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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS  
Public Hearing  
November 5, 2003  
Brunswick, Missouri  
Volume 7

In the Matter of Missouri-American)  
Water Company's Tariff to Revise ) Case No.  
Water and Sewer Rate Schedules ) WR-2003-0500

KEVIN A. THOMPSON, Presiding,  
DEPUTY CHIEF REGULATORY LAW JUDGE  
  
STEVE GAW, Chair,  
CONNIE MURRAY,  
  
COMMISSIONER.

REPORTED BY:  
  
JENNIFER L. LEIBACH  
Associated Court Reporters

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

2 JUDGE THOMPSON: Good afternoon. We  
3 are here for the local public hearing in the matter  
4 of Missouri-American Water Companies tariffs to  
5 revise water and sewer rate schedules, Case No.  
6 WR-2003-0500 in which Missouri-American Water Company  
7 seeks a general water rate increase.

8 Specifically, Missouri-Americans  
9 proposed water service tariffs are designed to  
10 produce an annual increase of approximately 12.2  
11 percent, about \$20 million in the company's water  
12 service revenues. There's also a request for  
13 approximately 3.3 percent or \$1600 in sewer service  
14 revenues. I understand that does not apply to the  
15 Brunswick area. Additionally, the Commission Staff  
16 has filed an overearnings complaint against the  
17 company alleging that the company is earning about  
18 \$20 million more than is necessary to cover its costs  
19 and provide a return with its current rates.

20 The Missouri Public Service Commission  
21 regulates the rates charged by investor-owned public  
22 utilities in Missouri to ensure that those rates are  
23 just and reasonable. The Commission also regulates  
24 the quality of service and the safety of the  
25 operations of investor-owned utilities. The

1 Commission consists of five Commissioners. As I  
2 mentioned two are here today. The Commissioners are  
3 appointed by the Governor of Missouri to fixed terms  
4 and confirmed by the Senate. The Commission employs  
5 a staff of engineers, accountants, attorneys,  
6 financial analysts, and other specialists in the  
7 field of utility regulation.

8 My name is Kevin Thompson. I am a  
9 Regulatory Law Judge for the Public Service  
10 Commission, and I am designated to preside over this  
11 hearing this afternoon.

12 Okay. I think that's everything we  
13 need to say at that point. I will go ahead and call  
14 the witnesses. Rick Manson. Raise your right hand  
15 Mr. Manson.

16 (Witness sworn.)

17 JUDGE THOMPSON: Would you please spell  
18 your name for the reporter?

19 MR. MANSON: Spell my name?

20 JUDGE THOMPSON: Yes, sir.

21 MR. MANSON: R-I-C-K, Rick, Manson,  
22 M-A-N-S-O-N.

23 JUDGE THOMPSON: Mr. Manson, are you  
24 presently a customer of Missouri-American water  
25 Company?

1 MR. MANSON: Yes.

2 JUDGE THOMPSON: Please proceed.

3 MR. MANSON: I'm here to represent the  
4 Chariton County Rural Water District. I'd like to  
5 thank the Public Service Commission and  
6 Missouri-American and all the representatives here  
7 today. The comment I'd like to make is probably  
8 two-fold.

9 First, to the Public Service  
10 Commission, the Missouri-American Company are asking  
11 for a rate decrease for the sale of resale customers,  
12 and in the amount of somewhere around 19 percent. In  
13 light of that rate decrease, we're probably going to  
14 ask the Public Service Commission to consider maybe a  
15 bigger rate decrease, and I base it on this.

16 In 2000, the Public Service Commission  
17 granted a 346 percent rate increase, which resulted  
18 in a 234 percent total revenue increase for  
19 Missouri-American. When one looks at this, you would  
20 think maybe there's a typographical error, 346  
21 percent, unprecedented, and we realize that we were  
22 granted three decreases in the years prior to that;  
23 1995, '96 and '97, and those decreases amounted to 60  
24 some percent, that was before the big increase.

25 And the second comment is for the

1       Public Counsel. We'd like for you, too, to consider  
2       this. I see in your letterhead here you like to  
3       avoid rate shock. I can assure you we had rate shock  
4       last time. Thank you very much.

5                   JUDGE THOMPSON: Thank you very much,  
6       sir. Are there any questions from the bench for Mr.  
7       Manson?

8                   CHAIRMAN GAW: Mr. Manson, give me --  
9       give me an idea about where the Chariton County Water  
10      District is located around Brunswick and the  
11      surrounding areas, tell me what the area is.

12                  MR. MANSON: The rural area consists of  
13      -- well my Representative from the District is here,  
14      he can probably give you a better geographical  
15      setting of where the district sits.

16                  CHAIRMAN GAW: I don't mind that, and  
17      the judge will probably have to swear him in if you  
18      want, is he going to testify in a little bit?

19                  JUDGE THOMPSON: Are you Robert  
20      Kistler?

21                  MR. KISTLER: Yes.

22                  JUDGE THOMPSON: Okay. You'll get a  
23      chance to do that, then, when you testify.

24                  CHAIRMAN GAW: You can give me your  
25      general idea, and he can fill-in some more later.

1                   MR. MANSON: Okay. Well, generally,  
2                   there's not too many customers south of 24 Highway  
3                   because it goes only to the river, but north, there's  
4                   quite a bit of customers, probably in the range in  
5                   the amount of about -- a little over 400 customers --  
6                   CHAIRMAN GAW: Uh-huh.  
7                   MR. MANSON: -- meters we have out,  
8                   probably ranges about eight miles north --  
9                   CHAIRMAN GAW: Okay.  
10                  MR. MANSON: -- and goes over to -- it  
11                  follows 24 Highway out --  
12                  CHAIRMAN GAW: Right.  
13                  MR. MANSON: -- towards Keytesville,  
14                  then goes north towards a little community called  
15                  Indian Grove --  
16                  CHAIRMAN GAW: I know. Okay.  
17                  MR. MANSON: -- and back around to the  
18                  west, south of Mendon.  
19                  CHAIRMAN GAW: In your connection with  
20                  Missouri-American Water is where in the -- is it here  
21                  in Brunswick -- close to Brunswick somewhere?  
22                  MR. MANSON: Right, we buy water from  
23                  Missouri-American and it goes to our holding  
24                  stations.  
25                  CHAIRMAN GAW: Is that your sole source

1 of water?

2 MR. MANSON: We have two sources of

3 water.

4 CHAIRMAN GAW: What's your other

5 source?

6 MR. MANSON: We can get water from

7 Rural District No. 3 out of Brookfield.

8 CHAIRMAN GAW: How does the price

9 compare on your other source?

10 MR. MANSON: The other source is --

11 it's comparable, the water is softer, it's a lot

12 better quality water. The other water source is a

13 little higher. We got it for a standby source in

14 case we have trouble, water main breaks and things

15 like that.

16 CHAIRMAN GAW: So I'm staying straight

17 with you, the softer water is from Missouri-American

18 --

19 MR. MANSON: No, it's from the --

20 CHAIRMAN GAW: -- or the other company?

21 MR. MANSON: -- the other company,

22 uh-huh.

23 CHAIRMAN GAW: Okay. So do you use the

24 other company as your primary source?

25 MR. MANSON: No, Missouri-American is

1       our primary source.

2                   CHAIRMAN GAW:   Okay.   And you say the  
3       price is comparable.   Can you give me a more specific  
4       idea about that?

5                   MR. MANSON:   Say 450 a thousand from  
6       the Brookfield company --

7                   CHAIRMAN GAW:   Uh-huh.

8                   MR. MANSON:   And four --

9                   MR. KISTLER:   429

10                  MR. MANSON:   It fluctuates with  
11       Missouri-American depending on the amount of use.

12                  CHAIRMAN GAW:   Okay.   What were you  
13       paying before the last rate case?   Do you know?

14                  MR. KISTLER:   About 290, 93, 94.

15                  CHAIRMAN GAW:   And you'll have to  
16       forgive me, I wasn't around when that rate case was  
17       going on.   What was the -- was there improvements  
18       made in the system in Brunswick or anything that  
19       occurred?

20                  MR. MANSON:   I'm not aware of any  
21       myself.

22                  CHAIRMAN GAW:   You don't know of any of  
23       that information?

24                  MR. MANSON:   It was just reclassified  
25       for sale of resale.



1                   CHAIRMAN GAW: All right. And do you  
2                   know about what's your usage a year or a month,  
3                   whatever it would be easy to break it down, and if  
4                   you don't know, I can ask later.

5                   MR. MANSON: I'll let the  
6                   Representative tell you that.

7                   CHAIRMAN GAW: And earlier, you said  
8                   you were a customer Missouri-American. Are you  
9                   yourself a customer personally?

10                  MR. MANSON: Rural customer, yes.

11                  CHAIRMAN GAW: Of Missouri-American or  
12                  of the Chariton County --

13                  MR. MANSON: Of the Chariton County  
14                  District Water Council.

15                  CHAIRMAN GAW: So indirectly then?

16                  MR. MANSON: True.

17                  CHAIRMAN GAW: This -- I think that's  
18                  all I have right now. Thank you very much, Mr.  
19                  Manson.

20                  JUDGE THOMPSON: Thank you, Chairman  
21                  Gaw. Commissioner Murray.

22                  COMMISSIONER MURRAY: Mr. Manson, does  
23                  the district have all classes of customers or just  
24                  residential?

25                  MR. MANSON: It's all classes.

1                   COMMISSIONER MURRAY: Okay. And do you  
2     pay more for water the more you use or less for water  
3     the more you use?

4                   MR. MANSON: It's less more you use.

5                   COMMISSIONER MURRAY: Do you think  
6     that's a good idea?

7                   MR. MANSON: You bet.

8                   COMMISSIONER MURRAY: Even though it  
9     does not encourage conservation?

10                  MR. MANSON: I'm sorry, I don't  
11     understand.

12                  COMMISSIONER MURRAY: Well, if you pay  
13     less for more usage, there's no incentive not to use  
14     more.

15                  MR. MANSON: I think everyone is  
16     entitled to good water, good quality water and  
17     sufficient amount, ample amount, sufficient amount  
18     you can use it any form you want, it's just that our  
19     water now is cost prohibitive if you have to water  
20     livestock or something like that.

21                  COMMISSIONER MURRAY: Okay. Thank you.  
22     That's all the questions I have.

23                  CHAIRMAN GAW: Let me follow.

24                  JUDGE THOMPSON: Yes, Chairman Gaw.

25                  CHAIRMAN GAW: When you say you pay

1       less the more you use, is that -- are you talking  
2       about the customers of Chariton -- of Chariton -- is  
3       it Chariton County Water District?

4               MR. MANSON: I'm talking about  
5       customers in our rural water district.

6               CHAIRMAN GAW: They pay Chariton County  
7       water less the more they use or are you talking about  
8       how much Chariton County pays to Missouri-American?

9               MR. MANSON: It works both ways, yeah.

10              CHAIRMAN GAW: Is it the same in both  
11       instances?

12              MR. MANSON: No, it wouldn't be the  
13       same, not same percentage, no.

14              CHAIRMAN GAW: But it does decrease in  
15       both cases?

16              MR. MANSON: Right.

17              CHAIRMAN GAW: And part of the reason  
18       that you do that on your dealing with your customers,  
19       you have a lot of -- you have a lot of farm usage, a  
20       lot of farm customers?

21              MR. MANSON: Right, yes, sir.

22              CHAIRMAN GAW: Did you see any shifting  
23       of water source by some of your farm customers after  
24       the last rate case?

25              MR. MANSON: Yes, we had several

1 customers go to a different water source, either  
2 tried to produce some wells, some holding basins,  
3 thinks of that sort.

4 CHAIRMAN GAW: Did it change the amount  
5 of volume that Chariton County Water --

6 MR. MANSON: Yes, it sure did.

7 CHAIRMAN GAW: Have you got any of  
8 those figures?

9 MR. MANSON: I can't give you any  
10 numbers on that, no.

11 CHAIRMAN GAW: Perhaps we can get  
12 those.

13 MR. MANSON: Perhaps you can get a  
14 general idea from my Project Manager.

15 CHAIRMAN GAW: That would be good. Is  
16 that basically -- is that the decision that the Board  
17 made in regard to how water prices are charged to  
18 your customers?

19 MR. MANSON: Yes.

20 CHAIRMAN GAW: Yeah. And it was -- is  
21 it sort of the consensus that that, in part, has to  
22 do with your customers usage patterns for farm use?

23 MR. MANSON: Right.

24 CHAIRMAN GAW: Okay. I'm done.  
25 Thanks.

1 JUDGE THOMPSON: Thank you, Chairman  
2 Gaw. Any further questions, Commissioner?  
3 COMMISSIONER MURRAY: No.  
4 JUDGE THOMPSON: Questions from  
5 counsel.  
6 MS. O'NEILL: No, your Honor.  
7 MR. COOPER: I do, your Honor.  
8 JUDGE THOMPSON: Mr. Cooper.  
9 MR. COOPER: Mr. Manson, you had  
10 mentioned, I think, Missouri-American's  
11 recommendation that the sale for resale customers  
12 here in Brunswick be reduced by approximately 19  
13 percent; is that correct?  
14 MR. MANSON: Yes, sir.  
15 MR. COOPER: Are you familiar with any  
16 of the other recommendations that have been made in  
17 this case by any of the other parties in terms of  
18 sale for resale customers here in Brunswick?  
19 MR. MANSON: No, I have not.  
20 MR. COOPER: Would -- what would be  
21 your reaction if I told you that the Commission  
22 Staff, under its proposal, identified a need for an  
23 85.9 percent increase for sale for resale customers?  
24 MR. MANSON: I would say that would be  
25 ridiculous.

1                   MR. COOPER: That's all the questions I  
2     have.

3                   JUDGE THOMPSON: Thank you, Mr. Cooper.  
4     Further questions? Hearing none, you're excused.  
5     Thank you very much, Mr. Manson. Robert Kistler.  
6     Raise your right hand, Mr. Kistler.

7                   (Witness sworn.)

8                   JUDGE THOMPSON: Would you please spell  
9     your last name for the reporter?

10                  MR. KISTLER: K-I-S-T-L-E-R.

11                  JUDGE THOMPSON: Now, Mr. Kistler, are  
12     you personally a customer of Missouri-American Water  
13     Company?

14                  MR. KISTLER: No, I'm Superintendent  
15     for Chariton County Rural Water District.

16                  JUDGE THOMPSON: So is your employer a  
17     customer of Missouri-American Water Company?

18                  MR. KISTLER: That's correct.

19                  JUDGE THOMPSON: Thank you, please  
20     proceed.

21                  MR. KISTLER: I guess my President hit  
22     on about everything that I was interested in. I  
23     would just like the Commission to know that I  
24     personally do not care for the district specific  
25     basins. You know, that hurts the water district bad.

1       Especially when we're just a small area here.

2                       We can only buy water in -- after the

3       last rate increase, I'll just give you some

4       information as my statement. We have -- DNR wants

5       all water supplies to have alternate water supplies,

6       so we have he been hooked on to Chariton-Lynn, so I'm

7       buying a third of our water from Chariton-Lynn now.

8       Simple reason, it costs a few dollars more, but I

9       have no pumping charges, no pump, no electricity, no

10      pumping house, that's probably costing me -- save me

11      a dollar a thousand, more than likely.

12                      I maintain it just for emergencies, but

13      it's softer water, the customers are happier, I'd say

14      two-thirds of them have done away with their water

15      softeners, and that saves them more money there, so

16      with soft water, even though paying their price,

17      they're happier because they're saving money, so

18      that's how we justify that.

19                      We have 450 meters out here. Out of

20      that 450, three years ago, I want to say probably 30

21      of those were farms, and we probably lost all of them

22      as far as heavy usage, which we have -- the more

23      water we sell, the cheaper we can sell it for, we

24      don't need the margin, but we're at low enough

25      volumes now that our rates are higher to meet this.

1                   I cannot tell you, being a rural farm  
2     community, I cannot tell you one farmer out there  
3     that solely relies on rural water for their  
4     livestock, which ten years ago there was several, and  
5     to be fair about it, there's not as many farmers with  
6     the hogs and everything, that's changed.

7                   We do offer it as a back up. I don't  
8     know how many ponds, wells, have been rejuvenated  
9     since the last rate increase. I can go through some  
10    paperwork and let you know, but that creates another  
11    problem with me with the cross-connections and  
12    inspections for back flows.

13                  I mean, it creates more problems and  
14    I'm sure it does for her, too, but anyway, you have  
15    to watch this, so, but like I say, right now we're  
16    probably 450 customers. Out of that 450, probably  
17    250 we still supply from Missouri-American, and the  
18    other 200 come from Chariton-Lynn. I guess that's  
19    probably about all I need to say.

20                  JUDGE THOMPSON: Thank you, sir.  
21    Questions from the bench? Chairman Gaw.

22                  CHAIRMAN GAW: Mr. Kistler, give me an  
23    idea about, if you can, how much volume change there  
24    was after the last rate case.

25                  MR. KISTLER: Well, it's tough to say.



1       You're buying right now, total combination we're  
2       buying probably million two to million three from  
3       both right now. That's my usage per month.

4               CHAIRMAN GAW: Uh-huh.

5               MR. KISTLER: Million seven, million  
6       eight, million nine. Once in a while, we hit two  
7       million just by going through some things I had  
8       before. I'm saying four years ago, five years ago,  
9       and I want to be fair about it. Like I say, we've  
10      lost some hog operations.

11              CHAIRMAN GAW: So some of that you  
12      think was attributable to the rate case and some of  
13      it attributable to just lossage of customers?

14              MR. KISTLER: A large part of it was to  
15      the rate case and what we lose, we have a minimum  
16      charge for water.

17              CHAIRMAN GAW: Okay.

18              MR. KISTLER: It's a meter set, but we  
19      allow a thousand gallons of water for that, \$14,  
20      that's what we get for our first thousand, and that's  
21      for the first meter to be set, and we lost several  
22      farmers on that because they didn't want to pay the  
23      \$14 for that thousand gallons of water. They felt  
24      like it was too much.

25              CHAIRMAN GAW: When did you change

1       that?

2                   MR. KISTLER:   The 14?

3                   CHAIRMAN GAW:   Uh-huh.

4                   MR. KISTLER:   That's always been --

5       they've always been allowed -- well, it went up at

6       the last rate increase.

7                   CHAIRMAN GAW:   That's what I'm after.

8       What was it before?

9                   MR. KISTLER:   It was 12 on the minimum

10      to 14.

11                  CHAIRMAN GAW:   Okay.   Keep going if you

12      want.

13                  MR. KISTLER:   You have to understand

14      with rural water district, our most profit, most

15      money is probably on these farm setups, villages.  I

16      didn't say awhile ago we had a Village of Triplett

17      and the Village of Dalton, the Village of Dean Lake,

18      the small Village of Indian Grove, that's where you

19      have your clusters of people, and a lot of them are

20      weekend homes, and that's a large part of our margin

21      of profit is on that first thousand gallons of water,

22      and after that, we're about seven and a half a

23      thousand, so you can see when you lose those, we lose

24      a large part of our small revenue right there, you

25      know what I'm saying.

1                   CHAIRMAN GAW: Uh-huh.

2                   MR. KISTLER: And that's what hurts,

3                   but there's no way we can, you know, it's a board

4                   decision how to set their rate, and we went through

5                   rate maker with DNR, and DNR help set up the rate,

6                   Missouri Water Association sit in on the rate cases,

7                   too, so we wanted to be as informed as we could be

8                   about it, and as fair as we could be about it, and

9                   that's you know, when you have a board, so but the

10                  rate maker would be and -- if you're familiar with

11                  it, they did a lot of it, they do a lot for small

12                  water systems and a lot of small towns, things like

13                  that, so that's what our rate had been based on.

14                  CHAIRMAN GAW: Okay. Is there any --

15                  are the communities of Triplett and Dean Lake and --

16                  are they communities that -- do they have any other

17                  options besides to be served by --

18                  MR. KISTLER: No, other than wells or

19                  cisterns, and that's what you run into is trying to

20                  go back to an old well.

21                  CHAIRMAN GAW: Yeah, we were talking

22                  about the other possibilities of an alternate source

23                  earlier of having your own pump, et cetera. That was

24                  doing it yourself, I assume; is that right? If you

25                  all -- you all getting a well or something and pump

1       and putting those facilities up?

2                       MR. KISTLER:  We have done those  
3       studies.  We've had several engineering studies done,  
4       but what I was talking about the pumps a while ago is  
5       the water we're buying north, we're paying a few  
6       cents more, I had to pump it all north, hydraulics,  
7       I'm buying it for the north and there's no expense,  
8       just feeds, and we have no expense whatsoever in  
9       pumping -- maintaining pumps, wells, electricity,  
10      heat, we've eliminated all that, so what I'm saying  
11      is that's probably saved us -- I haven't put a pencil  
12      to it and you need a year, and we've had a good year  
13      at it, you know, because it took awhile, had to get  
14      everything approved through the DNR and we had to do  
15      water quality checks one against the water because  
16      when you mix water, you have to be careful as far as  
17      supplying them with what water is in the system, how  
18      much you're going to have to flush, at a hundred  
19      thousand gallon storage, you don't want to lose a  
20      hundred thousand gallon and it all worked out great,  
21      so we were lucky there.

22                     CHAIRMAN GAW:  So you're comparing --  
23      you're trying to suggest to me that moving the water  
24      north from Brunswick you have to have some pumps and  
25      other things --

1                   MR. KISTLER: Exactly.

2                   CHAIRMAN GAW: -- but you don't have to  
3 have coming south from the Brookfield -- is it  
4 Brookfield?

5                   MR. KISTLER: It's Chariton-Lynn No. 3  
6 out of Brookfield. Our water comes from the plant at  
7 Brookfield and also the plant in Marcilene.

8                   CHAIRMAN GAW: So have you come up with  
9 a bottom line of cost comparisons? I mean, we heard  
10 earlier, I guess, 450 is a comparison to what was the  
11 other figure?

12                  MR. KISTLER: Roughly, it varies  
13 because after it's -- and I would have to look at it,  
14 about a million two, million one, then the water gets  
15 a little cheaper through Missouri-American, so the  
16 more you use, the cheaper the top end gets.

17                  CHAIRMAN GAW: Okay.

18                  MR. KISTLER: So that's the reason it  
19 changes. It never changes probably over 89 cents a  
20 thousand.

21                  CHAIRMAN GAW: All right. But is it --  
22 when you put all of the things together considering  
23 the pumps and other things you've got going on with  
24 the Missouri-American connection, is there much  
25 difference between the supply from Missouri-American

1 as compared to the Brookfield supply?

2 MR. KISTLER: What do you mean by

3 supply as far as quality, cost?

4 CHAIRMAN GAW: The cost.

5 MR. KISTLER: Cost, that would be -- to

6 be honest, it would be hard for me to figure in

7 because I don't know what replacement cost would be

8 in my pumping system right now in order to maintain

9 it, we're looking at a 20-year-old system, which

10 works fine, and I service once a week to make sure

11 it's still working, but if you go depreciation and

12 I'd have to go to financials to find out, but

13 electricity, our electric bill is a lot cheaper.

14 I know I was purchasing one and two

15 pumps a year at \$800 to \$1000 a year, so I know I

16 saved that off of it, you know, and it's just a -- to

17 be fair, I hate to give you a figure and be wrong,

18 you know.

19 CHAIRMAN GAW: That's okay. I was just

20 curious about whether you had done any final analysis

21 about which is to your best advantage.

22 MR. KISTLER: We have an engineering

23 study done and looked at another option of buying

24 water, too, from a new direction.

25 CHAIRMAN GAW: Yeah.

1                   MR. KISTLER:  And --

2                   CHAIRMAN GAW:  About how much -- is

3                   there one break on the price when you buy it from

4                   Missouri-American when you get over one set volume

5                   then it goes down, is that the only break?

6                   MR. KISTLER:  Yes, and then there's a

7                   meter charge that's figured in that price that they

8                   give you.  I don't know how much that meter charge in

9                   that first million two, and they probably could tell

10                  you, they know what it is.  I don't do the

11                  accounting.

12                  CHAIRMAN GAW:  Okay.  I understand.  Me

13                  neither.  All right.  Well, I think that's all I

14                  have.  Thank you very much, Mr. Kistler.

15                  JUDGE THOMPSON:  Thank you Chairman

16                  Gaw.  Commissioner Murray.

17                  COMMISSIONER MURRAY:  No questions.

18                  JUDGE THOMPSON:  Thank you

19                  Commissioner.  Questions from Counsel?

20                  MS. O'NEILL:  No questions.

21                  MR. COOPER:  No questions.

22                  JUDGE THOMPSON:  Hearing none, you're

23                  excused.  Thank you, Mr. Kistler.  Ross Washburn.

24                  Yes, sir.

25                  MR. WASHBURN:  I just signed that in

1 case I did have a question.

2 JUDGE THOMPSON: I see, so you do not  
3 want to testify?

4 MR. WASHBURN: Not right now.

5 JUDGE THOMPSON: Thank you, sir.  
6 Linda, is it Oden?

7 MS. ODEN: Yes.

8 JUDGE THOMPSON: Yes, ma'am. Please  
9 raise your right hand.

10 (Witness sworn)

11 JUDGE THOMPSON: Would you please spell  
12 your last name for the reporter?

13 MS. ODEN: O-D-E-N.

14 JUDGE THOMPSON: Ma'am, are you  
15 presently a customer of Missouri-American Water  
16 Company?

17 MS. ODEN: Yes.

18 JUDGE THOMPSON: Please proceed.

19 MS. ODEN: I am just concerned about  
20 the rate increase, basically. I haven't -- we're on  
21 a fixed income. My husband is retired. I am  
22 retired, and everything keeps going up but our  
23 income, and everybody keeps nibbling away at our  
24 income, and I would just -- I am concerned that the  
25 rate increase is not going to improve the quality of



1       my water.

2                       I -- we received a quality assessment  
3       statement or whatever it is that water companies  
4       sends out. My son is a hydrologist with the USGS and  
5       I took our water quality statement to him, and I  
6       said, hey, have we got good water, and he said, well,  
7       as far as they're telling you. He said they're not  
8       telling you a lot. They're telling you basically the  
9       minimums that they have to meet, so I'm assuming my  
10      water is safe. I'm not sick, but is our rate  
11      increase going to improve the quality of our water,  
12      or is it going to make anything better or are we just  
13      feathering somebody's nest? That worries me.

14                     I know everything is going up,  
15      insurance is going up, mine is, yours is, everybodys  
16      is, but \$2.20 is not much unless you're counting  
17      every penny you have, and then \$2.20 on top of  
18      everybody else's \$2.20 makes your living a lot  
19      tougher.

20                     I just -- I know it says in the paper  
21      that what -- let me see, let me see if I can find it.  
22      They -- that the Public Counsel has recommended the  
23      rates paid by customers continue to move toward the  
24      actual costs, so is our company now is the company  
25      now operating at a loss? Is this needed to make the

1       company operate in the black? I mean, are we -- if  
2       we don't get in this -- if they do not get this  
3       increase, will the water company fold and we be  
4       without water? It's, you know, it's, I don't know --  
5       you got to show me that this \$2.20, which isn't much,  
6       is going to mean something. I guess that's all I've  
7       got.

8                       JUDGE THOMPSON: Thank you, ma'am.  
9       Questions from the bench, Chairman Gaw.

10                      CHAIRMAN GAW: Thank you. Ma'am, do  
11       you live in Brunswick?

12                      MS. ODEN: Yes.

13                      CHAIRMAN GAW: And can you -- if you  
14       want to tell me, about what's your water bill run?

15                      MS. ODEN: For my husband and I, about  
16       \$37 a month.

17                      CHAIRMAN GAW: And what usage do you  
18       have water? Is it just all for your house?

19                      MS. ODEN: Yes, yes, it's just our  
20       home.

21                      CHAIRMAN GAW: Okay. And is there a  
22       minimum charge? Is there a minimum charge that you  
23       have to pay regardless of whether you use any?

24                      MS. ODEN: Yes.

25                      CHAIRMAN GAW: Do you know how much

1       that is?

2                       MS. ODEN:  No, I do not.

3                       CHAIRMAN GAW:  Okay.  And how long have

4       you lived in Brunswick,

5                       MS. ODEN:  14 years.

6                       CHAIRMAN GAW:  14 years.  So do you

7       remember what your water was running before the last

8       rate case?

9                       MS. ODEN:  It jumped about between five

10      and seven dollars a month.

11                      CHAIRMAN GAW:  Okay.  All right.  Thank

12      you very much, ma'am.

13                      JUDGE THOMPSON:  Thank you, Chairman

14      Gaw.  Commissioner Murray.

15                      COMMISSIONER MURRAY:  Yes, are you

16      satisfied with the service that you receive?

17                      MS. ODEN:  Service as in when I turn

18      the water faucet on I get water.  That's about the,

19      you know, and yeah, I mean, you know, we've never had

20      any problems.  We have water.  It's not the best

21      quality water.  It's awfully hard.  It ruins a lot of

22      things, but you know, I know from where the water

23      comes that that's pretty, you know, standard, I

24      guess, but as far as service, you know, we haven't

25      had to have a new line put in or anything, so I don't

1 know. I'm sure the line into our house, what is it,  
2 it's probably at least 40 years old.

3 COMMISSIONER MURRAY: But you're not  
4 experiencing any problems?

5 MS. ODEN: No, other than you ruin a  
6 lot of water heaters and you things like that because  
7 of the hard water and lime deposits and whatever, but  
8 I just, you know, I just am concerned that everything  
9 keeps going up, but I am not -- you know, I just --  
10 it's got to stop somewhere with somebody. It seems  
11 like it always gets dumped on us.

12 COMMISSIONER MURRAY: Thank you.  
13 That's all I have, Judge.

14 JUDGE THOMPSON: Thank you  
15 Commissioner.

16 CHAIRMAN GAW: I'm sorry, Judge.

17 JUDGE THOMPSON: Chairman Gaw.

18 CHAIRMAN GAW: One quick question.  
19 What is the water source, if you know, ma'am? I  
20 thought I heard you say that you knew where the water  
21 source was.

22 MS. ODEN: Well, I mean, I know it  
23 comes from here in Brunswick, so I'm assuming it  
24 comes from a well.

25 CHAIRMAN GAW: But you don't know?

1 MS. ODEN: I don't know.

2 CHAIRMAN GAW: Okay. I thought maybe.

3 That's all right. We'll find that out. Thank you.

4 JUDGE THOMPSON: Thank you, Chairman.

5 Commissioner, further questions?

6 COMMISSIONER MURRAY: No.

7 JUDGE THOMPSON: Okay. Ma'am, you were

8 mentioning quality concerns, am I correct in

9 understanding that your only concern is the hardness

10 of the water?

11 MS. ODEN: No, I just, that of course

12 is a concern, but I just -- I don't know how to put

13 it. I'm not really too bright.

14 Just I was pretty satisfied with it

15 until my expert said, well, they're just telling you

16 the minimums, the law says they have to have this,

17 this, this, and this, and that's what they're telling

18 you that it meets the minimums. He said they're not

19 telling you, and he gave me a whole lot of things

20 that could have been tested and that he tests that

21 didn't show up on this report, and so I'm just

22 wondering if there's something that they're not

23 telling us that possibly could pose a problem further

24 on down the line.

25 JUDGE THOMPSON: Okay. So if I

1       understand you correctly, you were -- you were  
2       satisfied until you had a discussion with your son  
3       who suggested there might be something there that is  
4       being concealed from you?

5                   MS. ODEN:  He didn't say there might  
6       be.  He just said they're not telling you if they're  
7       testing everything that is tested, and I just -- I  
8       worry about the children in our community more than  
9       myself.  I just want to be sure that every kid in  
10      Brunswick has safe water to drink.

11                  JUDGE THOMPSON:  But do you -- are you  
12      aware of anything that would lead to believe that  
13      they don't?

14                  MS. ODEN:  No, really, that's what I  
15      say, I'm not sick, I'm not ill, and I just would like  
16      to keep it that way, but -- so if the rate increase  
17      is necessary to make sure that that's what the money  
18      is going for, fine, but if we're going to give some  
19      Vice-President of the company a bonus or a big raise,  
20      that concerns me.

21                  JUDGE THOMPSON:  Okay.  Questions from  
22      counsel?  Hearing none, you're excused.  Thank you  
23      ma'am.  Terry Smith.  Would you raise your right  
24      hand, please?

25                   (Witness sworn.)

1 JUDGE THOMPSON: Would you please spell  
2 your first name for the reporter?

3 MS. SMITH: T-E-R-R-Y.

4 JUDGE THOMPSON: Thank you. Ma'am, are  
5 you presently a customer of Missouri-American Water  
6 Company?

7 MS. SMITH: Yes, I am.

8 JUDGE THOMPSON: Please proceed.

9 MS. SMITH: As the Mayor of the  
10 community, I'm concerned about this rate increase  
11 because we have a large population of senior citizens  
12 and people on fixed income, and I feel like Ms. Oden,  
13 if this rate increase is necessary to keep the water  
14 company going, I see no reason to not approve it, but  
15 if it's going for something other than keeping the  
16 water company going, possibly for bonuses or things  
17 that aren't necessary, I am not supporting it for  
18 that reason.

19 I also, like Ms. Oden, have some  
20 concerns about the water quality in Brunswick. As I  
21 have discussed with a few people from  
22 Missouri-American Water, we pay a pretty good price,  
23 I feel, for water. We have good service. The water  
24 is always on when you turn on the tap, but when you  
25 make coffee, when you make iced tea, you notice that

1       there is a film on the water, and when you go to  
2       service your toilets, your appliances that use water,  
3       you get a lot of scaling in the water.

4                   I think those issues need to be looked  
5       at and dealt with, and I would not be opposed, I  
6       guess, of a rate increase if those issues could be  
7       dealt with, and that's all I have to say.

8                   JUDGE THOMPSON: Thank you, ma'am.  
9       Questions from the bench, Chairman Gaw.

10                  CHAIRMAN GAW: Thank you. Mayor, if  
11       you could, do you -- you get service yourself  
12       personally, right?

13                  JUDGE THOMPSON: Yes.

14                  CHAIRMAN GAW: And do you want to tell  
15       me about how much your water rates run a month on  
16       average?

17                  JUDGE THOMPSON: Actually, about \$40 to  
18       \$47 a month.

19                  CHAIRMAN GAW: Okay.

20                  MS. SMITH: And there's only one of me  
21       sometimes. My husband lives out of state. He's home  
22       on the weekends, sometimes during the week.

23                  CHAIRMAN GAW: And you don't have any  
24       livestock or anything?

25                  MS. SMITH: Just a dog.



1                   CHAIRMAN GAW: Just your dog?

2                   MS. SMITH: Right.

3                   CHAIRMAN GAW: Okay. And the water

4 hardness question has come up. Do you know if that's

5 lime or iron or both or do you know?

6                   MS. SMITH: I don't know.

7                   CHAIRMAN GAW: Okay. And do you know

8 the water source for Brunswick? Do you know if it's

9 river or well?

10                  MS. SMITH: There are three wells

11 southeast of town.

12                  CHAIRMAN GAW: I'm sorry?

13                  MS. SMITH: There are three wells

14 southeast of town.

15                  CHAIRMAN GAW: And that's where the

16 water is coming from?

17                  MS. SMITH: That's where I believe it

18 comes from.

19                  CHAIRMAN GAW: Do you know how long

20 those wells have been the source for Brunswick?

21                  MS. SMITH: They were there whenever I

22 was a kid. I think there was some that maybe have

23 been drilled since I left and came back, but about

24 the same area, same location.

25                  CHAIRMAN GAW: Yeah. Were there any

1 major improvements to the water system here in the  
2 last few years that you're aware of?

3 MS. SMITH: I've only been back for  
4 three years.

5 CHAIRMAN GAW: During that time?

6 MS. SMITH: And I'm not aware of any  
7 improvements.

8 CHAIRMAN GAW: Okay. Have you gotten  
9 any response back from the company about the water  
10 hardness question? Have you talked to them directly  
11 about it?

12 MS. SMITH: Yes, I have, and they said  
13 that they could implement softening, but it would be  
14 an additional charge.

15 CHAIRMAN GAW: Yes, uh-huh, okay. Do  
16 you think your constituents would want to pay more to  
17 get the water softened? Do you know?

18 MS. SMITH: I don't know.

19 CHAIRMAN GAW: I'll put you on the  
20 spot, Mayor. Okay.

21 JUDGE THOMPSON: Is that all your  
22 questions, sir.

23 CHAIRMAN GAW: Oh, I don't know. I  
24 think it is. Thank you.

25 JUDGE THOMPSON: Thank you Chairman

1 Gaw. Commissioner Murray.

2 COMMISSIONER MURRAY: No questions, but  
3 thank you.

4 JUDGE THOMPSON: Thank you. Ma'am, if  
5 you know, we've been wondering why it is that the  
6 service here in Brunswick is as expensive as it seems  
7 to be, in other words, why the costs are so high. Do  
8 you have any knowledge as to why Brunswick might have  
9 unusually high costs of service?

10 MS. SMITH: My guess would be that we  
11 are a small community, we don't have a large number  
12 of users, and therefore, we don't have the volume  
13 that takes, as everybody has heard today, the more  
14 volume you use, the cheaper the water is.

15 JUDGE THOMPSON: Okay. As far as you  
16 know, that is the only reason?

17 MS. SMITH: That's the only reason I  
18 know.

19 JUDGE THOMPSON: Thank you very much.  
20 Questions from Counsel? Thank you very much, Mayor.  
21 You're excused.

22 Are there any other persons who would  
23 like to testify that did not have an opportunity to  
24 sign up on the sheet? Okay. I hear none.

25 Before we conclude, I'd like to offer

1       the gratitude, the thanks of the Commission to the  
2       City of Brunswick for making the council chambers  
3       available for this hearing, and I'd also like to take  
4       the entries of appearance of counsel, which we did  
5       not do at the beginning. Why don't we begin with the  
6       office of the Public Counsel.

7                   MS. O'NEILL: Okay. Yes, your Honor.  
8       My name is Ruth O'Neill from the Office of the Public  
9       Counsel. Our address is Post Office Box 7800,  
10      Jefferson City, Missouri, 65102.

11                  JUDGE THOMPSON: Thank you. Staff.

12                  MR. SCHWARZ: Tim Schwarz, PO Box 360,  
13      Jefferson City, Missouri, 65102, appearing for the  
14      Staff of the Public Service Commission.

15                  JUDGE THOMPSON: Thank you. Could you  
16      please spell your last name for the Court Reporter?

17                  MR. SCHWARZ: S-C-H-W-A-R-Z.

18                  JUDGE THOMPSON: And the company.

19                  MR. COOPER: Dean Cooper from the law  
20      firm of Brydon, Swearngen & England, PC, PO Box 456,  
21      Jefferson City, Missouri, 65102, appearing on behalf  
22      of Missouri-American Water Company.

23                  JUDGE THOMPSON: Thank you. I don't  
24      see any intervenors here. Anyone else who wants to  
25      speak? Hearing none, we will close the -- yes,

1 Chairman Gaw.

2 CHAIRMAN GAW: On behalf of the

3 Commission, we want to thank you all for taking time

4 to come out today and I know this is kind of

5 difficult in the middle of the day to do this

6 sometimes, and -- but it's really important that we

7 hear from you. It's a part of the record. It's a

8 part of what's considered in the case, and getting a

9 chance to hear your perspective on this is very

10 important, so thank you all very much for your time

11 and coming in. We very much appreciate it.

12 JUDGE THOMPSON: Thank you. If there's

13 nothing further, we will adjourn at this time.

14 (WHEREUPON, the on-the-record portion

15 of the public hearing was concluded.)

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