

STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

At a hearing of the Public Service
Commission, held in Jefferson City,
Missouri, on the 11th day of
January, 1979.

CONSOLIDATED RECORD

CASE NO. WA-78-170

In the matter of the application of
OZARK MOUNTAIN WATER COMPANY for
(a) a certificate of convenience
and necessity to distribute water
as a public utility in various
areas in Barry and Stone Counties,
Missouri, and (b) to issue and sell
3,000 shares of Common Stock with a
par value of ten (\$10) dollars each.

CASE NO. WF-78-171

In the matter of the application of
Lakeside Investment Company to hold
more than ten (10%) percent of the
Common Stock issued by OZARK
MOUNTAIN WATER COMPANY.

CASE NO. WF-78-172

In the matter of the application of
Turkey Mountain Estates, Inc., to
hold more than ten (10%) percent of
the Common Stock issued by OZARK
MOUNTAIN WATER COMPANY.

Missouri Public Service Commission

1 **BEFORE:**

2
3
4 **STANLEY A. LORING, Presiding**

5
6 **HEARING EXAMINER.**

7
8 **REPORTED BY:**

9 **Barb Skalla**

APPEARANCES:

LOUIS W. COWAN, Attorney at Law,
626 Woodruff Building,
Springfield, Missouri 65805,

FOR: APPLICANT,
OZARK MOUNTAIN WATER COMPANY.

CHARLES J. FAIN, Attorney at Law,
333 Madison,
Jefferson City, Missouri 65101,

FOR: INTERVENOR,
TURKEY MOUNTAIN HOMEOWNERS
ASSOCIATION NO. 1 AND NO. 2.

GARY W. DUFFY,
Assistant General Counsel,
P. O. Box 360,
Jefferson City, Missouri 65102,

FOR: THE STAFF OF THE COMMISSION.

1 PURSUANT to adjournment on the 28th day of
2 August, 1978, the Commission, by Notice of Further Hearing
3 dated the 5th day of September, 1978, set this matter for
4 further hearing on the 17th day of November, 1978; thence,
5 the Commission, by Notice of Change in Date of Further
6 Hearing dated the 26th day of September, 1978, set this
7 matter for further hearing on the 11th day of January, 1979,
8 and the following proceedings were had:

9 (Written Entries of Appearance Filed.)

10 EXAMINER LORING: Let's go back on the record
11 this time in Consolidated Cases WA-78-170, WF-78-171, and
12 WF-78-172.

13 I take it that the appearances today are the
14 same as we had on August 28, 1978; is that correct?

15 MR. FAIN: With this addition, Your Honor:
16 We'd like the record to show Fain and Fain also representing
17 Turkey Mountain Homeowners Association No. 2.

18 EXAMINER LORING: Okay. The appearance sheet
19 has been filed for them, I take it.

20 Does the Applicant have any more witnesses or
21 testimony?

22 MR. COWAN: No, Your Honor. We closed our
23 case--I'm not sure the transcript so discloses--at the
24 original hearing.

25 I would like to go off the record and have a

Missouri Public Service Commission

1 discussion, sort of a prehearing discussion, if we may.

2 EXAMINER LORING: Off the record.

3 (Off-the-record discussion.)

4 EXAMINER LORING: Let's go back on the record.

5 At this time, the Staff may call their first witness.

6 MR. FAIN: Well, now, Your Honor, as I under-
7 stood at the end of the hearing at the other time, is the--

8 We're not going to proceed with any further
9 cross-examination of the Company's witnesses until later?
10 Is that what you want?

11 EXAMINER LORING: Let's go off the record here
12 a moment.

13 (Off-the-record discussion.)

14 EXAMINER LORING: Back on the record. We'll
15 go with the Staff's case.

16 MR. DUFFY: The Staff would like leave to have
17 an exhibit marked, Staff Exhibit No. 1.

18 EXAMINER LORING: The Reporter will mark a
19 pro forma profit and loss statement Staff Exhibit 1 for
20 identification.

21 (AT THIS TIME STAFF EXHIBIT NO. 1 WAS MARKED
22 BY THE REPORTER FOR THE PURPOSES OF IDENTIFICATION.)

23 MR. DUFFY: The Staff calls Mike Logston.

24 (At this time Mike Logston was duly sworn.)
25

STAFF'S EVIDENCE

M I K E L O G S T O N, called as a
witness in behalf of the STAFF,
being duly sworn, testified as
follows:

DIRECT EXAMINATION BY MR. DUFFY:

Q State your name for the record, please.

A Michael Logston.

Q By whom are you employed, Mr. Logston?

A The Missouri Public Service Commission.

Q In what capacity?

A I'm an Engineer in the Water and Sewer
Utilities Department.

Q How long have you been an employee here?

A At this Commission, approximately 13 months.

Q Could you give us a summary of your duties
during that time?

A I've been involved in both field investigation
and inspection of various water and sewer utilities in the
state, and I've been working in establishing rates and
tariffs for particularly small water and sewer companies.

Q Are you familiar with Ozark Mountain Water
Company, the Applicant in this case?

A Yes, I am.

Q Have you ever physically inspected the

1 properties of Ozark Mountain Water Company?

2 A Yes, I have.

3 Q Did that inspection enable you to form an
4 opinion as to whether this Company could adequately serve
5 the people that it seeks to serve in its application?

6 A Yes.

7 Q What would be that opinion, or what is your
8 opinion? Would they be able to?

9 A Yes. I think that the facilities presently
10 in operation will serve the development in the reasonable
11 foreseeable future.

12 Q Are there water distribution facilities in
13 existence now down there?

14 A Yes.

15 Q Are they in operation?

16 A Yes, they are.

17 Q Are there people receiving water through this
18 distribution system?

19 A Yes.

20 Q To your knowledge, are those people paying
21 anything for that water?

22 A Yes, they are paying. I don't know exactly
23 what the figure is, but they are paying for the water service.

24 Q At my request, did you prepare what has been
25 marked for identification purposes as Staff Exhibit No. 1?

1 A Yes, I did.

2 Q Could you describe that exhibit, please, and
3 tell us what it purports to show?

4 A This exhibit is a pro forma profit and loss
5 statement for a calendar year that outlines generally the
6 expenses that would be incurred in the operation of this
7 water utility and establishes a monthly charge to be levied
8 against each customer, a flat charge, and no limit to the
9 amount of water usage.

10 Q Can you tell us where you or how you derived
11 the figures that are presented on this exhibit, in general
12 terms?

13 A After inspecting the facilities that are
14 in service and from my experience as to the cost of operating
15 facilities of this type and this capacity, I arrived at the
16 costs which are presented on this exhibit for the expenses
17 that would be incurred.

18 Q Are you telling me that these numbers are
19 estimates?

20 A Yes.

21 Q And the basis of those estimates is what?
22 Your experience?

23 A Yes.

24 Q Well, did you characterize these rates as
25 interim rates?

Missouri Public Service Commission

1 A Yes, these are interim rates.

2 Q How long would you propose that they be in
3 effect?

4 A I propose they should be in effect a minimum
5 of 18 months.

6 Q And what will happen at the end of 18 months?

7 A At that time, the Staff will do an audit of
8 the Company's records and books; and, based upon findings
9 from that audit, we will establish a permanent water rate.

10 Q Is that normal procedure in cases such as this?

11 A Yes, it is.

12 Q Does the Staff have a position regarding the
13 installation of meters by this Company?

14 A Yes. The Staff feels that it would be
15 advantageous for the Company to install water meters and
16 meter service to the customers. Of course, they would have
17 to also submit rules and regulations providing for the meter
18 installation and this type of--

19 Q Why are meters advantageous?

20 A They are a means by which the Company can
21 better regulate the usage on the facilities. If the people
22 have no limit to the amount of water that they can obtain
23 at a flat rate, they tend to be wasteful. And with meters,
24 they pay for what they use; and so they're more conscientious
25 as far as water consumption, which would allow less of a

1 strain on the Company's facilities.

2 Q How would you recommend that the meters be
3 paid for?

4 A That should be paid as a customer deposit.
5 The Company should provide the facilities to install the
6 meters as a connection charge to the customers.

7 Q When do you recommend that the Company start
8 installing facilities for meters?

9 A It would be the Staff's recommendation that,
10 upon the issuance of the final Report and Order from this
11 case, that all new customers requesting water service have
12 a meter setting installed at the time of connection. This
13 would include a meter well, a lid for the well, and a meter
14 yoke.

15 A meter not be installed at that time, but
16 the Company should instigate a schedule of installing these
17 meter setting facilities on all customers. And at a time
18 when these settings are provided at each customer, then the
19 meters be installed.

20 Q Does the Staff have a recommendation regarding
21 daily consumption records?

22 A Yes. This is a very important item that the--
23 I believe, if my memory serves me correctly, that there are
24 master meters at each well on the facility. And these meters
25 should be read daily and records kept as to the daily

Missouri Public Service Commission

1 consumption. This will allow them to run a check on the
2 system to see if there's any extensive usage or the
3 possibility of water main breaks that would not otherwise be
4 determinable.

5 Q Is that recommendation and the recommendation
6 regarding meters--are you asking the Commission to order the
7 Company to do that, or is it just a recommendation that the
8 Company do that?

9 A Now, this is as far as installing meters?

10 Q Installing meters and the daily consumption
11 records. Should the Commission order the Company to do both
12 of those things, or is the Staff just recommending that those
13 procedures be followed?

14 A I would say it would be a recommendation on
15 the meters at this time, and I think it should be an order
16 probably that the master meters at each well be read daily.
17 I think that's a very important item.

18 Q Does the Staff have a position or recommenda-
19 tion regarding the filing of rules and regulations, including
20 continuing property records, for this Company?

21 A Yes. The Company should file rules and
22 regulations in accordance with 4 CSR 240, Rules 10 and 13.
23 And they should maintain the continuing property records on
24 the facilities.

25 Q Would your recommendation be that that also be

Missouri Public Service Commission

1 ordered by the Commission?

2 A Yes.

3 Q Do you have any further recommendations or
4 positions that you would like to announce?

5 A I don't think so at this time.

6 Q Turning back to Staff Exhibit No. 1, is there
7 anything on that exhibit that indicates a rate base for this
8 Company?

9 A No. This was all contributed plant by the
10 development company, and there was no facilities included as
11 a rate base for rate-making procedure.

12 Q Does it follow then that they are not seeking
13 to earn any return on a rate base?

14 A That's correct.

15 MR. DUFFY: Staff would offer Exhibit No. 1
16 into evidence and tender the witness for cross.

17 MR. FAIN: I'd like to reserve ruling until
18 cross-examination has been completed.

19 EXAMINER LORING: Sure.

20 MR. COWAN: We have no objection.

21 CROSS-EXAMINATION BY MR. COWAN:

22 Q Mr. Logston, you spoke softly; and I'm not
23 sure I heard all that you said.

24 Did you physically examine the existing water
25 properties now owned by these various developers?

1 A Yes, I did.

2 Q Were they in good working condition? Are they
3 well-constructed properties?

4 A Yes.

5 Q And appear to be adequate to serve anyone who
6 may seek service, water service, within the proposed
7 certificated area?

8 A Yes, I think so.

9 Q There will be some main extensions required?

10 A Yes.

11 Q But, to the extent that they've been built,
12 they appear to be large enough and adequate to take care of
13 the needs of the public?

14 A Yes. This, I believe, is all a residential
15 area, so--

16 Q Fine. Now, looking at Staff Exhibit 1, as I
17 understand it, your judgment as to the operation and mainten-
18 ance expenses is based on your experience with the Commission?

19 A Yes.

20 Q And, since this is a new entity, it would be
21 difficult to do anything but make projections, estimates?

22 A That's correct.

23 Q There are no historical records insofar as
24 this entity is concerned?

25 MR. FAIN: Just a minute. Your Honor, I object

Missouri Public Service Commission

1 to that. He hasn't been qualified to show that.

2 MR. COWAN: If he doesn't know. But the
3 records show the corporation was organized in January of this
4 year.

5 BY MR. COWAN:

6 Q From your examination, did Ozark Mountain
7 Water Company provide water service in these areas?

8 A Yes, they did.

9 Q Did it or the developers; namely, Lakeside
10 Investment Company; Turkey Mountain Estates, Inc.; Central
11 Crossings, Inc.; and other companion corporations, they're
12 the ones that own the water properties at this time, are they
13 not, as far as you could tell from your investigations?

14 A Yes, that's correct.

15 Q And Ozark Mountain Water Company, based on
16 your investigation, owned nothing at the time of your
17 investigation?

18 A That's correct.

19 Q In fact, it didn't exist?

20 A Correct.

21 Q Now, a moment ago you talked about the
22 Company filing rules and regulations. Did you have in mind
23 a tariff, a water tariff?

24 A Yes. That's what it's normally referred to.

25 Q And the continuing property records are a

1 record of the installation of plant as it goes along?

2 A That's correct.

3 Q With reference to your recommendation on
4 reading the master meter at the wells each day, could that
5 be done less often and still serve a useful purpose?

6 A I think that it's--

7 Q Like, every three days or once a week, instead
8 of daily?

9 A I think that it would be important to read
10 these meters on a daily schedule. It is not that much time-
11 consuming an operation. And it does give a fairly accurate
12 check on how the system is operating.

13 MR. COWAN: I have no further questions.

14 CROSS-EXAMINATION BY MR. FAIN:

15 Q Are there master meters installed there now
16 at the wellhead?

17 A I believe there are.

18 Q Did you say you saw them there?

19 A Yes.

20 Q Are they the type that will make a printout
21 automatically, or would they have to be read manually?

22 A They will have to be read manually, that's
23 correct.

24 Q Following up on what Mr. Cowan asked you, I
25 think we're all in agreement that this Ozark Mountain Water

1 Company is a new corporation, has no figures, has no
2 property, and that sort of thing, aren't we?

3 A Yes.

4 Q But when you talk about having examined the
5 facilities, in actuality, aren't you talking about the
6 developing corporations that planned to deed this over?

7 A Yes.

8 Q I thought that's what you were talking about.
9 So I take it, in answering any of these questions, that that's
10 what you will be referring to, is the developing companies
11 that owned the lots and sold the lots to the people rather
12 than Ozark Mountain Water Company, when you said you made
13 inspections and that sort of thing, looked at the facilities?

14 A I inspected the facilities that are to be
15 turned over to the Company.

16 Q Right. Well, actually, when did you make your
17 visit down there? What's the latest time you were down there?

18 A It was in March of 1978.

19 Q Have you been back since?

20 A No, I have not.

21 Q Do you know whether or not there have been any
22 additional water facilities installed since you were there in
23 March of '78?

24 A There have not been, to my knowledge.

25 Q There's been no additional--no extension of
lines?

Missouri Public Service Commission

1 A No.

2 Q At the time you made your inspections, did you
3 make any attempt to determine who holds title to the
4 properties?

5 A No, I did not.

6 Q So you're not voicing any opinion on that,
7 are you?

8 A No. I just referred to the adequacy of the
9 system.

10 Q Have you made a study of the developers' books
11 and records on their costs?

12 A No.

13 Q Now, in developing your pro forma profit and
14 loss statement for a calendar year as proposed by the Staff,
15 as I understand, you stated that this is based upon a study
16 that you made; is that correct?

17 A I wouldn't exactly say "based on a study."
18 It's just based on my experience of the expenses incurred in
19 the operation of a system of this size.

20 Q Well, let's explore that then. How many
21 customers would be supplied at this time when you made up
22 your pro forma? How many customers are we talking about?

23 A Approximately 200.

24 Q What system did you compare this with?

25 A No one system in particular. We based it on

Missouri Public Service Commission

1 the amount of consumption of water and the--well, for
2 instance, the cost for power for pumping, and based on the
3 size of the pump and facilities to pump this amount of water
4 and the electric rates for, you know, operating a pump of
5 that size.

6 Q Well, then let's go into that item, if you
7 want to. The fuel and power for pumping, I note that you
8 have \$4,480?

9 A That's correct.

10 Q How did you develop the \$4,480?

11 A As I stated earlier, we took an average figure
12 for the cost of electricity per kilowatt-hour, determined the
13 horsepower rating for a pump to supply the amount of water
14 for each individual system, and derived at an annual cost
15 for the electricity.

16 Q Well, an annual cost. All right. But to get to
17 an annual cost, you probably had to develop a monthly cost,
18 did you not?

19 A I think we worked these on a yearly basis.
20 I don't have those figures before me at this time.

21 Q Do you have some backup figures that show the
22 \$4,480 item for electricity?

23 A Not with me at this time, no.

24 Q But you do have in your work papers; is that
25 correct?

Missouri Public Service Commission

1 A I'm sure I do.

2 Q I suppose that you got the rates of Carroll
3 County Rural Electric Co-op in determining that figure?

4 A I don't know if we have theirs specifically,
5 but we used an average figure that is normally used for
6 figuring this.

7 I might also add that I believe that in the
8 Company's original filing or testimony, that they had a
9 figure for their yearly power consumption that we also used
10 as a parallel guide.

11 Q In actuality, you took their figure, didn't
12 you? Let's face it. Isn't that what you did? Because it's
13 precisely the same number of dollars.

14 A I don't know if that's correct or not.

15 Q Well, they show \$4,480; and that's what your
16 item shows.

17 A I thought we increased that a slight amount.
18 We did work through the calculations to check their figures.
19 I will say that.

20 Q Did you?

21 A Yes, we did.

22 Q Well, I think, without spending a lot of time
23 on it, would you be willing to furnish me your backup figures
24 on how you derived the cost of the electricity for pumping
25 of \$4,480?

Missouri Public Service Commission

1 Q You mean--I don't understand quite what you're
2 talking about there. What kind of a liability insurance?
3 For the employee? To protect the employee if he got hurt
4 or if he hurt someone, or just what are you talking about
5 there?

6 A I would assume that to be correct.

7 Q Well, which one?

8 A For any injury occurred in the operation and
9 maintenance of the utility.

10 Q To other people, or to the employee? Which
11 is it?

12 A I'd say probably to other people.

13 Q To other people. So you're talking about a
14 public liability policy; is that correct, as far as you know?

15 A As far as I know. I'm not in the insurance
16 business. I'm not aware of those--

17 Q Well, isn't the truth of the matter that you
18 simply picked up that figure from their pro forma?

19 A I think I stated that at the beginning, yes.

20 Q And "workmen's compensation," the same thing?

21 A That's correct.

22 Q You made no independent study on either of
23 those items, did you?

24 A That's correct.

25 Q On "Property taxes," isn't the same thing true

Missouri Public Service Commission

1 that you simply took the amount on their pro forma?

2 A Yes.

3 Q You made no independent study?

4 A No.

5 Q And "Miscellaneous general expense," the same
6 holds true for that, doesn't it?

7 A If it's the same figure, that's correct.

8 Q In other words, you made no independent study
9 like you did on the electricity costs?

10 A That's correct.

11 Q That's what I'm trying to figure out, what
12 you made an independent study on.

13 Now, on "Professional fees," how did you come
14 up with the \$500?

15 A Again, drawing from our experience in these
16 matters, we felt that that would be an appropriate fee for
17 the accounting that would be necessary for a company of this
18 size.

19 Q I believe that you've stated already that
20 there were no property records or anything of that sort, no
21 bookkeeping figures that you ever looked at; isn't that true?

22 A That's correct.

23 Q So your inspection of the properties was the
24 inspection of the subdivisions, wasn't it, and the wells and
25 the pumps and so on?

Missouri Public Service Commission

1 A Yes. It was for the capacity of the water
2 supply facilities.

3 Q You've never made any inspection of any of
4 the books or records of any of these development companies,
5 have you?

6 A That is not really my jurisdiction.

7 Q Well, I understand. Can I take it from that
8 that your answer is "no"?

9 A That's correct.

10 Q I mean, I'm not trying to--I'm just trying
11 to find out just what you did do and what's in existence.

12 You don't know what records are in existence,
13 do you?

14 A No.

15 Q Now, on the adequacy of service, did you talk
16 to any of the customers on the adequacy of service question?

17 A Yes, I did.

18 Q Did you find out that a lot of those are two-
19 inch lines?

20 A Well, that may be. But as long as they're
21 adequate to serve the needs of the customer, that's all that
22 would be necessary.

23 Q Do you think that two-inch lines, normally
24 speaking--I'm asking you now as an expert and as an engineer
25 in the water field. Is that normally considered good

Missouri Public Service Commission

1 operations today, to allow two-inch mains?

2 A Where they would serve the needs of the
3 customers, they are very adequate, yes.

4 Q Well--

5 A If the number of customers showed that a
6 larger line was necessary, we would require a larger line.

7 Q Well, isn't it true that you can't install
8 any fire protection on two-inch lines?

9 A That's correct.

10 Q So that the Commission, in the past, hasn't
11 it frowned upon water systems with two-inch mains so there
12 could be no fire protection?

13 A I don't think that fire protection was
14 designed for this system. It's just for human consumption.

15 Q I understand that. But we're talking about
16 adequacy of service. And it's my understanding that nowadays
17 there's very few systems that are put in with two-inch
18 transmission mains. Now, it's something else again if you're
19 stubbing out to one or two houses or something, but is it
20 normal to use two-inch lines for transmission purposes by a
21 water company?

22 A I think, as I stated earlier, it would just
23 depend on what was shown to be necessary through an engineer-
24 ing analysis of this system what would be required.

25 Q So what you're saying is that you've got to

Missouri Public Service Commission

1 get down to the nuts and bolts and look at each individual
2 line, look at the number of customers, the potential
3 customers to be served, and then make your decision as to
4 the adequacy, right?

5 A That's correct.

6 Q So what I'd like to know is whether or not
7 that kind of a study was made?

8 A These plans have been approved by the
9 Department of Natural Resources who make an investigation.
10 They approved the plans that have been drawn up and designed
11 by a registered professional engineer.

12 Q If you'll pardon my saying so, I don't think
13 that's responsive to the question. What I'm asking you is
14 whether or not--

15 As I understood your answers to Mr. Cowan
16 about the adequacy of service--that's what I'm trying to
17 explore. Did you make any sort of an engineering study as
18 an engineer would as to the adequacy of these transmission
19 lines based upon what you've just now said?

20 A I did not personally do a pipe network analysis
21 of the flow requirements, but this is normally done at the
22 Department of Natural Resources who have approved these plans.

23 Q Well, okay. That's all right if you want to
24 say that.

25 All I'm trying to find out is what the Staff

Missouri Public Service Commission

1 did. I don't care about what they did. I'm trying to find
2 out what you did. That's all I want to know.

3 A As far as determining the adequacy of the
4 pipe network?

5 Q Yes.

6 MR. COWAN: Your Honor, Mr. Logston has
7 answered that question two or three times. It's repetitious.
8 I object to it.

9 MR. FAIN: Let me just ask one more question
10 along that line.

11 BY MR. FAIN:

12 Q As I understood it, you made no sort of an
13 independent study; that is, the Staff of the Commission, on
14 the adequacy of these lines for service purposes. In other
15 words, as I understand it, you took the word of the other
16 agency in that regard?

17 A Yes, that's correct.

18 Q Now, let's go on to this question of the
19 meter installations. As I understand from what Gary asked
20 you, it would be your recommendation that meters be installed,
21 is that correct?

22 A That's correct.

23 Q Would this be during this interim rate period,
24 or when would it be?

25 A I think, as I stated earlier, that upon the

Missouri Public Service Commission

1 completion of this case before the Commission, that as new
2 customers are added to the system, a meter installation would
3 be provided; that is, the meter well, meter yoke, and the
4 lid covering this meter well, but no meter be installed at
5 that time, and that installations of this type be provided
6 for all customers within the next year-and-a-half to two-
7 year period.

8 Q You're talking about present customers as well
9 as future customers?

10 A That's correct.

11 Q So they'd have to be dug in and dug into and
12 meter housings be installed at this time?

13 A That's correct.

14 Q How much cost are we talking about for that
15 sort of an installation?

16 A Normal installation costs, based upon my
17 experience, including the meter, would be approximately
18 \$200.

19 Q \$200 per customer with the meter and all
20 installation?

21 A That's correct. That includes labor.

22 MR. FAIN: Thank you very much. I appreciate
23 your testimony.

24 EXAMINER LORING: Any redirect?

25 MR. DUFFY: I don't think so.

Missouri Public Service Commission

1 EXAMINER LORING: Thank you, Mike. You're
2 excused.

3 (Witness excused.)
4

5 EXAMINER LORING: Let's go off the record.
6 (Off-the-record discussion.)

7 EXAMINER LORING: Let's go back on the record.
8 I take it then the Staff rests?

9 MR. DUFFY: Yes, the Staff rests its case.

10 EXAMINER LORING: Back off the record.
11 (Off-the-record discussion.)

12 EXAMINER LORING: Back on the record.

13 Mr. Cowan.

14 MR. COWAN: Are you going to take up the
15 motion for continuance first?

16 MR. FAIN: Your Honor, what I attempted to
17 do there was, because of the ungodly weather we've had, to
18 get a reasonable time. Now, as I understood from my
19 discussions with Gary and with you, the inclination was to
20 go ahead on this--and that's perfectly all right with me--to
21 hear these people and set a time when my witnesses could be
22 sure that they could be here.

23 We're dealing with elderly people. We're
24 dealing with people that--I know that I've had some bad falls.
25 I'm getting up to the point where I consider myself rather

1 elderly, and my wife has had some bad falls.

2 Now, getting from Frog Hollow Road to here is
3 not as bad as what those folks have to do to get from where
4 they are down there on that Lake out to good roads; and I
5 don't think they should be subjected to that. And I was
6 hoping that you could set a time when this bad weather would
7 be behind us when I could produce my witnesses. That's all
8 I was hoping for.

9 MR. COWAN: Mr. Examiner, we object to any
10 further delay in a decision in this case. The application
11 was filed almost a year ago, and my transmittal letter I
12 noticed today is January 31, 1978.

13 The uncertainty of the future in this is
14 working a hardship, not only on the developers, but also on
15 the individuals. They're entitled to know whether a
16 certificate is going to be granted.

17 Now, based on what Mr. Fain said, the only
18 thing it seems to me that people could possibly talk about
19 would be the pro forma expense items; and we're willing to
20 accept the figures as developed by Mr. Norman.

21 MR. DUFFY: Mr. Logston.

22 MR. COWAN: I'm sorry. Mr. Logston, developed
23 by him. And we think that the Commission should issue an
24 Order so that the future is pretty well plotted on whether
25 this is a utility or not without further delay.

Missouri Public Service Commission

1 I'm going to make a comment here. This case
2 originated, in the first place, by correspondence. My
3 recollection is there's one letter in the file, and I think
4 it's in evidence--I'm not sure on that--from Mr. Mitten,
5 Assistant General Counsel, to the effect that, based on
6 information available to the Staff, they thought that the
7 water operations in this area were a public utility operation.
8 These men contacted me, and I told them that I concurred.

9 Consequently, we filed this application with
10 the view of cooperating with the Staff so they wouldn't have
11 to issue show cause orders and all that. And it's taken a
12 year now for us to find out where we stand. And we think
13 there's no justifiable reason for delaying the case any
14 further. It's experimental as far as rates are concerned
15 anyway for 12 months or so.

16 I said earlier that we intended not to argue
17 with the rate proposed by Mr. Logston or his projection on
18 expenses. We have only one reservation on that. If some
19 severe and unexpected costs should arise, such as further
20 pumping costs doubled, obviously we couldn't underwrite that
21 for 18 months. But, aside from some unexpected severe
22 additional cost, the Company is willing to go on an
23 experimental basis as proposed by the Commission Staff.

24 Now, I don't see how we can accomplish a thing.
25 One thing that seems to me that's important to Mr. Fain's

1 A As material presented for this case, official
2 papers?

3 Q Yes, sir.

4 A I'm sure we could arrange that.

5 Q Well, I mean, you have them now, don't you?

6 A Not with me.

7 Q Here in the building, down on the ninth floor?

8 A I probably do.

9 Q Couldn't you get them at a recess and let me
10 see them?

11 A I imagine we could.

12 MR. FAIN: Will that be agreeable with you,
13 that he does that at a recess?

14 MR. DUFFY: I think it's a little late to be
15 fooling with this, but I'll agree.

16 MR. FAIN: Well, I don't care what you think.

17 EXAMINER LORING: Off the record.

18 (Off-the-record discussion.)

19 EXAMINER LORING: Let's go back on the record.

20 BY MR. FAIN:

21 Q Well, isn't the truth of the matter that you
22 took the figure that they developed in their pro forma of
23 \$4,480?

24 A We took that figure, but we also checked it.

25 Q And you're going to furnish me those papers,

1 if you have them--

2 A If I have them.

3 Q --of your calculations?

4 A Yes. If I have those records, I will.

5 Q Now, I assume that if you come back and say
6 that you don't have those records, does that mean that you
7 didn't make those calculations?

8 A That does not necessarily indicate that, no.

9 Q Well, then would it mean they had been
10 destroyed or thrown in the wastepaper basket or something of
11 that nature?

12 A Yes.

13 Q Now, on "Salary - overseer and maintenance
14 man," you cut their figure of \$9,240 to \$8,400?

15 A That's correct.

16 Q You cut it by approximately \$800?

17 A That's correct.

18 Q And "Payroll taxes," how did you calculate
19 the payroll taxes? What payroll taxes are you talking about
20 in your \$840 figure?

21 A The Company had supplied or the Applicant had
22 supplied information as to--or supplied figures for salary
23 for an overseer and maintenance man. And as payroll taxes,
24 they just included the 10 percent figure of that salary.
25 That is the rationale that we used.

1 Q So you used 10 percent as payroll taxes?

2 A That's correct.

3 Q Now, on "Supplies," you cut that \$100. Did
4 you make any independent calculations on the needed supplies,
5 or did you just simply take their \$600 and cut it \$100?

6 A The Staff felt that the \$500 figure would be
7 adequate for an 18-month test period. The records after--
8 you know, assuming that the Company would be certificated,
9 the records that would be submitted at the time of a Staff
10 audit would either prove or disprove this figure; and it
11 would be adjusted at that time.

12 Q I take it that your answer to that is that
13 you did not make a study, that this is a mere estimate on
14 your part?

15 A That is correct.

16 Q And I assume that the same thing is true of
17 "Repairs of water plant"?

18 A That's correct.

19 Q Now, they had \$1,800 down; and you cut that
20 to \$1,500?

21 A That's correct.

22 Q Now, was that based upon any independent
23 calculations or looking at any bills that they've had in the
24 past; or did you simply look at their amended pro forma?

25 A I think that in the Applicant's records or

1 material that they submitted, they included an expense that
2 we felt would not be a recurring expense. And that is the
3 reason that we cut that figure down.

4 Q That was on one of the repair items?

5 A Yes, it was.

6 Q Do you recall which one that was?

7 A No, I do not.

8 Q But that's the only cut in their repairs that
9 you made; is that correct?

10 A That's correct.

11 Q So, actually then, that's based upon--the
12 backup figures for getting at the \$1,500 is actually their
13 amended pro forma, isn't it?

14 A I'm sorry. Would you repeat that question?

15 Q Well, maybe I didn't make it clear. What I'm
16 saying is: When I say, "backup," do you understand what I
17 mean? You've got to start from something. You can start
18 from original cost. You can look at the invoices and
19 determine how much it is and so on, or you can look at this
20 pro forma that they have supplied. So that's what I mean by
21 "backup figures."

22 Did you start with the \$1,800 and cut it \$300,
23 or did you build up to \$1,500?

24 A We took their figure of \$1,800 and subtracted
25 that expense that I mentioned earlier.

1 Q Now, we have the pickup item. Now, you've
2 actually increased that pickup from--they estimated \$2,000,
3 and you've increased it to \$2,250; is that right?

4 A That's correct.

5 Q What was your justification on increasing it
6 above what they wanted?

7 A Upon my investigation of the system, I was
8 aware of the distance that must be traveled to daily inspect
9 these wells and pumping equipment. This 15,000 miles per
10 year would allow for a daily inspection of these facilities
11 and the mileage which would cover their operation and
12 depreciation of that truck; namely, the gas, oil, and tires
13 to operate that vehicle. That's all that's included in that
14 figure.

15 Q Do you know what the original cost of the
16 pickup is?

17 A That doesn't appear to be an issue in this
18 matter.

19 Q Well, it would be an issue on the question of
20 the depreciation, would it not? Or did you just take it on
21 the basis of mileage?

22 A The only expense I'm allowing is fuel and tires
23 and operation of the vehicle.

24 Q You took it on the basis of mileage rather than
25 depreciation, didn't you?

1 Q Now, we have the pickup item. Now, you've
2 actually increased that pickup from--they estimated \$2,000,
3 and you've increased it to \$2,250; is that right?

4 A That's correct.

5 Q What was your justification on increasing it
6 above what they wanted?

7 A Upon my investigation of the system, I was
8 aware of the distance that must be traveled to daily inspect
9 these wells and pumping equipment. This 15,000 miles per
10 year would allow for a daily inspection of these facilities
11 and the mileage which would cover their operation and
12 depreciation of that truck; namely, the gas, oil, and tires
13 to operate that vehicle. That's all that's included in that
14 figure.

15 Q Do you know what the original cost of the
16 pickup is?

17 A That doesn't appear to be an issue in this
18 matter.

19 Q Well, it would be an issue on the question of
20 the depreciation, would it not? Or did you just take it on
21 the basis of mileage?

22 A The only expense I'm allowing is fuel and tires
23 and operation of the vehicle.

24 Q You took it on the basis of mileage rather than
25 depreciation, didn't you?

1 A That's correct.

2 Q Now, as I understand, you've estimated
3 15,000 miles per year; is that correct?

4 A That's correct.

5 Q But you didn't take any independent reading
6 from the pickup or anything of that sort?

7 A No. I'm basing that on the actual distance
8 between wells that they would have to inspect on a daily
9 basis.

10 Q That's because there's quite a few miles
11 between Turkey Mountain No. 1 and No. 2; is that right?

12 A That's correct.

13 Q One is in Stone County and one is in Barry.
14 And you figured he'd have to run back and forth; is that
15 right?

16 A Well, if we require them to make a daily
17 inspection, that's the mileage that they will incur.

18 Q Would it be your thought that the Commission
19 would actually require them--getting that detailed as to
20 require them to make daily inspection? I didn't realize that
21 you got into that kind of detail, telling them how many
22 inspections they had to make.

23 A Well, if the Public Service Commission does
24 not, the Department of Natural Resources would.

25 Q Would require daily inspection?

1 A That's correct.

2 Q So you do require daily inspections; is that
3 correct?

4 A Yes.

5 Q Now, we come down to "General Expenses."
6 How did you arrive at the bookkeeper fee?

7 A It's an estimation.

8 Q They estimated \$1,800. You've cut it to
9 \$1,200?

10 A That's correct.

11 Q From what you say there, you estimated it
12 would take one week a month to do the books?

13 A To do the billing, that's correct.

14 Q Well, would that take in, not only the billing,
15 but the keeping of the books of the Company?

16 A That's correct.

17 Q So that's what you estimate that it would take
18 one bookkeeper one week each month; is that right? In other
19 words, 52 weeks a year to do the books?

20 A That's correct.

21 Q Twelve weeks?

22 A Yes, 12 weeks. That's right.

23 Q Twelve weeks, three months, to do the books.

24 Now, "Office supplies," that's the same as
25 what they estimated, \$480. Is that for mailing out the bills?

1 A Yes. That's from their records of the current
2 billing.

3 Q Would this entail monthly billing? Are you
4 recommending monthly billing?

5 A I'm not recommending any particular billing
6 schedule. It's whatever is the most convenient and
7 economic and feasible for the Company.

8 Q Well, not only for the Company, but for the
9 users; is that correct?

10 A Well, yes, that would be correct.

11 Q As I recall, the Staff had been making some
12 studies along the lines of billing for water companies.
13 Has the Staff completed some studies along the lines of
14 the most economic billing for a water company?

15 A I'm not aware of that study. I have not been
16 involved in it.

17 Q Well, isn't it true that there's very few
18 successful water operations that do bill monthly? Don't most
19 of them bill quarterly or even some of them every six months?

20 A It depends on the individual utility. I know
21 that all public water supply districts, to my knowledge, bill
22 on a monthly basis.

23 Q Well, we're talking about utility operations
24 under the control of the Commission.

25 A Well, the water company, you know, they have

Missouri Public Service Commission

1 to pump and distribute the water; and the cost is the same
2 for one as another basically in that regard.

3 Q Are you saying that most of them are billing
4 on a monthly basis here in Missouri?

5 A Yes.

6 Q Small water companies?

7 A That is correct.

8 Q And that's how you would set this up, and
9 that's what you would recommend for this Company?

10 A At this particular time, yes.

11 Q Now, I note that on "Insurance," you've taken
12 the same figure that they had in their pro forma; is that
13 correct?

14 A That's correct.

15 Q What kind of insurance is that?

16 A Just general insurance and workmen's
17 compensation. I'm not aware of their insurance policies and
18 the coverage on it.

19 Q Now, the workmen's compensation is a different
20 item. But what's that "general insurance"? What is that?

21 A My estimation--and I'm not for sure on this.
22 But I would say it would be liability on the facilities.

23 Q Are you talking about a liability policy? Is
24 that what you are talking about on that \$600 item?

25 A Yes.

Missouri Public Service Commission

1 Q You mean--I don't understand quite what you're
2 talking about there. What kind of a liability insurance?
3 For the employee? To protect the employee if he got hurt
4 or if he hurt someone, or just what are you talking about
5 there?

6 A I would assume that to be correct.

7 Q Well, which one?

8 A For any injury occurred in the operation and
9 maintenance of the utility.

10 Q To other people, or to the employee? Which
11 is it?

12 A I'd say probably to other people.

13 Q To other people. So you're talking about a
14 public liability policy; is that correct, as far as you know?

15 A As far as I know. I'm not in the insurance
16 business. I'm not aware of those--

17 Q Well, isn't the truth of the matter that you
18 simply picked up that figure from their pro forma?

19 A I think I stated that at the beginning, yes.

20 Q And "workmen's compensation," the same thing?

21 A That's correct.

22 Q You made no independent study on either of
23 those items, did you?

24 A That's correct.

25 Q On "Property taxes," isn't the same thing true

Missouri Public Service Commission

1 that you simply took the amount on their pro forma?

2 A Yes.

3 Q You made no independent study?

4 A No.

5 Q And "Miscellaneous general expense," the same
6 holds true for that, doesn't it?

7 A If it's the same figure, that's correct.

8 Q In other words, you made no independent study
9 like you did on the electricity costs?

10 A That's correct.

11 Q That's what I'm trying to figure out, what
12 you made an independent study on.

13 Now, on "Professional fees," how did you come
14 up with the \$500?

15 A Again, drawing from our experience in these
16 matters, we felt that that would be an appropriate fee for
17 the accounting that would be necessary for a company of this
18 size.

19 Q I believe that you've stated already that
20 there were no property records or anything of that sort, no
21 bookkeeping figures that you ever looked at; isn't that true?

22 A That's correct.

23 Q So your inspection of the properties was the
24 inspection of the subdivisions, wasn't it, and the wells and
25 the pumps and so on?

Missouri Public Service Commission

1 A Yes. It was for the capacity of the water
2 supply facilities.

3 Q You've never made any inspection of any of
4 the books or records of any of these development companies,
5 have you?

6 A That is not really my jurisdiction.

7 Q Well, I understand. Can I take it from that
8 that your answer is "no"?

9 A That's correct.

10 Q I mean, I'm not trying to--I'm just trying
11 to find out just what you did do and what's in existence.

12 You don't know what records are in existence,
13 do you?

14 A No.

15 Q Now, on the adequacy of service, did you talk
16 to any of the customers on the adequacy of service question?

17 A Yes, I did.

18 Q Did you find out that a lot of those are two-
19 inch lines?

20 A Well, that may be. But as long as they're
21 adequate to serve the needs of the customer, that's all that
22 would be necessary.

23 Q Do you think that two-inch lines, normally
24 speaking--I'm asking you now as an expert and as an engineer
25 in the water field. Is that normally considered good

Missouri Public Service Commission

1 operations today, to allow two-inch mains?

2 A Where they would serve the needs of the
3 customers, they are very adequate, yes.

4 Q Well--

5 A If the number of customers showed that a
6 larger line was necessary, we would require a larger line.

7 Q Well, isn't it true that you can't install
8 any fire protection on two-inch lines?

9 A That's correct.

10 Q So that the Commission, in the past, hasn't
11 it frowned upon water systems with two-inch mains so there
12 could be no fire protection?

13 A I don't think that fire protection was
14 designed for this system. It's just for human consumption.

15 Q I understand that. But we're talking about
16 adequacy of service. And it's my understanding that nowadays
17 there's very few systems that are put in with two-inch
18 transmission mains. Now, it's something else again if you're
19 stubbing out to one or two houses or something, but is it
20 normal to use two-inch lines for transmission purposes by a
21 water company?

22 A I think, as I stated earlier, it would just
23 depend on what was shown to be necessary through an engineer-
24 ing analysis of this system what would be required.

25 Q So what you're saying is that you've got to

Missouri Public Service Commission

1 get down to the nuts and bolts and look at each individual
2 line, look at the number of customers, the potential
3 customers to be served, and then make your decision as to
4 the adequacy, right?

5 A That's correct.

6 Q So what I'd like to know is whether or not
7 that kind of a study was made?

8 A These plans have been approved by the
9 Department of Natural Resources who make an investigation.
10 They approved the plans that have been drawn up and designed
11 by a registered professional engineer.

12 Q If you'll pardon my saying so, I don't think
13 that's responsive to the question. What I'm asking you is
14 whether or not--

15 As I understood your answers to Mr. Cowan
16 about the adequacy of service--that's what I'm trying to
17 explore. Did you make any sort of an engineering study as
18 an engineer would as to the adequacy of these transmission
19 lines based upon what you've just now said?

20 A I did not personally do a pipe network analysis
21 of the flow requirements, but this is normally done at the
22 Department of Natural Resources who have approved these plans.

23 Q Well, okay. That's all right if you want to
24 say that.

25 All I'm trying to find out is what the Staff

Missouri Public Service Commission

1 did. I don't care about what they did. I'm trying to find
2 out what you did. That's all I want to know.

3 A As far as determining the adequacy of the
4 pipe network?

5 Q Yes.

6 MR. COWAN: Your Honor, Mr. Logston has
7 answered that question two or three times. It's repetitious.
8 I object to it.

9 MR. FAIN: Let me just ask one more question
10 along that line.

11 BY MR. FAIN:

12 Q As I understood it, you made no sort of an
13 independent study; that is, the Staff of the Commission, on
14 the adequacy of these lines for service purposes. In other
15 words, as I understand it, you took the word of the other
16 agency in that regard?

17 A Yes, that's correct.

18 Q Now, let's go on to this question of the
19 meter installations. As I understand from what Gary asked
20 you, it would be your recommendation that meters be installed,
21 is that correct?

22 A That's correct.

23 Q Would this be during this interim rate period,
24 or when would it be?

25 A I think, as I stated earlier, that upon the

Missouri Public Service Commission

1 completion of this case before the Commission, that as new
2 customers are added to the system, a meter installation would
3 be provided; that is, the meter well, meter yoke, and the
4 lid covering this meter well, but no meter be installed at
5 that time, and that installations of this type be provided
6 for all customers within the next year-and-a-half to two-
7 year period.

8 Q You're talking about present customers as well
9 as future customers?

10 A That's correct.

11 Q So they'd have to be dug in and dug into and
12 meter housings be installed at this time?

13 A That's correct.

14 Q How much cost are we talking about for that
15 sort of an installation?

16 A Normal installation costs, based upon my
17 experience, including the meter, would be approximately
18 \$200.

19 Q \$200 per customer with the meter and all
20 installation?

21 A That's correct. That includes labor.

22 MR. FAIN: Thank you very much. I appreciate
23 your testimony.

24 EXAMINER LORING: Any redirect?

25 MR. DUFFY: I don't think so.

Missouri Public Service Commission

1 EXAMINER LORING: Thank you, Mike. You're
2 excused.

3 (Witness excused.)
4

5 EXAMINER LORING: Let's go off the record.
6 (Off-the-record discussion.)

7 EXAMINER LORING: Let's go back on the record.
8 I take it then the Staff rests?

9 MR. DUFFY: Yes, the Staff rests its case.

10 EXAMINER LORING: Back off the record.
11 (Off-the-record discussion.)

12 EXAMINER LORING: Back on the record.

13 Mr. Cowan.

14 MR. COWAN: Are you going to take up the
15 motion for continuance first?

16 MR. FAIN: Your Honor, what I attempted to
17 do there was, because of the ungodly weather we've had, to
18 get a reasonable time. Now, as I understood from my
19 discussions with Gary and with you, the inclination was to
20 go ahead on this--and that's perfectly all right with me--to
21 hear these people and set a time when my witnesses could be
22 sure that they could be here.

23 We're dealing with elderly people. We're
24 dealing with people that--I know that I've had some bad falls.
25 I'm getting up to the point where I consider myself rather

1 elderly, and my wife has had some bad falls.

2 Now, getting from Frog Hollow Road to here is
3 not as bad as what those folks have to do to get from where
4 they are down there on that Lake out to good roads; and I
5 don't think they should be subjected to that. And I was
6 hoping that you could set a time when this bad weather would
7 be behind us when I could produce my witnesses. That's all
8 I was hoping for.

9 MR. COWAN: Mr. Examiner, we object to any
10 further delay in a decision in this case. The application
11 was filed almost a year ago, and my transmittal letter I
12 noticed today is January 31, 1978.

13 The uncertainty of the future in this is
14 working a hardship, not only on the developers, but also on
15 the individuals. They're entitled to know whether a
16 certificate is going to be granted.

17 Now, based on what Mr. Fain said, the only
18 thing it seems to me that people could possibly talk about
19 would be the pro forma expense items; and we're willing to
20 accept the figures as developed by Mr. Norman.

21 MR. DUFFY: Mr. Logston.

22 MR. COWAN: I'm sorry. Mr. Logston, developed
23 by him. And we think that the Commission should issue an
24 Order so that the future is pretty well plotted on whether
25 this is a utility or not without further delay.

Missouri Public Service Commission

1 I'm going to make a comment here. This case
2 originated, in the first place, by correspondence. My
3 recollection is there's one letter in the file, and I think
4 it's in evidence--I'm not sure on that--from Mr. Mitten,
5 Assistant General Counsel, to the effect that, based on
6 information available to the Staff, they thought that the
7 water operations in this area were a public utility operation.
8 These men contacted me, and I told them that I concurred.

9 Consequently, we filed this application with
10 the view of cooperating with the Staff so they wouldn't have
11 to issue show cause orders and all that. And it's taken a
12 year now for us to find out where we stand. And we think
13 there's no justifiable reason for delaying the case any
14 further. It's experimental as far as rates are concerned
15 anyway for 12 months or so.

16 I said earlier that we intended not to argue
17 with the rate proposed by Mr. Logston or his projection on
18 expenses. We have only one reservation on that. If some
19 severe and unexpected costs should arise, such as further
20 pumping costs doubled, obviously we couldn't underwrite that
21 for 18 months. But, aside from some unexpected severe
22 additional cost, the Company is willing to go on an
23 experimental basis as proposed by the Commission Staff.

24 Now, I don't see how we can accomplish a thing.
25 One thing that seems to me that's important to Mr. Fain's

Missouri Public Service Commission

1 clients--if we keep building up accountants' fees, attorneys'
2 fees, and expenses, we'll have a rate base through those
3 expenses. And I'm as interested as anyone else in trying to
4 bring the case to a conclusion and hopefully cut down some
5 of the getting-started costs.

6 So we object. We think the record ought to
7 be closed today.

8 EXAMINER LORING: Does the Staff have any--

9 MR. DUFFY: We oppose the continuance of
10 today's hearing. But I do not think that the Staff will take
11 a position in any further continuance of this case. We'll
12 let that be settled by the Intervenor and the Company.

13 EXAMINER LORING: Let's go off the record a
14 second.

15 (Off-the-record discussion.)

16 EXAMINER LORING: Let's go back on the record.
17 At this time, I'll grant the application for a continuance
18 to a date certain.

19 Let's go back off the record and discuss this.

20 WHEREUPON, the noon recess was taken.

Missouri Public Service Commission

1 PURSUANT to the noon recess, the hearing of
2 this case was continued, and the following proceedings were
3 had:

4 EXAMINER LORING: Let's go back on the record.
5 Does Counsel for the Applicant have a statement?

6 MR. COWAN: Your Honor, based on your remarks
7 earlier, I assume you have sustained Mr. Fain's motion for
8 a continuance; and it's been reset for March 28, '79? Am I
9 correct on that?

10 EXAMINER LORING: The hearing will be
11 continued for one day, March 28, 1979.

12 MR. COWAN: That would be without further
13 notice?

14 EXAMINER LORING: Well, a notice will be
15 issued.

16 MR. COWAN: With reference to the subpoena
17 duces tecum issued at the request of Mr. Fain and our motions
18 to quash, Mr. Fain and I have agreed--and I think he has
19 represented on the record, but I'm not sure--that he did not
20 wish to pursue the request for the income tax returns. And
21 if that is correctly stated, then I see no need for an order
22 on the motion to quash because it's been satisfied between
23 Mr. Fain and I.

24 He also had in his subpoena request for under-
25 lying records of the developers having to do with the

Missouri Public Service Commission

1 operation of the water system. Actually, there's more than
2 one water system, but these properties in question. The
3 companies have some of those records, and we will voluntarily
4 submit what records we have to Mr. Fain. He'll receipt for
5 them. And he can copy whatever he wants to copy, subject to
6 the representation that he will return them to us promptly;
7 and we won't contest the subpoena in that respect. So, as
8 far as I'm concerned, the record can show that we have
9 voluntarily agreed to furnish those to Mr. Fain for his
10 examination.

11 I might say that it's my information--I
12 haven't seen them--that there's a lot of them, some of them
13 awfully informal, as informal as being a note scribbled on
14 a piece of paper with a lead pencil. But we'll give him what-
15 ever we've got. And if he wants to copy it, that's all right.
16 And this is all subject to Mr. Taylor being excused so that
17 he won't have to come back in March.

18 MR. FAIN: Your Honor, that's substantially--
19 that is correct as Mr. Cowan has stated it. And I would no
20 longer--in fact, I would withdraw that part of the subpoena
21 pertaining to the income tax records because what I was
22 really after was the underlying numbers and I knew that they
23 would be there with the income tax records. And, as I under-
24 stand--

25 And I am in agreement with what Mr. Cowan has

Missouri Public Service Commission

1 stated, that they will voluntarily make those records in that
2 first portion of my subpoena duces tecum available for me to
3 copy at some time between now and March 28. I will copy them
4 and receipt for them and then return them to Mr. Cowan while
5 he's here in Jefferson City on another matter.

6 And I think that he will return Mr. Jim
7 Norman. And Mr. Norman will be able to be cross-examined
8 on the various matters that are still remaining in that first
9 portion of the subpoena duces tecum.

10 And, with that, we would withdraw the subpoena
11 duces tecum. We will withdraw it, and they won't be faced
12 with that consequence of the subpoena duces tecum.

13 EXAMINER LORING: Very well. Is there any-
14 thing further to come before the Commission today?

15 (No response.)

16 EXAMINER LORING: Then the hearing will be
17 adjourned and continued until March 28, 1979. Thank you.

18 WHEREUPON, the hearing of this case was
19 continued until March 28, 1979.
20
21
22
23
24
25

Missouri Public Service Commission

I N D E X

PAGE

STAFF'S EVIDENCE:

MIKE LOGSTON

Direct Examination by Mr. Duffy

177

Cross-Examination by Mr. Cowan

183

Cross-Examination by Mr. Fain

186

E X H I B I T S

MARKED

RECEIVED

STAFF'S EXHIBITS:

Exhibit No. 1

Pro Forma Profit and Loss Statement
for a Calendar Year as Proposed by
Staff

176