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BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

TRANSCRIPT OF PROCEEDINGS

HEARING

March 31, 2000

Jefferson City, Missouri

Volume 1

In the Matter of the Application of the)
City of Columbia, Missouri, and Public)
Water Supply District No. 4 for Boone) Case No.
County, Missouri, for Approval of a) WO-2000-472
Territorial Agreement Concerning)
Territory Encompassing Part of Boone)
County, Missouri.)

NANCY DIPPELL, Presiding,
SENIOR REGULATORY LAW JUDGE.

REPORTED BY:
TRACY L. THORPE, CSR
ASSOCIATED COURT REPORTERS, INC.

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1 JUDGE DIPPELL: This is Case No. WO-2000-472
2 in the matter of the application of the City of Columbia,
3 Missouri and Public Water Supply District No. 4 of Boone
4 County, Missouri for the approval of a territorial agreement
5 concerning territory encompassing part of Boone County,
6 Missouri.

7 My name is Nancy Dippell. I'm a regulatory
8 law judge for the Public Service Commission. And at this
9 time I'd like to go ahead and get oral entries of
10 appearance. If we could start with the City of Columbia.

11 MR. BOECKMANN: I'm Fred Boeckmann, City
12 Council of the City of Columbia representing the City.

13 JUDGE DIPPELL: Water Supply District?

14 MR. JONES: Turner Jones, 11 North Seventh
15 Street, Columbia, Missouri, representing Public Water Supply
16 District No. 4, Boone County, Missouri.

17 JUDGE DIPPELL: Staff?

18 MR. KRUEGER: Keith R. Krueger for the Staff
19 of the Missouri Public Service Commission. My address is
20 P.O. Box 360, Jefferson City, Missouri, 65102.

21 JUDGE DIPPELL: And Office of the Public
22 Counsel?

23 MR. MICHEEL: Shannon Cook and Douglas E.
24 Micheel appearing on behalf of the Office of the Public
25 Counsel and the public, P.O. Box 7800, Jefferson City,

1 Missouri, 65102-7800.

2 JUDGE DIPPELL: And we'll just note that
3 Ms. Cook is not actually present today even though she's
4 entered her appearance in the case.

5 At this time then are there exhibits that need
6 to be marked?

7 MR. KRUEGER: Yes, your Honor.

8 JUDGE DIPPELL: We'll go off the record.

9 (EXHIBIT NOS. 1 AND 2 WERE MARKED FOR
10 IDENTIFICATION.)

11 JUDGE DIPPELL: We begin then with
12 presentations regarding the stipulation. Can we start with
13 the City?

14 MR. BOECKMANN: City doesn't have an opening
15 argument. Mr. Richard Malon, the director of the Water and
16 Light Department, is available if you would have any
17 questions directed towards him.

18 JUDGE DIPPELL: Is there any statement from
19 the Water Supply District?

20 MR. JONES: No, your Honor. I do have present
21 Kenneth Wise, who is manager of the district, and Bonnie
22 Durk, who's the clerk, for any questions.

23 JUDGE DIPPELL: Thank you.

24 Staff, would you like to make --

25 MR. KRUEGER: No opening statement by Staff,

1 your Honor. Dale Johansen will be testifying on behalf of
2 Staff and in support of the territorial agreement and the
3 stip agreement.

4 JUDGE DIPPELL: And, OPC, would you like to
5 make an opening statement?

6 MR. MICHEEL: I would just note for the record
7 that the Stipulation and Agreement is a unanimous
8 Stipulation and Agreement, all the parties are in agreement
9 and the Office of Public Counsel wholeheartedly supports
10 that Stipulation and Agreement.

11 JUDGE DIPPELL: Okay. Thank you.

12 I guess I should have mentioned at the very
13 beginning that I do live in the City of Columbia. I do not
14 live in the areas that this territory agreement takes care
15 of, but I do live in northeast Columbia. And if there was
16 any objection to my sitting on this case, if you could make
17 that now.

18 Okay. Seeing none, I guess we'll go ahead
19 then with Staff, if you want to present your witness.

20 MR. KRUEGER: Call Dale Johansen.

21 (Witness sworn.)

22 DIRECT EXAMINATION BY MR. KRUEGER:

23 Q. State your name and business address for the
24 record, please.

25 A. Dale W. Johansen, Truman State Office

1 Building, Room 530, 301 West High Street, Jefferson City,
2 Missouri, 65109.

3 Q. By whom are you employed?

4 A. I'm employed by the Missouri Public Service
5 Commission.

6 Q. And in what capacity are you employed?

7 A. I'm the manager of the Commission's Water and
8 Sewer Department in the Utility Operations Division.

9 Q. How long have you worked for the Missouri
10 Public Service Commission?

11 A. Nearly 17 1/2 years.

12 Q. And how long have you worked in your current
13 position?

14 A. Nearly five years.

15 Q. I'm going to hand you what's been marked as
16 Exhibit 1, and ask if you can identify that document?

17 A. Yes. It's the joint application that was
18 filed jointly by the City of Columbia and Public Water
19 Supply District No. 4 of Boone County. And attached to the
20 application as Appendix A is a copy of the Water Service
21 Territorial Agreement between the City and the District.
22 And attached to the application as Appendix B is a list of
23 customers that would be affected by implementation of the
24 agreement.

25 Q. Has the original of that territorial agreement

1 been filed with the Commission?

2 A. Yes, it has.

3 Q. And is this a true copy of the original
4 territorial agreement that is on file with the Commission?

5 A. Yes, it is.

6 Q. In your capacity as manager of the Water and
7 Sewer Department, have you had an opportunity to review the
8 territorial agreement and the attachments thereto?

9 A. Yes.

10 Q. Can you, please, briefly describe what you
11 found in your review of this document?

12 A. I first reviewed the provisions of the
13 application as well as the provisions of the territorial
14 agreement itself, and I then compared the provisions of the
15 application and the agreement to the statutory requirements
16 applicable to Water Service Territorial Agreements which are
17 found in Chapter 247, Section 172 of the Revised Statutes of
18 Missouri.

19 Q. Would you please summarize what the statutory
20 requirements include, as you understand them?

21 A. Certainly. First, the territorial agreement
22 must specifically designate the boundaries of the water
23 service areas of each water service provider that is subject
24 to the agreement. Second, the agreement must specify the
25 powers granted by the entities subject to the agreement to

1 operate within one another's corporate boundaries. Third,
2 the Commission's approval of a territorial agreement shall
3 in no way affect or diminish the rights and duties of any
4 water supplier that is not a party to the agreement to
5 provide service within the boundaries designated in the
6 agreement. And, fourth, Commission approval of a
7 territorial agreement may come only after an evidentiary
8 hearing is held and after the Commission determines that
9 approval of the agreement is not detrimental to the public
10 interest.

11 Q. And based on your review of this territorial
12 agreement, do you believe that it complies with the
13 statutory requirements?

14 A. Yes, I do. The agreement designates the
15 boundaries of the water service areas of both the City and
16 the District and sets out the powers that each party grants
17 to the other to operate in their respective corporate
18 boundaries. The agreement also contains a provision
19 acknowledging that neither the agreement nor Commission
20 approval of the agreement affects or diminishes the rights
21 of any water service provider that is not a party to the
22 agreement.

23 As a result of this and of later comments, it
24 is also my opinion that Commission approval of the agreement
25 would not be detrimental to the public interest.

1 Q. Are you aware of any complaints or inquiries
2 from customers that have been made in regard to this
3 territorial agreement or how it affects them?

4 A. To my knowledge, the Staff has not received
5 any customer contacts of any kind regarding the application
6 or the agreement. This is based upon responses to inquiries
7 that I made of my staff and the Commission's Consumer
8 Services Department Staff regarding customer contacts they
9 may have received about the case. Also, had such customer
10 contacts been received by other members of the Staff, I'm
11 sure I would have been made aware of those contacts.

12 Q. Will any existing customers experience a
13 change in water service providers as a result of this
14 agreement?

15 A. Yes. Based upon information contained in
16 Appendix B to the joint application, there are approximately
17 125 customers whose water service provider will be changed
18 if the agreement is implemented.

19 Q. How will those customers be affected by this
20 change in providers?

21 A. It depends upon who their current provider is
22 and who that will be after the agreement is implemented.
23 However, based upon my review of the rate schedules of both
24 the City and the District, I can state that any rate
25 increases for customers whose water service provider will be

1 changed will be minimal.

2 For example, residential customers with
3 monthly water usage of 6,000 gallons will, at the most,
4 experience an increase of less than \$1 per month in their
5 water bills. And, in fact, some such customers may even
6 experience a decrease in their monthly water bills of over
7 \$5 per month.

8 Q. Is there anything else that you think that the
9 Commission should consider in reaching its decision on
10 whether to approve the Stipulation and Agreement in this
11 case?

12 A. Yes. There are three additional items that I
13 believe the Commission should consider. First, the sums
14 paid to the District by the City under the agreement will
15 now be available for the District's use in expanding its
16 service to other portions of its service territory not
17 affected by the agreement.

18 Second, the agreement contains specific
19 provisions pertaining to the District's facilities that are
20 located in the city limits with regard to fire flow
21 requirements, fire hydrants and associated tees and valves
22 as well as coordination with the City in construction of
23 general system improvements.

24 And, third, implementation of the agreement
25 will clearly preclude the wasteful duplication of facilities

1 and services by the City and the District in the service
2 areas that are the subject of the agreement.

3 Q. I'm going to hand you now what's been marked
4 for identification as Exhibit 2, and ask if you can identify
5 that document?

6 A. Yes. This is the unanimous Stipulation and
7 Agreement that was previously filed in this case.

8 Q. Are you familiar with the terms of that
9 document?

10 A. Yes.

11 Q. Did you participate in the negotiation of that
12 unanimous Stipulation and Agreement?

13 A. Yes, I did.

14 Q. And do you recommend that the Commission
15 approve the terms that are contained in the Stipulation and
16 Agreement?

17 A. Yes, I do.

18 MR. KRUEGER: I would at this time offer
19 Exhibits 1 and 2, your Honor.

20 JUDGE DIPPELL: Are there any objections to
21 Exhibit No. 1 and Exhibit No. 2?

22 MR. BOECKMANN: No objection.

23 MR. JONES: No objection from the Water
24 District.

25 JUDGE DIPPELL: Then those will be admitted

1 into the record.

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

4 MR. KRUEGER: Those are all the questions I
5 have. I tender the witness for cross-examination.

6 JUDGE DIPPELL: Is there any cross-examination
7 from the City of Columbia?

8 MR. BOECKMANN: No questions.

9 JUDGE DIPPELL: Water Supply District?

10 MR. JONES: No questions.

11 JUDGE DIPPELL: Office of Public Counsel?

12 MR. MICHEEL: No.

13 QUESTIONS BY JUDGE DIPPELL:

14 Q. Mr. Johansen, I just have one question for
15 you. Is it your opinion that each of the parties to the
16 territorial agreement have the ability to provide adequate
17 service to the customer in each of their areas after this
18 territorial agreement?

19 A. Yes, it is.

20 JUDGE DIPPELL: Thank you. I have nothing
21 further. You may step down.

22 Do you have any further witnesses,
23 Mr. Krueger?

24 MR. KRUEGER: No, your Honor.

25 JUDGE DIPPELL: Would the City of Columbia or

1 the Water Supply District like to call a witness at this
2 time?

3 MR. BOECKMANN: No, your Honor. Although the
4 witness is available if you would have any questions.

5 MR. JONES: No witnesses for the Water
6 District.

7 JUDGE DIPPELL: Thank you.

8 And does the Office of the Public Counsel have
9 a witness?

10 MR. MICHEEL: No, your Honor.

11 JUDGE DIPPELL: Would any of the parties like
12 to make a closing statement in lieu of briefs?

13 MR. KRUEGER: No, your Honor.

14 MR. BOECKMANN: No, your Honor.

15 MR. JONES: No, your Honor.

16 JUDGE DIPPELL: And I take it you don't want
17 to submit briefs either?

18 MR. JONES: Correct.

19 MR. KRUEGER: Please, no.

20 JUDGE DIPPELL: Okay, then. Having heard all
21 the evidence, I will concludes this hearing. Thank you.

22 (HEARING CONCLUDED.)

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1 STAFF'S EVIDENCE:

2

3 DALE W. JOHANSEN
4 Direct Examination by Mr. Krueger
5 Questions by Judge Dippell

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EXHIBITS INDEX

9

Marked Rec'd

10 Exhibit No. 1
11 Joint application

4 12

12 Exhibit No. 2
13 Stipulation and Agreement

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