

1 STATE OF MISSOURI  
2 PUBLIC SERVICE COMMISSION  
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6 TRANSCRIPT OF PROCEEDINGS  
7 Local Public Hearing  
8 June 3, 2010  
9 Millersburg, Missouri  
Volume 2

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12 In the Matter of the Application )  
of Mid MO Sanitation, LLC For a ) File No. SR-2010-0095  
13 Small Company Rate Increase )

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16 KENNARD L. JONES, Presiding,  
SENIOR REGULATORY LAW JUDGE.

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TERRY JARRETT,  
18 COMMISSIONER.

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20 REPORTED BY:

21 KELLENE K. FEDDERSEN, CSR, RPR, CCR  
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1 P R O C E E D I N G S

2 JUDGE JONES: Good evening. My name is  
3 Kennard Jones. I am the Regulatory Law Judge assigned to  
4 this matter. To my right is Commissioner Jarrett, one of  
5 five Commissioners on the Commission. He's here to hear  
6 your comments.

7 We have two people that have signed up to  
8 give testimony in this case, which is SR-2010-0095, Mid Mo  
9 Sanitation, LLC's request for a small company rate  
10 increase. I'm going to have the witness, I suppose, sit  
11 at this chair. I'll swear you in. You will give your  
12 comments, which will be part of a transcript that will be  
13 filed in the case. And after I've called these two  
14 witnesses, I will ask if anyone else would like to give  
15 comment. So if you haven't signed up, you'll still have  
16 an opportunity to give comment.

17 Does anyone have any questions? Probably  
18 had a lot of questions earlier, I'm sure, but do you have  
19 questions about how this process might work?

20 (No response.)

21 JUDGE JONES: Okay. I will ask that after  
22 you have given your comments, that you remain seated for  
23 questions that myself or Commissioner Jarrett might have.  
24 Okay. Let's go ahead and get started. We'll call first  
25 Tom McNeill.

1 (Witness sworn.)

2 JUDGE JONES: Thank you, sir. You may  
3 proceed.

4 MR. MCNEILL: Not being terribly familiar  
5 with these processes, but I have a couple of comments I'd  
6 like to go on record and present to Commissioner Jarrett  
7 and yourself.

8 The -- in looking over the budget items,  
9 and you are correct, there have been a lot of questions  
10 and answers prior to this, and that's helped clarify some  
11 of the information. But as a very small, in my opinion,  
12 very small sewer district where we only have about 28  
13 current connections and very few additional ones could  
14 ever be added, it's extremely important to me when I look  
15 at where costs are, especially fixed costs that have to  
16 get divided out, each one of those dollars impacts each  
17 connection, each one of us as a household or business.

18 And I did question the regulatory  
19 commission expenses in the budget, which is about \$2,526  
20 according to the budget report. I've asked what services  
21 that were rendered back by the State to Mid MO, why that  
22 was set in, because that is about 11 and a half percent of  
23 what the revenue is. I understand it's driven by a  
24 percent of revenue. I would only state that while that  
25 may or may not be able to be changed by anyone involved

1 here at this time, I just go on the record that is high in  
2 my opinion as part of this cost. 11 and a half of what I  
3 pay is going for that, and there are no specific services  
4 that were given to me as to what's being returned.

5                   Second to that, I asked the question were  
6 there -- was there any efforts to trim the cost, because  
7 in this time when most of us both in our business world as  
8 well as our personal world are trying to cut costs, and my  
9 understanding is that the budget itself was actually  
10 derived by looking at prior costs that had been associated  
11 with operating the district or the sanitation system, and  
12 by projecting those to go forward as to what would be  
13 needed to operate.

14                   While I understand that process, a couple  
15 of things come to mind that concern me with that, and one  
16 of those would be that I do believe that there are some  
17 alternatives particularly in the billing area, how billing  
18 could be done, how it could be processed and how it could  
19 be collected that could streamline the cost of an  
20 operation as small as this one.

21                   I understand and there was some discussion  
22 even amongst our group about the possibility of being more  
23 on a metered or a use basis versus just a flat fee, but  
24 everything we do that increases the labor or the cost or  
25 the time to generate billing is just going to be a cost

1   that has to be passed on to us.  So I don't necessarily  
2   favor nor am I opposed to doing it that way per se, but I  
3   don't see adding time and expenses as a way that we're  
4   going to reduce the cost of the system.

5                   Along with that, the -- in looking at the  
6   other costs that are associated, it's difficult for me to  
7   say, but obviously we have an operator cost of 5,000.  
8   We've got 3,000 in for management fees.  We've got another  
9   2,600-some dollars for accounting, as well as the 2,454  
10  for billing and collections.  When I start looking at all  
11  those expenses associated with it as a small business, it  
12  concerns me there may be some of those costs, too, that  
13  may be out of line.

14                  I understand some may not be able to be  
15  controlled.  I understand there's already been some  
16  efforts to reduce the operator's salary and expenses  
17  associated there, and I appreciate that because it's a  
18  dollar saved out of my pocket, too, on a monthly amount.

19                  But on the record, my real issue is that I  
20  believe the budget, rather than just being built off  
21  historical information -- and my hat's off to the  
22  gentleman for running Mid MO Sanitation and taking over  
23  the way it was because there had been a long period where  
24  there had not been really probably the maintenance and  
25  upkeep to the system that it needed, and I'm sure in the

1 beginning there's going to be some additional costs that  
2 may have otherwise been able to be averted.

3 But as we look at this, there's got to be  
4 some cost savings or I believe there's cost savings could  
5 be achieved if that eye was given to the budget versus  
6 just looking at historical data and trying to project.  
7 Those are my comments.

8 JUDGE JONES: All right. Commissioner  
9 Jarrett, do you have any questions?

10 COMMISSIONER JARRETT: I don't have any  
11 questions of Mr. McNeill, but I will have to disclose that  
12 I do know him. I haven't seen him for a long time. Good  
13 to see you.

14 MR. McNEILL: It's been a while.

15 COMMISSIONER JARRETT: I will stipulate for  
16 the record that he is a very credible witness. But I  
17 appreciate -- Tom, I appreciate your comments.

18 MR. McNEILL: Thank you.

19 JUDGE JONES: I wanted to clarify something  
20 quickly. You mentioned several costs when you were  
21 talking about accounting, budget, billing. Were you  
22 trying to say that those costs may overlap in some way?

23 MR. McNEILL: Well --

24 JUDGE JONES: That's where I thought you  
25 were going with it.

1                   MR. McNEILL: What I would say is that  
2 every -- in being a businessperson myself, every time  
3 there's an entry on the set of books, there's an  
4 accounting fee. Every time there's a bill sent out,  
5 there's work that has to be done, there's collections to  
6 be done. If you're doing it in a less frequent manner  
7 than once a month, then those entries should be less and  
8 time involved should be less and, in theory, the costs  
9 should be less. So yes, I do think that.

10                   Now, quite honestly, there's a \$3,000  
11 management salary that's included in here, and I'm not  
12 sure if that's on a -- if there's a flat amount that's  
13 allowed for that. I'm not sure how that's determined.  
14 I'm not even sure what services are given on the  
15 management side.

16                   But my question is, was it looked at from a  
17 standpoint of are there costs that could be cut or, quite  
18 honestly, were numbers just plugged in to an open budget  
19 someplace and say, well, gee, here's a number and we allow  
20 a range of X to X, let's plug in X. I'm not trying to be  
21 smart about that. I'm just -- I'm not sure how it was  
22 generated. There was not enough supporting documentation  
23 to the budget that was attached to the web file for me to  
24 really be able to see what was being put into each of  
25 those cost items.



1 JUDGE JONES: Questions from Staff or  
2 Public Counsel?

3 MR. RITCHIE: No questions.

4 MS. BAKER: No questions. Thank you for  
5 coming.

6 JUDGE JONES: Okay. Mr. McNeill, thank you  
7 for your comments.

8 Now we hear from Russ Craighead. Raise  
9 your right hand.

10 (Witness sworn.)

11 JUDGE JONES: Thank you, sir. You may  
12 proceed.

13 MR. CRAIGHEAD: Tom did a very good job of  
14 explaining my concerns, so mostly I want to kind of ditto  
15 what he has expressed. He's done a very good job, as I  
16 said.

17 The biggest shock to my family when it was  
18 all taken over because we almost doubled what we had  
19 originally. We've had a lot of explanations, and they all  
20 were good. Also Tom pointed out we had a lot of catchup  
21 that had to be done because of improper maintenance of  
22 things that fell behind. So that part is understandable.

23 With the discussions we had earlier, the  
24 questions we were wanting to save at least a little bit of  
25 money. As Tom pointed out, the postage, the processing

1 fees and so on, the more we can reduce that, the more  
2 savings that we can have. As we pointed out in our  
3 question and answer, sometimes we're not talking about a  
4 lot of money, but some of us are on a fixed income of  
5 such, and every little bit does help, especially in this  
6 day and time. I'm a state worker, like you guys, but we  
7 haven't had a raise for a few years. You can almost call  
8 that a fixed income. And my wife is retired. So we're  
9 very concerned about the amount of money we're paying, and  
10 any way we can save, the farther our budget can go.

11 I am concerned that the money or the budget  
12 was determined by just plugging in figures and not looking  
13 at maybe how to help save a little bit more money other  
14 places to help the sewer operators out. It was pointed  
15 out that you were able to find an operator at a better  
16 price. That's definitely appreciated, and information  
17 like that is what I think as public service we should be  
18 doing. That's what I do in my work is try and save the  
19 State money. And I think that should be done more with  
20 the Public Service Commission, not just plug in figures.

21 And I didn't feel like that was expressed,  
22 that there was a little bit more digging in to how can we  
23 help save the public that we're serving as much money as  
24 we can but still give them the service that they deserve  
25 as well. It's a very fine line, and it's a challenge, and

1 I'd like to see a little bit more that approach if that is  
2 possible.

3 JUDGE JONES: Commissioner Jarrett?

4 COMMISSIONER JARRETT: Just a question of  
5 you, Judge. How long is the record going to remain open  
6 in this case, I mean for additional comments?

7 MS. BAKER: I can say that Public Counsel  
8 will take comments all the way up until the case is closed  
9 or submitted to the Commission.

10 JUDGE JONES: I can probably -- the tariff  
11 isn't effective until August 11th. So I could probably --  
12 I haven't set a fixed time, but we can certainly do that.

13 COMMISSIONER JARRETT: The reason I ask  
14 that, I know Mr. McNeill talked about some specific issues  
15 and some specific items where, you know, the numbers might  
16 be changed, and if you would have the time to do some more  
17 specific work on that and file a document with the  
18 Commission, that might be helpful.

19 MR. McNEILL: Okay.

20 COMMISSIONER JARRETT: Like I said, I don't  
21 know when the record will close on it, but --

22 JUDGE JONES: Well, I don't want to do  
23 anything off the cuff, but --

24 COMMISSIONER JARRETT: Right.

25 JUDGE JONES: -- it can stay open enough

1 time. How much time would you think you might need if you  
2 wanted to file something?

3 MR. McNEILL: We could get something within  
4 ten days or two weeks maybe.

5 JUDGE JONES: That's well within the time I  
6 was contemplating.

7 COMMISSIONER JARRETT: I think that would  
8 be helpful.

9 JUDGE JONES: And Christine, would you want  
10 him to file that with Public Counsel?

11 MS. BAKER: He certainly can send it to my  
12 office, or were you meaning for it to be filed as a letter  
13 in the case itself?

14 COMMISSIONER JARRETT: That's what I was  
15 thinking.

16 MS. BAKER: That may be better off going  
17 through you for something like that.

18 JUDGE JONES: That will be fine. I'll  
19 speak with you afterwards to make sure that -- well, you  
20 have the Order that I sent to all -- in fact, all of you  
21 all did get the Order that I mailed out?

22 MR. McNEILL: Right.

23 JUDGE JONES: That has in it instructions  
24 on how to file a comment. You can just do it that way.  
25 Thank you, Mr. Craighead.

1                   Is there anyone else who would like to give  
2 testimony that wasn't signed up? Yes, sir. State your  
3 name.

4                   MR. FROGGATT: It's Tim Froggatt,  
5 F-r-o-g-g-a-t-t.

6                   (Witness sworn.)

7                   JUDGE JONES: Thank you, sir. You may  
8 proceed.

9                   MR. FROGGATT: I just wanted to go on  
10 record as saying that I agree with Tom's statements.  
11 Also, I wanted to point out that at our annual homeowners  
12 association meeting that we had where we did have a large  
13 majority of the homeowners there, although we didn't have  
14 any commercial meetings because they're not a member of  
15 the homeowners association, but we did have the majority  
16 of the homeowners there, and we did talk about the sewer  
17 budget and things and were there different ways where we  
18 could cut costs.

19                   And one of the things that everybody agreed  
20 to was going to quarterly billing to cut down on the  
21 number of bills that have to be sent out and received and  
22 stamped and all that thing to help cut down on the billing  
23 cost as well as, you know, time, everything else  
24 associated with that. And everybody voted on that, and it  
25 was virtually unanimous for everybody that was there,

1    which was the greater majority of the subdivision for the  
2    homeowners that are involved.

3                   Otherwise, it's just to mirror their  
4    comments that I think there should be several ways on  
5    there where you can look at certain things, maybe possibly  
6    check around with different accountants or such, to  
7    possibly get a better rate.  You know, everybody else is  
8    always looking for other business as well.  Sometimes  
9    they're a little more competitive with that.

10                   JUDGE JONES:  All right.  Thank you.  
11    Questions, Commissioner Jarrett?

12                   COMMISSIONER JARRETT:  I don't have any  
13    questions.  I appreciate that information.  Thank you for  
14    testifying.

15                   JUDGE JONES:  Thank you.  Anyone else who  
16    would like to give comment on the record?

17                   (No response.)

18                   JUDGE JONES:  Okay.  Would you like to make  
19    any closing remarks?

20                   COMMISSIONER JARRETT:  Yeah.  I would just  
21    like to say, as Judge Jones said, I'm one of five  
22    Commissioners on the Public Service Commission, and we're  
23    the decision-makers in these rate cases.  We're stretched  
24    kind of thin as Commissioners recently.  We've got lots of  
25    rate cases filed.  I know Judge Jones was in St. Louis

1 earlier today. Were you at another rate case?

2 JUDGE JONES: No. I was taking a kid to  
3 the doctor.

4 COMMISSIONER JARRETT: I know these two  
5 were with me in Highlandville last night, which is down  
6 between Springfield and Branson. We have had local public  
7 hearings in St. Louis. The Laclede Gas Company has a rate  
8 case going there. So as Commissioners we're spread kind  
9 of thin, so we're not all able to attend all of the public  
10 hearings.

11 So I do want to say on behalf of my other  
12 Commissioners, we do take this process very seriously, the  
13 public hearing process, and especially tonight this has  
14 been helpful. So many times as the Commissioners when we  
15 sit in these rate cases, people will come forward and,  
16 legitimately so, they're very sincere and they talk about  
17 how the rates are going to be high and they can't afford  
18 them, but it's really helpful to us when folks come  
19 forward maybe with some concrete suggestions and some  
20 examples, and that gives us something to look at  
21 seriously.

22 So I do appreciate the fact that you folks  
23 seem to be focusing on ways to cut costs rather than just  
24 complaining about the rates going up. That's very  
25 helpful. Thank you.

1 JUDGE JONES: All right. Well, with that,  
2 then, we will go off the record. Thank you all.

3 WHEREUPON, the public hearing was  
4 concluded.

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STATE OF MISSOURI

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COUNTY OF COLE

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I, Kellene K. Feddersen, Certified

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Shorthand Reporter with the firm of Midwest Litigation

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Services, do hereby certify that I was personally present

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at the proceedings had in the above-entitled cause at the

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time and place set forth in the caption sheet thereof;

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that I then and there took down in Stenotype the

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proceedings had; and that the foregoing is a full, true

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and correct transcript of such Stenotype notes so made at

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such time and place.

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Given at my office in the City of

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Jefferson, County of Cole, State of Missouri.

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Kellene K. Feddersen, RPR, CSR, CCR

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