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12 In the Matter of Missouri-American )  
13 Water Company's Tariff to Revise ) Case No. WR-2003-0500  
14 Water and Sewer Rate Schedules )  
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23 REPORTED BY:  
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25 ASSOCIATED COURT REPORTERS

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

2 JUDGE THOMPSON: Good evening. We will  
3 convene this local public hearing in Case No. WR-2003-0500,  
4 which is Missouri-American Water Company's general rate  
5 increase. The company is seeking approximately an increase  
6 of 12.2 percent in water service revenues for the company as  
7 a whole, approximately \$20 million on an annual basis, and a  
8 3.3 percent increase in sewer service revenues,  
9 approximately \$1,600 (sic).

10 Additionally, the Commission Staff has filed  
11 an overearnings complaint alleging that the company is  
12 earning approximately \$20 million too much on a total  
13 company annual basis.

14 The Missouri Public Service Commission  
15 regulates the rates charged by investor-owned utility  
16 companies in Missouri to insure that those rates are just  
17 and reasonable. The Commission also regulates the quality  
18 of service and the safety of the operations of  
19 investor-owned utilities.

20 The Commission is made up of five  
21 Commissioners, two of whom are with us this evening,  
22 Chairman Simmons and Commissioner Murray. The Commissioners  
23 are appointed by the Governor and confirmed by the Senate to  
24 fixed terms. The Commission employs a Staff of engineers,  
25 accountants, attorneys, financial analysts and other

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1 specialists in the area of utility regulation.

2                   This is an official hearing. All of the  
3 remarks will be recorded by the court reporter and placed in  
4 a written transcript. All of the Commissioners will read  
5 that transcript. So even the three that are not here this  
6 evening will read your remarks and consider them in the  
7 course of deciding this case.

8                   At this time I will call the first witness.  
9 Why don't we take oral entries of appearance of counsel  
10 first. Mr. England?

11                  MR. ENGLAND: Thank you, your Honor. Let the  
12 record reflect the appearance of W.R. England and David  
13 Abernathy on behalf of the company, Missouri-American Water  
14 Company.

15                  JUDGE THOMPSON: Thank you. Staff?

16                  MR. SNODGRASS: Yes. Good afternoon, Judge.  
17 Let the record reflect the appearance of Cliff Snodgrass on  
18 behalf of the Staff of the Missouri Public Service  
19 Commission.

20                  JUDGE THOMPSON: Thank you. Ms. O'Neill?

21                  MS. O'NEILL: Good afternoon, your Honor.  
22 Ruth O'Neill on behalf of the Office of the Public Counsel  
23 and the public. Our address is this building, P.O.  
24 Box 7800, Jefferson City, Missouri.

25                  JUDGE THOMPSON: Thank you. Are there any

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1 intervenors present? I see none.

2 Chair Simmons?

3 CHAIRMAN SIMMONS: Thank you, Judge. I would  
4 just like to say on behalf of the Commission and  
5 Commissioners, we truly appreciate the testimony that  
6 hopefully will come forward at tonight's local public  
7 hearing.

8 We always appreciate the public and hearing  
9 and receiving comments from the public. We appreciate all  
10 aspects of what a citizen may want to tell us about their  
11 water service, quality of water service, what they feel  
12 about rates. We are here to hear that testimony and  
13 appreciate that.

14 Again, as the Judge has already alluded to,  
15 there are three other Commissioners that will also receive  
16 the transcripts of tonight's testimony, and they will also  
17 be reading it.

18 But on behalf of the Commissioners and the  
19 Commission, we appreciate the words that will be given to us  
20 tonight, and we take those words into consideration as we  
21 deliberate on this issue.

22 Commissioner Murray, would you like to add  
23 anything?

24 COMMISSIONER MURRAY: I think you've covered  
25 it very well. I couldn't have said it better. Thank you,

1 Mr. Chairman.

2 JUDGE THOMPSON: Thank you. Al Mueller.

3 Raise your right hand, please.

4 (Witness sworn.)

5 JUDGE THOMPSON: Would you please spell your

6 last name for the reporter.

7 MR. MUELLER: M-u-e-l-l-e-r.

8 JUDGE THOMPSON: Mr. Mueller, are you

9 presently a customer of Missouri-American Water Company?

10 MR. MUELLER: Yes, I am.

11 JUDGE THOMPSON: Please proceed.

12 MR. MUELLER: Am I the only witness?

13 JUDGE THOMPSON: That remains to be seen, sir.

14 MR. MUELLER: I'm kind of shocked and appalled

15 that there aren't a room full of people here testifying

16 tonight, but that's the way the public hearings go, I guess.

17 I'm just a -- not only a customer, but I'm

18 also the treasurer of Cole County and we have received the

19 notice, and we use a lot of water for the courthouse, jail,

20 annex building, juvenile, health department, and I came over

21 to see what some of the facts were.

22 As far as the quality of the water and

23 everything, I have no problems with it myself. And the

24 average -- as far as an average user, I'm about a \$10,000 --

25 10,000 gallon a month user. So my rate increase here would

1 be about \$6 a month, which I consider significant, but then  
2 again I've seen people buying water for a dollar a bottle,  
3 which always bothers me since I figure the water -- the  
4 water quality in Jefferson City here is good, and we  
5 appreciate that.

6           The only concern I have about, and the reason  
7 I came over to testify, is the amount of improvements or  
8 measures that were taken by the company, and I guess it was  
9 after 9/11, it seemed that there was a lot of capital  
10 expenditures to put security around the water plant. And I  
11 don't know whether that was a requirement of the Federal  
12 Government, which I don't believe it is. I think it was  
13 just something that the company took upon itself. And I  
14 don't know whether it was an overreaction or not, but it was  
15 rather quite expensive security procedures put in, which I  
16 really didn't think would be necessary, but be that as it  
17 may. I don't know.

18           I expect that the Commission can make a  
19 judgment on that issue, and it's really the -- the only  
20 concern I have is that -- that we don't go off and start  
21 spending a lot of money on security provisions that really,  
22 No. 1, might not be effective, and No. 2, aren't needed.

23           We've seen a little bit of that in the State  
24 when the State put up all of the security provisions and now  
25 all of a sudden most of that's been wiped out and we don't

1 see it anymore.

2                   So that's really my only concern. I'm not  
3 familiar enough with the case, and one of the things I think  
4 that would be interesting, for the Commission and the Public  
5 Counsel to let the people know what the rates are. There's  
6 nothing in the -- any of the material here tonight that show  
7 what I pay rate-wise as far as how many gallons and how to  
8 read my water bill.

9                   It would be interesting to know what I'm  
10 actually paying for so many gallons of water or how many  
11 thousand. I think there's different brackets that are used  
12 in the rate table, and that would be, I think, informative  
13 to the people.

14                  Other than that, I really don't have any other  
15 comments, other than the fact that it's unfortunate that --  
16 I know you put these public hearings out, and I assume that  
17 there was a card sent out to every ratepayer with an  
18 announcement on this hearing. And you wonder whether the  
19 people -- there's always question they never read the bill,  
20 they just pay it.

21                  But it was sent out. I saw it and --  
22 actually, the county, one of the commissioners saw the bill  
23 when they came in and they came over and gave it to me and  
24 said, why don't you go over and testify?

25                  Basically, it's kind of unfortunate that the

1 people, if they have a complaint or if they're not  
2 satisfied, that they would be here. So other than that, I  
3 have no other comments.

4 JUDGE THOMPSON: Thank you, Mr. Mueller.  
5 Questions from the Bench. Chair Simmons?

6 CHAIRMAN SIMMONS: I don't have any -- I don't  
7 have any questions. I just want to say, Mr. Mueller, we  
8 appreciate your testimony. Appreciate you being personally  
9 concerned to come out and talk to us. And hopefully as time  
10 goes on there may be others, but your words are heeded and I  
11 appreciate it. Thank you.

12 JUDGE THOMPSON: Thank you, Chairman.  
13 Commissioner Murray?

14 COMMISSIONER MURRAY: Thank you, Mr. Mueller,  
15 for being here. We do appreciate your participation. And  
16 as you say, it is somewhat frustrating when a lot of time  
17 and effort goes into providing local public hearings and  
18 then the public doesn't come.

19 But I wanted to ask you, you said you have no  
20 problem with your water quality; is that right?

21 MR. MUELLER: Well, as far as me personally,  
22 no. I mean, I -- I'm always shocked that people will pay a  
23 dollar for a bottle of water and -- on the premise that the  
24 water that they're receiving through the city water system  
25 was not as good a quality, and I've always had a problem



1 with that. People always say, well, this is clean water,  
2 clear water, and it's not.

3 I'm fully aware that the city water system,  
4 the water that's provided by American is tested and fulfills  
5 a lot of the requirements, federal law requirements. As far  
6 as the quality of the water, not only is it healthful, but I  
7 don't find it to be -- a lot of people say, well, it tastes  
8 bad or something like that. No. I find the water very,  
9 very good, and I don't have any problem with it.

10 Someone told me the other day that we've got  
11 so many young children that are starting to drink bottled  
12 water that they're missing the fluoride that's in the water  
13 system and it's having a detrimental effect with dental  
14 problems.

15 COMMISSIONER MURRAY: In fact, there are less  
16 stringent requirements for bottled water. You mentioned a  
17 dollar a bottle. I've seen it for \$4 a bottle in some  
18 places.

19 MR. MUELLER: I'm aware of that. I mean, I've  
20 been aware of that for years. Especially down like in some  
21 of the springs in Arkansas, there's a veterans' hospital  
22 down there, and they had pretty significant lead content  
23 down there.

24 But as far as the water quality and  
25 cleanliness and taste, I have no problem at all. It's good

1 water.

2                   COMMISSIONER MURRAY: And what you mentioned  
3 about the amount spent on security provisions, I wanted to  
4 make sure I didn't misunderstand what you said. You are not  
5 advocating that utilities don't need to spend anything on  
6 security, were you?

7                   MR. MUELLER: No, but I -- you know, here in  
8 Jefferson City, they spent a lot of money on putting up  
9 reenforcers, chain-link fences, security in the office,  
10 bullet-proof glass, et cetera. I think it was overdone,  
11 quite frankly.

12                   And putting a fence up around the water system  
13 doesn't necessarily give it any security. There's too  
14 many -- too many ways that the water system can be attacked,  
15 and obviously I'm not going to specify or indicate.

16                   But I think there should have been a  
17 reasonable amount of security taken, but I just hope that  
18 the Commission will look into that issue, if it's part of  
19 this case or any future cases, that it should be done  
20 reasonably and that, you know, we don't panic and start  
21 spending loads of money on security that really isn't  
22 necessary and not effective either.

23                   COMMISSIONER MURRAY: I'm assuming your  
24 analysis would extend to airport security as well?

25                   MR. MUELLER: Well, absolutely. I mean, and

1 there's nothing you can do with that. I mean, that's going  
2 to go on and on. There are -- I was in service. I was in  
3 the Marine Corps and was taught terrorism course, and I can  
4 tell you things on how to create real havoc in terrorism and  
5 security, very simple ways to do it, and everybody knows  
6 that.

7                   So what you do have to do, you have to make  
8 some type of showing that you are -- there is security on  
9 the system, but I just wonder to what extent the companies  
10 would go and how much money they're going to spend on it,  
11 that they don't have a blank check to go out and gold plait  
12 the system, security system.

13                   COMMISSIONER MURRAY: Thank you very much for  
14 your testimony.

15                   JUDGE THOMPSON: Questions from counsel?

16                   MR. ENGLAND: Your Honor?

17                   JUDGE THOMPSON: Yes, sir.

18                   MR. ENGLAND: If I may, I have a comment. I  
19 never thought I'd have the opportunity to have Mr. Mueller  
20 under oath. Unfortunately, the questions I have for him are  
21 completely unrelated to this case, so I'll have to pass.  
22 Thank you.

23                   JUDGE THOMPSON: Thank you, Mr. England. Any  
24 other questions from counsel? Ms. O'Neill?

25                   MS. O'NEILL: No questions, your Honor. But

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1 Mr. Mueller, if you'd like to call my office, I can get that  
2 information for you on rates. I have a card here. I can  
3 give that to you.

4 MR. MUELLER: I think it would be interesting  
5 that people actually understand that when they go from one  
6 rate level to another or one usage level, you hit higher  
7 rates.

8 MS. O'NEILL: Just give me a call. I'll give  
9 you the number.

10 JUDGE THOMPSON: Thank you, sir. You're  
11 excused.

12 Is there anyone else here tonight who would  
13 like to give testimony that hasn't had an opportunity to  
14 sign up on the sign-up sheet? Now is your opportunity.  
15 Going once. Going twice.

16 Hearing no other witnesses, the Commission  
17 will adjourn the local public hearing at this time. Thank  
18 you all very much.

19 WHEREUPON, the public hearing was concluded.

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