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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Public Hearing

November 5, 2003
Mexico, Missouri
Volume 8

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

KEVIN A. THOMPSON, Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE.

STEVE GAW, Chair,
KELVIN SIMMONS,
COMMISSIONERS.

REPORTED BY:

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P R O C E E D I N G S

JUDGE THOMPSON: We'll go ahead and go on the record, Ms. Reporter.

Good evening. We're here for a hearing In the Matter of Missouri-American Water Company's Tariffs to Revise Water and Sewer Rate Schedules, Case No. WR-2003-0500.

Missouri-American Water Company seeks a rate increase of water service revenue, approximately 12.2 percent -- about \$20 million companywide. They also seek approximately a 3.3 percent increase in sewer service revenues -- about \$1,600. That does not affect this service area.

Additionally, the Commission Staff has filed an overearnings complaint against the Company, alleging that the Company is earning about \$20 million more than is necessary to cover its costs and provide a reasonable return on its investment.

The Missouri Public Service Commission regulates the rates charged by investor-owned utilities. The Commission acts to ensure that the rates are just and reasonable.

The Commission also regulates the quality of service and the safety of the operations of the investor-owned utility.

1 The Commission is made up of
2 five Commissioners, two of whom are with us this
3 evening. Commissioners are appointed by the Governor
4 for fixed terms and confirmed by the Senate.

5 The Commission employs a staff of engineers,
6 accountants, attorneys, financial analysts and other
7 specialists in the field of utility regulation.

8 My name is Kevin Thompson. I'm a Regulatory
9 Law Judge with the Commission, and I have been assigned
10 to preside over tonight's hearing.

11 We will, then, take oral entries of appearance
12 of counsel. Why don't we begin with counsel for the
13 Company.

14 MR. COOPER: Dean Cooper from the law firm of
15 Brydon, Swearingen & England, P.C., P.O. Box 456,
16 Jefferson City, Missouri 65102, appearing on behalf of
17 Missouri-American Water Company.

18 JUDGE THOMPSON: Thank you, Mr. Cooper.

19 Ms. O'Neill?

20 MS. O'NEILL: Thank you.

21 Good evening, Your Honor, Commissioners. I'm
22 Ruth O'Neill from the Office of the Public Counsel
23 representing that Office and the Public. Our address
24 is P.O. Box 7800, Jefferson City, Missouri 65102.

25 JUDGE THOMPSON: Thank you, Ms. O'Neill.

1 Mr. Schwarz?

2 MR. SCHWARZ: My name is Tim Schwarz,
3 S-C-H-W-A-R-Z. I'm an attorney representing the Staff
4 of the Public Service Commission. My address is Post
5 Office Box 360, Jefferson City, Missouri 65102.

6 JUDGE THOMPSON: Thank you, Mr. Schwarz.

7 Before I call the first witness, let me make
8 one other point plain. We are unable to answer your
9 questions during this portion of the hearing. Our
10 purpose here is to take your testimony, which we are
11 happy to receive.

12 After the recorded portion of the hearing is
13 over, if you do have any questions, there are members
14 of the Commission Staff and also employees of the
15 Company who are here that you may address those
16 questions to.

17 Very well. I'll call the first witness.

18 Sir?

19 COMMISSIONER GAW: We --

20 JUDGE THOMPSON: Chairman Gaw?

21 COMMISSIONER GAW: Yeah. Thank -- thank you,
22 Judge.

23 And just want to say on the behalf of the
24 Commission that we very much appreciate you coming here
25 this evening. We -- this is an important part of the

1 process to get your input to -- to understand how
2 this -- this proposal affects you.

3 And anything that you can offer us in regard
4 to your testimony about that or in -- in regard to the
5 service that you receive from the utility company
6 that -- that is in front of us, we appreciate.

7 And we thank you for taking the time. I mean,
8 it's -- it's always difficult to get away and -- and
9 away from the things that you're having to deal with
10 with your family and other things, and we appreciate
11 it.

12 We want to hear from you and we're glad that
13 you're here.

14 COMMISSIONER SIMMONS: I'll just echo what
15 Chairman Gaw has said. We appreciate your testimony.
16 And again, this decision has not been made.

17 We think that your testimony is important. As
18 it has been said tonight, the other three Commissioners
19 will be reading the transcripts of tonight's testimony,
20 and we take that into consideration with our decision.

21 So I will, too, also say I appreciate you
22 being here. You could have been somewhere else and you
23 chose to be here tonight, so we appreciate it and we
24 thank you.

25 JUDGE THOMPSON: Thank you, Chairman and

1 Commissioner.

2 The first witness is Hazel Roberts.

3 MS. ROBERTS: Do you want me to sit?

4 JUDGE THOMPSON: Take a seat, please,
5 Ms. Roberts.

6 Raise your right hand, if you would.

7 (Ms. Hazel Roberts was sworn.)

8 JUDGE THOMPSON: Ma'am, are you presently a
9 customer of Missouri-American Water Company?

10 MS. ROBERTS: Yes, I am.

11 JUDGE THOMPSON: Please proceed with your
12 statement, ma'am.

13 MS. ROBERTS: Okay. I've been a resident of
14 Mexico for a number of years -- since I was about 15.
15 And -- and, you know, I think it's unreal the way the
16 utilities keep raising rates on the -- the poor people.

17 I have a limited income. I'm drawing a Social
18 Security check and working part time. Since I am not
19 65 yet, I am regulated on the amount of money I can
20 earn.

21 I testified at the AmerenUE hearing, because I
22 think that is a -- a big -- a lump that they're asking
23 for. And I'm here tonight, because I don't think I'm
24 an average water customer.

25 I'm single. I do a normal amount of laundry

1 and showers and things that are required, and I think
2 my water bill is plenty high. The one I'm going to
3 pay, if they're lucky, this week, is over \$16. Now,
4 that's for one person.

5 There are people in this town that have
6 several in their family -- in their household and
7 stuff. I can't imagine how much their water bill is
8 going to be if this rate goes up.

9 Now, \$6 more a month may not seem like much to
10 people that make lots of money. Well, the ones of us
11 that don't make lots of money, it's a lot of money.

12 That \$6 may make a difference on what you do
13 next week or how much gas you put in your car so that
14 you can go somewhere or attend hearings or whatever.

15 So as far as the security measures, there's
16 always been security with the water company. I
17 remember as a kid admiring the pretty water in the
18 pools over there at the water company, and they had the
19 big fences and the things, all of this stuff, you know.

20 So I think there's been probably sufficient
21 security and whatever rates -- whatever else they have
22 added as security, okay, that's a good thing. But I
23 don't think it's going to warrant asking the amount of
24 money that they're asking for.

25 Also, I don't think that -- well, I got a new

1 water meter this month -- well, last month -- within
2 the last few days, shall we say. And I asked the
3 guy -- I said, why am I getting a new water meter?
4 Well, we're required to change these, you know, every
5 so many years.

6 I said, okay. Am I being charged for
7 this? Oh, no, ma'am. Yes, I am. Excuse me. We're
8 all being charged for these.

9 So I agree with some things I heard in the --
10 the questions before this hearing started that there
11 have to be projections made, there has to be a
12 budgetary allowance from profits they have made and
13 expect to made -- make before increases are made to
14 allow for replacement of items, the pumps at the pump
15 stations and the wells and so forth.

16 I can't go out here and drill me a well. I
17 can't go and haul water for my use. So I have to be an
18 AmerenUE customer.

19 I don't want to have to pay \$6 or \$7 or
20 whatever many dollars this is gonna amount to more,
21 because in a couple of years I'm gonna retire. I don't
22 want to have to think, all right, this little dab of
23 retirement money I've got left -- because that hasn't
24 done real well lately -- is going to have to go to
25 paying things like water bills and, you know, heating

1 bills and things like that.

2 I live in a nice fairly energy-efficient home.
3 My father built that house. But there are people in
4 this town that their homes aren't quite as energy
5 efficient, and they don't have the funds to make them
6 completely energy efficient.

7 So I -- I am trying to speak not just for me,
8 but for people with limited incomes, limited resources
9 to say that the Public Service Commission, I know,
10 helps -- determines how these raises -- requests for
11 increases go, and I think you should keep in mind all
12 of the people that aren't the ones that can afford the
13 \$250,000 homes and the -- drive the Mercedes and the
14 Jaguars and things like that.

15 I think that we have to keep in mind that
16 there are people out here that are just normal working
17 people when there are jobs available. And this area,
18 especially Mexico, has had a depressed economy. And
19 not just because the economy is down all over the
20 United States, it's because businesses have closed in
21 Mexico.

22 So I just want to throw in a little thing
23 here. I think that Congress should also approve \$86 or
24 \$87 billion to help the -- the people in America, as
25 far as -- as well as rebuilding Iraq.

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1 Now, that being said --that has nothing to do
2 with this hearing, but that was my opinion. I want
3 to -- I want the Commissioners to know that all of the
4 rate increases cannot go on the back of the little
5 people -- the residential customers.

6 There are businesses out there that maybe can
7 afford to pay a little more, maybe they can't, I don't
8 know. But I think they have to look long and hard at
9 these requests and the amount of the requests, and I'm
10 sure you will.

11 Thank you.

12 JUDGE THOMPSON: Thank you, ma'am. Questions
13 from the Bench, Chairman Gaw?

14 COMMISSIONER GAW: Ms. Roberts, how is your
15 service with Missouri-American? Are you satisfied with
16 it or not satisfied with it?

17 MS. ROBERTS: Well, I've been satisfied with
18 it up to now, except that I don't like the amount of my
19 water bill.

20 COMMISSIONER GAW: Okay. That's all I have.

21 Thank you -- thank you, Ms. Roberts.

22 JUDGE THOMPSON: Commissioner Simmons?

23 COMMISSIONER SIMMONS: Ms. Roberts, appreciate
24 your testimony here today. Could you give me an idea
25 about how large your -- your home is?

1 MS. ROBERTS: It's a three-bedroom house.
2 COMMISSIONER SIMMONS: Three-bedroom house.
3 And you said yours was energy efficient?
4 MS. ROBERTS: Well, pretty much.
5 COMMISSIONER SIMMONS: Did you do anything
6 different -- I mean, put new water heaters or anything
7 like that in there?
8 MS. ROBERTS: It has a new furnace, a new air
9 conditioner, a new roof and I had the insulation --
10 insulation checked, and a couple of years ago I put
11 siding on it.
12 COMMISSIONER SIMMONS: And the average water
13 bill that you have now is how much?
14 MS. ROBERTS: \$16 to --
15 COMMISSIONER SIMMONS: About 16.
16 MS. ROBERTS: -- \$18 a month.
17 COMMISSIONER SIMMONS: Okay.
18 That's all the questions I have.
19 Appreciate your testimony.
20 MS. ROBERTS: Okay.
21 JUDGE THOMPSON: Thank you, Commissioner.
22 Questions from counsel?
23 MR. COOPER: No thanks.
24 JUDGE THOMPSON: Hearing none, you are
25 excused. Thank you, ma'am.

1 MS. ROBERTS: Thank you.

2 (Ms. Hazel Roberts was excused.)

3 JUDGE THOMPSON: Robin Acree?

4 MS. ACREE: Hi.

5 JUDGE THOMPSON: Hi, Ms. Acree. Have a seat
6 and raise your right hand, if you would.

7 (Ms. Robin Acree was sworn.)

8 JUDGE THOMPSON: Ma'am, could you please spell
9 your last name for the reporter?

10 MS. ACREE: Sure. It's A-C-R-E-E.

11 JUDGE THOMPSON: Thank you.

12 Are you presently a customer of
13 Missouri-American Water Company?

14 MS. ACREE: Yes, I am.

15 JUDGE THOMPSON: Please proceed.

16 MS. ACREE: And, for the record, that was my
17 mother before me, so she -- she beat me here tonight.

18 Okay. First of all, I want to go on the
19 record as saying that I have -- I was gonna come here
20 and initially support a small increase, if I knew that
21 the monies were really gonna be going for
22 infrastructural changes that would improve -- like some
23 of the people said earlier, the infrastructures,
24 because I do believe there are water main breaks a lot
25 here.

1 I -- I don't think our customer service is --
2 is -- is good. I think that it is all automated. And
3 ever since they've taken over, we don't have people,
4 you know, readily accessible.

5 In fact, one gentleman in -- in this room
6 asked me to -- I should just call him up right now and
7 ask them if they know where Mexico, Missouri is. And I
8 bet they don't. I bet they don't have a clue where
9 Mexico, Missouri is.

10 And personally I was not convinced. And
11 I -- I have asked hard questions of -- of people, and I
12 think some of the folks in this room asked a lot of the
13 questions I would have asked.

14 And if I was a judge in this case, I don't
15 believe they've -- they have proved a burden at all to
16 me or presented any evidence that would warrant an
17 increase of nearly 30 percent in my water bill.

18 They would have to be doing some miraculous
19 things to my water. It better, you know, make me slim
20 and beautiful and make me live another 10 years for
21 what they're asking for.

22 Because I'm telling you right now, that's --
23 this is -- this is incredible to me that you all as
24 Public Service Commissioners are now being presented
25 with a 78 percent non-gas increase by AmerenUE at this.

1 Simultaneously we are being presented with almost -- I
2 know it's over a 30 percent increase in your current
3 water bills.

4 And I know that each water district's, you
5 know, situation may be different, and the non-water
6 districts that are being represented here are not all
7 the water districts that RWE Group, which is part of
8 the Missouri-American Water Company, you know, profit
9 from.

10 And I mentioned -- one of the gentlemen from
11 Missouri-American Water Company today even mentioned
12 the fact, you know, that the reason he couldn't answer
13 Ms. Johnston's question was, you know, because of the
14 way that you all have to oversee and regulate them as
15 a -- you know, that that's why it was hard for them to
16 project or to put things into their budgets correctly.

17 Well, without this oversight, I would be
18 scared to death, because I -- if you look at our
19 de-regulated utility, which would be like our cable
20 company, look how much that has jumped. Since
21 Missouri-American Water Company has taken over my
22 service in this community, my bill has -- has more than
23 doubled.

24 And I would not consider myself the average
25 water user, but I wouldn't consider myself a high water

1 user. I'm very concerned about my environment and I do
2 not waste water. So I just want that to be on the
3 record.

4 The other -- the part that really found --
5 that I found most appalling about this whole thing is
6 the fact that they tried to use the two things that are
7 in this fact -- this information sheet that was
8 provided to us here during our Q and A piece when it
9 says, the, you know, ongoing investment in its
10 infrastructure is one thing, you know. And I think
11 that was really vague.

12 And like I said, they did not prove anything
13 to me that -- other than the possibility of maybe
14 fixing the fuel pipes, and I'm not convinced of that
15 either. I don't think they've proved that to me as the
16 customer.

17 Secondly, this heightened security cost since
18 the events of 9/11 -- you know, I don't know if -- if
19 Carl Roberts is gonna go on record or not, but I also
20 agreed with his comment that I can't believe that their
21 security costs, not just physical security
22 costs -- I understand they're trying to tell me there's
23 some undercover water security measures that were taken
24 in case the terrorists were to attack my community, but
25 I was still not convinced of that.

1 And even -- you know, even President Bush
2 convinced us all that it was -- that there was a fear
3 factor here. You know, I was in Washington, D.C. on
4 9/11, and I know what fear can do to people. But I
5 tend to agree, everybody tried to profit off of 9/11 or
6 in some way manipulate it. And I think it's an
7 atrocity, because people's lives were taken.

8 And I -- I think it's appalling that anybody
9 could put this document before the Public Service
10 Commission or to this community and -- and keep a
11 straight face. I would be -- I -- I think this is a --
12 a bogus attempt to make money off of my back, and I'm
13 tired of it.

14 And this -- and I just -- this first sentence
15 just sounds so great, too. And I asked -- this was one
16 of my first questions when we were doing the Q and A.
17 Investing in our infrastructure today means we can
18 continue to serve high-quality water tomorrow.

19 Well, that's about what I feel like. I'm
20 gonna have to wait for my high-quality water tomorrow,
21 because I was not also convinced tod-- today that these
22 gentlemen here that represent the Missouri-American
23 Water Company or RWE Group -- the international group
24 based in Germany, by the way -- I wasn't convinced at
25 all that they had -- had any legitimate evidence or

1 plan or profits in place that was gonna improve the
2 quality of my water one bit.

3 I hadn't -- did not -- they did not
4 prove -- prove to me that there was any evidentiary
5 things that have been taken. When I asked specifically
6 about businesses that had closed in this area that --
7 that could possibly have asbestos or the -- at the
8 refractories or the clay plants that have been closed
9 down, they did not answer that question either,
10 specifically.

11 And I think that it's -- I think that those
12 are the types of things that -- as a person who lives
13 in this community, that would make me feel safe knowing
14 the quality of my water had been improved. But they --
15 they assured me it was other safety measures that were
16 being taken.

17 I, being the kind of woman that I am, also am
18 very concerned about the people that are on fixed
19 incomes. And I know, you know, maybe we're not all
20 supposed to be real compassionate about people who live
21 in fixed-income situations, and I don't always feel
22 that that's very well received in every -- every arena,
23 but I do know that it's well received with this
24 Commission.

25 And I know that you will probably take what

1 I -- what I'm sending -- handing you to heart. So I'd
2 like to submit as exhibit -- as an exhibit to you
3 all -- and I made a copy for each one of you.

4 JUDGE THOMPSON: Thank you, ma'am.

5 MS. ACREE: Uh-huh. Regarding -- and I'll
6 give one to you, too, Ruth.

7 MS. O'NEILL: Thank you.

8 MS. ACREE: And, you know, I -- in my -- I'm a
9 very busy person. I work with a lot of folks that are
10 struggling to make ends meet every day.

11 So what I decided to do was prepare a
12 fixed-income budget. It's easy to talk about a fixed
13 income, but I thought it would be a good idea to kind
14 of give you a -- a good example of what a real fixed
15 income is.

16 And, you know, a lot of these folks in these
17 suits here may not -- may take a look at this a little
18 differently when you talk about maybe \$6.34, you know,
19 having an impact and that -- like it's nothing. \$6.34
20 could mean a lot to this particular family type.

21 I didn't take the worst-case scenario; I
22 didn't take the best-case scenario. What I took was a
23 Soc-- a supplemental security income person -- one
24 person, and that this amount is \$552 monthly. Okay.
25 That's their income.

1 And if they apply for food stamps, which
2 sometimes that \$11 -- it used to be 10 and it went up a
3 buck finally, thanks to the efforts of an organization
4 called GRO, Grass Roots Organizing.

5 The household still must apply for that
6 and com-- and comply with that. In other words, there
7 may be compliance issues as well, so that is totally
8 left up to that individual whether they want to apply
9 or not.

10 I wanted to also note that only one in four
11 people -- cuz I think there's a lot of stereotypical
12 opinion about the fact that people who live on fixed
13 income are the -- are the elderly and -- and poor have
14 access to subsidized housing. And I also wanted to put
15 on the record that only one in four residents receive
16 any type of public subsidy.

17 And I also wanted it to be known that fair
18 market rent in the City of Mexico rents from \$292 to
19 \$321 monthly. So I decided that it would be fair and
20 reasonable to take an average because, you know, that's
21 what we got told that the \$6.36 averaged in a month
22 was -- you know, so I figured I could use my averages,
23 too.

24 So I figured on average if you take 292 and
25 321 and divide that by 2, you would come up with

1 \$306.50 for the monthly rent payment average of fair
2 market here in this community. And I don't think
3 anybody in this room would disagree that \$306.50 would
4 be the average rent for a one- to two-bedroom small
5 house in this community.

6 Food, less that \$11 in food stamp benefit --
7 that big benefit -- and how I came up with \$162.20 is I
8 took 4.33 times \$40 per week, which is what -- that's
9 standard, I think, in determining a month -- a month's
10 eligi-- a monthly amount.

11 \$105 AmerenUE average gas and/or electric
12 bill. And as I told you all before, that is also being
13 proposed as an increase at this time. 19.87 for
14 Southwestern Bell Communications local residential
15 telephone service. \$17 -- now, I put US Cable basic
16 service with taxes for entertainment expense. But to
17 be -- to live in Mexico, Missouri and to still have
18 rabbit ears, you can't get nothing.

19 And I feel like everyone in any income level
20 deserves some type of entertainment, whether it be
21 cable television to get the information from the
22 Weather Channel or whatever -- Weather Channel you
23 can't get for that. Never mind that. Excuse me.
24 Strike that from the record. You cannot get Weather
25 Channel for \$17.

1 JUDGE THOMPSON: I -- I get to say that.

2 MS. ACREE: Oh, I'm sorry, Judge.

3 JUDGE THOMPSON: Please proceed.

4 MS. ACREE: Okay. So the City of Mexico --
5 now, this was what I really found interesting. Now,
6 we're gonna get -- have some interesting things here.
7 The City of Mexico also bills us for services. And
8 \$8.51 -- everyone in this room pays \$8.51 for your
9 refuge if you are a City of Mexico homeowner or renter.

10 8.54 sewer charges based -- is the average,
11 based on 600 cubic foot. That's how they measure that.
12 6 cents goes to the Department of Natural Resources
13 every month. 15 cents goes to the Missouri landfill
14 fee, which we all have to pay.

15 Okay. But what I found really weird -- I
16 mean, I've looked at my -- my City of Mexico brown bill
17 for long time, but I never realized I -- we were paying
18 this 21 cents. This 21 cents is a payment by the City
19 of Mexico to Missouri-American Water Company to
20 purchase their records. So they pay that every year.

21 I didn't do the math on that, but I kind of
22 guesstimated it. You all can go the math. But just
23 figure that that 21 cents times however many
24 households -- you know, customers, and that's annually
25 they're receiving just so they can get our records.

1 Did you all know that? I thought that was pret-- oh,
2 of course, you did.

3 Medicaid -- I just want to note -- let people
4 to know, too, the Missouri-American Water Company --
5 the current average bill is \$21.34, cuz that was
6 according to the Office of Public Counsel's information
7 when I called there.

8 And that's before the proposed increase. And
9 that was based on 4,000 gallons usage per month, even
10 though I know Missouri-American Water Company used
11 4,500 gallons as their average. We used 4,000 for the
12 purposes of this exhibit.

13 We -- I included \$25 for Medicaid co-payments
14 and/or non-covered medical -- medical-related expenses,
15 which I think is really underestimating.

16 And then I put \$69.28 for transportation
17 expenses. This would assume no car in this household
18 or liability insurance payment for this household,
19 because more than likely they couldn't have that with
20 that amount of income.

21 But it does assume that, you know, if you made
22 a couple of round trips by a taxi cab a week, and then
23 if you're able to access Oats bus for the other trips,
24 that's -- that's still being very conservative,
25 Commissioners. I just want you to know. I'm not

1 trying to ex-- take this big amount of money and make
2 it look like these folks aren't spending it.

3 So it comes up to \$743.66 in bills. Now, I
4 can't -- they only get \$563 if they go and apply and
5 comply for food stamps, and that isn't food -- I mean,
6 that can only be spent on food. It can't be spent on
7 your water bill.

8 So this person still automatically would need
9 186-- \$180.66 to meet the current -- this person's
10 current basic needs. And they're gonna automatically
11 be forced to make difficult choices under the current
12 rate plan. They're already making difficult choices.

13 And with the proposed increase, it's gonna
14 cause even more hardship on this family. And I want it
15 to also be known that there's a little arrangement.
16 And I -- anybody here who has ever not paid your water
17 bill or your trash bill knows that there's a little
18 arrangement with the City of Mexico and the
19 Missouri-American Water Company as well.

20 So if you -- if you don't pay your refuge bill
21 here or your City of Mexico costs right here and the
22 21 cents to Missouri-American Water Company and you get
23 delinquent, of course, now, the property owner aut--
24 automatically gets that bill, too, now. There's a new
25 thing.

1 However, the water company will come and shut
2 your water off if you don't pay the City's bill. So
3 yet now -- I don't know. I -- it just seems like a
4 really strange agreement, because we're already paying
5 them 21 cents a month to get their records from them.
6 Now, why would we have to pay for -- them anything when
7 they get the re-connect fee.

8 The City of Mexico doesn't get that. Now, the
9 City may recoup some of their refu-- this big refuge
10 bill and maybe some of that sewer money, but all the
11 rest of that isn't even going to the City.

12 So I think it's a very interesting agreement,
13 I mean, that -- that they have going on there, too.
14 And I would like to encourage you all to also look into
15 that agreement as well. Because I find it kind of odd
16 that the City would have to pay to get their records
17 when they get to do business in our city and get to
18 make money off our backs. I'm just a little bit
19 blatant.

20 This -- I -- and I'm -- this -- you all are
21 not gonna believe this, but I usually -- Ken Dudley and
22 I don't always agree on everything. I know you all
23 find that hard to believe. But I'm gonna go with the
24 notion -- this is kind of difficult, cuz I kind of
25 hoped Ken would -- you know, I was -- I'm on the docket

1 before he is, but I do agree with what he was saying
2 against the -- as far as them not -- the nonsense that
3 they've put forth out here. And I'd like to still go
4 on the record supporting that portion as his testimony
5 if you so repeats it.

6 And I hope you do. Right, Ken? Do you plan
7 on it?

8 MR. DUDLEY: I do.

9 MS. ACREE: Okay. Good. That -- you all
10 heard that on the record. He said, I do.

11 So I don't -- I'm just letting you know that
12 this is the multi-billion dollar company --
13 multi-billion dollar. And I have a real hard time
14 doing business with -- first of all, everything is out
15 of the local control enough as it is. The City of
16 Mexico has to pay to get the records of the people that
17 live in their own dang town.

18 What else is -- you know, what else -- I -- I
19 just find it absurd that they're asking for over
20 30 percent increase in the water bill when they haven't
21 promised to improve the quality of my water. And to me
22 that's the most security I want. I want secure water
23 in the sense that I want good quality water.

24 And I think I've taken enough of your time.
25 But I hope that if there's any questions that you all

1 would be willing to ask.

2 JUDGE THOMPSON: Thank you.

3 Before we move on to the questions, I have
4 marked the exhibit you provided with us as Mexico
5 No. 1.

6 I will warn counsel that when it's committed
7 to the Commission's docket system, it may receive a
8 different Exhibit number. But for our purposes this
9 evening, I'm marking it as Exhibit No. 1.

10 (EXHIBIT NO. 1 WAS MARKED FOR IDENTIFICATION.)

11 JUDGE THOMPSON: Do I hear any objections to
12 the receipt of Exhibit No. 1?

13 MS. O'NEILL: Your Honor, I would actually
14 move for it to be admitted at this time.

15 JUDGE THOMPSON: Okay. I was -- I was doing
16 that sua sponte --

17 MS. O'NEILL: Sure.

18 JUDGE THOMPSON: -- but I appreciate your
19 support.

20 Mr. Schwarz?

21 MR. SCHWARZ: I -- I certainly have no
22 objection to it. I would -- is the reporter going to
23 be provided with a copy that will be provided with the
24 transcripts as well?

25 MS. ACREE: Here you go (indicating).

1 JUDGE THOMPSON: Well, the -- the way that
2 actually works --

3 MS. ACREE: Oh.

4 JUDGE THOMPSON: -- is that I carry it back to
5 the Commission, and I provide it to our individual
6 there in the adjudication staff who takes charge of
7 exhibits. So it will eventually be committed to the
8 EFUS system. It will be -- you will be able to access
9 it electronically.

10 In fact, all of you folks can access it
11 electronically over the internet. You'll actually be
12 able to see a picture of this document, download it,
13 print it, whatever you would like. So that's how
14 that's done, too.

15 MS. ACREE: I did not know that.

16 JUDGE THOMPSON: Okay. Hearing no objections,
17 Exhibit No. 1 will be received.

18 (EXHIBIT NO. 1 WAS RECEIVED INTO EVIDENCE.)

19 JUDGE THOMPSON: And then there were two other
20 documents that you have and that you referred to in the
21 course of your testimony, and I think --

22 MS. ACREE: Oh, yes, I did.

23 JUDGE THOMPSON: -- I think for people to be
24 able to understand your testimony when they read it --

25 MS. ACREE: Would you --

1 JUDGE THOMPSON: -- that it would be important
2 that those documents be available. I wonder if you
3 would --
4 MS. ACREE: Sure.
5 JUDGE THOMPSON: -- be willing to share those
6 or do we have copies of them?
7 MS. ACREE: You have them up there, but
8 it's -- it -- it's one from Missouri-American Water
9 Company --
10 JUDGE THOMPSON: I don't see a copy of that.
11 MS. ACREE: -- that says --
12 JUDGE THOMPSON: Where is that copy?
13 MS. ACREE: -- rate case fact sheet.
14 JUDGE THOMPSON: Okay. Very good. Why don't
15 you let me have one of each of those. I -- I think
16 she'll -- thank you very much, Ms. O'Neill.
17 MS. ACREE: Okay. And then the other one --
18 do you got them both?
19 JUDGE THOMPSON: Yes, I do.
20 MS. ACREE: Oh, okay.
21 JUDGE THOMPSON: Thank you.
22 MS. ACREE: All right, sir.
23 JUDGE THOMPSON: I'm gonna go ahead and mark
24 the Missouri-American rate case fact sheet as
25 Exhibit No. 2, Mexico.

1 (EXHIBIT NO. 2 WAS MARKED FOR IDENTIFICATION.)

2 JUDGE THOMPSON: Do I hear any objections to
3 the receipt of Exhibit No. 2?

4 (No response.)

5 JUDGE THOMPSON: Hearing no objections,
6 Exhibit No. 2 is received and made a part of this
7 record, as was Exhibit No. 1 if I didn't indicate that.

8 (EXHIBIT NO. 2 WAS RECEIVED INTO EVIDENCE.)

9 JUDGE THOMPSON: And then I have this
10 information sheet Missouri-American Water Company rate
11 case, Mexico district.

12 Was this prepared --

13 MS. O'NEILL: Yes.

14 JUDGE THOMPSON: -- I guess, by the Commission
15 Staff?

16 I'm gonna mark this as Exhibit 3, Mexico.

17 (EXHIBIT NO. 3 WAS MARKED FOR IDENTIFICATION.)

18 JUDGE THOMPSON: Do I hear any objections to
19 the receipt of Exhibit 3?

20 No response.

21 JUDGE THOMPSON: Hearing no objections,
22 Exhibit No. 3 will be received and made a part of the
23 record of this proceeding.

24 (EXHIBIT NO. 3 WAS RECEIVED INTO EVIDENCE.)

25 JUDGE THOMPSON: And do we have questions from

1 the Bench?

2 Chairman Gaw?

3 COMMISSIONER GAW: Oh, Ms. Acree, I -- I don't
4 want us to get into any kind of a dispute between you
5 and your mother.

6 MS. ACREE: Uh-huh.

7 COMMISSIONER GAW: I was curious that you
8 were -- you were talking about that you weren't
9 satisfied with some of the service of
10 Missouri-American. Have you got any examples of things
11 that you'd like to point out specifically?

12 MS. ACREE: Well, I think that -- I think -- I
13 think that what I was referring to has to do with
14 customer service, No. 1 -- that there's a lack of -- of
15 individuals.

16 And when -- as far as response times, I know
17 that one of my neighbors were out of town. And so I
18 made a call and, you know, it took a little bit of time
19 before that person ever got there -- before a
20 Missouri-American Water Company person ever got there.

21 And I know they're quick to come shut people
22 off. I do know that. I know they can get there real
23 fast. I also know that the -- that not nec-- I mean,
24 personally, the other thing as a person who drives
25 around and -- a lot and being on the streets and stuff

1 when these water ma-- I mean, it obvious we've got
2 problems. And -- you know, and they're re-occurring
3 problems.

4 And I would go -- my answer again is, is that
5 this infrastructural change or whatever that they're
6 planning on making, you know, I think, you know, there
7 obviously needs to be some improvements, but --

8 And I was gonna come in here supporting at
9 least maybe a 0 to 5 percent type of increase if it
10 went towards those types of infrastructure, you know,
11 pieces.

12 I also know that as far as billing and stuff
13 is concerned, you know, it is very difficult. We've
14 lost in -- in the City of Mexico almost every utility
15 entity, you know, personnel. And we've lost jobs
16 because of it. And so I -- I just think to me on a --
17 on a -- my -- from my own personal opinion, we lo--
18 I -- we, meaning I think most human beings like to talk
19 to other human beings.

20 I mean, if I wanted to, you know, get on the
21 internet to do my web -- you know, my bills and stuff,
22 I would be doing that. And I also would like to say
23 that the other pieces that I didn't mention that it was
24 really important to me, too, is the fact that I do give
25 to the Dollar More Program -- and I give to the Dollar

1 More Program with AmerenUE and I give the Dollar -- or
2 whatever they call it -- the Dollar of the Month Club
3 as Mary would put it. I give to that as a customer,
4 okay, to -- to help the individuals I -- I, you know,
5 represent it right there.

6 And I think that's also an atrocity when that
7 gentleman earlier mentioned, as far as service is
8 concerned, there is some -- you know, they may feel
9 like they've invested into Mexico, Missouri in some
10 way. If they truly wanted to invest, they could ensure
11 that our elderly and disabled population and our people
12 that are living in poverty have water and -- had
13 quality water and weren't so quick to go and disconnect
14 them every time they didn't have the money to pay their
15 bills, you know.

16 And they have -- you know, you're making tough
17 choice. So as far as -- when you talk about service,
18 there's lots of ways that you can be perceived as
19 having service. And being in your local community is
20 part of that, you know, and they're not here.

21 They're in Illinois. Alton, Illinois when you
22 call, that's what I heard. That's what that fella back
23 there told me. I didn't know that.

24 COMMISSIONER GAW: Okay. Thank you.

25 MS. ACREE: Uh-huh.

1 JUDGE THOMPSON: Commissioner Simmons?

2 COMMISSIONER SIMMONS: Ms. Acree, I know that
3 you're here testifying on behalf of yourself. Are you
4 also testifying on behalf of GRO?

5 MS. ACREE: Yes -- oh, yes, I am. And I want
6 to say that we have over 300 Mid-Missouri families.
7 Now, the Missouri-American Water Company probably --
8 the customers that -- that are affected by this case
9 would be in Cole County and Audrain County for sure.

10 And I'm not really that familiar with all the
11 water districts, but we can say probably a few of the
12 outlying districts. I don't know how many -- where all
13 nine -- you know what I mean?

14 I -- I know the congressional districts, but I
15 just don't know my water districts.

16 COMMISSIONER SIMMONS: That's all I have.

17 Thank you.

18 MS. ACREE: Uh-huh.

19 JUDGE THOMPSON: Thank you, Commissioner.
20 Excuse me, ma'am. Are there questions from counsel?

21 MR. COOPER: One, Your Honor.

22 JUDGE THOMPSON: Mr. Cooper?

23 MR. COOPER: Ms. Acree, in my -- I guess my
24 Jeff City paper yesterday you had mentioned the
25 organization Grass Roots Organizing. In an article

1 in -- in the Jeff City paper yesterday there was a
2 description of that group that said it opposes any rate
3 increase because of its affects on low-income families.

4 Would you agree with that statement?

5 MS. ACREE: I would say that that was
6 directed, I believe, the towards the AmerenUE -- was it
7 the Am-- was that quoted out of -- I have not seen
8 that. Can I see it?

9 MR. COOPER: Oh, sure.

10 MS. ACREE: Who said -- I don't know who
11 quo-- I mean.

12 MR. COOPER: It's certainly is --

13 MS. ACREE: I don't want to take it out of
14 context.

15 MR. COOPER: It certainly is a report from the
16 AmerenUE --

17 MS. ACREE: Oh, okay.

18 MR. COOPER: -- public hearing.

19 MS. ACREE: Oh, it's Solace. Okay. Yeah,
20 Solace is a GRO member. Yeah. I -- if I -- if she was
21 making -- she was making reference to the -- that --
22 that specific -- as a GRO leader, we empower our
23 leaders to be ambassadors for the organization and to
24 speak on their own behalf.

25 And Solace Simpson sits in on the Keep

1 Missourians Warm Committee meetings for us in Jefferson
2 City, because she's a local person that has the time to
3 do that.

4 And what that comment was made towards at that
5 time was based for an -- that we opposed -- as the
6 people of the organization and as representatives of
7 the people that are GRO members that -- with low
8 incomes, I would say we do oppose any increase with
9 AmerenUE.

10 I'm saying that here I was coming here to be
11 open minded enough to -- to think that we might need
12 some infrastructure changes and would be willing to go
13 up to 0 to 4 -- you know, somewhere from the 0 to
14 5 percent range.

15 But what I'm saying is I don't believe your
16 company has made the evidentiary -- you know, to -- to
17 warrant it. In fact, I think you owe me a refund.

18 MR. COOPER: But -- so you would say that in
19 certain circumstances, even though the organization
20 focuses on low-income families --

21 MS. ACREE: Uh-huh.

22 MR. COOPER: -- that in certain circumstances,
23 potentially GRO would support an increase?

24 MS. ACREE: If it -- I'm -- I don't think
25 we -- we ever just totally just say we never support a

1 rate increase, sir. What I'm saying is that
2 disproportionately rate increases tend to go --
3 especially residential increases tend to go on the
4 backs of poor people.

5 What I would say is that we would in-- we
6 would -- we would say that corporate America and that
7 businesses need to pay their fair share. And from what
8 I've seen so far in both the AmerenUE and the
9 Missouri-American Water Company rate requests, I think
10 the burden weigh-- more outweighs on the backs of the
11 residential customers when you look at the -- the --
12 the income of our customers in this -- in -- within
13 this area.

14 So you -- I don't know. I don't -- I don't
15 pretend to be an -- an expert. We just try to go by
16 what our people in our communities -- and that's why
17 some of our people are here from Mexico tonight, and --
18 and we try to look at what's fair and what's
19 reasonable.

20 And we believe that people need to pay their
21 fair share and that people need to -- and that
22 corporations need to pay their fair share. And I know
23 that I more than paid for the infrastructure of a lot
24 of things in this state -- way more than com-- big
25 companies like, say, for example, Toys R Us, Low-- I

1 mean, Home Depot.

2 And there's other companies here that don't
3 even pay any taxes into this system to create the
4 infrastructures that they use every day. And I know
5 that I proportionately pay more in taxes than a lot of
6 corporations who are able to hire attorneys like
7 yourself and lots of them.

8 And I know there's a lot of utility attorneys
9 up there when I go to that State Capital to advocate
10 for somebody's health care or whatever, you know,
11 there's a lot of suits there. And I don't-- I feel
12 like we're already outnumbered.

13 So maybe -- you know, maybe we do tend to go
14 on the low end of things, but I find that big
15 corporations who want a profit -- I heard that
16 25 percent goes back into reinvestment -- when it was
17 asked the question about what happens with the profits,
18 25 percent goes back in for reinvestment and
19 infrastructure. What happened to the other 75 percent?

20 This -- it also couldn't be answered what a
21 CEO makes for Missouri-American Water Company. And I
22 can imagine that they make way more than most of the
23 people in this room.

24 And, you know, I just -- I just feel like you
25 all -- if -- if you look at what a -- a person of low

1 income -- how I was able to break that down for you.
2 Did you see how I was able to break that down, as far
3 as their budget?

4 MR. COOPER: I didn't see it.

5 MS. ACREE: Okay. Well, we'll make sure you
6 get a copy. I -- I just --

7 MR. COOPER: And -- and the Judge explained we
8 have access to it anyway.

9 MS. ACREE: Well, that's great. Because what
10 I'm thinking is -- is that that's why I'm really
11 disappointed, because I thought just out -- cuz I got
12 the letter like everybody else did in the mail. Okay.
13 That's how I got here. And that's how all of us got
14 here to some degree.

15 Some -- but the point is you guys did not --
16 you do -- to me you don't even know -- most of these --
17 you probably -- most of you don't even know that much
18 about Mexico.

19 I know one of the gentleman, Mr. Kelly, is
20 from this community. But I do know that if you knew
21 that -- that -- that -- I mean, we're looking at a --
22 when we're looking at a family situation, we can look
23 at it with a magnifying glass and you can tell where
24 every dang dollar is being spent in that -- in that
25 family that I just presented to you. Because I'm

1 telling you they're having to make tough choices.

2 Okay.

3 I don't believe this company has presented
4 that type of speci-- specifi-- they have not
5 specified -- excuse me -- to me or justified to me as a
6 customer increasing my rates by over 30 percent. I
7 don't think you've done that.

8 And I -- and I -- I'm appalled almost
9 that -- I mean, I know public wel-- I know the Public
10 Service Commission put this little fact sheet together
11 here. And the only thing that you guys really showed
12 us is that you spent \$1.6 million in operations since
13 the last rate increase, and didn't even make reference
14 to when that was.

15 Do you know when that was, sir? No, you, cuz
16 I can't ask them.

17 MR. COOPER: I don't think you're supposed to
18 ask me either, but --

19 MS. ACREE: Oh, sorry. Can I --

20 MR. COOPER: -- I can tell you it was 2000 --
21 the year 2000.

22 MS. ACREE: Okay. So you spent \$1.6 million
23 in, what, three years?

24 MR. COOPER: Three years.

25 MS. ACREE: On Mexico, Missouri.

1 MR. COOPER: And while we're testifying, I
2 guess, 5 million before that -- for the new water plant
3 here, so --

4 MS. ACREE: Yeah, but --

5 MR. COOPER: Upgrades to the water plant,
6 so --

7 JUDGE THOMPSON: Did -- did you get your
8 question answered --

9 MS. ACREE: Yeah, did you?

10 JUDGE THOMPSON: -- by the way, Mr. Cooper?

11 MR. COOPER: Yes, Your Honor.

12 JUDGE THOMPSON: Thank you.

13 MS. ACREE: Thank you.

14 JUDGE THOMPSON: You may --

15 MS. ACREE: Thank you.

16 JUDGE THOMPSON: -- step down.

17 Thank you very much.

18 (Ms. Robin Acree was excused.)

19 JUDGE THOMPSON: I will call the next witness.

20 I -- I will urge you if your testimony is essentially
21 repetitive of testimony that we've already heard, then
22 you can simply tell us that you agree with what that
23 individual told us.

24 Okay. We've been going for almost an hour now
25 and we've gotten through two witnesses, and I think we

1 need to pick up the pace a little bit.

2 Kristine Smiley? Kristine Smiley?

3 PARTICIPANT: She left.

4 JUDGE THOMPSON: She left. Okay.

5 Vernon Norman?

6 (Mr. Vernon Norman was sworn.)

7 JUDGE THOMPSON: Sir, are you presently a
8 customer of Missouri-American Water Company?

9 MR. NORMAN: Yes, I am.

10 JUDGE THOMPSON: Please proceed.

11 MR. NORMAN: I also manage a rural water
12 district in eastern Audrain County with 600 customers,
13 and we purchase our water from Missouri-American.

14 In the year 2000 this Commission decided that
15 our rates should be increased by 197 percent from
16 Missouri-American, which placed an undue burden for the
17 costs of water on my customers.

18 I'm here to ask the Commission to please not
19 do the same with this rate increase.

20 JUDGE THOMPSON: Is that your statement, sir?

21 MR. NORMAN: That's -- that's my statement.

22 JUDGE THOMPSON: Thank you.

23 Questions, Commissioner -- Chairman Gaw?

24 Excuse me.

25 COMMISSIONER GAW: That's fine.

1 Mr. Norman, is there -- tell me, if -- if you
2 could, about what your customers pay for water on -- on
3 average if there is an average that you have.

4 MR. NORMAN: Average usage is 6,000 gallons,
5 and that costs \$50.

6 COMMISSIONER GAW: \$50.

7 And how much was it before the last rate case
8 approximately, if you -- if you know?

9 MR. NORMAN: Be about half of that.

10 COMMISSIONER GAW: Okay.

11 MR. NORMAN: 25. We had to raise our rates
12 100 -- almost 100 percent -- like I said, the
13 197 percent increase.

14 COMMISSIONER GAW: Yeah. In the -- are your
15 users mostly farm or are they -- are they res--

16 MR. NORMAN: We have both residential, you
17 know, I mean --

18 COMMISSIONER GAW: Okay.

19 MR. NORMAN: -- what you would classify as
20 residential would be the bulk of them.

21 COMMISSIONER GAW: Give me any idea about
22 the -- the lines of the district, if you could.

23 MR. NORMAN: We have about 72 miles of lines.
24 We -- we go -- I -- I can't -- I couldn't give you the
25 square mileage, because I just don't know it.

1 COMMISSIONER GAW: That's okay. But can you
2 give me some boundaries just --

3 MR. NORMAN: We go down to the Callaway County
4 line to the south.

5 COMMISSIONER GAW: Okay.

6 MR. NORMAN: We go just to the west of
7 Highway 54.

8 COMMISSIONER GAW: Okay.

9 MR. NORMAN: And we go to a mile north of
10 Highway 54 east.

11 COMMISSIONER GAW: Okay.

12 MR. NORMAN: We're the eastern part of --
13 of -- right at the edge of Mexico, and then go east
14 about 5 miles.

15 COMMISSIONER GAW: All right. When you --
16 when you gave me the -- the \$50 sum, is that -- is that
17 your estimate on all of your users combined or is
18 that --

19 MR. NORMAN: That's -- that's an average of
20 the total month's water consumed in -- by the number of
21 customers.

22 COMMISSIONER GAW: But -- but there's no
23 differentiation there between somebody that's just
24 using it for their home and somebody that might also be
25 using it for the farm?

1 MR. NORMAN: No, I don't have -- I have no way
2 to break that down.

3 COMMISSIONER GAW: I understand. I'm just
4 trying to under-- to get a picture here.

5 The -- did you see any difference in the usage
6 pattern of your customers after the rate increase?

7 MR. NORMAN: Oh, sure. Everyone became more
8 conservative, yeah.

9 COMMISSIONER GAW: And can you give me any
10 ideas about how that impacted your -- your company?

11 MR. NORMAN: Well, for a year, of course,
12 conservation was the mindset of our customers, but as
13 they've grown accustomed to the current rate --

14 COMMISSIONER GAW: Yeah.

15 MR. NORMAN: -- conservation dwindles and
16 usage --

17 COMMISSIONER GAW: Yeah.

18 MR. NORMAN: -- goes up a little bit.

19 COMMISSIONER GAW: Did it have any impact
20 directly on your district funds?

21 MR. NORMAN: Well, we're a not-for-profit
22 district so, of course, we only pass on costs to try to
23 cover our expenses.

24 COMMISSIONER GAW: Sure.

25 Do you get a volume discount on your purchase

1 of water from --

2 MR. NORMAN: Yes.

3 COMMISSIONER GAW: -- Missouri-American?

4 MR. NORMAN: The more we buy, the -- the mor--
5 the cheaper the water costs us.

6 COMMISSIONER GAW: All right. So -- okay.

7 And do you know where that -- is there one break --

8 MR. NORMAN: There's --

9 COMMISSIONER GAW: -- or several?

10 MR. NORMAN: There's a table, and I don't have
11 that in front of me, but it's available from -- from
12 Patrick.

13 COMMISSIONER GAW: Okay.

14 MR. NORMAN: It's based on the -- the quantity
15 you buy. We pay a flat rate, of course, for each
16 meter, and then it stages down as we purchase and use
17 more water.

18 COMMISSIONER GAW: Is the -- is the individual
19 that you identified going to testify?

20 MR. NORMAN: Patrick Kelly is the manager of
21 the Mexico operation, and I don't know.

22 COMMISSIONER GAW: Okay.

23 MR. NORMAN: But, you know, I have a copy in
24 my office, but I -- I didn't bring it with me.

25 COMMISSIONER GAW: That's all right. I -- if

1 you had it, I was gonna ask for it, but --

2 MR. NORMAN: No, I didn't.

3 COMMISSIONER GAW: Okay. Do you have another
4 water source?

5 MR. NORMAN: No.

6 COMMISSIONER GAW: This is your only water
7 source?

8 MR. NORMAN: Only water source. We buy our
9 water from Missouri-American.

10 COMMISSIONER GAW: Okay.

11 I think that's all I have. Thank you, sir.

12 MR. NORMAN: You're welcome.

13 JUDGE THOMPSON: Thank you, Chairman Gaw.

14 Commissioner Simmons?

15 COMMISSIONER SIMMONS: I don't have any
16 questions for Mr. Norman, but thank you for your
17 testimony.

18 MR. NORMAN: You bet.

19 JUDGE THOMPSON: Thank you.

20 Questions from counsel?

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

22 JUDGE THOMPSON: Hearing none, you are
23 excused.

24 MR. NORMAN: Thank you.

25 JUDGE THOMPSON: Thank you, sir.

1 (Mr. Vernon Norman was excused.)
2 JUDGE THOMPSON: Danny Grace? I'm not sure
3 I'm deciphering the last name accurately. Resident at
4 515 Eastham (sic).
5 PARTICIPANT: East Holm.
6 JUDGE THOMPSON: East Holm.
7 PARTICIPANT: It's Goe.
8 JUDGE THOMPSON: Goe?
9 PARTICIPANT: Goe.
10 JUDGE THOMPSON: Thank you, ma'am. Thank you.
11 Danny Goe. I apologize.
12 MR. GOE: That's all right. That's fine.
13 JUDGE THOMPSON: Not -- not always easy to
14 read another person's handwriting.
15 Raise your right hand, sir.
16 (Mr. Danny Goe was sworn.)
17 JUDGE THOMPSON: Would you please spell your
18 last name for the court reporter?
19 MR. GOE: G-O-E.
20 JUDGE THOMPSON: Okay. Are you presently a
21 customer of Missouri-American Water Company?
22 MR. GOE: I reside with my elderly mother at
23 515 East Holm, and we have service through the Union
24 Electric service or -- or --
25 JUDGE THOMPSON: Mid-missouri?

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1 MR. GOE: -- water -- water service.

2 JUDGE THOMPSON: Very good. Please proceed,
3 sir.

4 MR. GOE: Mexico as well as a -- a large
5 number of -- of America is on hard times. The economic
6 snapshots, the unemployment, job quality, taxes and
7 standard of living continues to climb.

8 The standard of living is declining in
9 America. The change in the number of jobs since
10 2-- January 2001 to July 2003 was estimated by the
11 AFL-CIO website at 135,300. Manufacturing jobs were
12 lost 38,800.

13 Mexico has lost two plants, the -- two brick
14 plants, the A.P. Green and National Refractories 150
15 each, and then we lost the water plant another
16 150 jobs. Probably about a total of 100 -- of 500 jobs
17 total.

18 Poverty in the -- in Missouri continues at
19 about 9.7 percent. Poor children, 12.9. And depending
20 on how you count it, there's always monies coming from
21 federal and state and the -- and even we have health
22 care, pension coverage, affordable housing and, of
23 course, our affordable utilities.

24 Our roads and bridges have been promised since
25 1992. Our legislators -- and that has failed us also.

1 Our state financial situation has a shortfall estimated
2 at about \$1 billion. Missouri two-year budget is about
3 1.848.

4 The economics of Missouri is not good. These
5 higher ta-- higher rates will only spiral many rural
6 areas outside of economic viability. That means more
7 citizens will have no choice, but to move to a much
8 more viable area.

9 The jobs are not here. The wages that are
10 paid are not here. We cannot support the rate increase
11 without jobs within our state. And we've got total tax
12 burdens and fees -- this includes the fees -- burdens
13 of state, city, county and schools in special districts
14 continue to climb.

15 Therefore, Missouri will not grow and cannot
16 grow because of the loss of the most valuable resource,
17 working citizens. And we have a climbing retirement
18 people bubble. Another 13-and-a-half percent,
19 gentlemen, will retire by 2010.

20 This will put about 27 percent -- an estimated
21 27 percent on retirement roles above 65. This does not
22 count those that are below, which retire at 62 for
23 whatever reasons.

24 I oppose any increase at this time to better
25 address the standard livings of all cit-- Missouri

1 citizens. I ask the per-- I ask the Missouri Public
2 Service Commission to consider alternatives so that we
3 can obtain a good water source at reasonable prices.

4 The other thing I had wanted to mention, I had
5 received information via the web this morning. The
6 US companies set 172,000 job cuts last month. The job
7 cut announcements rose in October. The highest level
8 in a year, according to the report Tuesday by an
9 outplacement firm that keeps track of jobs cut -- job
10 cuts.

11 If we are in a recovery, a jobless recovery
12 will not pull us through. We have to have jobs to
13 increase the -- the personal expenditures and the
14 personal disposable income before we can pay the bill.

15 We're in a spiral situation, gentlemen, and
16 it's going to hit us hard if we do not prepare for it.

17 Thank you, gentlemen. That's my testimony.

18 JUDGE THOMPSON: Thank you, Mr. Goe.

19 Questions from the Bench, Chairman Gaw?

20 COMMISSIONER GAW: Thank you very much,
21 Mr. Goe, for coming. I know you were at the hearing
22 the other evening, too. And -- and I might ask you, if
23 you don't mind, what -- what your average water bill is
24 at your home, if you know?

25 MR. GOE: Water bill?

1 COMMISSIONER GAW: Uh-huh.

2 MR. GOE: We -- my mother and I are elderly
3 and we -- we take care of our water about \$10.

4 COMMISSIONER GAW: Okay.

5 MR. GOE: 9.85 I think was the last check.

6 COMMISSIONER GAW: All right. And do you know
7 if there's minimum on -- on -- on your water bill in
8 Mexico?

9 MR. GOE: I think it's 8 and a quarter.

10 COMMISSIONER GAW: Okay. Thank you very much.

11 MR. GOE: Yes, sir.

12 JUDGE THOMPSON: Commissioner Simmons?

13 COMMISSIONER SIMMONS: I have no questions for
14 Mr. Goe, other than I thank you for your testimony.
15 Appreciate it.

16 MR. GOE: Thank you, sir.

17 JUDGE THOMPSON: Questions from counsel?

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

19 JUDGE THOMPSON: Hearing none, you are
20 excused, sir. Thank you.

21 (Mr. Danny Goe was excused.)

22 JUDGE THOMPSON: Ken Dudley?

23 (Mr. Ken Dudley was sworn.)

24 JUDGE THOMPSON: Thank you, sir. Would you
25 please spell your last name for the reporter?

1 MR. DUDLEY: D-U-D-L-E-Y.

2 JUDGE THOMPSON: Thank you.

3 Are you presently a customer of
4 Missouri-American Water Company?

5 MR. DUDLEY: Yes, we are.

6 JUDGE THOMPSON: Thank you.

7 Please proceed.

8 MR. DUDLEY: Well, I'll be brief for obvious
9 reasons. I do appreciate, Mr. Commissioners, the --
10 the opportunity to come up here and talk to you as you
11 said you appreciated us coming. So I do appreciate
12 that.

13 I'm gonna be brief. I'm more concerned that
14 this -- this entire increase is not warranted. And
15 your intervention on October 3rd, that states as I read
16 it, that the water company has overcharged the people
17 in this district and other districts by the tune of
18 \$20 million.

19 Now, they're coming up with -- they say a
20 needed increase for infrastructure and various other
21 little things and medium-sized things. \$20 million,
22 that comes to \$40 million to me. There's a big
23 difference here.

24 And as versus the other -- hearing the other
25 night on gas and other things, that's the Congress and

1 the President's job to do the right thing on that. But
2 you gentlemen have full control over this cost
3 increase, and it will be you that decides whether this
4 is warranted or not. And you're the ones I'm gonna
5 look to.

6 Now, we're satisfied with our service, my wife
7 just told me. We agreed we were. And before I forget
8 it, I want to change the subject back to Mr. Norman. I
9 have a friend that -- that -- an acquaintance and
10 friend that lives a couple of miles out in the country,
11 and his bill went from 40 to 90, so I'll back that up.

12 And -- but getting back to this particular
13 rate increase, there's a huge difference here. And
14 what I'm concerned about is that Missouri and other
15 states are funneling a lot of money to the east coast
16 for the American Water Company to print more shares.

17 And, by the way, Ladies and Gentlemen, this is
18 a -- a monopoly -- pure monopoly regulated by the State
19 of Missouri and the United States of America. And
20 they're in one word kind of a provider like medical
21 providers and others.

22 And I'm concerned, gentlemen, frankly that --
23 and I don't know this -- I'm not accusing him -- that
24 maybe the CEO of American water company and -- and his
25 vice-CEOs and his chairman of the board and various

1 other members of the hierarchy out on the east coast
2 might be getting overpaid like various other companies
3 have in the recent -- the last two years.

4 And in your deliberations and your -- your
5 Staff work, I would hope that you would find out some
6 of those macro things out on the east coast.

7 And when this is all said and done, I don't
8 think there should be any cre-- any increase with what
9 I have now, but I know it's gonna be up to you
10 gentleman. And we'll be looking to you to do the right
11 thing.

12 Thank you very much.

13 JUDGE THOMPSON: Thank you, sir.

14 Questions from the Bench, before you step
15 down.

16 Chairman Gaw?

17 COMMISSIONER GAW: Mr. Dudley, I really do
18 appreciate you coming and -- and your testimony.
19 And -- and I -- I think the only thing I might ask you
20 is the same thing I've asked others about how your
21 water bill is yourself at your --

22 MR. DUDLEY: Our water bill is about \$26, \$27
23 a month.

24 COMMISSIONER GAW: Okay.

25 MR. DUDLEY: I really don't want it to go over

1 30.

2 COMMISSIONER GAW: Uh-huh.

3 MR. DUDLEY: I'm concerned about all various
4 costs of living.

5 COMMISSIONER GAW: Sure.

6 MR. DUDLEY: And I came down here tonight for
7 that reason. I don't know whether I'll attend any more
8 meetings or not, but I'm concerned about it getting too
9 high.

10 COMMISSIONER GAW: Sure.

11 MR. DUDLEY: I think they're probably making
12 too much money. I don't know that.

13 COMMISSIONER GAW: I really appreciate
14 your -- your time, Mr. Dudley.

15 COMMISSIONER SIMMONS: Mr. Dudley, before you
16 leave, I think I might have heard one of the people
17 testify earlier that you had a -- a position or -- did
18 I hear somebody that?

19 MR. DUDLEY: Oh, Ms. -- Ms. Acree.

20 PARTICIPANT: Acree.

21 COMMISSIONER SIMMONS: That might have been
22 it.

23 MR. DUDLEY: Acree.

24 COMMISSIONER SIMMONS: Yes, that was it.

25 MR. DUDLEY: I appreciate whatever you told me

1 that you -- you agreed with, but I'm not -- I'm not
2 in -- in her organization or anything like that.

3 I think she's tighter with some of the people
4 on the Commission than -- than with me.

5 JUDGE THOMPSON: Any questions from counsel
6 for Mr. Dudley before he gets away?

7 (No response.)

8 JUDGE THOMPSON: I hear none. You are
9 excused, sir. Thank you very --

10 MR. DUDLEY: Thank you.

11 JUDGE THOMPSON: -- much for your testimony.

12 (Mr. Ken Dudley was excused.)

13 JUDGE THOMPSON: Liz Johnson? Liz Johnson?

14 MS. JOHNSTON: It's Johnston with a T.

15 JUDGE THOMPSON: Yes, ma'am.

16 (Ms. Liz Johnston was sworn.)

17 JUDGE THOMPSON: Ma'am, are you presently a
18 customer of Missouri-American Water Company?

19 MS. JOHNSTON: Yes, I am.

20 JUDGE THOMPSON: Please proceed.

21 MS. JOHNSTON: Yes. I have a couple of things
22 I would like to say. When I was talking earlier about
23 budgets and what has been done in the past, something
24 that everybody seems to be jumping on right now is
25 we've got to replace the infrastructure.

1 It's always been there. It should always been
2 a part of their cost of doing business. It seems they
3 haven't done a very good job of -- of taking care of
4 that. I think one gentleman said, well, I think we've
5 had, you know, a lot of water lines here 50 years.

6 Well, I'm almost 62 years old. I've had
7 running water in our house a lot longer than that. I
8 think the City of Mexico is 104 years. And I imagine a
9 lot of the pipes that are in the ground are probably
10 100 years old.

11 We do have a lot of water line breaks in
12 Mexico. We're clay. And it -- it freezes and it
13 thaws. And I don't care what's in the ground, it's
14 gonna move and it's gonna jump and it's gonna go
15 around.

16 This is not something new. This is -- this is
17 the way Missouri and the City of Mexico has been. We
18 didn't get the title, you know, fire clay center of the
19 world for nothing. So this has definitely been out
20 there.

21 My service for water, every time I turn on the
22 tap it's there. I have no complaints about the service
23 that I receive with my water. I have no complaints
24 about the taste of the water.

25 But I do have complaints with the fact that it

1 seems like every time we turn around, somebody is
2 wanting to raise the cost of something.

3 I have worked all of my life. I'm familiar
4 with budgets. It just seems like to me that just like
5 the gas company, they have had some poor business
6 practices in the past. And unfortunately 9/11 woke
7 everybody up that, look, you know, you could really
8 have problems and you need to start addressing these.

9 And -- but water security is extremely
10 important. I don't want anybody to contaminate my
11 water. I don't want anybody doing anything to the
12 water, because I can't live without it. And I use a
13 lot of water.

14 I'm not probably as conservative as I should
15 be. I should be more so. I am a gardener. I have a
16 lot of flowers. And occasionally I forget to shut the
17 water off. So I have had some \$300 water bills and it
18 was my own fault. No one's fault but mine.

19 But the water was there. I'm glad to have it.
20 I will pay whatever I have to pay to get it, because I
21 need it. But I really don't think this right now is --
22 is -- is a -- is a fair increase.

23 And I do have some concerns about -- and this
24 you can't handle, but of foreign companies buying up
25 monopolies, and our profits are leaving the United

1 States. When profits don't stay in the United States,
2 jobs aren't created. And that's -- that's a problem.

3 A lot of the jobs are leaving and the money is
4 leaving and -- and you can't capitalize and build new
5 things if you don't have capital -- if you don't have
6 the profits. But they all seem to be going someplace
7 else.

8 And we are a depressed area, and that's not
9 your fault. But I just would like to make a comment,
10 and then I'm going to -- I'm going to quit. Commission
11 meetings would be far better attended if people were
12 forced to use a time limit to stay totally on subject,
13 because I work, a lot of people out here work.

14 You know, you get here. Both times there have
15 been meetings before -- lots of questions. The
16 meetings start late. The testimony is very long. A
17 lot of people just don't want to sit through all of
18 that stuff.

19 And I think that the more people you have
20 attend your meetings, the bet-- the better your opinion
21 is going to be if you hold it to a stricter agenda.
22 Start it on time. Keep the people on target. And if
23 they're going too long, shut them down.

24 That's all.

25 JUDGE THOMPSON: Thank you very much, ma'am.

1 Questions from the Bench, Chairman Gaw?

2 COMMISSIONER GAW: No. Just thank you for
3 coming again, Ms. Johnston.

4 MS. JOHNSTON: Thank you.

5 COMMISSIONER GAW: We appreciate your
6 comments, too.

7 MS. JOHNSTON: Thank you.

8 JUDGE THOMPSON: Commissioner Simmons?

9 COMMISSIONER SIMMONS: No questions.
10 Thank you.

11 JUDGE THOMPSON: All right. Thank you, sir.

12 Questions from counsel?

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

14 JUDGE THOMPSON: Hearing none, you are
15 excused. Thank you very much for your testimony,
16 ma'am.

17 (Ms. Liz Johnston was excused.)

18 JUDGE THOMPSON: Ron Kent?

19 (Mr. Ron Kent was sworn.)

20 JUDGE THOMPSON: Sir, are you presently a
21 customer of Missouri-American Water Company?

22 MR. KENT: Yes, at more than one location.

23 JUDGE THOMPSON: Please proceed.

24 MR. KENT: As a local consumer, businessman,
25 I've been here operating a real estate office for over

1 30 years. I manage a few rental properties and some
2 other buildings, which all use the water.

3 And as a businessman, having seen this
4 recent -- about three years ago -- extremely large
5 increase, and I said nothing because I saw the new
6 plant and it -- they did a nice job.

7 I feel that this rate increase is excessive
8 and -- at this time this soon after that other huge
9 increase.

10 To give a little bit more background on
11 myself, over the last 30 years my father and I and --
12 have built subdivisions, which require us to build
13 water lines, which we give -- we build it to the water
14 company's specifications and then we donate that to
15 them.

16 And in order to get them to take it -- I can't
17 remember the exact percentage, but the figure
18 10 percent comes to mind. They charge us 10 percent to
19 give them the water line. Now, I -- I think it's 10.
20 It -- it may be -- somewhere 6 to 10.

21 I -- I -- I have a -- a problem with me
22 building new water lines for them and then giving them
23 to them and then paying them to take them with them
24 coming back so often asking for money to build water
25 lines.

1 So -- so at this time I'm gonna ask the
2 Commission as a concerned citizen and a water user and
3 concerned about my rental -- the people that rent them.
4 They're on -- some of them are on fixed incomes and so
5 forth so we won't go into all of that again.

6 I'm very concerned that this increase -- as a
7 businessman, I just think it's excessive at this time.
8 And when I got this notice in the mail, I just couldn't
9 hardly believe it.

10 So that -- I'm asking you to look at that
11 very, very closely. Another thing that I noticed in
12 the question-and-answer period the water company kept
13 referring to the regulations and why they had to do
14 certain things.

15 And some of the things they were talking about
16 having to do like they can't recoup their money for
17 building water lines until they build them -- and I
18 assume that goes with all of their infrastructure.

19 If the regulations are forcing them to operate
20 outside the normal realm of business practices and
21 accounting, maybe the Commission ought to advise our
22 congressmen on regulation changes that would improve
23 that situation and allow them to function more as a
24 business, and have to be accountable that way just like
25 the rest of us.

1 My water service is fine. The water quality
2 is fine. I've had a few altercations with the water
3 readers. The one I really had the problem with has now
4 retired, so that solved that problem.

5 We -- we've also -- when they do new
6 construction, rebuild the -- the water line out in
7 front of my office or when I worked with them on the
8 new subdivisions, sometimes they can be excessive and
9 very narrow-minded in their approach. And that's the
10 only complaint that I have about the service.

11 But the water company itself has been
12 providing good water, and -- and we need it. We need
13 good clean water for a good healthy community.

14 And I'd ask you to look at these things that
15 I've mentioned as a Commission and -- and just like the
16 others, I mean, this is an excessive increase at this
17 soon after such a large increase just -- just very
18 recently.

19 If I was in business and ra-- well, I am in
20 business -- but I raised my rates in over three- to
21 five-year period as much as they were doing it, I would
22 no longer be in business.

23 JUDGE THOMPSON: Before you step down, sir --

24 MR. KENT: Yeah.

25 JUDGE THOMPSON: -- and thank you for your

1 testimony.

2 Questions from the Bench, Chairman Gaw?

3 COMMISSIONER GAW: Oh, I -- I -- oh, I know
4 what I was gonna ask you. The -- the -- the
5 subdivisions and things that you -- you've dealt with,
6 have all of them been directly served by
7 Missouri-American?

8 MR. KENT: Yes.

9 COMMISSIONER GAW: None of them are in the --
10 the -- the outside --

11 MR. KENT: No. They've all been within the
12 city limits of Mexico.

13 COMMISSIONER GAW: Okay.

14 MR. KENT: We've developed approximately
15 700 lots. Now, before that, my father did even more
16 than that in the northwest part of town.

17 I consider myself as one of the best salesman
18 for the water company, because I build their lines, pay
19 them money to take them. And -- and when I sell the
20 houses on the lots, I sell the water meter for them.

21 So I think I've done a good job for them and
22 I -- I don't think they need to overcharge us.

23 COMMISSIONER GAW: Were you -- were you doing
24 development before Missouri-American acquired --

25 MR. KENT: Yes.

1 COMMISSIONER GAW: -- the water meters?

2 MR. KENT: Yes.

3 COMMISSIONER GAW: Was the policy any
4 different then on -- on the --

5 MR. KENT: The charge -- the charge -- when we
6 first started, we were not charged that extra
7 percentage when we -- after we built the water line,
8 met all of their inspections and requirements also the
9 city inspections and they give it all of these pressure
10 tests and everything, which is fine, cuz we want it to
11 work right.

12 COMMISSIONER GAW: Uh-huh.

13 MR. KENT: And I sure don't want to be
14 managing the water lines. So I'm grateful that they
15 take it and serve the water company, but -- or serve
16 the people.

17 COMMISSIONER GAW: Right.

18 MR. KENT: But, oh, probably -- now, I don't
19 know whether American water company was the one that
20 created this charge or started asking about the charge.

21 You all probably had to approve that, so
22 probably in your records -- we were not charged -- in
23 the beginning we only had to build the water lines and
24 then dedicate them to the water company -- give them
25 their easements and their -- build it to their specs

1 and put the valves and everything in just like they
2 wanted it.

3 We also had to put in so many fire hydrants
4 every so often and give them to the city, so -- or I
5 don't know if those belong to the City or the water
6 company. Probably belong to the water company.

7 But, anyway, we just had to build it.

8 COMMISSIONER GAW: Yeah.

9 MR. KENT: And I thought that was -- building
10 the infrastructure for the water company and giving it
11 to them and then selling their new customers for them,
12 I thought that was sufficient.

13 COMMISSIONER GAW: Yes, sir.

14 Thank you.

15 JUDGE THOMPSON: Just a moment, sir.

16 COMMISSIONER SIMMONS: No --

17 JUDGE THOMPSON: Commissioner Simmons?

18 COMMISSIONER SIMMONS: No questions for
19 Mr. Kent. Thank you, sir.

20 MR. KENT: You're welcome.

21 JUDGE THOMPSON: Questions from counsel?

22 MR. COOPER: Yes, Your Honor

23 JUDGE THOMPSON: Mr. Cooper?

24 MR. COOPER: Sir, you were talking about this
25 program of contributed property and the -- and the

1 percentage that you -- that you pay to the Company --

2 MR. KENT: Uh-huh.

3 MR. COOPER: -- when you contribute that
4 prop-- property to the Company. There's also a refund
5 piece that comes back to you; is that correct?

6 MR. KENT: That is correct. That is correct.
7 If we sell the water fast enough, there's a three-year
8 period, I think, the last ones we did. And if the
9 people use enough water, we do get refunds on that.

10 I --

11 MR. COOPER: And you get a -- you get a refund
12 per connection if you meet those --

13 MR. KENT: Yes, there's certain -- there's
14 quite a few criteria. And fortunately in most of the
15 cases, we were able to sell them fast, to where I think
16 we did recoup most of that cost to build the water
17 line. Not the -- the percentage.

18 MR. COOPER: Yeah. And the --

19 MR. KENT: We don't get that back. That's
20 gone.

21 MR. COOPER: And -- and what -- well, I guess
22 we can talk some about it, I guess, how you -- how you
23 price your lots in terms of the cost of building the
24 water line.

25 But do you remember what that -- that refund

1 is per connection right now?

2 MR. KENT: No, because I have not done a
3 subdivision for a couple of years with the economy
4 being in the state it's in. I think we received a --
5 our last refund several years ago, so --

6 MR. COOPER: Was it several hundred dollars
7 per connection?

8 MR. KENT: Yes -- yes, it was.

9 MR. COOPER: Okay.

10 MR. KENT: It sure was. Eventually. You
11 know, over a -- over about a three-year period.

12 MR. COOPER: And perhaps as much as maybe \$800
13 per connection now?

14 MR. KENT: I -- I couldn't say that it is.
15 But you probably know the figures on that, so I would
16 take -- I would say you're an honest man. You -- you'd
17 tell us the truth on that. So whatever it is, I'm sure
18 it is.

19 MR. COOPER: But unfortunately I've got to ask
20 you the question.

21 MR. KENT: Well, I -- I will take your figure,
22 because I don't have the figures.

23 JUDGE THOMPSON: Ask him if he would be
24 surprised to know that it was \$800.

25 MR. KENT: Yeah.

1 MR. COOPER: We'll just leave it alone, Your
2 Honor.

3 JUDGE THOMPSON: Okay.

4 MR. COOPER: That's fine.

5 MR. KENT: That's correct. But we do not --
6 am I not correct, we do not get any of the -- the
7 percentage that you -- the -- the fee that we pay you
8 when you take it; in other words, the construction
9 costs -- there's a formula where we recoup that, but we
10 do not get that 6 or 10 percent.

11 I don't know. It may be more than that now.
12 I don't know. I do not believe we get that back. Am I
13 wrong on that?

14 MR. COOPER: Well, I think it -- let's just
15 leave this alone.

16 Like I said before, I get to ask the questions
17 and --

18 MR. KENT: All right.

19 MR. COOPER: -- you get to answer the
20 questions.

21 MR. KENT: Well, I --

22 MR. COOPER: So we'll leave it alone for now.
23 But I think certainly we've -- we've entered into some
24 areas that perhaps we'll get a little more discussion
25 on.

1 MR. KENT: Well, and that probably doesn't
2 have anything to do with this particular rate increase,
3 and I'm sorry if I took your time on that.

4 But it -- it is -- it is a lot of money --

5 JUDGE THOMPSON: Yes, sir.

6 MR. KENT: -- to build these water lines and
7 then give them to them, so --

8 JUDGE THOMPSON: I wonder if you know,
9 Mr. Cooper, is that pursuant to a tariff?

10 MR. COOPER: I believe it is, Your Honor.

11 JUDGE THOMPSON: Okay. Very well. Thank you,
12 sir.

13 MR. KENT: Thank you.

14 JUDGE THOMPSON: You are excused. Thank you
15 very much for your testimony.

16 (Mr. Ron Kent was excused.)

17 JUDGE THOMPSON: Ralph Martin?

18 MR. MIKA: Ralph Mika.

19 JUDGE THOMPSON: I apologize, sir.

20 MR. MIKA: That's all right.

21 JUDGE THOMPSON: Please raise your right hand.

22 (Mr. Ralph Mika was sworn.)

23 JUDGE THOMPSON: Could you please spell your
24 last name for the reporter?

25 MR. MIKA: M-I-K-A.

1 JUDGE THOMPSON: And also for me.

2 MR. MIKA: Okay.

3 JUDGE THOMPSON: Mr. Mika, are you presently a
4 customer of Missouri-American Water Company?

5 MR. MIKA: Yes, I am.

6 JUDGE THOMPSON: Please proceed.

7 MR. MIKA: Okay. I've just got a few
8 comments. First of all, I think perhaps that there
9 would have been more people here at this meeting had
10 the notice that we received really -- instead of saying
11 approximately a 12.2 percent increase would have said
12 depending upon water bills some people -- approximately
13 a 33 to 34 percent increase.

14 It -- it's -- it's -- I think it's somewhat
15 misleading, to say the least. And I have serious
16 questions about that type of a rate increase. And not
17 that I have a total -- I'm totally against an
18 appropriate rate increase, but I think this is rather
19 inappropriate.

20 I think, though, I do want to say a couple of
21 other things, too. It -- I think it's to
22 Missouri-American's Water's credit that so far in this
23 hearing, as versus the other hearing, you haven't
24 had -- heard anything about people sitting on the back
25 of pickup trucks and looking at holes and so forth and

1 so on. And Missouri-American Water, of course, digs a
2 lot of holes in this town.

3 And I think it's pretty obvious that they as
4 a -- as an organization have much better control over
5 their costs and their cost structure than some of the
6 other public service, well, entities.

7 That and the fact that I think also in
8 fairness to them in terms of not only the quality of
9 the water, but the quality of service in this community
10 on an individual basis -- and I deal with them quite a
11 bit, since I have about 30 rental houses.

12 They're very congenial, they're very
13 supportive unlike some of the other public services in
14 this town. They do, of course, when you go down to
15 their office, they -- they have a push-button lock for
16 security purposes that you can't get in.

17 But it's not like Fort Knox. They have a
18 buzzer, and somebody always answers the buzzer. And
19 once they find out who it is, they always let you in,
20 you know, and you can talk to a human being.

21 You can't call them unless, of course, you've
22 used some subterfuge and got their local numbers of
23 which I -- there's two of them at least that I've got.

24 You have to call the service center at Alton,
25 Illinois. And that is, I must say, somewhat of a

1 problem.

2 And since part of the name of the Public
3 Service Commission is service, I -- I think this not
4 only do -- does the Service Commission need to look at
5 the -- the rate increase, but the area of service.

6 It's an 800 number. The people there in Alton
7 are trying to serve, I believe, 23 states, if I'm
8 not -- if I'm correct. It takes -- they're open
9 24 hours a day to their credit; however, when you get
10 them, the first thing on the recording is that they
11 have an extremely high volume of calls and it
12 might -- it's a canned recording, and it might take a
13 considerable length of time and maybe you might want to
14 call back and -- and so forth and so on, whether it's
15 during -- eight o'clock in the morning or ten o'clock
16 at night.

17 Eventually -- and that ranges anywhere from 7
18 to about 32 minutes was the longest. But most of them
19 were 15 to -- to -- 10 to -- to 15, 16 minutes you will
20 get through to a human being.

21 They're there -- the rules are -- are
22 different. I -- I -- I -- I guess that every state has
23 a Public Service Commission and Missouri-American Water
24 is -- or American water, whatever it is, is operating
25 with 23 different sets of rules from 23 different

1 states. And the people at the service center -- the
2 call center seem to have a difficult time in trying to
3 discern which rules are which.

4 I understand from some of the people that I've
5 talked to there that they're on computers and they kind
6 of flip back through and -- and so forth and so on.

7 I -- I recently had a -- a concern and I still
8 have a concern about what is called -- well, they call
9 it landlord cut-in. That's -- that's an area where --
10 like landlord leave-on agreements.

11 So when a tenant moves out of a house, they
12 identify the hou-- the house is identified as a tenant
13 situation, and they automatically put the water in the
14 landlord's name.

15 Now, that's a con-- in this case it's not a --
16 a property damage situation in -- like it would be with
17 AmerenUE. You know, it's a convenience. And it's a
18 convenience, basically, for the landlord.

19 If you call Alton, Illinois, they'll tell you
20 that it doesn't cost anything to do that. And in some
21 states and in some districts, it doesn't.

22 And I have a letter here that says that it --
23 it costs -- it doesn't cost anything. I have another
24 letter here that doesn't say anything about costs. It
25 just says they'll -- they'll provide this landlord

1 cut-in or landlord leave-on agreement.

2 The local water company here says, no, it
3 does, it costs \$20 each time. That is, I think,
4 somewhat exorbitant. That's -- the turn-on fee is \$20.

5 When a tenant leaves, it's convenient, not
6 really necessary, cuz I can go to the neighbors and get
7 a couple buckets of water and so forth and so on. But
8 it's convenient to have the water on in my name.

9 And on occasion I have done that. And the
10 water bill has usually been -- one was 83 cents, one
11 was \$1.91 and one was \$2.14. That was the most that I
12 used. Plus the \$20 connection fee which, of course,
13 was \$22.14 then.

14 And then in a couple of weeks or a month
15 when -- when another tenant rents the property, they go
16 down and there's another \$20 fee. So, in effect, the
17 water company is getting \$40, unless it's free --
18 getting \$40 for, I don't know, \$2 or \$3 worth of water,
19 whatever.

20 And so I -- I never used this until about a
21 month ago. And when I started making some calls to the
22 call center and it was so confusing, I wound up making
23 many, many calls all over the country even to New
24 Jersey. But we finally I think got it straightened
25 out, but I'm not so sure.

1 Because the last person I talked to told me
2 that Missouri-American Water was thinking about doing
3 away with that service. And then the person before
4 that said, well, they thought they were going to go to
5 a one-time charge for landlords. I don't know what
6 that would be.

7 And I think really from a company's point of
8 view, it's up in the air right now and they're
9 discussing it, you know. And if that's the case, and
10 since they're discussing it, I would make a suggestion
11 to them -- and that would be, instead of a one-time
12 fee, you know, you could have -- in 10 years you could
13 have ten reverts back to the landlord or maybe more --
14 or maybe 2, you know.

15 So instead of a one-time fee, I would suggest
16 that they have a -- and I don't know what their minimum
17 is. I don't know what the minimum charge is. \$20 is
18 certainly excessive. You know, it used to be 6 when
19 their office was down here in town. And then it went
20 to St. Joe, and I think they raised it to 8. And
21 that's when I dropped out when it was 8, cuz I used to
22 have them all on -- landlord leave-on agreements.

23 But I would say \$5 or \$6 a month -- or \$5 or
24 \$6 a time -- every time it reverts back to the landlord
25 to have a minimum fee, you know. I -- I don't know if

1 they have a minimum if there's no water used or not.
2 But if that's the case, that might be plus what the
3 water is what the minimum would be, you know.

4 And I -- I would like to say that I think the
5 Public Service Commission needs to look into that and
6 needs to give something definite about what -- what --
7 what is going on.

8 The other thing in terms of the rate increase
9 I've got a farm on Highway T, which is District 10
10 water service -- rural water service. It's in
11 Centralia, Missouri.

12 Their -- their water rates are \$18.50 per
13 10,000 gallons. Now, they have an availability charge
14 of 8.15. So it's \$26.65 if you use 10,000 gallons.

15 Now, of course, I've got cattle and I use a
16 lot more than 10,000 gallons. And so what I've done is
17 I've got a pond and I've got a -- and I'm pumping water
18 from the pond, because my water bills a lot of times
19 will be \$2- or \$300 and I can't afford that. So, you
20 know -- but that's what it would be, you know. And
21 I've got a house out there and that's what the --
22 that's what the house uses.

23 Somebody said 4,000 gallons was an average and
24 somebody said 4,500. And if that's the case, the water
25 bills today -- at least my water bills are running

1 anywhere from \$16-and-a-half to \$21. There's two of
2 us.

3 And they're pretty well in line actually with
4 what the -- what the -- this bill is on the farm. I
5 think a 30 percent or 33 percent increase is just
6 ridiculous. I'm not saying there shouldn't be an
7 increase. I -- I don't know what that would be.

8 I think that'll be for the decision of the
9 Commission from the -- the information that they
10 present to you. But I do think that there are all
11 other kinds of issues besides the rates that the
12 Commission needs to look at in terms of service,
13 management and administration, you know.

14 I think it's obvious that whoever is funding
15 their call center, and I suspect it's -- it's a
16 conglomeration of all 23 states sending -- money sent
17 from either American-Missouri (sic) or Germany, and
18 they're limited.

19 And having had the distinct displeasure of
20 being responsible for a call center of sorts with the
21 federal government, I can know what a horr-- I know
22 what a horrendous job that is. It's probably the most
23 thankless job there is in the world and one of the most
24 difficult. But they are willfully underfunded to
25 provide adequate service.

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1 That's all I have.

2 JUDGE THOMPSON: Thank you, sir.

3 Questions from the Bench, Chairman Gaw?

4 COMMISSIONER GAW: Just the District 10 that
5 you mentioned, are they in any way connected with
6 Missouri-American?

7 MR. MIKA: No, I don't think so.

8 COMMISSIONER GAW: Just doing that for
9 comparison purposes?

10 MR. MIKA: I did that for comparison purposes.

11 COMMISSIONER GAW: Okay. And you -- when you
12 say their call center is underfunded, is that based
13 primarily upon the response time that you -- that you
14 have -- or are receiving or --

15 MR. MIKA: Well, I've -- I've talked to about
16 seven or eight different people in the call center and
17 it's a different one each time. And -- and as you talk
18 to these people, you know, if you talk to people,
19 they -- they -- they say certain things. You know,
20 and -- and you get a feel for what's -- what's going
21 on, you know.

22 And I -- yes, it -- they -- they have a lot of
23 people there, don't get me wrong. But when you're
24 trying to operate something 24 hours a day and -- and,
25 of course, you wouldn't have as many people at night as

1 you would during the daytime, but 24 hours a day,
2 7 days a week, you know.

3 And you look at vacations and sick leave and
4 pregnancies and -- and -- and all kinds of stuff, you
5 know, you might have a lot of numbers of people and you
6 ain't got no people to cover really, you see --

7 COMMISSIONER GAW: Uh-huh.

8 MR. MIKA: -- you know.

9 Now, I have tried to talk to a lady by the
10 name of Susan Overby, who is supposed to be in charge.
11 I have never been able to talk to her. I have talked
12 to all kinds of different names, including the people
13 in -- in Voorhees, New Jersey is that it -- Voorhees,
14 New Jersey?

15 I've wandered all over the country with
16 800 numbers and some that aren't 800, you know.
17 And -- and I have them in my list of -- of the landlord
18 leave-on agreement houses.

19 And I don't know whether it's gonna cost \$20,
20 I don't know whether it's gonna cost nothing. I have
21 no idea. I've got this letter that says here, there is
22 no activation fee when the property reverts back from
23 the landlord's name.

24 But then I got another letter that doesn't say
25 anything about it. And then I got another letter --

1 well, I don't have a letter, but I've been told by the
2 local people that know that they're looking at the
3 wrong tariff and that's not true and it's \$20.

4 But this young lady by the name of Reeann
5 (phonetic sp.) -- and she gave me her phone number, but
6 it's not a working number because I tried to call it --
7 in Alton, Illinois.

8 The first time this took place, she did take
9 the \$20 -- they charged me \$20, but she took it off.
10 And she said call her and every time they take --
11 they -- they put the \$20 on, she'll take it off. And
12 that's not a real good way to operate a business.

13 There needs to be some kind of a -- of a -- of
14 guideline, you know, and so people know what's going
15 on.

16 COMMISSIONER GAW: Okay. Thank -- thank you,
17 Mr. Mika.

18 And perhaps someone after we're done would be
19 willing to answer your question for you, who is here.

20 JUDGE THOMPSON: Commissioner Simmons?

21 COMMISSIONER SIMMONS: No questions.

22 Thank you, sir.

23 JUDGE THOMPSON: Questions from counsel?

24 MR. COOPER: Only one.

25 JUDGE THOMPSON: Okay. Mr. Cooper?

1 MR. COOPER: Sir, would you be willing to talk
2 to -- to Ms. Baker from our cer-- customer service
3 department --

4 MR. MIKA: Sure.

5 MR. COOPER: -- after you leave the stand --

6 MR. MIKA: Sure.

7 MR. COOPER: -- so she can take some personal
8 interest --

9 MR. MIKA: Okay.

10 MR. COOPER: -- in your question?

11 MR. MIKA: Okay.

12 JUDGE THOMPSON: Mr. Cooper, do you happen to
13 know is there a charge for the landlord cut-in, I
14 believe, it's called?

15 MR. COOPER: That's --

16 MR. MIKA: That's what they to-- they -- they
17 described it as landlord cut-in.

18 JUDGE THOMPSON: Do you happen to know?

19 MR. COOPER: Your Honor, I have not had it
20 come up personally in any case --

21 JUDGE THOMPSON: Okay.

22 MR. COOPER: -- I have been involved with.

23 JUDGE THOMPSON: Very good.

24 (Mr. Ralph Mika was excused.)

25 JUDGE THOMPSON: Peggy Cline?

1 Good evening, ma'am.

2 (Ms. Peggy Cline was sworn.)

3 JUDGE THOMPSON: Thank you, ma'am. Please
4 spell your last name for the reporter.

5 MS. CLINE: C-L-I-N-E.

6 JUDGE THOMPSON: Are you presently a customer
7 of Missouri-American Water Company?

8 MS. CLINE: Yes, sir.

9 JUDGE THOMPSON: Please proceed.

10 MS. CLINE: The first of January, Social
11 Security is going to pay us approximately \$19 a month
12 more. Okay. As soon as that notice came out in the
13 paper, everything started going up; groceries,
14 gasoline, insurance, medical bills, prescriptions.

15 And if we get -- if we have to pay extra --
16 this amount for our water and if the AmerenUE gets
17 their raise, \$16 and something, there goes more than
18 our raise.

19 And so I would like to know how people are
20 gonna manage on something like that. I just pray I
21 don't get sick and have to have more expensive
22 medicine. That's my comment.

23 JUDGE THOMPSON: Thank you, ma'am.

24 Questions from the Bench, Chairman Gaw?

25 COMMISSIONER GAW: Thank you very much for

1 coming, Ms. Cline. We apprec-- we appreciate it.

2 JUDGE THOMPSON: Commissioner Simmons?

3 COMMISSIONER SIMMONS: Thank you.

4 JUDGE THOMPSON: Questions from counsel?

5 MR. COOPER: No, Your Honor.

6 JUDGE THOMPSON: Hearing none, you are
7 excused. Thank you very much, Mrs. Cline.

8 (Ms. Peggy Cline was excused.)

9 JUDGE THOMPSON: Eldon Mellott?

10 (Mr. Eldon Mellott was sworn.)

11 JUDGE THOMPSON: Please be seated, sir. Would
12 you spell your last name for the reporter?

13 MR. MELLOTT: M-E-L-L-O-T-T.

14 JUDGE THOMPSON: Thank you.

15 Mr. Mellott, are you currently a customer of
16 Missouri-American Water Company?

17 MR. MELLOTT: Yes, sir.

18 JUDGE THOMPSON: Please proceed.

19 MR. MELLOTT: Back in August 2001 I got my
20 water hooked up, turned on. I was waiting to get on
21 SSI. And they've got a water truck person running
22 around all over town and they charge you \$20 just to
23 turn it on.

24 Then they didn't read it for almost two months
25 'til I finally called them and said, what's -- you

1 know, what's going on? And I had a water bill with
2 that extra 20 on there that was unreal.

3 Well, they've got a number on their little
4 bill you call and get help. They almost laughed at me.
5 So I go down to the welfare place, and they said they
6 hadn't received any money from the water company to
7 help for years.

8 Now, then my water comes out of the faucet
9 same way as it always has, other than you don't want to
10 turn it on too fast or it'll bust the bottom out of the
11 glass, cuz it is hard.

12 And the man told me that 25 percent of the
13 profit was set back for these repairs, and 75 percent
14 went to the shareholders. Now, it kind of -- I -- I
15 feel like that we're paying to keep these shar--
16 shareholders rich.

17 Instead of taking 50 percent of that profit to
18 rebuild it and cut back on some of the shareholders'
19 profits -- granted they invested to make money. Now,
20 if they was making a reasonable amount, but they done
21 said that some of these water lines are over 50 years
22 old.

23 They know'd (sic) they would have to be
24 replaced. That they didn't figure out far enough ahead
25 instead of maybe putting 25 back, they'd have put 30

1 back over a period of years and built this fund up.

2 Cuz an old farmer, he goes out here and buys a
3 new combine, he can't say, I want \$2 more a bushel for
4 my wheat to pay for that combine. They're making money
5 off the water. And if the customers has to pay for all
6 of the improvements, that's kind of a win/win
7 situation.

8 Now, if they'd have raised it maybe 3 or
9 4 percent, cuz the average raise in this part of the
10 country, if they got one, was 2 percent. I'm on SSI.
11 I'm making \$552 a month. And then AmerenUE jumps up
12 where -- somewhere between 24 and 78 percent raise, the
13 little card says 12.2 and they're talking about 33 or
14 34, now, something -- something don't jive someplace.

15 But at least these guys was honest with me.
16 AmerenUE just -- the man just stood there and flat lied
17 through his teeth. Said they didn't make no profit on
18 the gas. I found out over the meeting, yeah, they make
19 profit on it, but not as much as they do the
20 electricity.

21 So, you know, I don't see how some of them
22 make it. It -- it's -- it's gonna be rough for me, you
23 know, if -- if they raise all of this. But that --
24 that's about the long and the short of it.

25 They said they did get about a 3 percent

1 raise, you know, the water workers which, you know, I
2 can go along with that. But when they jump up, you
3 know, 12.2 to 33 or 34, nobody knows what kind of a
4 raise they're wanting.

5 And I hadn't heard anything about them
6 supposedly overcharging, so -- I'm just an old farm
7 boy. I don't understand big business. Never will and
8 don't really want to.

9 You know, that's about the long and the short
10 of it for me.

11 JUDGE THOMPSON: Yes, sir.

12 Questions from the Bench, Chairman Gaw?

13 COMMISSIONER GAW: No. I appreciate your
14 time, Mr. Mellott.

15 JUDGE THOMPSON: Commissioner Simmons?

16 COMMISSIONER SIMMONS: Thank you, sir.
17 Appreciate it.

18 JUDGE THOMPSON: Questions from counsel?

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

20 JUDGE THOMPSON: Hearing none, you are
21 excused. Thank you, Mr. Mellott.

22 MR. MELLOTT: Thank you, sir.

23 (Mr. Eldon Mellott was excused.)

24 JUDGE THOMPSON: Is there anyone who would
25 like to testify that did not have an opportunity to

1 sign up?

2 (No response.)

3 JUDGE THOMPSON: Hearing none, we will adjourn
4 this hearing at this time. Thank you very much. We
5 appreciate your attendance and your testimony.

6 WHEREUPON, the local public hearing at Mexico,
7 Missouri was concluded.

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EXHIBITS INDEX

	MARKED	RECEIVED
Exhibit No. 1 Fixed-income budget	27	28
Exhibit No. 2 Missouri-American Water rate case fact sheet	30	30
Exhibit No. 3 Information sheet Missouri-American Water Company rate case, Mexico district	30	30