

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS  
Local Public Hearing

June 12, 2009  
Jefferson City, Missouri  
Volume 1

In the Matter of Osage )  
Water Company, Inc.'s ) Case No. WR-2009-0149  
Request for a Rate )  
Increase. )

MORRIS L. WOODRUFF, Presiding,  
DEPUTY CHIEF REGULATORY LAW JUDGE.

ROBERT M. CLAYTON III,  
COMMISSIONER.

REPORTED BY:

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

2 JUDGE WOODRUFF: Good afternoon,  
3 everyone. My name is Morris Woodruff. I'm the  
4 regulatory law judge assigned to this case for the  
5 Commission, and I want to welcome you to this local  
6 public hearing. For the record, this is a local  
7 public hearing in the matter of Osage Water Company,  
8 Inc.'s Request for a Rate Increase. It's Case  
9 No. WR-2009-0149.

10 Let's get started here by introducing  
11 the Commissioner who is with us. To my right is  
12 Chairman Robert Clayton.

13 Chairman Clayton, do you want to make  
14 any statements?

15 CHAIRMAN CLAYTON: Why don't you go  
16 ahead and take entries of appearance.

17 JUDGE WOODRUFF: You may also have  
18 noticed that we are being -- the screen over here, we  
19 are web casting this hearing. There are people back  
20 in Jefferson City watching us. I don't know if you  
21 have talked to anybody up there. This is all being  
22 recorded on the video. The commissioners who are not  
23 here today will have an opportunity to review this.

24 And we have a court reporter here taking  
25 everything down, so there will be a transcript of the

1 hearing that's made. We'll start by taking entries  
2 of appearance for the attorneys who are here. First  
3 of all, for the company.

4 MR. COVER: My name is Gary Cover,  
5 C-o-v-e-r. I am the court-appointed receiver and  
6 attorney for Osage Water Company.

7 JUDGE WOODRUFF: Is there an attorney  
8 here for the Staff of the Commission?

9 MS. BRUEGGEMANN: I'm sorry. Shelley  
10 Brueggemann for the Public Service Commission Staff  
11 located at 200 Madison Street, Jefferson City,  
12 Missouri. Thank you.

13 JUDGE WOODRUFF: For the Office of  
14 Public Counsel.

15 MS. BAKER: Thank you. Christina Baker,  
16 P.O. Box 2230, Jefferson City, Missouri 65102,  
17 appearing on behalf of the Office of the Public  
18 Counsel and the ratepayers.

19 JUDGE WOODRUFF: Any other parties here?  
20 Mr. Comley?

21 MR. COMLEY: Good afternoon, Judge  
22 Woodruff. Mark W. Comley. My address is Newman,  
23 Comley, Ruth, 601 Monroe, Suite 301, Jefferson City,  
24 Missouri, and I intend to appear on behalf of the  
25 Cedar Glen Condominium Owners Association.

1 JUDGE WOODRUFF: Cedar Glen formally  
2 entered an appearance in this case?

3 MR. COMLEY: Your Honor, we have entered  
4 an appearance in this case. We filed a letter with  
5 the Staff indicating our position about the rate  
6 increase. I would ask the Commission to consider a  
7 corporate entity as a person that would be allowed to  
8 present its public comments.

9 JUDGE WOODRUFF: That's fine. I just  
10 want to be clear about what the situation was.

11 MR. COMLEY: We might enter our  
12 appearance later.

13 JUDGE WOODRUFF: Okay. Thank you.  
14 Chairman Clayton?

15 CHAIRMAN CLAYTON: First of all, let me  
16 introduce myself. My name is Robert Clayton. I'm  
17 one of five members of the Missouri Public Service  
18 Commission, and just this past four or five months,  
19 Governor Nixon elevated me to the position of  
20 Chairman of the Missouri Public Service Commission.

21 It is my honor to be here at this public  
22 hearing today, but I want to make a couple of points.  
23 First, this is not my first local public hearing that  
24 I have attended for Osage Water Company. For those  
25 of you who have been customers of this company going

1 back five or six years at least, you'll remember that  
2 I was in the local public hearing at Camdenon at the  
3 firehouse a number of years ago. We heard a great  
4 deal of pretty unhappy customers, especially on the  
5 water side. We heard a lot of discussion about  
6 damage to property, inadequate service and other  
7 concerns that were raised, especially associated with  
8 the rate increase.

9 A couple of other points that I wanted  
10 to make. And I know you've had a lot of  
11 conversations here today. Even though you may not be  
12 completely satisfied, maybe not marginally satisfied,  
13 whatever your position is here today, a number of  
14 things have taken place from a legal standpoint,  
15 namely the company has now been placed in  
16 receivership due to PSC action.

17 I would also note that at the time, six  
18 years ago, there was a rate increase request that we  
19 dismissed for a number of reasons, and that rate  
20 increase did not go through, if you recall that  
21 hearing, and I think the Staff and Public Counsel  
22 have been quite active in trying to find solutions  
23 for the problems associated for this water company.

24 Now, the one observation, I want to make  
25 sure today that -- I'm surprised at how small the

1 crowd is because in Camdenon it was a huge crowd.

2 UNIDENTIFIED SPEAKER: Well, it's two  
3 o'clock in the afternoon.

4 UNIDENTIFIED SPEAKER: On a Friday.

5 JUDGE WOODRUFF: I understand. It's  
6 still small. Now, I look forward to hearing your  
7 testimony, and I look forward to trying to find more  
8 solutions to the problems associated with this  
9 company, so I'm glad to be here. Let's get to work  
10 and start off with our first witness. Thank you very  
11 much. I've got a list of witnesses who have signed  
12 up here. I'll call them in order and ask you to come  
13 up and sit in the chair over there. I'll ask you to  
14 raise your right hand and I'll swear you in as a  
15 witness so you're giving sworn testimony.

16 If you didn't get a chance to sign up on  
17 the signup sheet, at the end of the hearing just  
18 raise your hand and I'll call you first and we'll  
19 hear from you also. The commissioners may ask you,  
20 or chairman Clayton may ask you some questions after  
21 you've testified. And I want to also give the  
22 attorneys for the parties a chance to ask you  
23 questions also.

24 And I would ask you to keep your  
25 comments brief, but go ahead and tell us what you

1     need to tell us and keep in mind there are other  
2     people coming behind you who also want to testify.

3                     So the first name on the list is  
4     Mr. Gary Oversmith.

5                     MS. VOSS: I'm Cherlyn Voss. I'm in the  
6     Jeff City office, and Commissioner Gunn is with me if  
7     you have -- for any questions you might have.

8                     JUDGE WOODRUFF: Thank you. If you have  
9     trouble hearing, we do have a bit of an echo coming  
10    from your offices in Jefferson City. Who you see on  
11    the screen is Commissioner Gunn's assistant, and  
12    Commissioner Gunn may be relaying questions through  
13    her for the witnesses.

14                    All right. Mr. Oversmith, if you'd  
15    please raise your right hand.

16                    (The witness was sworn.)

17                    MR. OVERSMITH: I wanted to start the  
18    meeting this afternoon. First of all, I appreciate  
19    the fact that you're down here listening to us and  
20    giving input on this. I'm very sorry that both of  
21    you could not have taken part in the previous hour  
22    where a lot of these things were discussed.

23                    But one of the -- this whole issue  
24    started over the need for a rate increase of 100  
25    percent, and after the Staff of the Public Service



1 Commission looked at it, you've agreed -- at least  
2 the Staff has agreed at what amounts to about a 66  
3 percent increase as being suggested to the  
4 commissioners for approval. And as we got into the  
5 subject today, some things are very clear to me.

6               Number one, we do have a better  
7 situation today than we had when the Chairman was  
8 down here before. Gary Cover and the Staff have done  
9 everything within their capability to try to make  
10 improvements. But we talked today. There's still  
11 some major expenses need to be taken to correct some  
12 of the problems that prevented this company from  
13 being sold to the other company that was interested  
14 in it, what, four or five years ago, and that really  
15 is the genesis in my mind of this problem.

16               And I think that the Public Service  
17 Commission really needs to take a hard look, a real  
18 hard look at not just what the costs are right now,  
19 but what they should be and what they could be under  
20 a proper ownership. During the meeting I kept  
21 pushing for, "Give me the owner. Tell me who's  
22 responsible."

23               And it gets down to, the responsibility  
24 is between a local judge and maybe the Staff of the  
25 Public Service Commission. And in other words,

1 nobody really right now at least owns this problem.  
2 And the first thing we do, in my opinion, before we  
3 solve the rate increase, is address where this  
4 plan -- what's the plan to get it done.

5                   Now, again, Gary Cover has outlined some  
6 things, he's solved several of the issues that  
7 prevented the sale last time. There's a lot of legal  
8 issues from what happened to the money that was given  
9 to create the proper system to begin with, and that's  
10 not a subject -- I'm looking back.

11                   And I agree with the Staff here that  
12 what we really want to do is move forward, and we  
13 can't move forward until somebody takes ownership of  
14 the problem and develops a workable plan to get down  
15 to a point where, is this -- does this increase stand  
16 the test of reason?

17                   And I submit to you right now it does,  
18 and it does for several reasons. Number one is all  
19 of the properties that are being covered by this are  
20 not metered. And I understand that's probably a  
21 problem that exists throughout the state, but right  
22 now you've got properties within the overall system  
23 here, the 400-plus customers that are in this system  
24 that go without meters.

25                   I have personal experience with my

1 neighbors that had water for three years before he  
2 even got a bill or paid a bill. So we know there's  
3 issues there that people aren't paying their proper  
4 amount.

5                   We know in the past six years there have  
6 been increased costs for everything we do, so a rate  
7 increase is certainly prudent. It's something that  
8 needs to be done, but there's nothing in this  
9 proposal that addresses what will happen in the  
10 future. I mean, we may turn around next year and  
11 say, Well, rather than raise it, we agree we'll raise  
12 it 66 percent this year, let's raise it another 100  
13 percent next year so that we can deal with these  
14 other issues. And pretty soon our water system has  
15 the highest rates in the state of Missouri.

16                   And maybe they already do. I don't  
17 know. I doubt that. But the point is, if we're  
18 going to make a change in a plan, we've got to have a  
19 plan to start with. And I think Gary Cover would  
20 admit, I mean, they've been doing the best they could  
21 with what they've had to work with, but somebody's  
22 got to own it.

23                   And I don't detect -- I want somebody to  
24 come up and say, "I own this problem. You're gonna  
25 have a plan on your plate." I -- what I would like

1 to see us do, quite frankly, is put this thing on  
2 hold for a little bit, for maybe six months, and in  
3 that plan, I think, again, using Gary, Gary and his  
4 resources, he's got one of the best maintenance guys  
5 that I've met around. I'm sorry he's not still here  
6 to hear that testimony, but he's very good at what he  
7 does, but he has his limitations. He has to work  
8 with the funds they have.

9 But the first thing we need to do is  
10 develop -- and Gary can get that ball rolling -- how  
11 much physical cost do we have to put into this model  
12 to make it a viable water and sewer system, and that  
13 includes getting meters, getting -- getting --  
14 there's one of the Thunder Bay or whatever it is, one  
15 of the condo sections has a problem with their sewer  
16 system getting that -- getting that resolved, get a  
17 plan. Okay, here's what we've got to do.

18 What we were told earlier today is this,  
19 is that this rate proposal affects what has happened  
20 in the past, so if we -- if we spend this  
21 additional -- or charge this additional 66 percent,  
22 that gets, you know, us up to where we were in the  
23 past, so obviously there's some deficit spending  
24 going on here to keep this thing going. But we have  
25 no idea what it's gonna take in the future and we

1 don't have anyone really -- I don't want to say  
2 accountable, because I think Gary's accountable --  
3 but I don't see anybody that's got the ownership  
4 capability to go and get the -- whether they're state  
5 sources, federal -- we talked today about maybe  
6 there's some federal sources. The communities that  
7 have these systems can maybe get some low interest  
8 rates to finance it.

9                   But let's put a plan together. Let's  
10 get a plan that people have got a chance to get -- to  
11 participate in. And certainly some rate increases  
12 are gonna be necessary. I don't think anybody  
13 believes that you can go six years without a rate  
14 increase.

15                   But, you know, I would ask the question  
16 if the Commission has really looked at these rates to  
17 say in comparable systems throughout Missouri, let's  
18 just start with Missouri. We won't even go beyond  
19 Missouri. But what is a realistic number that the  
20 management should be shooting for.

21                   I heard nothing today in our discussion  
22 that talked about what -- what is a reasonable rate.  
23 Is \$100 a month for water and sewer a reasonable  
24 rate? Is \$200 a reasonable rate? We don't know. I  
25 don't think I've heard -- I saw the web site and I

1 saw people giving comments to the Commission, and a  
2 lot of things had to do with the fact that we can't  
3 afford to do this.

4 Well, you know, I'm not making an  
5 appeal -- I'm on fixed income and I know a number of  
6 people in this room are on fixed incomes. There's  
7 not a question of what we can afford. The question  
8 is with a properly managed program, what could be  
9 accomplished?

10 And generally speaking, when you address  
11 it in that way and make the right investments, you  
12 typically lower costs and make it more efficient,  
13 more effective.

14 So I know I've spoken a lot. I want to  
15 cut it off at this point. But I'd really like to  
16 see -- take this opportunity rather than just passing  
17 this plan and say let's move onto some other  
18 district, let's get really realistic about what could  
19 be done. And I think you've got a man right there  
20 that's been appointed receiver, let's let him start  
21 really earning the money that we're paying him to be  
22 a receiver and say, Folks, here's what it is, here's  
23 our plan. It's gonna take a half a million dollars.  
24 Now, are we gonna divide the half a million by 400  
25 and say everybody's gonna have 1/400ths of that cost

1 and go and try to get some money outside of the  
2 district and try to deal with that? But before we  
3 just pass on these costs and forget about it and move  
4 onto something else, let's plan.

5 JUDGE WOODRUFF: Thank you,  
6 Mr. Oversmith. I have just a couple of questions for  
7 you. I gather just from your comments that you're a  
8 customer of Osage Water.

9 MR. OVERSMITH: Yes, yes.

10 JUDGE WOODRUFF: Which systems are you  
11 on?

12 MR. OVERSMITH: Cimmeron Bay.

13 JUDGE WOODRUFF: Okay. Is that water  
14 and sewer both?

15 MR. OVERSMITH: Yes.

16 JUDGE WOODRUFF: All right. Chairman  
17 Clayton, do you have any questions?

18 CHAIRMAN CLAYTON: I do. Mr. Oversmith,  
19 thank you very much for being here. And I appreciate  
20 your opening comments. Believe me, this company has  
21 been the greatest frustration for the Commission as  
22 it has for the customers.

23 And granted, we're not living here and  
24 experiencing it, but I promise you, this has been an  
25 ongoing saga we've been trying to deal with. In some

1 circumstances our hands are tied just because we  
2 don't have the tools to get things done, but I  
3 appreciate your earlier comments.

4                   When you started talking about finding  
5 an owner, did you have someone in mind?

6                   MR. OVERSMITH: No, no, no, I'm not  
7 suggesting.

8                   CHAIRMAN CLAYTON: Or advocating for any  
9 particular owner?

10                  MR. OVERSMITH: At one point -- help me.

11                  UNIDENTIFIED SPEAKER: Missouri American  
12 Water Company would have had this --

13                  JUDGE WOODRUFF: We can only have one  
14 person testify at one time.

15                  MR. OVERSMITH: Missouri American Water  
16 Company was one. This is not my area of expertise.  
17 I don't pretend to be an expert there, but I'm  
18 assuming there are people here from the Commission  
19 side that could help us with that.

20                  But this size system you have to start  
21 out with some kind of an idea, what you've got, and I  
22 think that there are people -- and head of  
23 maintenance is standing in the back of the room, and  
24 I think between Gary and our maintenance guys, they  
25 could come up with a realistic set of what it's gonna



1 take. And then I think beyond that, then I think  
2 you've got to look at the management issues. If we  
3 could spread this system over more people, you know,  
4 there's no good plan now to get in and out of the  
5 system that I can see now, and the economy is kind of  
6 slow building anyway, but that's gonna happen. There  
7 are gonna be more. But what's it gonna take to make  
8 a viable, going business?

9 And then you benchmark that and say  
10 let's best practice this thing. Are we using the  
11 best practices and the best development to get the  
12 most efficient system that we can get our hands on  
13 versus let's go over and look at some of the other  
14 communities like -- I said, well, how are they  
15 getting their water and sewer for 40 bucks a month  
16 and we want to charge these folks 90?

17 Personally my water and sewer bill --  
18 and I calculated this based upon my April activity --  
19 is gonna go up, once this is approved, 66 percent.  
20 And I think that's -- I think that there's a  
21 management issue there somewhere along the line.

22 CHAIRMAN CLAYTON: Yeah, I understand.  
23 The reason I ask the question, I didn't know if there  
24 was a buyer out there that I wasn't aware of. Now,  
25 I'm aware of this Missouri American, and I'll tell

1     you, I remember when that issue came up, and what  
2     killed the deal was the amount of money that was  
3     gonna be paid to the prior owner, and then that money  
4     was gonna be thrown into the rates and paid by the  
5     ratepayers, and a number of commissioners found that  
6     objectionable.

7                     Now, since then, we haven't had a new  
8     offer. Let me ask you about this: In terms of  
9     quality of service, the service that you actually  
10    receive today, can you give me an idea of whether the  
11    service is good, bad, no change?

12                    MR. OVERSMITH: I think the service is a  
13    lot better than it was back when Greg what's his  
14    name, the guy that should be in prison right now --  
15    Greg Williams. When he was in charge of it and let  
16    it go to hell, I think we had very bad service.  
17    There's still issues.

18                    COMMISSIONER CLAYTON: What kind of  
19    issues do you have? What kind of issues do you have  
20    right now?

21                    MR. OVERSMITH: The only issue that we  
22    have right now, I think water quality itself is kind  
23    of iffy. My wife won't even let our dog drink the  
24    water. We have to buy bottled water.

25                    CHAIRMAN CLAYTON: Have you had it

1 tested?

2 MR. OVERSMITH: I think periodically  
3 it's tested, but I don't -- I'm not coming to this --  
4 that's not my issue.

5 CHAIRMAN CLAYTON: That's why I'm here,  
6 that's why I'm here. I'm here to ask these  
7 questions. That's why I want to know if your water  
8 is good or not.

9 MR. OVERSMITH: I think it's acceptable.

10 CHAIRMAN CLAYTON: It's acceptable?

11 MR. OVERSMITH: That's right.

12 CHAIRMAN CLAYTON: Does it smell funny?

13 MR. OVERSMITH: I don't really --  
14 couldn't say.

15 CHAIRMAN CLAYTON: Is it clear? I mean,  
16 there was someone who brought in a jar of really ugly  
17 water the last time and said, "Well, here, let me  
18 open it so you can smell it." And I said, "Hold it."  
19 Did it look funny, smell funny?

20 MR. OVERSMITH: It's kind of milky for a  
21 while, but when you pour it out in a glass -- but  
22 like I said, that's not an area that I'm really...

23 CHAIRMAN CLAYTON: Do you have any  
24 staining in clothes from washing clothes or anything  
25 like that?

1                   MR. OVERSMITH: Not particularly that I  
2 could tell. We use -- we have a water softener.

3                   CHAIRMAN CLAYTON: Do you know why your  
4 wife won't let the dog drink it? Is there something  
5 she can point to that it's not potable or...

6                   MR. OVERSMITH: That is basically  
7 conjecture.

8                   CHAIRMAN CLAYTON: Okay. Is the company  
9 responsive? If you have an issue and you call up the  
10 company here, are they responsive?

11                  MR. OVERSMITH: I think so, yeah.

12                  CHAIRMAN CLAYTON: And you're satisfied  
13 with the type of service that Mr. Cover has been able  
14 to provide at least the last couple of years?

15                  MR. OVERSMITH: Yeah.

16                  CHAIRMAN CLAYTON: Okay.

17                  MR. OVERSMITH: I think that -- I think  
18 they need some systems. I don't think they have a  
19 good collection system as far as, you know, making  
20 sure that everybody that's using water is paying for  
21 it, but I don't think that's the root problem here.  
22 I think that's part of it.

23                  CHAIRMAN CLAYTON: Okay. How about  
24 billing, any problems in billing or issues associated  
25 with that?

1 MR. OVERSMITH: No.

2 CHAIRMAN CLAYTON: Okay. I want to ask  
3 you, the company and the Staff have filed a  
4 disposition agreement, and that was I believe the  
5 rate increase document, and it sets out a number of  
6 items associated with costs and with what investments  
7 have been made or are going to be made or whatever.  
8 Have you had an opportunity to review that document?

9 MR. OVERSMITH: I tried to find it on  
10 the web site and I couldn't find it.

11 CHAIRMAN CLAYTON: Is that something  
12 available to him? I mean.

13 MR. BUSCH: Disposition is available.

14 CHAIRMAN CLAYTON: What I would be  
15 interested in hearing is looking through those  
16 documents. And they are more accounting schedules  
17 than anything, but seeing from your concern about a  
18 plan, where those documents are deficient because  
19 there is a lot of thought that goes into creating  
20 rates, and I guess I want to know where the  
21 deficiency would be in having a plan for moving  
22 forward.

23 MR. OVERSMITH: I'm not certain that I  
24 have the technical ability regarding water to mention  
25 that, but I have had many years of financial

1 responsibility in other businesses, and I know that  
2 things like benchmarking, of looking at do we have  
3 the most effective -- cost-effective system. I doubt  
4 seriously whether any of that has been done to  
5 determine that.

6                   And maybe the Public Service Commission  
7 has done this and I don't know about it, but I think  
8 that's where I come in at. But one thing I know for  
9 sure is this: That if this problem is not addressed,  
10 we're gonna be right back here in another year or two  
11 going through the same thing again.

12                   CHAIRMAN CLAYTON: I understand.

13                   MR. OVERSMITH: Because the root  
14 problems in this thing, until they're addressed, then  
15 these patchwork rate things are not gonna add you a  
16 lot.

17                   CHAIRMAN CLAYTON: Well, I think there  
18 was an expectation from the Commission's level that  
19 once the receivership was addressed, that part of the  
20 root problem would be addressed and it sounds like at  
21 least the water quality issues, the billing issues  
22 have improved to some degree.

23                   And I know no one likes a rate increase,  
24 and especially one of this size, but I'm wondering if  
25 it could be worthwhile to talk with Mr. Busch further

1 about what type of planning the Staff is seeing as a  
2 priority in terms of the future of this system,  
3 because we just had a water symposium in Jefferson  
4 City where we brought in the EPA, the DNR. We do  
5 have ongoing relationships with those folks, finding  
6 federal money, loan money, different things like that  
7 to try to make water affordable.

8 I think I can look at this document. I  
9 don't think these are the highest rates, but they are  
10 very high when you compare it to other places. That  
11 doesn't matter if it's Missouri American or a small  
12 system, these are high. They're not the highest.  
13 And, you know, we're approaching levels that aren't  
14 affordable for water and that concerns me.

15 So I'm wondering if it could be  
16 worthwhile to have a further conversation, because I  
17 appreciate your comments.

18 MR. OVERSMITH: And I guess the other  
19 question is, I would like to look at -- we've looked  
20 at quantitative numbers in terms of how much has been  
21 spent and what needs to be spent. I'm more  
22 interested in qualitative measures in terms of, are  
23 we putting -- are we directing the resources in the  
24 most efficient way to get the cost down.

25 CHAIRMAN CLAYTON: And I don't know the

1 answer to that.

2 MR. OVERSMITH: Because we all have that  
3 responsibility in one way or another whether we're in  
4 government or our own personal lives.

5 CHAIRMAN CLAYTON: Thank you for coming  
6 out today. I appreciate your comments. Hang on.  
7 They may have some questions from Jeff City.

8 JUDGE WOODRUFF: Ms. Voss, does the  
9 Commission have any questions.

10 MS. VOSS: (Shook head.)

11 JUDGE WOODRUFF: We're not quite done  
12 yet. I want to ask the attorneys for Public Counsel.

13 MS. BAKER: The only question I have is,  
14 are you on a meter or are you an unmetered customer?

15 MR. OVERSMITH: I'm metered.

16 MS. BAKER: Thank you. That's all my  
17 questions.

18 JUDGE WOODRUFF: From Staff?

19 MS. BRUEGGEMANN: No, thank you.

20 JUDGE WOODRUFF: Now you can step down.  
21 Next name is Ron Westenhaver. If you'd please raise  
22 your right hand.

23 (The witness was sworn.)

24 JUDGE WOODRUFF: Thank you very much.  
25 Would you tell us your name.



1                   MR. WESTENHAVER: Sure. My name is Ron  
2   Westenhaver.

3                   JUDGE WOODRUFF: And I assume you're a  
4   customer of Osage Water?

5                   MR. WESTENHAVER: I am the developer and  
6   president of the Homeowners Association at Eagle  
7   Woods.

8                   JUDGE WOODRUFF: Thank you. What would  
9   you like to tell us?

10                  MR. WESTENHAVER: I especially  
11   appreciate the gentleman that preceded us. He gave a  
12   very clear picture. Some of my comments will  
13   tailgate that. We -- our service has improved. I  
14   want to comment on Gary and on Jim and the work that  
15   they have done, because as the developer, we started  
16   with that in April of 1998, and Commissioner Clayton,  
17   everything you've been through.

18                  I started on January the 14th of this  
19   year. That was the 10th anniversary of the contract  
20   I signed with Osage Water, and it was about a year  
21   later that we finally got the certificate of need and  
22   convenience for them to operate as a licensed public  
23   utility for sewer and water for all 53 lots.

24                  One of the primary reasons that I am  
25   here is that we went through several years of hell

1 with the preceding ownership company and we went  
2 through the public hearings and we went through the  
3 receivership, and then we went through, as Mr. Cover  
4 said, about two and a half to three years of  
5 litigation after the fact to try to get through the  
6 legal entanglements and find out that we actually  
7 were awarded by the Court the site of our sewer and  
8 waste water facility.

9               The reason that I'm here, I'm wearing a  
10 couple of hats. We've tried our best to provide  
11 sewer and water service to all of the folks there.  
12 We have water distribution lines to all 53 lots in  
13 the development. We are being served -- I think 31  
14 are currently being served.

15              The sewer capacity is one of the issues  
16 that I've been working on since 2002 when it was  
17 denied by Mr. Williams and funds redirected, shall we  
18 say, to Golden Glade subdivision, which is in the  
19 same sewer plant.

20              We were obligated under our contract to  
21 turn everything over, the two wells that we had, all  
22 collection lines, all distribution lines, lift  
23 stations, pumps, tanks. As of 2001, March, when the  
24 CCN was issued, and they've had the authority since  
25 then, we've tried on numerous occasions to either get

1 out, get out from under or a partial, if we could, to  
2 try and operate the system on a more equitable and  
3 sanitary basis, but that hasn't happened.

4               Here we are ten years later and we still  
5 need service for 28 lots for sewer capacity. The  
6 gentleman brought up an issue which we brought up  
7 earlier today in our discussion, and that is one of  
8 rates which would affect the customers now and in the  
9 future of our development, but also the sewer  
10 capacity issue which means we're short probably 60,  
11 \$70,000 for that to be done, money that has already  
12 been spent, awarded, et cetera.

13               And also we are now informed at a  
14 meeting that we had three weeks ago at my residence  
15 with members of the Staff and DNR staff, Mr. Cover,  
16 our attorney for Eagle Woods, that DNR informed us  
17 that we need a new and different well system, water  
18 system. The one that we were using had to come back  
19 into force. We had two wells there and they were  
20 servicing everything we had at that time until  
21 Mr. Williams took it over -- or Osage Water took it  
22 over, excuse me, and he put in a well for up to 100  
23 folks.

24               It services now approximately 30 at  
25 Golden Glade subdivision, but as of a year ago, as

1 most of you are aware on the Commission and Staff, is  
2 that there was an injunction filed and water ceased  
3 to occur. At that time Mr. Cover and Lake Ozark  
4 Sewer & Water hired an engineer. We put in tanks and  
5 we put the one well that we had that we could access  
6 into operation, so our development is working off of  
7 that one well and those two tanks at this time. The  
8 water quality is better.

9               Nothing was being done at all to improve  
10 the water quality that you were referring to,  
11 Commissioner Clayton, about the shirts, people  
12 wouldn't wash their clothes, they wouldn't drink the  
13 water and so forth. It was kind of an Erin  
14 Brockovitch situation in our development.

15               But the money has to come from  
16 somewhere. Prior to developing this development, I  
17 worked for years at Ozark Meadows and their rural  
18 Farm and Home Administration rural development loans  
19 were available to the company that did put in the  
20 system there. That's Ozark Shores' water system, and  
21 the people there were able to secure low-interest-  
22 rate funding to be able to bring service to that.  
23 Possibly that is a source.

24               What we do know about this -- and to --  
25 again, to go along with what he was saying, to a

1 greater number of folks, you can sell this. This was  
2 attempted with mid-Missouri -- or Missouri American,  
3 but you have to have something that's ready to sell.  
4 You can't sell the car with the flat tires and broken  
5 windshield.

6 And Mr. Cover and Jim have worked on  
7 this and worked on this from the legal standpoint  
8 with all of these entanglements and from the service  
9 standpoint, but we still have to have a salable  
10 product in order to entertain offers. I'm talking  
11 about PSC would. And I don't know where those are to  
12 come from.

13 I don't know if Missouri American, now  
14 that we've gone through this four years or five years  
15 of battle, whether they -- they might be a willing  
16 customer. We need to do something to address the  
17 issue of the capital investments that go into a  
18 system to make it right. If we are under the  
19 authority of the Public Service Commission, we would  
20 hope that they would feel a certain responsibility in  
21 assisting the receiver in making right by that which  
22 we've had to live with since 2001. We didn't have  
23 any right to do anything different in regard to  
24 providing ourselves or helping ourselves so to speak.  
25 The city does not have the capability. The two

1 systems, our system that was designed and approved by  
2 the State and built according to the state and  
3 inspected by the State is not compatible with the  
4 city of Osage Beach. We had a thorough study run by  
5 Meco in Jefferson City about how to work the two  
6 together. It doesn't work from two standpoints. One  
7 from an engineering standpoint and secondly, from a  
8 economic standpoint.

9                   It would cost about 130 to \$150,000 to  
10 make a connection, just make the connection. Now,  
11 that's a per capita rate of the homes that the city  
12 would assess. I think it's 2670. That's per home.  
13 So from an economic standpoint it doesn't work. From  
14 an engineering standpoint, we are an island, if you  
15 will, and we need something to happen there.

16                   I would hope that after the length of  
17 time that most of us have lived through this problem  
18 that we can move forward as the Office of Public  
19 Counsel is looking at it, and I agree that we can  
20 move forward, but our water system is a band-aided  
21 approach. That's what it's been titled because we  
22 had to put in a couple of tanks, we had to service  
23 this well, but it's just good until we can do  
24 something real, something that will work on a long  
25 term basis.

1                   And we're in the same situation with our  
2 sewer. Those issues need to be addressed as part of  
3 the plan and how to find the capital to do those  
4 sorts of things, not only for our organization but  
5 for those other customers of Osage Water. Those are  
6 the comments I have.

7                   CHAIRMAN CLAYTON: Mr. Westenhaver, I  
8 appreciate you coming out here today. I appreciate a  
9 little bit of the history even predating my  
10 involvement, and I know I'm not the first one  
11 involved in this, but it really does describe the  
12 relationship that exists between the monopoly  
13 utilities, the regulator and the customer, and there  
14 has to be involvement from all of us, and certainly  
15 the Public Counsel's office, they're addressing the  
16 cost issues, but it has been difficult since I've  
17 been on the Commission getting everybody on the same  
18 page. And since I came here in 2003, 2004, do you  
19 remember -- you were the judge then too.

20                   JUDGE WOODRUFF: I was.

21                   CHAIRMAN CLAYTON: I don't remember  
22 which year it was, but at that time we were -- I  
23 don't think our water staff had the direction that it  
24 needed to get in and find these answers. I don't  
25 think that we had the legal position that we needed

1 to really kind of enforce what the appropriate policy  
2 would be. And all I would say to you -- I really  
3 don't have any questions -- is, you know, since 2003  
4 2004, we changed the manager of the water division.  
5 And Jim Busch here -- and I think he has the  
6 confidence of the Commissioners in finding solutions,  
7 so I would encourage you to engage with him in  
8 looking for those solutions, and we also have new  
9 legal counsel, Ms. Brueggemann, over there and she  
10 has been very effective at reaching some positive  
11 legal determinations through the court system. And  
12 by gosh, these are the gifts that keep on giving.

13 I mean, we finish one case, we start a  
14 new. But in years past you also did not have a  
15 Commission that was committed to working all the hard  
16 angles to get to a solution. It was easier to give  
17 up, say let's approve the rate increase and not worry  
18 about it, put it off for a future Commission.

19 You have a Commission that I think has  
20 been and will be going forward, committed to finding  
21 these solutions. So I appreciate you saying that the  
22 quality's better, that there has been progress. I  
23 understand that there's a lot more, a lot more to go  
24 before everybody's gonna be satisfied.

25 MR. WESTENHAVER: If I may?



1                   CHAIRMAN CLAYTON: Please.

2                   MR. WESTENHAVER: Mr. Cover is in a  
3     difficult position. He didn't set precedent, but I  
4     believe -- and I can be corrected -- that this is  
5     only the fourth or fifth receivership that occurred  
6     during this era, if you will. And so it's new  
7     territory for a lot of different people, and we would  
8     appreciate any efforts that the Commission would  
9     make.

10                  CHAIRMAN CLAYTON: You know, the only  
11     option that the Commission really had for the longest  
12     time was placing the company in receivership, and we  
13     really weren't getting the legal advice that that was  
14     really a feasible option, and it's only been a recent  
15     occurrence and we've had success in Warren County,  
16     Missouri and other places, so I think we're making  
17     some progress. But we've got a long way to go, so I  
18     appreciate you coming out here today.

19                  JUDGE WOODRUFF: Ms. Voss, did  
20     Commissioner Gunn have any questions?

21                  MS. VOSS: (Shook head.)

22                  JUDGE WOODRUFF: Public Counsel?

23                  MS. BAKER: Again, I'm gonna ask you a  
24     little bit about, you said that you were the  
25     president of the Home Owners Association for Eagle

1 Woods?

2 MR. WESTENHAVER: Yes.

3 MS. BAKER: Tell me a little bit about  
4 the makeup of the customers at Eagle Woods, how many  
5 are metered, how many are unmetered.

6 MR. WESTENHAVER: Very good question.  
7 At the time -- and I'm going back to 2002 or 2003 --  
8 a letter was sent out to all of the customers, which  
9 I think it may have numbered 23 to 25. We got  
10 barraged with phone calls because he was asking --  
11 Osage Water Company was asking for a fee for  
12 connection, a fee for the meter and so forth. A  
13 number of people paid.

14 I took all of the receipts everyone  
15 brought me, and I ran copies of them and took them to  
16 a lady named, I thought like a Janet Hoelscher at  
17 Public Service Commission, and I said, "All of these  
18 people have paid for this, but the meters have not  
19 been put in." At this time I don't believe there's  
20 over maybe eight meters in the entire development.

21 MS. BAKER: And how many total homes are  
22 there?

23 MR. WESTENHAVER: Well, there's 53 lots  
24 and there's water service to every one of them.

25 MS. BAKER: That's the only question I

1 have. Thank you.

2 JUDGE WOODRUFF: For Staff?

3 MS. BRUEGGEMANN: Just a couple of quick  
4 clarifying questions. Mr. Westenhaver, when you were  
5 speaking about a Gary, you were talking about Gary  
6 Cover with Osage Water, the receiver?

7 MR. WESTENHAVER: Yes, I'm sorry. I  
8 should have been more official. Gary Cover, the  
9 court-appointed receiver.

10 MS. BRUEGGEMANN: Right. And then when  
11 you were talking about Jim, were you talking about  
12 the Lake Ozark Water & Sewer operator?

13 MR. WESTENHAVER: Yes, I am.

14 MS. BRUEGGEMANN: Or operations  
15 maintenance man?

16 MR. WESTENHAVER: Yes.

17 MS. BRUEGGEMANN: Okay. And then only  
18 one more question. How many of the 53 lots are  
19 developed?

20 MR. WESTENHAVER: How many are  
21 developed?

22 MS. BRUEGGEMANN: Or have houses  
23 currently --

24 MR. WESTENHAVER: Thirty-one.

25 MS. BRUEGGEMANN: -- built on them?

1 MR. WESTENHAVER: I believe 31.

2 MS. BRUEGGEMANN: Thank you.

3 JUDGE WOODRUFF: Thank you,

4 Mr. Westenhaver. Next name on the list, David

5 Howard. If you'd please raise your right hand, I'll

6 swear you in.

7 (The witness was sworn.)

8 JUDGE WOODRUFF: And I assume you're a

9 customer of Osage Water?

10 MR. HOWARD: Yes.

11 JUDGE WOODRUFF: And what system are you

12 on?

13 MR. HOWARD: Chelsea Rose subdivision.

14 JUDGE WOODRUFF: Okay. And you said

15 your name was David Howard?

16 MR. HOWARD: Yes.

17 JUDGE WOODRUFF: All right. Thank you.

18 What would you like to tell us?

19 MR. HOWARD: I've got questions, and I

20 guess we can't ask you all, right?

21 JUDGE WOODRUFF: That's right. We're

22 here to hear your comments.

23 CHAIRMAN CLAYTON: But we can make Staff

24 available.

25 MR. HOWARD: At one time wasn't the

1 Osage Water Company supposed to be liquidated?

2 According to the Public Service Commission, wasn't  
3 the Osage Water Company supposed to be liquidated.

4 CHAIRMAN CLAYTON: I don't recall that.

5 JUDGE WOODRUFF: Again, that's a  
6 question you can ask of Staff after the hearing.

7 CHAIRMAN CLAYTON: There was a sale to  
8 Missouri American, but I wouldn't call it a  
9 liquidation -- a liquidation sale, everything must  
10 go. There was a sale proposed to the Commission,  
11 what, five years ago, four years ago.

12 MR. HOWARD: The way I understood it was  
13 a court-appointed receiver, once the company was --  
14 once it was determined that it was not gonna be able  
15 to go back to Osage Water Company, to the Williams,  
16 that it was supposed to be liquidated.

17 CHAIRMAN CLAYTON: Yeah, I don't know  
18 about that.

19 MR. HOWARD: Now, I found that on the  
20 Internet under your-all's web site.

21 CHAIRMAN CLAYTON: Sir, I would talk to  
22 the director of our water program, Mr. Busch, and I'm  
23 sure he can find answers to that question. I don't  
24 know the answer. I'm not supposed to answer anyway,  
25 but...

1                   MR. HOWARD: The way I understand,  
2   there's 400 customers of Osage Water Company. Each  
3   of them are paying about \$50 a month for their water  
4   or sewer bills. Isn't that about \$240,000 a year  
5   this company is making? Why do they need a raise?  
6   I don't understand -- I mean, they can't have that  
7   much going out in expenses. There's no way to tell  
8   potential customers what they would be attaching to,  
9   whether it would be feasible for them to go to a  
10  building and attach to the sewer or a water.

11                   There's 45 in a gravity feed sewer  
12  system. That's illegal to the DNR, and as far as I  
13  know, the company has no idea that they're there.  
14  Daily they're supposed to make inspections of the  
15  mechanical equipment. If they did that daily, they  
16  would know that some of these problems were out  
17  there. I don't see that this company deserves a  
18  raise in their rates. They have not done anything to  
19  make the system better or even keep it up to what it  
20  was before. Other than that, I'm...

21                   JUDGE WOODRUFF: All right. Thank you.  
22  Chairman Clayton, do you have any questions?

23                   CHAIRMAN CLAYTON: I do. Mr. Howard,  
24  you're in the Chelsea Rose subdivision?

25                   MR. HOWARD: Yeah.

1                   CHAIRMAN CLAYTON: What rate do you pay  
2 right now? Is it a fixed rate or a volumetric rate?

3                   MR. HOWARD: No, it's a volume.

4                   CHAIRMAN CLAYTON: What would you say  
5 your average bill is, ball park?

6                   MR. HOWARD: Right around 60 dollars a  
7 month.

8                   CHAIRMAN CLAYTON: For both water and  
9 sewer?

10                  MR. HOWARD: Yes.

11                  CHAIRMAN CLAYTON: And those both go to  
12 Osage, they're both your water and your sewer  
13 provider?

14                  MR. HOWARD: Yes.

15                  CHAIRMAN CLAYTON: So about 30 bucks  
16 each?

17                  MR. HOWARD: Correct.

18                  CHAIRMAN CLAYTON: How long have you  
19 been at your address?

20                  MR. HOWARD: Eight years.

21                  CHAIRMAN CLAYTON: Eight years? Have  
22 you seen any improvement in water quality?

23                  MR. HOWARD: No.

24                  CHAIRMAN CLAYTON: None? How would you  
25 rate your water quality today if you were to go turn

1 on the tap and fill up a glass?

2 MR. HOWARD: Poor.

3 CHAIRMAN CLAYTON: Poor. Would you  
4 drink it?

5 MR. HOWARD: Well, I do because I'm not  
6 paying for bottled water and hauling it in when I'm  
7 paying for this too.

8 CHAIRMAN CLAYTON: I have my argument  
9 with my wife about that all the time, but we'll save  
10 that for another day. You say the water quality is  
11 poor, but I mean, it's not making you sick anyway, or  
12 is it?

13 MR. HOWARD: Well, I don't know. Since  
14 I've moved into this home, I've had open heart  
15 surgery, I've had four stents put in me. Whether  
16 that has anything to do with it or not, I don't know.  
17 But it's not improved myself.

18 CHAIRMAN CLAYTON: I'm gonna say on the  
19 record, I know nothing about healthcare and medical  
20 care.

21 MR. HOWARD: Well, I don't either, but...

22 CHAIRMAN CLAYTON: I've not heard of  
23 water quality attached to heart problems, but it  
24 could be accurate. But you're not getting sick, I  
25 mean, by drinking the water --



1 MR. HOWARD: Not that I know of.

2 CHAIRMAN CLAYTON: -- on a regular basis?

3 When you say it's poor, what do you mean? Does it  
4 taste bad, smell bad?

5 MR. HOWARD: Like the other gentleman  
6 said, you fill up a glass of water, it's cloudy.

7 CHAIRMAN CLAYTON: How does it smell?  
8 Does it have a smell?

9 MR. HOWARD: No, not really.

10 CHAIRMAN CLAYTON: Does it settle after  
11 you pour it out?

12 MR. HOWARD: After a few minutes, yeah,  
13 it will settle and go away.

14 CHAIRMAN CLAYTON: Do you have any  
15 problems washing clothes, like rust in clothes or  
16 like too much iron or other minerals?

17 MR. HOWARD: No, but I have seen rust  
18 come out of the system after a repair of a leak, and  
19 they turn on the system and they come to my house to  
20 flush the air and the dirty stuff out, which I've  
21 told them not to several times, and it's rusty  
22 colored, and you sure wouldn't want to drink that.

23 CHAIRMAN CLAYTON: Yeah. Do you have  
24 any problems with your sewer system, backups, sewage  
25 on the ground?

1                   MR. HOWARD: There is some smell. I  
2 have walked -- just walking around the neighborhood,  
3 found, like I said, a 45 sticking out of the bank.

4                   CHAIRMAN CLAYTON: What to you mean?

5                   MR. HOWARD: 45's in a gravity feed.

6                   CHAIRMAN CLAYTON: What is a 45?

7                   MR. HOWARD: A 45-degree angle.

8                   CHAIRMAN CLAYTON: Yeah, you were  
9 calling a 45 a pipe is what you're talking about?

10                  MR. HOWARD: Yeah, a 45-degree angle in  
11 a pipe and the gravity feed sewer system is not  
12 legal, you shouldn't have it.

13                  CHAIRMAN CLAYTON: Okay.

14                  MR. HOWARD: And I know there's got to  
15 be at least four of them. And then you go down the  
16 street and I lift a manhole because of the smell, and  
17 you look down in there and there's sewage standing  
18 there. I have pictures of it.

19                  CHAIRMAN CLAYTON: Let's see them.

20                  Judge, can we mark these as an exhibit?  
21 We don't necessarily have to accept them, maybe just  
22 mark them as a batch. You may not want to let go of  
23 them.

24                  MR. HOWARD: This is the manhole that's  
25 been removed, this is a manhole that's completely

1 covered up, sewage. This is inside of our treatment  
2 plant, boards floating around inside. This is the  
3 inlet, this is outside of the treatment plant, just  
4 garbage, junk laying around.

5 CHAIRMAN CLAYTON: Have you supplied  
6 these to Mr. Cover?

7 MR. HOWARD: No, I haven't.

8 CHAIRMAN CLAYTON: Do you mind supplying  
9 them to him today, show him what you got?

10 MR. HOWARD: Sure, I don't care. He's  
11 gonna have the paper copies. I'm not gonna give them  
12 these pictures.

13 CHAIRMAN CLAYTON: That's fine. I think  
14 you ought to show him. You have that opportunity  
15 here today.

16 MR. HOWARD: Sure. They tore down the  
17 building and a tree landed on it, over our treatment  
18 plant. They replaced it with a fence. I would think  
19 that fence would need to be locked to keep kids out.  
20 I'm just showing you there that it's not -- the  
21 building that holds the container for our water  
22 system is in -- I mean, this is woodpecker holes, and  
23 it's been like that ever since I've lived there.

24 What I'm trying to show you, there's no  
25 improvements being made. I don't understand where

1 he's spending all his money which is coming out of  
2 our treatment plant. The mine going to the lake,  
3 it's supposed to be cleaned. It's just taped  
4 together, electrical connections hanging out into the  
5 weather.

6 CHAIRMAN CLAYTON: Okay. All right.  
7 Why don't you just mark these or describe them as a  
8 set of pictures for the record so everybody  
9 understands when they read the transcript, and then  
10 we'll give them back and maybe you can have a  
11 conversation with Mr. Cover about it.

12 JUDGE WOODRUFF: Just for the record,  
13 I'll describe these as --

14 MR. HOWARD: One more. A water faucet  
15 right outside the treatment plant. That faucet, it's  
16 running water continuously. That's got to be running  
17 up the bill at the meter, you know, pumping the well,  
18 and we're paying for it.

19 CHAIRMAN CLAYTON: I understand.

20 JUDGE WOODRUFF: These are 12  
21 photographs provided by Mr. Howard. I understand you  
22 want these back today, Mr. Howard, I assume?

23 MR. HOWARD: Yes, if I could, yes.

24 JUDGE WOODRUFF: So I will not put them  
25 into the record. If I put them into the record, then

1 we'd have to keep them.

2 CHAIRMAN CLAYTON: We'll describe them  
3 and that will be enough for the transcript.

4 JUDGE WOODRUFF: They were described by  
5 the witness so that should be sufficient.

6 CHAIRMAN CLAYTON: Anything else that  
7 you want to say?

8 MR. HOWARD: No, I don't think so.

9 CHAIRMAN CLAYTON: Any problem with  
10 billing or your dealings with the company? Have you  
11 ever had any dealings with Mr. Cover or any of his  
12 staff?

13 MR. HOWARD: No, not really. The  
14 billing is fine except for it comes in an open card  
15 like this, and I really don't think it's anybody's  
16 business.

17 CHAIRMAN CLAYTON: My gas bill comes the  
18 same way. I don't like it either. And I may have  
19 something to do with that. I haven't gotten around  
20 to doing something about that, but don't tell Ameren  
21 I said that.

22 MR. HOWARD: We have not really had much  
23 to say about this whole thing until now.

24 CHAIRMAN CLAYTON: Okay.

25 MR. HOWARD: And I think we should have

1 at the very first been able to have a meeting, you  
2 know, this was brought up October the 23rd or  
3 something like that, they were supposed to send out  
4 notices within a month. That went by the wayside.  
5 Nobody complained about it. Nobody -- we didn't know  
6 we could complain.

7 CHAIRMAN CLAYTON: Okay.

8 MR. HOWARD: Just needs to be a little  
9 bit more openness to it. It's all went behind our  
10 back until now, basically.

11 CHAIRMAN CLAYTON: Okay. I don't think  
12 I have any questions. I appreciate you coming out,  
13 and I would urge you to maybe share these concerns  
14 with Mr. Cover directly because we're relying on him  
15 to address each of these problems, and please take  
16 advantage of having that receiver in place, someone  
17 we're hoping is responsive rather than the way it has  
18 been in the past. So thank you very much for coming.

19 JUDGE WOODRUFF: Ms. Voss, does  
20 Commissioner Gunn have any questions? Any questions,  
21 Ms. Voss?

22 MS. VOSS: (Shook head.)

23 JUDGE WOODRUFF: Public Counsel?

24 MS. BAKER: I have no questions.

25 JUDGE WOODRUFF: All right. For the

1 Staff?

2 MS. BRUEGGEMANN: No, thank you.

3 JUDGE WOODRUFF: All right. Go ahead  
4 and take your pictures.

5 CHAIRMAN CLAYTON: Thanks, Mr. Howard.

6 JUDGE WOODRUFF: All right. The next  
7 name on the list is Elizabeth Engelmeyer. Good  
8 afternoon. Please raise your right hand.

9 (The witness was sworn.)

10 JUDGE WOODRUFF: Could you tell us your  
11 name.

12 MS. ENGELMEYER: Elizabeth Engelmeyer.  
13 And I'm a resident of Eagle Crossing. And my main  
14 complaint is -- number one, the water has improved,  
15 first. When I moved two years ago, I built a home  
16 and moved in two years ago, the water was really bad  
17 then, so the water has improved.

18 But our sewer system, I have a holding  
19 tank in the back of my yard, and last year it went  
20 and ran over twice. Yes, and I do not have a picture  
21 of it, but I have my neighbor who is a witness as far  
22 as that is concerned, and I said if it happens again,  
23 I'll call DNR, I will not call Osage company anymore.

24 And for that service I don't think I do  
25 want to pay double the amount of my bill. I really

1 basically -- should come back and have somebody  
2 responsible there to have a company, because we send  
3 our money and nobody knows where it goes. We don't.  
4 So it would be nice to have a company that you could  
5 go and complain to or talk to, but there's not. And  
6 that's the only comments I have.

7 JUDGE WOODRUFF: All right. Thank you.

8 CHAIRMAN CLAYTON: Ms. Engelmeyer?

9 MS. ENGELMEYER: Yes.

10 CHAIRMAN CLAYTON: I want to make sure I  
11 pronounce it correctly. When you've had these  
12 situations with your sewer system and the holding  
13 tank has overflowed, did you say that you tried to  
14 contact --

15 MS. ENGELMEYER: I did.

16 CHAIRMAN CLAYTON: -- the company? And  
17 you got no response?

18 MS. ENGELMEYER: I did. No, I contacted  
19 them and they come and pumped, but then they didn't  
20 do anything about it anymore until I called again,  
21 and they had to pump it again. I did that last July.

22 CHAIRMAN CLAYTON: What needs to be done?

23 MS. ENGELMEYER: I have no idea. It's  
24 just in the back of my yard and the odor is coming  
25 out of it all the time, and it's -- like I said, it



1 has to be pumped twice, and it was running down the  
2 hill and down in the pond. And, you know, I have a  
3 daughter that works for DNR, and she said, "Mom,  
4 don't say anything anymore. Next time it happens  
5 report it." And I know it shouldn't happen.

6 CHAIRMAN CLAYTON: Okay. Any other  
7 problems with the sewer system?

8 MS. ENGELMEYER: No.

9 CHAIRMAN CLAYTON: That's the problem  
10 that you have?

11 MS. ENGELMEYER: Uh-huh.

12 CHAIRMAN CLAYTON: And the water has  
13 improved?

14 MS. ENGELMEYER: The water has improved.  
15 Now, the only thing, we don't have a whole lot of  
16 water pressure.

17 CHAIRMAN CLAYTON: Are you happy with  
18 the water service?

19 MS. ENGELMEYER: I don't have a problem  
20 with it.

21 CHAIRMAN CLAYTON: Okay. Okay. Any  
22 problems with billing or other dealings with the  
23 company?

24 MS. ENGELMEYER: No, huh-uh.

25 CHAIRMAN CLAYTON: No. I don't think I

1 have any other questions. I'm trying to see what  
2 would be the most appropriate way of having the Staff  
3 look into this recurring issue.

4 MS. ENGELMEYER: The gentleman a while  
5 ago, he told me he come and inspects every eight  
6 weeks and replaces the filter. I have never seen  
7 him, but I don't have a bill since last fall, but I  
8 still smell it in my back yard.

9 CHAIRMAN CLAYTON: Okay. Thank you very  
10 much for coming. I appreciate it.

11 JUDGE WOODRUFF: For Public Counsel?

12 MS. BAKER: No, I have no questions.

13 JUDGE WOODRUFF: For Staff?

14 MS. BRUEGGEMANN: No, thank you.

15 JUDGE WOODRUFF: All right. Thank you.

16 The next name on the list is Harold, is it Harvey?

17 Good afternoon, Mr. Harvey.

18 THE WITNESS: Good afternoon.

19 JUDGE WOODRUFF: Would you please raise  
20 your right hand.

21 (The witness was sworn.)

22 JUDGE WOODRUFF: Thank you very much.

23 And your name is Harold Harvey?

24 MR. HARVEY: Yes.

25 JUDGE WOODRUFF: Okay. And you're a

1 customer of Osage Water?

2 MR. HARVEY: Yes.

3 JUDGE WOODRUFF: Which system?

4 MR. HARVEY: Eagle Woods.

5 JUDGE WOODRUFF: Okay. What would you  
6 like to tell us?

7 MR. HARVEY: Well, two things. Well,  
8 more than that. We got this notice about this  
9 meeting, and then I assume that there's already been  
10 a 66 percent increase approved.

11 CHAIRMAN CLAYTON: (Shook head.)

12 JUDGE WOODRUFF: No.

13 MR. HARVEY: Okay. I'm sorry. I  
14 misunderstood.

15 CHAIRMAN CLAYTON: There's an agreement  
16 I think in principle between the company, Mr. Cover,  
17 and with the Staff of the Commission. So they've  
18 reached a compromise between those parties, and then  
19 the commissioners have to make the ultimate decision,  
20 and that's why we're here, to get feedback.

21 MR. HARVEY: Okay. I was gonna say, I  
22 worked in corporations all my life and we always  
23 gathered all our information, and we had our meetings  
24 and gathered information and then we made decisions,  
25 and they were better decisions. And you mentioned

1 about the small number of people. There's more than  
2 one reason. One reason is most people are working.  
3 Fortunately I'm retired so I don't have to work  
4 anymore. Another one, some people were under the  
5 impression that approval had been given so why go to  
6 a meeting.

7                   That's another thing, whether it's 66  
8 percent or 3 percent, we don't know what we're  
9 getting for that. I'm not on the Internet, but I  
10 have someone that looked it up for me Monday night,  
11 and we couldn't find anything on the Internet what we  
12 were getting, what changes were gonna be or anything.

13                   I bought the house I live in, in August  
14 of '06, and I was told by the realtor and the party I  
15 bought it from that the water and sewage had been  
16 solved. Of course that was not true in either case.  
17 The water is much improved now than what it was as  
18 far as color. At that time it was so rusty, it --  
19 the side of my house has got rust. You can't get it  
20 off with a sprinkler.

21                   But the sewer has not improved. I live  
22 close to the lady that was here, and I take -- I have  
23 the paper delivered to my house, and I go out and get  
24 it every morning about 6 or 6:30, and I can smell  
25 sewer every morning.

1                   I worked in my backyard this morning and  
2   I smelled sewer. Two years ago I had them out there  
3   to run a new line to my propane tank for my  
4   fireplace, and it was so bad that he was laughing at  
5   me why I bought the house. And he was right. I  
6   shouldn't have, but I did. And that was my mistake.

7                   But I think before increases are given,  
8   we should know what we're gonna get for that  
9   increase, because we're paying enough for what we're  
10  getting, probably too much.

11                  I checked with other people, and I'm  
12  sure you people know more about that than I do, but  
13  I've got a niece in Springfield. I think it's about  
14  half of what I pay, and they don't have any troubles.

15                  So that's about all I got. Right now  
16  I'm satisfied with the water. I'd like to have a  
17  little more pressure, but it's good quality water,  
18  but the sewer is pathetic.

19                  THE COURT: Chairman Clayton?

20                  CHAIRMAN CLAYTON: How long have you  
21  been in your house?

22                  MR. HARVEY: Since August of '06.

23                  CHAIRMAN CLAYTON: August of '06. Was  
24  the water bad when you got -- when you moved in?

25                  MR. HARVEY: Yeah, but I didn't know it.

1 CHAIRMAN CLAYTON: I'm sorry?

2 MR. HARVEY: Yes.

3 CHAIRMAN CLAYTON: Yes, it was bad?

4 MR. HARVEY: But I did not know it until  
5 the water went off one day. And when it came back  
6 on, I had pure rust running into all of the wash  
7 basins and the bathtubs. And the water -- the  
8 washing machine where you wash your clothes, ruined  
9 them. They're red.

10 CHAIRMAN CLAYTON: Yeah, I remember  
11 hearing testimony like that.

12 MR. HARVEY: And I was told that -- I  
13 had read in the paper. I knew there had been  
14 problems there, but the realtor told me those were  
15 all solved. Well, it wasn't.

16 CHAIRMAN CLAYTON: Well, I'm glad to  
17 hear that you're not having problems with the water,  
18 because if you go back and look at the history, as I  
19 recall, predating my involvement with the Commission,  
20 that there was a rate increase that was granted and a  
21 lot of promises were made that the water was gonna be  
22 improved, and then by the time I got there, the water  
23 had not improved. One rate increase had already  
24 taken effect, then another rate increase was filed  
25 back in '03 or '04, and that's the one that we

1 dismissed because basically the commitments hadn't  
2 been made, hadn't been completed that were made prior  
3 to that.

4 So since then, I'm glad to hear that the  
5 water, at least one side of the issue, has been  
6 addressed.

7 MR. HARVEY: I do have -- I don't have a  
8 meter on mine and I live by myself. My wife passed  
9 away. And there's at least four other people within  
10 400 yards of me that live alone. But there's some  
11 where there's a lot of people. I don't understand,  
12 there's something in there about 2000 gallons of  
13 water costing so much, and then there's so much, a  
14 thousand gallons over that, adding up to 6,000 or  
15 something. I don't even understand that part being  
16 in there at all.

17 Because Ron was here, and of course he  
18 built all those houses, and I think there's very few  
19 of them that have meters. Most do not have meters.  
20 And I know that he built a new house next door to me  
21 two years ago and he put a meter in that's not  
22 working. It wasn't hooked up. It's there.

23 CHAIRMAN CLAYTON: Have you complained  
24 to Osage Water about the sewer issue?

25 MR. HARVEY: No, I have not.

1                   CHAIRMAN CLAYTON: You haven't told them?

2                   MR. HARVEY: My neighbor did.

3                   CHAIRMAN CLAYTON: Your neighbor did?

4                   MR. HARVEY: Yes.

5                   CHAIRMAN CLAYTON: Well, I think it's

6 important if you've got a problem that you report it

7 and make sure and report it to us too. Have you ever

8 called the PSC?

9                   MR. HARVEY: No, I have not.

10                  CHAIRMAN CLAYTON: And the problem is

11 still there?

12                  MR. HARVEY: Oh, yes. I could smell it

13 this morning.

14                  CHAIRMAN CLAYTON: All right. Can we

15 write that down and address that? I don't think I

16 have any other questions. I appreciate you coming

17 out today.

18                  JUDGE WOODRUFF: Just a minute, sir.

19 Public Counsel, do you have any questions?

20                  MS. BAKER: I just want to clarify, you

21 said you do have a meter.

22                  MR. HARVEY: I do not.

23                  MS. BAKER: Oh, you do not have a meter?

24 I thought you said you had a meter but it was not

25 hooked up.



1                   MR. HARVEY: My neighbor had a new house  
2 built two years ago. They put a meter in, but it  
3 isn't hooked up.

4                   MS. BAKER: Okay. Are there more  
5 houses? Are there more houses like that that had  
6 meters that are not hooked up?

7                   MR. HARVEY: I have no idea. Ron would  
8 know.

9                   MS. BAKER: All right. Thank you for  
10 clarifying.

11                  JUDGE WOODRUFF: Okay. For Staff?

12                  MS. BRUEGGEMANN: No, thank you.

13                  JUDGE WOODRUFF: All right. Thank you.  
14 Next name on the list then is Mr. Comley.

15                  (The witness was sworn.)

16                  JUDGE WOODRUFF: And your name?

17                  MR. COMLEY: My name is Mark W. Comley.  
18 I'm an attorney in Jefferson City, Missouri, and I  
19 admit to you I feel a bit uncomfortable being in this  
20 kind of position today. I am fortunate that there  
21 are only two people I know and respect that are going  
22 to be able to barrage me with questions, if  
23 necessary, but I hope that's not the case.

24                  I'm speaking on behalf of the board of  
25 directors for the Cedar Glen Condominium Owners

1 Association, and there are members of that board here  
2 today, and I hope they don't mind if I just give a  
3 brief introduction to you.

4 Joe Davenport is to my left, and Craig  
5 Frieze is on the second row back there, and a very  
6 important member of their staff, Kathy Goldsberry is  
7 behind Mr. Davenport. So I'm hoping I picked up  
8 everybody that's here.

9 The reason I am here today is not to do  
10 anything critical of Mr. Cover. I have had the  
11 opportunity to be with Mr. Cover as he's made very,  
12 very important reports to Judge Hutchison and I think  
13 from a legal point of view here, I recognize that  
14 Mr. Cover has had some substantial obstacles in  
15 trying to keep the company viable and to make sure  
16 it's complying with the environmental regulations  
17 that we just went through last Friday that are going  
18 to be even more restrictive in the future.

19 I understand that, and I think everyone  
20 here should know that Mr. Cover and anybody who's  
21 going to operate this company will be having a great  
22 deal more to deal with as the future unfolds. What I  
23 wanted to do was come at this hour, and knowing that  
24 this is a small rate case, this may be one of the  
25 only opportunities that we can reinforce a few things

1 with the Commission.

2                   Ever since Cedar Glen was involved in  
3 the Missouri American asset transfer case a few years  
4 back, their point has been Cedar Glen has the  
5 management, Cedar Glen has the expertise to take over  
6 control of the assets that are exclusively dedicated  
7 to its water and sewer service, and they can do it  
8 well and they can do it for a price that's much, much  
9 less.

10                   If you haven't had a chance yet, I would  
11 recommend that you take a look at the Staff's audit.  
12 It is a 400-customer company. 212 to 214 of the  
13 customers of the company are unit owners at Cedar  
14 Glen, and I'm not going to reinforce the principle  
15 anymore. I think we'll recognize that because of the  
16 concentrated nature of the service at that location.

17                   The class -- excuse me -- the cost of  
18 service for Cedar Glen is going to be remarkably  
19 lower than what it would be for the remaining  
20 subdivisions that are served under the umbrella of  
21 Osage Water Company. I think you'll find out once  
22 you look at it that Cedar Glen customers are funding  
23 a great deal of the improvements that may be  
24 necessary and are ongoing with the other  
25 subdivisions. I looked through the audit myself. I

1 think it concentrates more on the water side as I  
2 recall and I'm not interested in reviewing these, but  
3 I think it concentrate a great deal on the water side  
4 of the system, and I don't think that there are any,  
5 any capital improvements made during Mr. Cover's  
6 receivership to the Cedar Glen water system.

7                   Primarily these funds that are being  
8 taken from Cedar Glen are being used right now to  
9 make sure that the other systems are coming up to  
10 serviceability. Cedar Glen would like to have that  
11 stopped. An advertisement that was done by the Cedar  
12 Glen Association several years ago indicated that at  
13 least based upon that estimate, they could offer  
14 service, water and sewer service, to each of the unit  
15 owners between 12 and \$14 a month.

16                   I think in my letter to the Commission I  
17 said \$12. As I went through some notes the other  
18 day, I think we were toying with \$14 a month. Right  
19 now they're paying about \$42 a month for that service  
20 with the prospect that that is going to go up.

21                   I'd like to echo what Mr. Oversmith I  
22 think was getting at, and that would be, is it time  
23 now to consider dismantling the company? Would our  
24 energies be better served by coming up with a  
25 solution that would place each of the systems in a

1 position where they can stand on their own or they  
2 can come together under a different company ownership  
3 so that we can force the cost of service down to  
4 cost.

5 Right now I think it's easy to calculate  
6 that the Cedar Glen service rates, if approved by the  
7 Commission, will be materially higher than what their  
8 actual cost of service is, and I think that's unjust.  
9 Our position would be that the Commission should give  
10 the receiver some influence and say let's start  
11 talking about how this company can be sold so that  
12 each operation out there can come to terms with its  
13 own costs and find a way of meeting them.

14 Right now it seems to me like the Cedar  
15 Glen unit owners are paying for design flaws, for  
16 lack of maintenance, for errors in management over  
17 which they had no control.

18 A number of topics came up during the  
19 testimony that I've heard today. Oh, one thing I  
20 wanted to mention that Mr. Davenport brought to my  
21 attention earlier. There is only one well serving  
22 all of the Cedar Glen unit owners. And I know the  
23 Commission has dealt with the issue of having an  
24 extra well for what is only available for a  
25 particular group of customers. I have been told and

1 I can represent to the Commission that Cedar Glen is  
2 prepared to invest in the second well, but it would  
3 depend a great deal and would depend entirely upon  
4 whether they would qualify in acquiring those assets  
5 altogether. But they are willing to go that far.

6                   The other thing I wanted to mention,  
7 there's been some talk about whether or not the  
8 independent -- or already the investor-owned utility  
9 will be able to qualify for low-interest loans either  
10 through a federal agency or some other agency that's  
11 designed to help local governments or local -- I  
12 think my reserve on that at least has been political  
13 subdivisions, whether they be sewer districts,  
14 community improvement, neighborhood improvement,  
15 districts, those would be the top priority, and that  
16 may be something that's part of the solution that  
17 many of these subdivisions that are being served  
18 right now would need to reorganize, reorganize under  
19 a sewer district format, perhaps consolidate their  
20 own systems, and then in that way they would qualify  
21 to issue their own revenue lines.

22                   That is just coming to mind. Bottom  
23 line, we think it's time for the Commission to  
24 suggest to the receiver that instead of going with  
25 this rate case, increasing the rates to the

1 proportions that are recommended, that he strongly  
2 consider going back to the circuit judge and  
3 suggesting at this point, Judge Hutchison, we would  
4 like to figure out a way of selling the assets.  
5 Thank you.

6 JUDGE WOODRUFF: Mr. Chairman?

7 CHAIRMAN CLAYTON: I always enjoy having  
8 lawyers placed under oath because we know it doesn't  
9 happen all the time. Mr. Comley, I appreciate your  
10 comments. I understand your comments. I understand  
11 your client's position. And, I mean, it makes  
12 perfectly logical sense what you're saying. I want  
13 to see if you can help me with a couple of facts and  
14 figures here, because I'm not involved in the case on  
15 a day-to-day basis. How many customers are in Cedar  
16 Glen?

17 MR. COMLEY: 213 right now. I think  
18 there's been as many as 214.

19 CHAIRMAN CLAYTON: That's fine. 213 is  
20 fine. Is that water and sewer?

21 MR. COMLEY: Water and sewer.

22 CHAIRMAN CLAYTON: Water and sewer. Do  
23 you know the other subdivisions? I'm assuming that  
24 you're claiming that Cedar Glen is paying subsidy on  
25 these other subdivisions. We have Eagle Woods --

1                   MR. COMLEY: I think there's Eagle  
2 Woods, Eagle Crossing, Eagle Woods, Cimmeron Ridge  
3 and then Cimmeron Bay.

4                   CHAIRMAN CLAYTON: Harbor Bay.

5                   MR. COMLEY: Harbor Bay's another one.  
6 And that's as far as I know. I'm sorry, I have not  
7 kept a detailed list. Chelsea Rose.

8                   CHAIRMAN CLAYTON: Do you know how many  
9 customers are in Eagle Woods?

10                  MR. COMLEY: Let's see. 31.

11                  CHAIRMAN CLAYTON: And that's water and  
12 sewer.

13                  MR. COMLEY: I do not know.

14                  UNIDENTIFIED SPEAKER: Yes.

15                  MR. COMLEY: It is.

16                  Chairman CLAYTON: Eagle Ridge.

17                  MR. COMLEY: Cimmeron Ridge, 30.

18                  CHAIRMAN CLAYTON: Three?

19                  MR. COMLEY: 30 customers in Cimmeron  
20 Ridge.

21                  CHAIRMAN CLAYTON: And is that water and  
22 sure?

23                  MR. COVER: Yes.

24                  MR. COMLEY: Yes.

25                  CHAIRMAN CLAYTON: And Carter Bay, do we



1 know --

2 MR. COMLEY: Harbor Bay.

3 CHAIRMAN CLAYTON: Harbor Bay.

4 MR. COMLEY: From my notes I have  
5 Cimmeron Bay and Harbor Bay, between them there would  
6 be 70, both water and sewer. And I don't know how  
7 many customers there are in Chelsea Rose.

8 CHAIRMAN CLAYTON: Do you know by  
9 chance? No? And there's Eagle Woods and Eagle --

10 UNIDENTIFIED SPEAKER: Crossing.

11 CHAIRMAN CLAYTON: How many.

12 MS. ENGELMEYER: It's the same as Eagle  
13 Woods.

14 CHAIRMAN CLAYTON: 31 total?

15 MS. ENGELMEYER: Yes.

16 UNIDENTIFIED SPEAKER: Same place.

17 CHAIRMAN CLAYTON: I'm not a lake guy so  
18 I don't know the subdivisions. So basically what  
19 you're spelling out is that you've got a subdivision  
20 that's got a lot of people and it's able to look at  
21 its cost and divide those costs into the greater  
22 number of people, and you've got, you know, a lot  
23 fewer people that you-all are subsidizing is  
24 basically what you're saying?

25 MR. COMLEY: That's exactly right.

1                   CHAIRMAN CLAYTON: And you-all want to  
2 split off and do your own thing?

3                   MR. COMLEY: Yes, that would be exactly  
4 right. But the association is prepared to take  
5 control of those assets and then administer them and  
6 maintain them itself.

7                   CHAIRMAN CLAYTON: So basically if that  
8 were to happen -- and correct me if I'm wrong -- if  
9 that were to happen, then basically Cedar Glen's  
10 rates would drop significantly and the rates for all  
11 these other subdivisions would increase  
12 exponentially.

13                  MR. COMLEY: That's exactly right.  
14 Unless, of course, they were to qualify for some kind  
15 of low-interest loan or grant through a device that  
16 they themselves would create and engineer. And that  
17 is not entirely out of the question.

18                  We are at an age of stimulus and in an  
19 age of availability of funds that on a scale we  
20 haven't seen in some time.

21                  CHAIRMAN CLAYTON: Yeah. Well, this  
22 definitely highlights, I mean, a great difficulty for  
23 commissioners, because then you're having to choose  
24 among different groups. And I'm not gonna give you a  
25 position here today. And frankly, I'm not sure if

1 it's teed up appropriately in this case, but I  
2 understand why you're here and I appreciate your  
3 testimony. I don't think I have any other questions.  
4 Thanks.

5 JUDGE WOODRUFF: Public Counsel?

6 MS. BAKER: No questions, thank you.

7 JUDGE WOODRUFF: For Staff?

8 MS. BRUEGGEMANN: Just one easy  
9 question. Is there also a Golden Glade?

10 MR. COMLEY: By the nature of your  
11 question, yes, there must be a Golden Glade  
12 subdivision.

13 MR. COVER: Golden Glade is sewer only.

14 MR. COMLEY: And Golden Glade is sewer  
15 only.

16 MR. COVER: Well stated.

17 JUDGE WOODRUFF: Thank you, Mr. Comley.  
18 The last name on my list is Mike Christensen.

19 CHAIRMAN CLAYTON: There are two other  
20 name. Craig Frieze and Kathy Goldsberry and  
21 Mr. Comley just referenced you. Okay.

22 (The witness was sworn.)

23 JUDGE WOODRUFF: And you are Mike  
24 Christensen?

25 MR. CHRISTENSEN: Yeah, Mike

1 Christensen. I'm lot 23, Golden Glade Trail, Golden  
2 Glade subdivision.

3 JUDGE WOODRUFF: And you're a sewer  
4 customer.

5 MR. CHRISTENSEN: I'm a sewer customer,  
6 yeah. Real easy. I'm not here to be critical on the  
7 company at all. Just here to oppose the rate  
8 increase. I've got a couple of numbers, you know, so  
9 we can kind of know what we're dealing with here. I  
10 went out and got some sewer rates from areas.

11 Osage Beach's water is about \$14 per  
12 thousand gallons; 69 cents per thousand afterwards.  
13 Their sewer is \$2.12 -- or \$12.11 per thousand  
14 gallons, \$1.64 per thousand afterwards. Eldon's is  
15 \$7.11 per thousand, \$2.38 cents per thousand  
16 afterwards. Their sewer is \$24.18 per thousand and a  
17 \$1.92 per thousand afterwards. Camdenton's is \$8 for  
18 2000, \$3 per thousand afterwards. Their sewer is  
19 \$5.50 base and \$1.75 per thousand gallons used. And  
20 finally Lake Ozark, \$10.82 base and a fraction of a  
21 sent per gallon, \$15 per month base for sewer \$2.75  
22 per thousand.

23 You average that out, a family using  
24 4,000 gallons, and you've got Osage Beach averaging  
25 about \$33 a month for water and sewer, Eldon

1 averaging about 44 for water and sewer, Camdenton  
2 averaging \$27 for both sewer and water, Lake Ozark  
3 averaging about 57. The proposed rates for Osage  
4 Water for the same averages will cost the average  
5 family around \$70, \$71 for roughly 4,000. I just  
6 wanted to put those figures into play.

7                   The problem is, you know, resale on a  
8 house. We want to keep costs down. Those are the  
9 highest averages in the area. They will have an  
10 effect on real estate, they will have an effect on  
11 resale, and I wanted to just kind of compare the area  
12 rates with what they're proposing to go.

13                   So it's, in my opinion, that a rate  
14 increase would be far above the average for the area  
15 and will probably hurt resale.

16                   JUDGE WOODRUFF: Thank you. I have one  
17 question for you. You said you lived in Golden Glade  
18 and you have sewer service only from Osage Water?

19                   MR. CHRISTENSEN: I do.

20                   JUDGE WOODRUFF: Where do you get your  
21 water from?

22                   MR. CHRISTENSEN: Environmental  
23 Utilities.

24                   JUDGE WOODRUFF: Okay. And have you had  
25 any problems with Environmental Utilities' water?

1                   MR. CHRISTENSEN: No, no. My water  
2   quality is fine. There's a slight rotten egg smell  
3   that I can't smell but my wife can.

4                   JUDGE WOODRUFF: Wives are good at that.

5                   CHAIRMAN CLAYTON: You just put that in  
6   the record.

7                   JUDGE WOODRUFF: She's not watching and  
8   it's unlikely she'll ever read the transcript.

9                   CHAIRMAN CLAYTON: We may send her a  
10   DDV.

11                  JUDGE WOODRUFF: All right, Chairman, do  
12   you have any questions?

13                  CHAIRMAN CLAYTON: You have the right to  
14   remain silent. What is that rate for water service  
15   from Environmental Utilities?

16                  MR. CHRISTENSEN: I'm paying about \$40  
17   to \$45, depending on usage. Before I got married it  
18   was a lot less, but since I got married it's  
19   increased. My wife does a lot more laundry than I  
20   used to do. I don't have any problem with the water  
21   there. They have done some improvements throughout  
22   as of a couple of days ago actually. I don't have  
23   any problem with the sewer actually. I pay usually  
24   six months to a year in advance. I pay 26.03 a  
25   month, and that rate is, again, higher than all the

1 other rates as it is right now than most of the  
2 communities around. And additionally, my preference  
3 would be to eventually have city water and city sewer  
4 down where I'm at.

5 I don't know anything about the  
6 feasibility engineering or cost-wise, I just know  
7 that I would rather eventually have city water. I  
8 know it's pretty close but not quite there, and that  
9 would be my preference personally.

10 CHAIRMAN CLAYTON: Well, your research  
11 shows great disparity in prices for water and sewer  
12 service, and I think if you were to conduct research  
13 even for a single company like Missouri American, you  
14 would find great differences in numbers between the  
15 rates paid in St. Louis County versus the rates paid  
16 in Parkville versus the rates paid in Brunswick or  
17 Mexico. So there's a great disparity. And the costs  
18 are the costs. I mean, they are what they are, and I  
19 would just offer this.

20 And I'm talking too much on the record,  
21 but there was an effort by the Commission that  
22 predated me that wanted to take Missouri American  
23 Water which is the largest water company in the state  
24 of Missouri and is part of the largest water company  
25 in the country, American Water, and they made an

1 effort at moving from district-specific pricing where  
2 you had all these different prices and they said  
3 let's just throw them all in a bucket and everybody  
4 pays the same rate.

5 Well, as you can imagine the people who  
6 got a rate increase were upset. I mean, they were  
7 upset and they were subsidizing everybody else, and  
8 all the other people were saying, well, this is fair.

9 And then the Commission reversed  
10 itself -- and this still predates me -- reversed  
11 itself, went back to district-specific, and you had  
12 people that were no longer subsidizing but certain  
13 people didn't get reductions, and it was a very  
14 frustrating time. And there's issues that we'll have  
15 to deal with in this case as well. So I don't have  
16 any answers as to why the rates are different, other  
17 than you have to look at the cost of each individual  
18 territory. I want to know from you, though, is the  
19 sewer service working?

20 MR. CHRISTENSEN: My sewer has always  
21 worked.

22 CHAIRMAN CLAYTON: You obviously have a  
23 smell. Have you ever reported that smell?

24 MR. CHRISTENSEN: We don't have any,  
25 yes.



1                   CHAIRMAN CLAYTON: Well, you said  
2 something about your wife.

3                   MR. CHRISTENSEN: I'm in Golden Glade  
4 subdivision. The water has -- the water has a rotten  
5 egg smell. The sewer, no. The sewer, we gravity  
6 into the sand filtration system that's at the bottom  
7 of the hill there, and the construction was done in a  
8 correct way and we've never had a problem with sewer  
9 in Golden Glade subdivision.

10                  I can't speak for any other subdivisions  
11 or their problems. I just know that the way that I  
12 constructed my house, I was the general on my house,  
13 so I had to hire the septic system to be placed and  
14 had to hire it to be hooked up, and then Osage Water  
15 hooked it up from where my limitation ended. But  
16 we've never had a problem with it over there.

17                  CHAIRMAN CLAYTON: Okay. I don't think  
18 I have any other questions. Thank you.

19                  JUDGE WOODRUFF: Public Counsel?

20                  MS. BAKER: No questions, thank you.

21                  THE COURT: Staff.

22                  MS. BRUEGGEMANN: Just one quick  
23 question. I think you read your entire list of rates  
24 that you checked into, but did you check into any  
25 investor-owned utilities other than like municipal

1 rates?

2 MR. CHRISTENSEN: I did utility  
3 companies that were in the immediate area.

4 MS. BRUEGGEMANN: So just the --

5 MR. CHRISTENSEN: Yeah, just the  
6 immediate area to point out what the difference would  
7 be.

8 MS. BRUEGGEMANN: Thank you.

9 JUDGE WOODRUFF: Thank you,  
10 Mr. Christensen. That was the last name on the  
11 signup sheet. Is there anyone else here who would  
12 like to testify?

13 And if you'll please raise your right  
14 hand.

15 (The witness was sworn.)

16 JUDGE WOODRUFF: And what is your name?

17 MR. CHRISTENSEN: My name is Arthur L.  
18 Texier. I'm from Eagle Woods subdivision. There's  
19 31 of us that have homes there, and there's only one  
20 thing that I'd like to clear up. All the other  
21 information that I had here was -- has been  
22 reiterated many times. But the water in our  
23 subdivision now is good. Originally it was good.  
24 It was on the same well that we were on  
25 originally, we are now back on. It is not a deep

1 well. We did some engineering work and we looked at  
2 the possibility of putting in two other wells along  
3 with the two that we originally had and which were a  
4 lot cheaper to install.

5                   The water that we are on now, three  
6 weeks ago it was -- somebody did say this earlier,  
7 but I don't think it was caught. The well that we  
8 are on now is not going to be allowed by DNR, so the  
9 good water that we have now and the good water that  
10 we had before has got into a problem with DNR. They  
11 don't allow those type of wells that will produce the  
12 good water in our area to be for the whole  
13 subdivision. And that's all I have to add to all the  
14 information here.

15                   But I didn't want that to go by.  
16 Because that's one of the problems, with all the  
17 extra money that we're gonna get and all the extra  
18 problems that we're gonna get, what we will -- what  
19 an engineer can design and put in will not be allowed  
20 to be done by DNR. So there we go.

21                   JUDGE WOODRUFF: I had a question for  
22 you. You're in the Eagle Woods subdivision.

23                   MR. TEXIER: Yes, sir.

24                   JUDGE WOODRUFF: Didn't Eagle Woods for  
25 a while get their water from Environmental Utilities?

1                   MR. TEXIER: No. Eagle Woods -- well,  
2 Eagle Woods -- at the beginning Rob Westenhaver put  
3 in the two wells that are on our property now. And  
4 that was hooked up at the beginning way back in 1998,  
5 I believe. I bought my place in January 2002, so  
6 I've been living with this for a long, long time, and  
7 one of the things that up -- until we got on that  
8 other well and Greg Williams and I had big arguments  
9 with him, my whole house is stained from the iron  
10 content.

11                   I sent -- you send somebody out on the  
12 old well and the deep wells in our area and that's  
13 what DNR is gonna force us to do, put another deep  
14 well in our area. And if we spend all that money to  
15 put this deep well in, there's no guarantee that we  
16 won't come up with the same problem that we had  
17 before on the other deep well.

18                   CHAIRMAN CLAYTON: Which was the iron.

19                   MR. TEXIER: Which was the iron content.  
20 Plus there was a lot of other stuff that was in that  
21 water. I had a \$3,000 system that I installed in my  
22 home to take out all the impurities and the iron and  
23 stuff like that, and I had to put in -- you can put  
24 those in, but they're very, very expensive  
25 engineering-wise, and costly, you know, for the

1 individual, and most of the people in our subdivision  
2 are on a fixed income. We're a bunch of old people.

3           The problem is that there's three people  
4 in each home. You heard a gentleman testify earlier  
5 that him and three of his neighbors were one person.  
6 My wife and I and another four couples that we hang  
7 out in our neighborhood with are two people and no  
8 children and no nothing. So the three is not a  
9 viable thing. That is not right. But they're gonna  
10 hang their hat on that, and they're gonna say you  
11 can't do these other wells because there's so many  
12 people in our subdivision.

13           Another thing that I wanted to make  
14 really clear is there's a problem with what we got  
15 now. Our 31 and the other -- and the next lots that  
16 the developer wants to put in, so a lot of cost will  
17 have to be gone in with Greg Williams and him and his  
18 contract. He was supposed to give him area for 51 --  
19 53 lots and he didn't do that. So what we got will  
20 not service 53 lots. So there's another problem  
21 there that Greg Williams and Ron Westenhaver did in  
22 their -- in their original contract, so I don't know  
23 if that all came clear before, but I did want to get  
24 up here and say something about that, because it  
25 seems to be that we can do something cheaply

1     engineering-wise that we're not being allowed to do.  
2     I'm a graduate engineer from Washington University  
3     with a mechanical engineering degree, and I sat with  
4     the engineers and know that we can do this very --  
5     much cheaper, much cheaper.

6                     JUDGE WOODRUFF:   Mr. Chairman, do you  
7     have any questions?

8                     CHAIRMAN CLAYTON:   Mr. Texier, do you  
9     support the concept of Cedar Glen splitting off from  
10    the rest of the family?

11                    MR. TEXIER:   No, not at the present  
12    time.   I can understand their position, and no one in  
13    their right mind couldn't understand their position,  
14    but we would not -- I don't see how financially that  
15    our subdivision would be able to maintain itself  
16    under the condition of the rules and regulations by  
17    the organization here today and the DNR, because we  
18    can do it engineering-wise, but not under the new  
19    guidance and rules that are in.

20                    15 years ago we'd have went and did it  
21    and it would have been done and over with.   You  
22    understand that.   But we're not here to argue the  
23    changes and stuff like that.   It's for the betterment  
24    and I understand that.   But there should be some  
25    leeway of thinking that this is what we want to do.

1 We're here, we want to do something for the people  
2 and for the homeowners and for -- that's what we're  
3 all about here today, but don't seem to me that we're  
4 going in that direction. We're forcing an  
5 organization or a subdivision to do things that  
6 are -- financially that they're not able to do.  
7 That's all I have.

8 CHAIRMAN CLAYTON: I don't have any  
9 other questions. Public counsel?

10 MS. BAKER: No questions.

11 MS. BRUEGGEMANN: Just one quick  
12 question. On the deep well that you're talking  
13 about, is that DNR's requirement, do you know?

14 MR. TEXIER: Yes.

15 MS. BRUEGGEMANN: Okay. Thank you.

16 MR. TEXIER: They sat in our meeting  
17 three weeks ago and said -- and liked to have a fit.  
18 We're operating on good water. They had a fit that  
19 we were operating on good water that this man  
20 supplied for us, right? There we go.

21 JUDGE WOODRUFF: Mr. Texier, if you'd  
22 write your address down. Is there anyone else that  
23 would like to testify?

24 (NO RESPONSE.)

25 JUDGE WOODRUFF: I don't see any other

1 hands.

2 UNIDENTIFIED SPEAKER: I have a  
3 question. Wasn't a precedent set with Missouri  
4 American Water with that rate increase that they  
5 tried to have everything even and the Commission  
6 denied it?

7 JUDGE WOODRUFF: First of all, tell us  
8 your name.

9 MR. DAVENPORT: Joe Davenport. I'm on  
10 the board of directors at Cedar Glen, and I'm also  
11 retired from Missouri American Water.

12 JUDGE WOODRUFF: We can't answer your  
13 questions. You can talk to the attorneys over here.  
14 They'd be glad to talk to you.

15 CHAIRMAN CLAYTON: Mr. Davenport, I  
16 would just say there was a decision made by the  
17 Commission, and then the Commission reversed itself  
18 and tried to go backward and didn't completely  
19 reverse all the way, and so there was lawsuits, and  
20 now we're operating -- Missouri American's operating  
21 under a district-specific pricing mechanism with some  
22 limited subsidies among the districts. Some of the  
23 really small ones are subsidized. Most are not.  
24 Most of the large ones are not.

25 JUDGE WOODRUFF: Anyone else want to



1     testify?

2                     (NO RESPONSE.)

3                     JUDGE WOODRUFF:  No, I don't see anyone  
4     else.  Again, you can certainly, after the hearing --  
5     there's Staff people that will stay around here for a  
6     while.  If you have any questions for them about  
7     specific issues and problems, feel free to talk to  
8     them.

9                     With that, then, this hearing is  
10    adjourned.  Thank you.

11                    (WHEREUPON, the hearing in this case was  
12    concluded.)

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