it fine. No sewer
13 problems of any kind. I am well satisfied with it. I
14 knew the original owner. I tried to help him 10 or 15
15 years ago to get his rates increased. I knew he had
16 them too cheap, and I knew he was having financial
17 problems with it. It is well worth more than the
18 \$11.40 a month to me. It increases my property value.

19 Septic tanks don't work in this particular
20 area, so I knew the value of a sewer system. I am in
21 support of this change, as far as ownership change. I
22 am in support of an increase. I have no problem with
23 it at all. I am well aware of the DNR requirements
24 nowadays on septic tanks. I am afraid that most
25 people don't understand that they couldn't get a

1 septic tank to work in this country anyway. They
2 don't realize the cost of a septic tank. It is a
3 whole lot easier to just pay a little more on the
4 sewer system, and watch them be successful. I have no
5 problem with the increase.

6 JUDGE STEARLEY: Thank you, Mr. Gard. Do
7 you have any additional comments before I check with
8 the attorneys, to see if they have any questions for
9 you?

10 MR. GARD: No. That pretty well covers it.

11 JUDGE STEARLEY: Ms. Baker, I will start
12 with you. Any questions for Mr. Gard?

13 MS. BAKER: I have no questions. I
14 appreciate your coming today.

15 JUDGE STEARLEY: R.D. Stewer/Stoddard
16 County Sewer, Mr. Holden, do you have any questions
17 for Mr. Gard.

18 MR. HOLDEN: Not related to this matter,
19 Your Honor. Thank you.

20 JUDGE STEARLEY: And staff of Missouri
21 Public Service Commissioner, Mr. Krueger?

22 MR. KRUEGER: No questions, your honor.
23 Thank you, Mr. Gard, for coming to testify.

24 MR. GARD: Thank you.

25 JUDGE STEARLEY: Any question, Commissioner

1 Murray?

2 COMMISSIONER MURRAY: Mr. Gard, thank you
3 for being here to give us your views on this. I seem
4 to hear you say that you think that a well functioning
5 wastewater treatment system is very essential to the
6 value of your property; is that right?

7 MR. GARD: That's right. It adds more to
8 the value of the property than people realize. Try to
9 sell a house with a septic tank that is bubbling out
10 of the ground, and then see what that will do for you.

11 COMMISSIONER MURRAY: And you also said
12 that you have a well functioning wastewater treatment
13 system?

14 MR. GARD: Yes, ma'am. I am well
15 satisfied.

16 COMMISSIONER MURRAY: Thank you.

17 JUDGE STEARLEY: Thank you, Mr. Gard. We
18 appreciate your testimony tonight. We will go ahead
19 and call our second witness tonight.

20 MR. MERCIEL: The next one is Wayne
21 Worthington.

22 MR. NORTHINGTON: It's Northington.

23 MR. MERCIEL: I'm sorry. It's Wayne
24 Northington.

25 MR. NORTHINGTON: Yes, sir. My name is

1 Earl Northington. It's E-a-r-l N-o-r-t-h-i-n-g-t-o-n.

2 I am a customer of the Stoddard County Sewer Company.

3 JUDGE STEARLEY: Mr. Northington, before
4 you continue, let me please swear you in.

5 (Witness Sworn)

6 MR. NORTHINGTON: I am satisfied with the
7 sewer system, and I know \$11.40 that we are paying
8 right now, everybody thinks that the rate increase
9 will not go up. I understand that if they are going
10 to improve that waste system and get it working they
11 way it should; I don't mind a small rate increase. I
12 sure don't think it should be doubled. I wouldn't
13 mind if they went to \$15 or \$16, but I don't think it
14 should be doubled.

15 I'm just a poor working stiff. I work at
16 Emcon here in Dexter. I get a paycheck every week.
17 Sometimes I am laid off, and it is going to be hard
18 for me to double my payments on anything. The trash
19 pickup, every few weeks it seems they are raising it,
20 and I am paying \$80 every three months for that now.
21 I don't mind a small rate increase, but I don't think
22 it should be doubled. I am satisfied with the way it
23 is right now. I don't have no problems with it.

24 JUDGE STEARLEY: Ms. Baker, do you have any
25 questions for Mr. Northington?

1 MS. BAKER: I have no questions.

2 JUDGE STEARLEY: MR. Krueger?

3 MR. KRUEGER: No, Your Honor, I don't have
4 any questions. Thank you, Mr. Northington.

5 JUDGE STEARLEY: Mr. Holden?

6 MR. HOLDEN: Yes. Just for clarification,
7 tell me again what it is you pay every three months
8 for removal of your solid waste, your trash?

9 MR. NORTHINGTON: About \$80.

10 MR. HOLDEN: Is that a quarter?

11 MR. NORTHINGTON: That's every three
12 months.

13 MR. HOLDEN: That's all the questions. I
14 just wanted to clarify that.

15 JUDGE STEARLEY: Mr. Northington, just so I
16 am clear, you are happy with the service that you are
17 receiving?

18 MR. NORTHINGTON: I am.

19 JUDGE STEARLEY: And have there been any
20 problems with the billing for your services?

21 MR. NORTHINGTON: There ain't really been
22 no problems. If I happen to get behind a few months
23 they send me a card.

24 JUDGE STEARLEY: Commissioner Murray, do
25 you have any questions for Mr. Northington?

1 COMMISSIONER MURRAY: I don't have any
2 questions. Thank you.

3 JUDGE STEARLEY: Thank you for your
4 testimony, sir. Go ahead and call our next witness.

5 MR. MERCIEL: I might inform you that
6 Chairman Davis has arrived here. He is in the room
7 with us now. The next witness is Marvin Wheeler.

8 MR. WHEELER: My name is Marvin Wheeler.
9 W-h-e-e-l-e-r.

10 (Witness Sworn)

11 JUDGE STEARLEY: You may proceed.

12 MR. WHEELER: I am also a customer of the
13 Stoddard County Sewer System. I am not a customer as
14 long as these others, but I can go for a medium
15 increase. I kind of agree with what Mr. Northington
16 said. I know that with the gas prices, I am sure
17 Stoddard County Sewer also has to increase. You know,
18 just like some of the others, if everybody continues
19 to increase sooner or later somebody is not going to
20 pay their bill. I think they do a great job out
21 there.

22 JUDGE STEARLEY: Anything else you would
23 like to add?

24 MR. WHEELER: Not at this point. Thank
25 you.

1 JUDGE STEARLEY: Ms. Baker, would you have
2 any questions for Mr. Wheeler?

3 MS. BAKER: The question that I have is;
4 you are satisfied with the service that you are
5 getting?

6 MR. WHEELER: Yes, I am. I haven't been on
7 it as long as a lot of the people out there. I am
8 satisfied with it. It is just a matter of everything
9 going up on the world, and who all is going to have to
10 pay for all of it.

11 MS. BAKER: That's the only question that I
12 have.

13 JUDGE STEARLEY: Mr. Krueger, any questions
14 for Mr. Wheeler?

15 MR. KRUEGER: No questions, Your Honor.
16 Thank you.

17 JUDGE STEARLEY: Mr. Holden?

18 MR. HOLDEN: No questions, Your Honor.

19 JUDGE STEARLEY: Chairman Davis, did I see
20 you in the screen there?

21 CHAIRMAN DAVIS: I'm here. No questions.

22 JUDGE STEARLEY: We started off asking
23 Commissioner Murray if she had any opening statements,
24 and you weren't here for that. Would you like to make
25 any statements before we continue with the next

1 witness?

2 CHAIRMAN DAVIS: No. I apologize for being
3 late. I thought the commission portion started at
4 6:00 instead of 5:30. Obviously, we haven't been down
5 here in 10 to 15 years, or longer. I felt it was
6 important that we come down here and hold local public
7 hearings, particularly because of the amount of rate
8 increase requested. Also, to just know what the
9 quality of service is down here. A lot of times we
10 don't know if there is a problem until we come out and
11 ask the people. I want to thank everyone for showing
12 up tonight. If you have comments, we need to know.
13 Thank you, sir.

14 JUDGE STEARLEY: Thank you Mr. Wheeler.
15 And thank you, Mr. Chairman. I apologize if there was
16 some confusion on our start times. Mr. Merciel, if
17 you could please call our next witness.

18 MR. MERCIEL: Actually the couple that
19 signed on the list stated to me that they no longer
20 wish to testify. I have no more names on the list.

21 JUDGE STEARLEY: Let me ask if there is
22 anyone there that ones to --

23 CHAIRMAN DAVIS: Yes. We got one.

24 MS. BAKER: We got one more. He is coming
25 up.

1 MR. MILLS: Matt Mills. M-i-l-l-s. I
2 represent the Maco Company, who own 51 units. The
3 sewer treatment --

4 JUDGE STEARLEY: Mr. Mills, sorry to
5 interrupt, but let me swear you in first.

6 (Witness Sworn)

7 MR. MILLS: We represent 51 customers for
8 the sewer district, which I believe is roughly
9 one-third of the revenue for the district. We are 100
10 percent in favor of the ownership transfer, and 100
11 percent in favor of the rate increase to \$22.80, or 40
12 cents. We are completely satisfied with their
13 service. We had one small minor hiccup a couple years
14 ago. At that time, Roger was just a caretaker for the
15 sewer company. He was very helpful and fixed our
16 problems immediately.

17 At the time, the sewer company did not have
18 the money to repair our problems, therefore we loaned
19 the sewer company the money to do that, and I believe
20 it totaled -- well, I couldn't tell you the exact
21 number. It's between \$15,000 and \$20,000. I believe
22 that the reason the sewer company couldn't afford it
23 is because the rates are \$11. I have no further
24 comments.

25 JUDGE STEARLEY: Ms. Baker, do you have any

1 questions for Mr. Mills?

2 MS. BAKER: I do have some questions. I
3 want to learn a little bit more about the repairs that
4 were done, and the money that was loaned.

5 MR. MILLS: Okay.

6 MS. BAKER: Tell me what repairs were done?

7 MR. MILLS: The way our apartments are set
8 up was discussed in the question and answer sessions.
9 I am not sure how far we are from the actual pump, but
10 where we are at, it is required to pump the sewer over
11 a hill. There are two grinder pumps, one outside of
12 our facility, and one on top of the ridge. Both of
13 those have gone out. I know that we have completely
14 overhauled at least one, and maybe two. I believe we
15 might have paid for a new one. I might have to ask.

16 MS. BAKER: I can find out a little bit
17 more from him. Just tell me what you know. You
18 believe it was for at least an overhaul of maybe two
19 pumps?

20 MR. MILLS: Well, two pumps, but twice. So
21 four.

22 MS. BAKER: Four pumps?

23 MR. MILLS: I believe.

24 MS. BAKER: Two separate instances?

25 MR. MILLS: I believe it is three or four

1 instances. These are old pumps. They were in since
2 the sewer system was put in. There was no money for
3 the upkeep of them.

4 MS. BAKER: Tell me about the money that
5 was loaned?

6 MR. MILLS: I loaned money to the company
7 to repair them. I have 51 residents that need sewage.

8 MS. BAKER: You personally?

9 MR. MILLS: The company.

10 MS. BAKER: What was the name of the
11 company?

12 MR. MILLS: Maco Company. M-a-c-o.

13 MS. BAKER: Okay. How much?

14 MR. MILLS: I don't have an exact number.
15 I didn't come prepared with that. I believe it was
16 over \$15,000. In that range. I might be a little
17 more.

18 MS. BAKER: Do you know what the terms of
19 the loan were?

20 MR. MILLS: There are no exact terms.
21 Basically, I've got an unsecured note at this point.

22 MS. BAKER: Has this been repaid?

23 MR. MILLS: With what?

24 MS. BAKER: So the answer is no?

25 MR. MILLS: Excuse me. No. I apologize.

1 MS. BAKER: I think those are the questions
2 I have at the moment. Thank you.

3 JUDGE STEARLEY: Ms. Hernandez, or staff,
4 do you have any questions for Mr. Mills?

5 MS. HERNANDEZ: No, Your Honor.

6 JUDGE STEARLEY: Mr. Holden, any questions?

7 MR. HOLDEN: No, Your Honor.

8 JUDGE STEARLEY: Commissioner Murray?

9 COMMISSIONER MURRAY: No questions. Thank
10 you very much.

11 JUDGE STEARLEY: Mr. Chairman, do you have
12 any questions for Mr. Mills?

13 CHAIRMAN DAVIS: No. Thank you Mr. Mills.
14 And thank you for loaning the company money so people
15 could have sewer service.

16 JUDGE STEARLEY: Mr. Mills, are you still
17 there?

18 MR. MILLS: Yes.

19 JUDGE STEARLEY: I do have a question for
20 you. When you lent the company the money for the
21 repairs, did you lend that to Stoddard County, or to
22 R.D. Sewer?

23 MR. MILLS: I believe it was Stoddard
24 County Sewer. I don't remember how the check was
25 written. It has been two to three years ago.

1 JUDGE STEARLEY: Perhaps after we have
2 concluded, the parties can clarify that. And what
3 year did you make that loan?

4 MR. MILLS: I believe it was over a two to
5 three year period. I believe maybe part of it was two
6 years ago, maybe three. Then a few dollars here and
7 there over the last two years.

8 JUDGE STEARLEY: Is your company a property
9 management company?

10 MR. MILLS: Yes. We also own commercial
11 property.

12 JUDGE STEARLEY: And the 51 customers,
13 those are renters of yours?

14 MR. MILLS: Yes.

15 JUDGE STEARLEY: And do they individually
16 pay their sewer bills, or do you pay for all of them?

17 MR. MILLS: We pay their bills, but it is
18 an individual rate of \$11 something a month. I
19 couldn't tell you the exact number.

20 JUDGE STEARLEY: And do you pass that
21 charge onto them?

22 MR. MILLS: It is passed on through their
23 rent. There is no direct bill.

24 JUDGE STEARLEY: That's all the questions I
25 have. Do you wish to make any additional comments?

1 MR. MILLS: No, I don't.

2 JUDGE STEARLEY: Does any other party have
3 any additional questions, now that I have asked Mr.
4 Mills a series of questions? Hearing nothing, thank
5 you, Mr. Mills. Mr. Merciel, do we have anyone else
6 who would like to testify this evening?

7 MR. MERCIEL: I don't have any other names.

8 JUDGE STEARLEY: I would like to remind the
9 people in the audience that in addition to providing
10 testimony, if you still wish to make -- I'm sorry.
11 Sorry we were having an audio problem. If any of you
12 would like to make comments, you can go to the Public
13 Service Commission's website, and you can contact the
14 Office of Public Counsel and submit written comments
15 in this matter. I know we have a representative from
16 staff there and from the Public Counsel's Office. I
17 am sure they can provide you with that contact
18 information. Even if you don't wish to offer
19 testimony tonight, you are certainly free to provide
20 any additional comments. Commissioner Murray, do you
21 have any closing remarks this evening?

22 COMMISSIONER MURRAY: Once again, I thank
23 you for coming out to give us the information that you
24 gave us tonight. We do appreciate hearing from you.

25 JUDGE STEARLEY: Chairman Davis, would you

1 have any closing remarks?

2 CHARIMAN DAVIS. No. Thank you.

3 JUDGE STEARLEY: If there are no other
4 closing remarks, I would like to inform the persons
5 present tonight that this case is currently scheduled
6 for an evidentiary hearing on July 1st and 2nd, I
7 believe. At this point the commission has retained
8 some outside experts to give us an audit of the
9 company, in terms of the accounting and engineering.
10 We are going to probably delay that hearing date and
11 scheduled it for July 28th and 29th, so that we have
12 time for the experts to complete their audits, and so
13 that the commission will have that independent
14 information. I just wanted to make you all aware that
15 there will be an evidentiary hearing, and people are
16 welcome to attend that. That hearing will also be
17 webcast over the Internet. If there are no other
18 remarks, we will go ahead and adjourn or local public
19 hearing in Case No. SO-2008-0289. Thank you all again
20 for coming this evening.

21 (WHEREUPON, the hearing was concluded.)

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