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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

January 9, 2002
Jefferson City, Missouri
Volume 1

In the Matter of the Joint)
Application of the City of)
Centralia, Missouri, and)
Public Water Supply District)
No. 10 of Boone County,) Case No. WO-2002-208
Missouri, for Approval of a)
Written Territorial Agreement)
Concerning Territory within)
Boone County, Missouri)

KEITH THORNBURG, Presiding,
REGULATORY LAW JUDGE.

STEVE GAW,
BRYAN FORBIS,
COMMISSIONERS.

REPORTED BY:

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1 APPEARANCES:

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9 FOR: Public Water Supply District No. 10 of
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17 FOR: Staff of the Missouri Public Service
Commission.

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1 P R O C E E D I N G S

2 (Written Entries of Appearance filed.)

3 (EXHIBIT NOS. 1 AND 2 WERE MARKED FOR
4 IDENTIFICATION.)

5 JUDGE THORNBURG: We'll go on the record at
6 this time. We'll probably have a couple of
7 Commissioners join us in a moment, but why don't we go
8 ahead and get started with the entries of appearance
9 and the preliminary issues such as that.

10 We're here for on the record hearing
11 presentation regarding a territorial agreement in
12 Case No. WO-2002-208. The case style is In the Matter
13 of Joint Application of the City of Centralia,
14 Missouri, and Public Water Supply District No. 10 of
15 Boone County, Missouri, for Approval of a Written
16 Territorial Agreement Concerning Territory within Boone
17 County, Missouri.

18 There was a unanimous stipulation agreement
19 filed in this case on January 3rd. I'll note that
20 there was a order scheduling hearing that was issued on
21 December 19th, and that scheduled the hearing for today
22 beginning at 10 a.m.

23 At this time we'll begin with entries of
24 appearance. I'll begin with -- is there a
25 representative for the City of Centralia?

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1 MR. BECK: Yes, Your Honor.

2 JUDGE THORNBURG: If you would, give your name

3 and -- and address and your entry.

4 MR. BECK: Merritt Beck, III. I'm the city

5 attorney for the City of Centralia, Missouri. My

6 address is 114 South Rollins Street, Centralia,

7 Missouri 65240.

8 JUDGE THORNBURG: Thank you, Mr. Beck.

9 And is there an attorney here for an

10 appearance for the Public Water Supply District?

11 MR. AUSMUS: Yes, sir.

12 JUDGE THORNBURG: Yes, sir.

13 MR. AUSMUS: Yes, Your Honor. James T.

14 Ausmus, A-U-S-M-U-S, 116 North Allen Street, Centralia,

15 Missouri 65240 --

16 JUDGE THORNBURG: Thank you.

17 MR. AUSMUS: -- representing Public Water

18 District No. 10.

19 JUDGE THORNBURG: Thank you.

20 And for the Staff?

21 MR. KRUEGER: Keith R. Krueger for the Staff

22 of the Missouri Public Service Commission. My address

23 is P. O. Box 360, Jefferson City, Missouri 65102.

24 JUDGE THORNBURG: And for the Office of Public

25 Counsel?

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1 MS. O'NEILL: Good morning. My name is Ruth
2 O'Neill for the Office of Public Counsel and the
3 Public. Our address is P. O. Box 7800, Jefferson City,
4 Missouri 65102.

5 JUDGE THORNBURG: Thank you.

6 Is there anyone I've overlooked today?

7 (No response.)

8 JUDGE THORNBURG: Okay. We could proceed with
9 the first witness and I'll -- I'll just also see if
10 anyone has an opening statement they want to make
11 concerning the agreement. And I'll begin with Staff.

12 Mr. Krueger, did you have any opening remarks?

13 MR. KRUEGER: No, I don't -- I don't have an
14 opening statement.

15 JUDGE THORNBURG: Okay. And for the City of
16 Centralia?

17 MR. BECK: No, Your Honor.

18 JUDGE THORNBURG: And Water District?

19 MR. AUSMUS: No, Your Honor.

20 JUDGE THORNBURG: Okay. And, Ms. O'Neill?

21 MS. O'NEILL: No, Your Honor.

22 JUDGE THORNBURG: Okay. I believe we had one
23 witness this morning and -- and I'll begin with that.
24 And I believe that's on behalf of Staff, so,
25 Mr. Krueger, you can begin.

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1 MR. KRUEGER: I'll call Dale Johansen.

2 JUDGE THORNBURG: Mr. Johansen, would you
3 raise your right hand, please?

4 (Witness sworn.)

5 JUDGE THORNBURG: Thank you. You may be
6 seated.

7 Mr. Krueger, you may proceed.

8 MR. KRUEGER: Thank you, Your Honor.

9 DALE JOHANSEN testified as follows:

10 DIRECT EXAMINATION BY MR. KRUEGER:

11 Q. Please state your name and mailing address for
12 the record.

13 A. Dale W. Johansen. And my business mailing
14 address is Post Office Box 360, Jefferson City,
15 Missouri 65102.

16 Q. By whom are you employed and in what capacity?

17 A. I work for the Missouri Public Service
18 Commission and I'm the manager of the Water and Sewer
19 Department in the Utility Operations Division.

20 Q. How long have you worked for the Commission?

21 A. Nearly 19-and-a-half years.

22 Q. And how long have you been in your current
23 position?

24 A. Just over 6-and-a-half years.

25 Q. Have you previously testified in cases before

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1 the Commission?

2 A. Yes. I've testified in numerous cases before
3 the Commission, including six previous cases involving
4 applications for Commission approval of water service
5 territorial agreements.

6 Q. I'm gonna hand you what's been marked for
7 identification as Exhibit 1, and ask if you can
8 identify that document.

9 A. Yes, I can.

10 Q. Can you tell me what it is, please?

11 A. Yes. This is Joint Application for Approval
12 of a Water Service Territorial Agreement, which Public
13 Water Supply District No. 10 of Boone County and the
14 City of Centralia filed with the Commission on
15 October 26th, 2001.

16 Q. In your capacity as manager of the Water and
17 Sewer Department, have you had an opportunity to
18 re-- review the Joint Application and the Territorial
19 Agreement?

20 A. Yes, I have.

21 Q. Would you please briefly describe your review
22 of that document -- those documents?

23 A. Yes. I first conducted an overall review of
24 the provisions of the Joint Application, the
25 Territorial Agreement and the attachments to those

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1 documents. And I then compared those provisions to the
2 statutory requirements applicable to water service
3 territorial agreements and to the requirements of the
4 Commission rules that pertain to applications for
5 review and approval of those agreements.

6 Q. Now, regarding the statutory re-- requirements
7 that you just mentioned, where are those found?

8 A. They are found in Chapter 247, Section 172 of
9 the Revised Statutes of Missouri.

10 Q. Could you please summarize the statutory
11 requirements that are found there as you understand
12 them?

13 A. Certainly. First the territorial agreement
14 must specifically designate the boundaries of the water
15 service areas of each water service provider subject to
16 the agreement.

17 Second, the agreement must specify the powers
18 granted by the entities subject to the agreement to
19 operate within one another's corporate boundaries.

20 Third, the Commission's approval of a
21 territorial agreement shall in no way affect or
22 diminish the rights and duties of any water supplier
23 that is not a party to the agreement to provide service
24 within the boundaries designated in the agreement.

25 And, fourth, Commission approval of

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1 territorial agreements may come only after an
2 evidentiary hearing is held and after the Commission
3 determines that approval of the agreement is not
4 detrimental to the public interest.

5 Q. And, now, you mentioned Commission rules as
6 well. Where are the Commission rules that you
7 previously mentioned found?

8 A. They are found in 4 CSR 240-2.060 and
9 4 CSR 240-51.010.

10 Q. What general subjects are covered by these
11 Commission rules?

12 A. Section 1 of 4 CSR 240-2.60 contains the
13 general requirements that all applications filed with
14 the Commission must meet; while Section 13 of that rule
15 contains the specific requirements that applications
16 for Commission approval of territorial agreements must
17 meet.

18 4 CSR-240-51.010 contains the requirements
19 regarding the schedule of fees that are applicable to
20 applications for Commission review and approval of
21 water service territorial agreements.

22 Q. Now, regarding the statutory requirements that
23 you previously mentioned, is it your opinion that the
24 Joint Application and the Territorial Agreement satisfy
25 those requirements?

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1 A. Based upon my review of the application, the
2 agreement and the attachments to those documents, it is
3 my opinion that the statutory requirements have been
4 satisfied for the following reasons: First, Exhibits 1
5 through 6 attached to the Territorial Agreement
6 designate the boundaries of the water service areas of
7 the district and the city.

8 Second, that the agreement clearly sets out
9 the powers that each party to the agreement grants to
10 the other to operate in their respective corporate
11 boundaries.

12 Third, the application contains a provision
13 acknowledging that the agreement in no way affects or
14 diminishes the rights of any water service provider
15 that is not a party to the agreement.

16 And, fourth, as a result of these items and
17 additional items I will cover later in the testimony,
18 it is my opinion that Commission approval of the
19 agreement would not be detrimental to the public
20 interest.

21 Q. Now, regarding the Commission rules that you
22 previously mentioned, is it your opinion that the
23 requirements found in those rules have been met in this
24 case?

25 A. Yes. Based upon my review of the application

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1 and verification that the joint applicants tendered the
2 necessary filing fee at the time they filed the
3 application, it is my opinion that the applicable
4 requirements have been met to date.

5 Q. Are you aware of any customer inquiries or
6 complaints that have been received regarding the Joint
7 Application that the parties have filed in -- in regard
8 to this Territorial Agreement?

9 A. To my knowledge, the Staff has not received
10 any contacts of any kind regarding the application or
11 the agreement. This is based upon responses to an
12 inquiry that I made of my staff and the Staff of the
13 Commission's Public Information and Education
14 Department regarding customer calls or other contacts
15 that they may have received.

16 Also, had such calls or contacts been received
17 by any other member of the staff, I'm sure I would have
18 been made aware of that.

19 Q. Will any existing customers of either the City
20 or the Water District experience a change in water
21 service providers upon implementation of this
22 agreement?

23 A. As is noted in the Joint Application and as
24 the staff has verified, no existing customers of either
25 the District or the City will have their water service

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1 supplier changed.

2 Q. Is there anything else you think the
3 Commission should consider in reaching its decision on
4 whether to approve the Joint Application and the
5 Territorial Agreement?

6 A. Yes. There are five additional items that I
7 believe the Commission should consider. First,
8 implementation of the Territorial Agreement will enable
9 the parties to the agreement to avoid wasteful and
10 costly duplication of facilities and services in the
11 areas that are the subject of the agreement.

12 Second, implementation of the agreement will
13 preclude destructive competition that might otherwise
14 arise between the parties.

15 Third, implementation of the agreement will
16 improve the ability of the parties to plan for future
17 water service and will also enable prospective
18 customers to know who will be providing that service.

19 Fourth, implementation of the agreement will
20 establish a method for the parties to the agreement to
21 amend their service territories in the future.

22 And, fifth, I would ask the Commission to note
23 that it is my opinion that each of the parties to the
24 agreement have the ability to provide adequate service
25 to the customers in the service areas that are the

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1 subject of the agreement.

2 And I believe that all of these items are
3 clearly to the benefit of the customers of the parties
4 to the agreement and should thus be given positive
5 consideration by the Commission.

6 Q. I'm gonna show you now Exhibit 2, and ask if
7 you can identify that document.

8 A. Yes. This is the Unanimous Stipulation and
9 Agreement that the District, the City, the Commission
10 Staff and the Office of the Public Counsel filed in
11 this case on January 3rd, 2002.

12 Q. Okay. Are you familiar with the terms that
13 are contained in that stipulation and agreement?

14 A. Yes, I am.

15 Q. Did you participate in the develop of that
16 agreement?

17 A. Yes, I did.

18 Q. And do you recommend that the Commission
19 approve the stipulation and agreement?

20 A. Yes, I do.

21 Q. Do you have anything further to add?

22 A. No, I don't.

23 MR. KRUEGER: At this time I would offer
24 Exhibits 1 and 2 and -- and I would note that both of
25 those are part of the Commission's file in the case

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1 and -- and counsel, I -- I believe, has them so I did
2 not provide copies. I assume they aren't needed and I
3 would tender the witness for cross-examination.

4 JUDGE THORNBURG: Okay. Exhibit 1 was the
5 Territorial Agreement?

6 MR. KRUEGER: Exhibit 1 is the application.

7 JUDGE THORNBURG: The application with --

8 MR. KRUEGER: With the Territorial Agreement
9 attached.

10 JUDGE THORNBURG: And --

11 MR. KRUEGER: And Exhibit 2 is the Unanimous
12 Stipulation and Agreement.

13 JUDGE THORNBURG: And those have been filed.

14 Are there any objections to the receipt into
15 evidence of Exhibits 1 and 2?

16 MR. BECK: No objections.

17 MR. AUSMUS: No objections.

18 MS. O'NEILL: No objections.

19 JUDGE THORNBURG: Hearing no objections, then
20 Exhibits 1 and 2 are received.

21 (EXHIBIT NOS. 1 AND 2 WERE RECEIVED INTO
22 EVIDENCE.)

23 JUDGE THORNBURG: Thank you, Mr. Krueger.

24 Mr. Beck, did you have any questions for the
25 witness?

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1 MR. BECK: I have no questions.

2 JUDGE THORNBURG: Mr. Ausmus?

3 MR. AUSMUS: No questions, Judge.

4 JUDGE THORNBURG: Ms. O'Neill.

5 MS. O'NEILL: No questions, Your Honor.

6 JUDGE THORNBURG: Commissioner Gaw.

7 COMMISSIONER GAW: Just a couple.

8 QUESTIONS BY COMMISSIONER GAW:

9 Q. First of all, I want to take the time to thank
10 the parties for the work on this. It's always nice to
11 have these come in and -- and when everyone has signed
12 off on them.

13 I want to ask Mr. Johansen: This territory
14 is -- is -- before this agreement was signed, who was
15 this territory assigned to? Was there an assignment to
16 it?

17 A. Well, basically it -- it involves an area
18 where the service overlaps. The City currently
19 provides service to some customers that are outside of
20 the city limits, but in the district's boundaries. And
21 basically what this does, it -- it clarifies who's
22 going to serve which customers and -- and what areas
23 are -- are going to be served.

24 Q. All right. And -- and as you've already
25 pointed out they -- how -- they -- they -- there's no

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1 change in customers -- of existing customers. How much
2 territory are we talking about here that's -- that --
3 that is being covered by the agreement approximately?

4 A. I'm not sure that the area from a physical
5 standpoint is actually set out in here.

6 Q. Well, let me ask this question: You -- you
7 testified that you believe that -- that the parties
8 have the ability to supply water for the territory for
9 potential new customers that may come into the
10 area --

11 A. Yes.

12 Q. -- is that correct?

13 And -- and you also believe that -- that not
14 only do they have ability to provide the service, but
15 they have adequate water supply for the potential
16 future -- the foreseeable future for customers that
17 may -- may come on line in the next few years?

18 A. Yes, that's correct. They -- they both have
19 facilities in the area now. And basically what this
20 does is clarify which party is going to provide that
21 service. And I -- I think they both certainly have
22 the -- the capacity and the ability to provide that
23 service.

24 Q. All right. That's -- that's my main -- my
25 main question that there's not any -- that neither one

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1 of those entities have reached capacity on their water
2 supply?

3 A. No, I don't believe they have. I think
4 they -- I think they are fine from a capacity
5 standpoint.

6 COMMISSIONER GAW: All right. That's all I
7 have. Thank you, Mr. Johansen.

8 JUDGE THORNBURG: And, commissioner, do you
9 have any questions then?

10 COMMISSIONER FORBIS: No.

11 QUESTIONS BY JUDGE THORNBURG:

12 Q. I -- I had just something that I wanted to
13 note on the record. I noted that the agreement in
14 paragraph 10 talked about procedure in the future
15 to -- to address additional areas that might be served
16 by the District and the City.

17 And I'm -- I want to know based on your
18 understanding of the agreement and the requirements and
19 the regulations and the statutes, if the City were
20 going to amend the boundaries of the Territorial
21 Agreement, would there have to -- the City and the
22 District were to amend the boundaries, would they have
23 to make another application here?

24 A. It -- it's my understanding that they would.
25 If -- if the -- if -- if -- what they would potentially

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1 do under paragraph 10 affects the service area that's
2 established by this Territorial Agreement, then I
3 believe they would have to come back to the Commission
4 to get that amendment approved.

5 JUDGE THORNBURG: Okay. And I -- I just
6 wanted to note that there is a procedure for amendments
7 and the regulations and there's actually a fee statute
8 that addresses that also to amend the -- the agreement.
9 So I -- that confirms what I was reading in the
10 regulations also.

11 Are there -- let's see. Let me go back
12 through this.

13 I want to go back to the parties and see if
14 there's any questions that -- in response to the
15 questions from the Bench.

16 Mr. Beck, did you have any questions?

17 MR. BECK: I have no questions.

18 JUDGE THORNBURG: And, Mr. Ausmus?

19 MR. AUSMUS: No questions.

20 JUDGE THORNBURG: And, Ms. O'Neill?

21 MS. O'NEILL: No questions.

22 JUDGE THORNBURG: Okay. And, Mr. Krueger?

23 MR. KRUEGER: No, Your Honor.

24 JUDGE THORNBURG: I didn't have anything
25 further.

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1 Are there any closing statements?

2 (No response.)

3 JUDGE THORNBURG: Okay. Hearing none, the
4 case will be -- stand submitted on the stipulation and
5 the testimony we had today. And I thank the parties
6 for appearing here today. Thank you very much.

7 WHEREUPON, the hearing of the case was
8 concluded.

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I N D E X

STAFF'S EVIDENCE:

DALE JOHANSEN

Direct Examination by Mr. Krueger	6
Questions by Commissioner Gaw	15
Questions by Judge Thornburg	17

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E X H I B I T I N D E X

	MARKED	RECEIVED
Exhibit No. 1	3	14
Joint Application and Territorial Agreement		
Exhibit No. 2	3	14
Unanimous Stipulation and Agreement		

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