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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Local Public Hearing

December 1, 2010

Raytown, Missouri

Volume 1

In The Matter Of A Request)
From Raytown Water Company)File No. WR-2010-0304
For An Increase In Its)
Operating Revenues)

NANCY DIPPELL, Presiding
DEPUTY CHIEF REGULATORY LAW JUDGE
ROBERT M. CLAYTON III, Chairman

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A P P E A R A N C E S

For the State of Missouri, Department of
Economic Development, Public Service
Commission:

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For the State of Missouri, Department of
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Also Present:

Neal Clevenger, County Manager, Raytown
Water Company; and Mark Oligschlaeger,
Missouri Public Service Commission
Staff.

Court Reporter:
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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In The Matter Of A Request)
From Raytown Water Company)File No. WR-2010-0304
For An Increase In Its)
Operating Revenues)

TRANSCRIPT OF PROCEEDINGS, taken on

December 1, 2010, between the hours of 6:00 o'clock in
the evening and seven o'clock in the evening of that
day, at the Raytown City Hall, 10000 E. 59th Street,
Council Chambers, Raytown, Missouri 64133-3993 before
Penny J. Mullen, a Certified Court Reporter (MO #808),
within and for the State of Missouri, in a certain
cause now pending with the Missouri Public Service
Commission, State of Missouri, In the Matter of a
Request from Raytown Water Company for an Increase in
its Operating Revenues.

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

2 JUDGE DIPPELL: Welcome. This is -- The
3 Missouri Public Service Commission has set this time
4 for a local hearing in Case Number WR-2010-0304, in
5 which Raytown Water Company seeks to implement a
6 general rate increase.

7 My name is Nancy Dippell. I'm a Regulatory
8 Law Judge for the Commission, and my job tonight is
9 just to preside over the public comments portion of
10 the hearing. Chairman Robert Clayton with the
11 Commission is here with me today. And Mr. Chairman,
12 would you like to say anything?

13 CHAIRMAN CLAYTON: I'd be happy to. My
14 name is Robert Clayton. I come from Hannibal,
15 Missouri, and I have the honor of serving as Chairman
16 of the Missouri Public Service Commission. We are a
17 five-member Commission. We've got five commissioners
18 from around the state that decide the use related to
19 utilities.

20 Usually how that would relate to you is
21 utility rates. I'm sure that's why you're here
22 tonight. But we also regulate quality of service,
23 billing, mediation associated with an investor of a
24 utility, a prior utility, we have the charge of
25 regulating it.

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1 We are here tonight to receive your
2 testimony. We want to hear about any problem that
3 you're facing and challenges associated with your
4 service, any problem we need to fix. Certainly we're
5 here to hear about what you think about rate
6 increases.

7 Usually we have a pretty good expectation
8 of what folks think about rate increases, but we want
9 to hear what you have to say. We do this throughout
10 the state. Tonight we have two of these going on.
11 One in Mexico, Missouri associated with a separate
12 utility, so we're spread kind of thin.

13 We've got Judges and Commissioners spread
14 out around the state, and it's my opportunity to come
15 to Raytown. I've been here before, and unfortunately
16 that means prior rate increases. But I'm happy to be
17 back to Raytown, and look forward to the testimony
18 you're going to provide.

19 I wanted to point out a couple of things
20 just to please take advantage of. We've got
21 information over here on the PSC. Most people really
22 don't know what we do. It tells about how we
23 function, why and how we make decisions. We're trying
24 harder to make more information available so that
25 people understand what the PSC is and why and how we

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1 function.

2 So all the material that's up there, I urge
3 you to take advantage of it. We've changed our
4 website. That has more information, but I urge you to
5 take advantage of that. And we're trying to be out
6 active in the community so that people have confidence
7 in the very difficult decisions we have to make.

8 So if you have questions, please feel free
9 to take advantage of the staff, the attorneys that are
10 here. You are represented by the Office of Public
11 Counsel. They are here tonight as your advocate, and
12 they will advocate for you when the evidentiary
13 hearing and the trial comes up in the future.

14 Take this opportunity to speak with the
15 Company representative. These meetings allow an
16 opportunity to work out a lot of problems. So having
17 said that I look forward to the testimony.

18 JUDGE DIPPELL: Thank you. The court
19 reporter is transcribing the hearing so that the other
20 Commissioners can read and review the comments or they
21 may also watch the video now that that's available.

22 If you were present for the question and
23 answer session, you met the staff and so forth that
24 the Commissioner was talking about and Ms. Baker, so I
25 won't go into that.

1 I would like to thank the City of Raytown
2 for allowing us to use this facility this evening and
3 just state that the comments and statements that are
4 made by the witnesses and the Commission staff members
5 are in no way associated with the City, and are not
6 necessarily the City's or the council members'
7 opinions.

8 This is an official hearing of the Missouri
9 Public Service Commission, so the statements and
10 testimony of witnesses will be reported by the court
11 reporter and taken under oath or affirmation. So when
12 you come up to give your comments, I will ask you to
13 raise your right hand and either swear or affirm to
14 tell the truth.

15 And I'll ask you also to spell your name.
16 And I have a couple of witnesses on the witness list.
17 I'll be taking you in the order that you signed up,
18 and then I'll give anybody else that wants to speak an
19 opportunity to put your name on the list.

20 I'm going to begin first by making --
21 allowing the attorneys that are present to make their
22 entries of appearance, then I'll be going with the
23 staff.

24 MR. DEARMONT: Thank you, Judge. Eric
25 Dearmont on behalf of the staff of the Missouri Public

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1 Service Commission, P.O. Box 360, Jefferson City,
2 Missouri 65102.

3 JUDGE DIPPELL: And also for the Office of
4 Public Counsel.

5 MS. BAKER: Thank you. Christina Baker,
6 P.O. Box 2230, Jefferson City, Missouri 65102,
7 appearing on behalf of the Office of Public Counsel
8 and the rate payers.

9 JUDGE DIPPELL: Thank you. And I'll ask,
10 if you don't mind, to come up here. The court
11 reporter will be able to hear you to make sure we get
12 all your testimony down. So the first person I have
13 on the list is Darlene Ryan. If you want to stand
14 over by the podium.

15 DARLENE RYAN,
16 of lawful age, was sworn and testified as follows:

17 JUDGE DIPPELL: You can either use the
18 microphone or just speak up.

19 THE WITNESS: My name is Darlene Ryan. And
20 the reason I took the time to come up here and you all
21 took your time is because we need to find out what's
22 going on. I agree that Raytown Water has done a great
23 job; all right. But I don't believe that they do
24 deserve a raise in the rates, because we're all
25 stressing right now just to make it by.

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1 It's hard enough to make your social
2 security pay for everything else that's around. I
3 don't like paying for somebody else's not being able
4 to use things. If I buy something, I pay for that.
5 That's what I want to pay for. I don't want to pay
6 for Joe Blow down the street for me, just because he's
7 not able to pay his bills.

8 I can pay my bill, but I don't want to pay
9 his, too. And that's my main complaint. And that's
10 why I think that somebody needs to start tightening
11 their belts, like people that live in these houses,
12 that we have to.

13 The water company, the gas company, the
14 light company, all of them, but we're only here for
15 the water tonight, so I'm not going to waste time on
16 the rest of them. But I do believe that there has to
17 be a stop to this, and it needs to stop now. Because
18 nobody can afford to keep paying and do without the
19 things that they -- You really do need the water;
20 don't get me wrong.

21 But I feel like you've just got to stop
22 someplace. And knowing how everybody feels, and
23 Raytown is losing more and more people. You see a lot
24 of empty houses, you know. Why would they want to
25 move into a town that they can't regulate things? I

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1 wouldn't.

2 I grew up here, but I don't know if that
3 actually adds up for anything. But, you know, you
4 need to figure these things out in these small towns.
5 If you -- like, if you went to work, you would get
6 paid for that. I agree that we should pay our bills,
7 but I would not pay for somebody else's bills. And
8 that's just how I feel.

9 I think things need to be over looked a
10 little bit harder at the increase, that maybe it
11 will -- a -- such a large increase, if you're going to
12 have one, just take a small one. I think is it 8%
13 that he's asking for?

14 JUDGE DIPPELL: We would have to look at
15 the information.

16 THE WITNESS: Okay. But I think it could
17 be cut down. And if you need to tighten the belt with
18 somebody doing extra jobs, I think that could work
19 out, too. But I think everybody needs to take the
20 time to think about what really is going on here in
21 the United States, and take a little time to help.

22 I'm not for anything else, and I didn't
23 come up here for anything else. But I just don't feel
24 like I should pay for anybody else's bills. Thank
25 you.

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1 JUDGE DIPPELL: Ms. Ryan, wait just one
2 minute. I forgot to mention that after testifying
3 that sometimes the Commissioner or myself might have
4 some questions.

5 CHAIRMAN CLAYTON: Thank you, Ms. Ryan. I
6 just have a few questions.

7 THE WITNESS: Sure.

8 CHAIRMAN CLAYTON: First of all I like your
9 jacket.

10 THE WITNESS: Thank you.

11 CHAIRMAN CLAYTON: I'm not going to repeat
12 it on the record, though. What I wanted to ask you,
13 you say you don't want to pay other people's bills.
14 What do you mean by that? How are you paying other
15 people's bills?

16 THE WITNESS: All right. And the reason
17 that he's asking for this rate increase is because
18 there's a lot of houses empty. Okay. And the reason
19 why is because these people are moving out because
20 they don't have -- they're actually being kicked out
21 of their places.

22 You say that -- you asked me this question,
23 and a while ago when we were all talking we said, you
24 know, Raytown is losing a lot of people. And that
25 water does run down that street, all right? It also

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1 goes by that empty house. You know, why do we need
2 the rate if we've got less people using the water?

3 CHAIRMAN CLAYTON: I completely understand.
4 This issue has come up in a number of areas throughout
5 the state, and there's no question, the more customers
6 you have paying in the system the lower the rates get.

7 We've got some systems that are very small
8 that only have 100 customers, 200 customers. They
9 don't understand why their rates are so much higher.
10 They're even higher than these. But with more
11 customers you spread the cost out. If you're a
12 declining population, you have fewer customers. I
13 understand what you're saying.

14 I want to talk to you about the quality of
15 the water. You said they do a great job. Does the
16 water taste good? Does it work? Do you have any
17 pressure problems?

18 THE WITNESS: It works great for me.

19 CHAIRMAN CLAYTON: Have you ever had any
20 problems with the main office? If you call in with a
21 billing problem or an outage, do you ever have any
22 problems dealing with the company?

23 THE WITNESS: No. I have never. I've gone
24 to the office and I've expressed my feelings, you
25 know, especially whenever my bill comes up to

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1 something I don't understand.

2 I'm a single person, all right, and I live
3 by myself. And my bills sometimes, you know -- I
4 never water my yard except I actually had to water the
5 azaleas, because my husband would come back and haunt
6 me if I didn't take care of his flowers.

7 Well, my bill jumped \$12 for watering the
8 azaleas. And that's the only time I'd ever watered
9 anything, because I'm not an outdoor person. So I
10 still don't understand how, you know, just like we
11 were talking about your rates.

12 Somebody was on the phone up there one
13 time, because I was upset about the price on my bill.
14 And I said I don't understand this. I'm not even home
15 on some of these times. You know, like I take a week
16 or two and I'd go on vacation. My bill was the same
17 as what it was the month before. I don't understand
18 that. And there's been nobody at my house. I have
19 two plumbers in my family --

20 CHAIRMAN CLAYTON: Can I ask you a question
21 on that? When you look at your bill, do you track the
22 usage, how many gallons of water you use? And do you
23 think you maybe have a leak in the system?

24 THE WITNESS: I don't -- that's just what I
25 was getting ready to tell you.

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1 CHAIRMAN CLAYTON: Oh, sorry. Excuse me.

2 THE WITNESS: I have two plumbers in my
3 family. I've had all my toilets changed. I've even
4 changed -- I've even had to change the sewer system
5 from my house to the sewer. I've had to do all those
6 things, so I know that there should not be hardly
7 anything, but that has nothing to do with the water.
8 I understand that.

9 I have no trouble with the company.
10 They're a very good company, you know. They have, you
11 know, they do what -- I call them; they come. But I
12 haven't had to call them. And they notify me if I've
13 used more water.

14 Well, I know when I've used more water,
15 because that's the only time I ever did it was when I
16 watered my husband's azaleas. And I don't quite
17 understand how one -- how they can charge me the same
18 thing and I'm not there.

19 CHAIRMAN CLAYTON: But when you look at the
20 bill, does the number of gallons change?

21 THE WITNESS: Do they have a set rate that
22 says you have to use so many gallons?

23 CHAIRMAN CLAYTON: I need somebody to help
24 me with rate design, but I assume the bill has -- do
25 you all know this? The bill has, probably, a fixed

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1 charge which everybody pays a monthly rate. And then
2 there's a volume that you can get the first certain
3 number of gallons with that fixed charge, and then you
4 pay a rate over that.

5 So the more water -- in theory, the more
6 water you use, the more you pay. So you have to look
7 at how many gallons you use on a monthly basis. Would
8 you mind meeting with Mr. Russo here.

9 THE WITNESS: Sure.

10 CHAIRMAN CLAYTON: And maybe if you have
11 one of your bills or something like that, will you
12 kind of go over that and make sure that -- because if
13 you're really not using the same amount of water, your
14 bill should be, you know, it ought to be lower a
15 little bit. Now, you've still got a fixed charge.

16 THE WITNESS: Why -- how is it -- Why is it
17 a fixed charge? Because I've already used this water
18 and you're telling me that I'm going to have to buy it
19 from storage or what?

20 CHAIRMAN CLAYTON: No. Well, the pipes
21 cost something regardless of whether you're using the
22 water.

23 THE WITNESS: So I'm paying for the upkeep?

24 CHAIRMAN CLAYTON: You're paying for
25 maintenance; you're paying to make sure the system

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1 works. And so there's some hard and fixed costs. And
2 then there's a part based on how much you use.
3 Usually that's the way it's done. It's that way with
4 electricity for the most part, with natural gas and
5 water. And that's the way rates have been designed
6 for many years.

7 And some people don't like that; I
8 understand. It's just in this instance I'd be
9 interested to have the staff look at your usage to see
10 whether your usage is going down or not. That's what
11 I don't understand.

12 THE WITNESS: Well, I don't understand it,
13 either.

14 CHAIRMAN CLAYTON: Well, thank you very
15 much for coming, and Mr. Russo is right back there in
16 the back.

17 THE WITNESS: Thank you.

18 CHAIRMAN CLAYTON: He'll take a look at it.

19 JUDGE DIPPELL: Were there any questions?

20 MR. DEARMONT: I have no questions.

21 JUDGE DIPPELL: Thank you. Albert

22 McDaniel. Will you raise your right hand?

23 ALBERT McDANIEL,
24 of lawful age, was sworn and testified as follows:

25 JUDGE DIPPELL: If you could just spell

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1 your name for court reporter.

2 THE WITNESS: Albert McDaniel, A-L-B-E-R-T
3 M-C-D-A-N-I-E-L.

4 JUDGE DIPPELL: Thank you.

5 THE WITNESS: During the question and
6 answer period, it came up, well, it just really kind
7 of stuck in my mind, and it was just mentioned a
8 little while ago, was how we are paying for vacancies.
9 Like you don't have the amount of customers that you
10 had before.

11 And I think of what comes to mind are the
12 Crawfords, the dealerships. We lost three major
13 customers. They were big in this town. They paid a
14 lot of taxes in this town and they probably used a lot
15 of water. And this rate increase is like a year after
16 they've closed their doors.

17 It's -- I feel like we're being forced to
18 pay for something that's not our fault. It doesn't
19 seem fair that we have to do it this way. When my
20 income decreases, I have to tighten my belt. I don't
21 have a commission to go to, to get a rate increase to
22 get my salary increase. I can't do that. I have to
23 cut my expenditures.

24 It just doesn't work for the customer, for
25 the consumer as it does for companies. We can't just

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1 go get a rate increase. I can't do that. The only
2 way I can get another raise, I have to go out and work
3 and get another job to increase my income.

4 There's no one else I can go to. I know
5 this isn't why we're here, and I can't help but to
6 bring it up, is the sewer bill. Usually the water
7 bill and the sewer bill kind of run really close
8 together.

9 My sewer bill has gone up nearly 40
10 percent, a little over 40 percent, and the water bill
11 is usually close behind. I can't afford that. It's
12 just too much. With the rate of water, sewer,
13 gasoline, groceries, the cost of living is just
14 getting higher and higher. I have to pay personal
15 property taxes before the 31st. It's higher. It
16 didn't decrease; it stayed the same.

17 At every turn there is someone asking for
18 more money. I don't get the raise the way that the
19 increases are coming. Everyone is talking about the
20 economy and how weak and how slow it is. Because
21 utility companies, taxes, you keep taking more and
22 more from the consumer that we don't have the extra
23 money that would create another job.

24 It's just we have to stop somewhere, you
25 know. I agree that you might need an increase in your

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1 money to operate, but could you do it at a lesser
2 amount? Instead of asking for two dollars can you
3 take one or maybe cents? It doesn't have to be this
4 much. I just don't think that -- I don't think it's
5 right for me to pay for a vacancy. It's just not
6 fair.

7 JUDGE DIPPELL: Thank you. Any questions?

8 CHAIRMAN CLAYTON: Just a few.

9 Mr. McDaniel, and I understand obviously how the
10 discussion was going with paying for other customers,
11 and I understand that from Ms. Ryan's comment. I
12 remember reading an article in the St. Louis area.
13 It's a very similar thing was occurring, and it was
14 the municipal system.

15 And basically big companies had completely
16 changed their water usage, and they were recycling
17 their own water. So they stopped buying a lot of
18 water from the local utility. And what the impact of
19 that was is basically all their revenue fell out of
20 the system, and that cost got dumped on all
21 residential customers who were still using the same
22 amount of water.

23 The same -- the business hadn't gone; they
24 were just using their own so the cost got shifted.
25 And it's a real challenge dealing with the

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1 circumstance, because it's not your fault and not the
2 company's fault; it just happened. So how did the
3 cost get distributed.

4 Did you -- during the question and answer
5 period, did you have a chance to ask if the company
6 had tightened their belt or if they'd taken any steps
7 to reduce their cost?

8 THE WITNESS: No. I didn't ask that
9 question.

10 CHAIRMAN CLAYTON: Did the company provide
11 any information on what steps they were taking to keep
12 rates just and reasonable?

13 THE WITNESS: No, they didn't. They did
14 mention about healthcare expenditures and their
15 healthcare costs, and how it had increased. Mine has
16 increased, also. But it's not my responsibility to
17 pay for their healthcare, you know. I can empathize
18 with them, but I shouldn't have to pay for that.

19 It's bad when you lose a customer. I work
20 for a company that's losing customers. We're losing
21 them by the millions, and we're losing millions. And
22 the company that I work for, they're doing everything
23 that they can to stay afloat. They're cutting all the
24 many expenditures as they can, and I believe they're
25 doing their very best.

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1 But they're not -- when they ask for an
2 increase, very minimal increase, pennies; they ask for
3 an increase, pennies. And all the pennies that
4 they've asked for, it will get them through. They're
5 not asking for -- They don't ask for millions. They
6 don't ask for \$400,000 from a small group of people.
7 They don't ask that. They're not allowed, for one
8 thing.

9 CHAIRMAN CLAYTON: Can I ask you about the
10 service? Are you happy with the service, the water
11 service?

12 THE WITNESS: The service is good. It's a
13 good service.

14 CHAIRMAN CLAYTON: Are there problems with
15 billing or customer service that we need to be aware
16 of?

17 THE WITNESS: No. The billing aspect of
18 it, I wish they were -- it was easier to pay it online
19 instead of going through the bank. The bank has to
20 send them a check, where other companies -- where if I
21 want to pay Sears online, I can just, Sears, you're
22 paid on this date.

23 But if I want to do it with Raytown, the
24 City of Raytown, whether it's the water or the sewer,
25 if I had set it up to pay it on that day like if it

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1 was due the 10th of this month, which it is, if I set
2 it to pay it on that day, the 10th, the chances are
3 they won't get that on the 10th. It'll be on the
4 12th, and then I'm charged a fee.

5 So I have to set it up for two days in
6 advance, because they're not on the system like
7 everyone else. They're not. That's my complaint
8 about their billing system. Either that or I have to
9 walk in and hand it to them.

10 JUDGE DIPPELL: Do you get a separate water
11 bill, or is your bill on the city bill?

12 THE WITNESS: The water bill?

13 JUDGE DIPPELL: Yes.

14 THE WITNESS: Is it separate from the sewer
15 bill?

16 JUDGE DIPPELL: No. Is your water bill
17 separate from -- well, yes. Is your water bill
18 separate from your sewer --

19 THE WITNESS: Yes. It's two separate --

20 JUDGE DIPPELL: -- or other city --

21 THE WITNESS: It's two separate bills, yes.

22 CHAIRMAN CLAYTON: Mr. McDaniel, I don't
23 have any other questions. Thank you very much for
24 your time.

25 JUDGE DIPPELL: I don't have anyone else on

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1 the list. Is there anyone else here that would like
2 to speak?

3 THE WITNESS: Yes. I didn't sign up.

4 JUDGE DIPPELL: That's all right. Come on
5 up.

6 THE WITNESS: I feel like I'm re-inventing
7 the wheel, because I've already done it.

8 JUDGE DIPPELL: I apologize for having to
9 repeat yourself. Can you raise your right hand.

10 DON BELK,
11 of lawful age, was sworn and testified as follows:

12 JUDGE DIPPELL: If you could state your
13 name and spell it for the court reporter, please.

14 THE WITNESS: Don, D-O-N, Belk, B-E-L-K.
15 And again, I'll start out with just what the rest of
16 them said, that I have no problem with the quality of
17 water, the quality of the service or anything like
18 that. And I'm astute enough to realize that they buy
19 their water off the City of Kansas city.

20 And the City of Kansas City has got a \$2
21 billion sewer problem there. And this is what bothers
22 me. This rate increase is going to be minute compared
23 to some that are going to be coming down the pike.
24 Because Kansas City, they're going to raise water
25 rates for every person or every, you know,

1 municipality that buys water from them.

2 So Neal is going to have to pass that, you
3 know, off onto us. But my only concern is that I
4 don't know if there is enough belt tightening, you
5 know, within his company. They told me they had an
6 audit, and that made me feel better.

7 Because like the comment I made, it tells
8 me that we're not dealing with an Enron. That, you
9 know, they are trying to do things halfway decent.
10 But he talked about -- I don't know what their salary
11 schedule is. I don't know what their retirement
12 benefits are.

13 I don't know if they've got a traditional
14 retirement plan or if they've got a 401. Which again,
15 a 401, then you have to get the employee involved into
16 it. The same way with your health benefits. You
17 know, it seems to me that some of those benefits could
18 be passed back to the employees. Because if we're all
19 tightening our belt, you know, it seems like everybody
20 ought to.

21 And when I hear our governments and our
22 states and everything else, you know, the only one
23 that has to tighten their belt are the lower level
24 consumers. You know you never hear about the states
25 saying okay, we're going to lower salaries 20 percent;

1 payer.

2 THE WITNESS: Okay. You know, there you
3 go. Why -- again, I bet the City of Raytown, I don't
4 think they have a Fire Department. It's done by a
5 district, isn't it?

6 MR. CLEVINGER: Yes. It's separate from
7 the city.

8 THE WITNESS: Why are they not involved
9 with paying for some of this water that they're using
10 to put those fires out? Again, I'm slow from the
11 Midwest. I don't understand it.

12 MR. CLEVINGER: That's a good question.

13 THE WITNESS: And it comes right back, and
14 it's the same thing we're saying here. You know, the
15 people like myself, we're paying -- I'm paying to
16 fight a fire in Raytown and I live in Independence.
17 And then in Independence I'm paying to fight the fires
18 in Independence.

19 And, you know, I'm very lucky because God
20 has smiled on us. You know, I can absorb this rate
21 increase. But there's a lot of people out there that
22 it might make a difference, you know, if they're going
23 to eat or if they're going to pay their utilities.

24 And during the Q and A I showed, you know,
25 the front page of the Kansas City Star, and the people

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1 were complaining --

2 (Microphone gets knocked.)

3 THE WITNESS: Excuse me. Just, if I can't
4 use my hands, you know, you'd have to sew my mouth
5 shut. But anyway, I'm sorry.

6 Everybody is looking at these utilities.
7 And, you know, people out there, they're strapped.
8 There wasn't any increase, you know, for the people
9 that are on unemployment. And from what I hear, in
10 January there's going to be millions of them that
11 unemployment benefits are going to run out.

12 Where are these people going to get the
13 money to pay it? You know, I can pay this rate
14 increase. I'd really like not to, but, you know, I'm
15 not the only one in Independence and Raytown that can
16 make their bills. Some of them out there, they're not
17 able to. And I think we need to give some
18 consideration to them.

19 Again, maybe I'm wrong about the belt
20 tightening. They might have done all they can to
21 tighten their belt, but I have misgivings about it. I
22 just don't feel that that's happened.

23 JUDGE DIPPELL: Thank you.

24 CHAIRMAN CLAYTON: Mr. Belk, is that it?

25 THE WITNESS: Yes, Belk. B-E-L-K.

1 CHAIRMAN CLAYTON: Thank you. A couple of
2 observations to start off. A gentleman from our
3 staff, the PSC staff, Mark Oligschlaeger, who is right
4 behind you right there, he is the lead auditor that
5 digs into the books. And they make decisions, policy
6 decisions about what type of belt tightening is
7 appropriate, whether salaries should be set at a
8 certain level, how much you should contribute towards
9 salaries, pensions, all of those issues are part of
10 what they do when they dig in the books.

11 I cannot answer those questions, but Mark
12 would be able to do that. If you're interested in
13 getting some answers, I would urge you to touch base
14 with him. He can give you a little more information
15 about what goes on. Most people don't realize how
16 intensive an audit occurs when a utility asks for a
17 rate increase.

18 Some member of the staff moves in, goes
19 through all the books, reads all the numbers and comes
20 out with recommendations on what would be appropriate
21 under the circumstances. I think he can provide you
22 some information on that. The second thing I wanted
23 to ask, you mentioned that there was a big sewer
24 upgrade project in the City of Kansas City.

25 THE WITNESS: Yes.

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1 CHAIRMAN CLAYTON: I think you said \$2
2 million.

3 THE WITNESS: \$2 billion with a "B."

4 CHAIRMAN CLAYTON: We're talking real money
5 now.

6 THE WITNESS: Yes.

7 CHAIRMAN CLAYTON: So were you saying those
8 costs are now reflected in the wholesale rates that
9 the City of Kansas City is charging Raytown Water?

10 THE WITNESS: I don't live in Kansas City,
11 but from what I understand, yes; they will be.

12 Somebody's going to have to pay for this. And you
13 know, the people in Kansas City, their water bill and
14 sewer bill might go up four or five times. And you
15 know, that's going to -- you know, it flows downhill.

16 CHAIRMAN CLAYTON: This same circumstance
17 happened with our largest water utility in the state,
18 Missouri American. They sell a lot of water to
19 wholesale water districts and customers. And the last
20 case we had up in St. Joe, we had a bunch of people
21 come in from these small communities where the
22 wholesale rate has just gone through the roof because
23 that was their share of the cost of upgrading the
24 system. So it happened in a lot of places.

25 When you say you're from Independence but

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1 you're served by Raytown Water?

2 THE WITNESS: Yes.

3 CHAIRMAN CLAYTON: Who do you receive sewer
4 service from?

5 THE WITNESS: Independence.

6 CHAIRMAN CLAYTON: From the City of
7 Independence?

8 THE WITNESS: Yes. And you know, electric
9 and gas and so forth like that, we're just kind of on
10 the border line where Kansas City and Raytown and
11 Independence, you know, the whole world comes together
12 at that point.

13 CHAIRMAN CLAYTON: This is completely off
14 the subject. And I'm annoying all PSC staff that are
15 here, because I belabor this. But I wanted to ask you
16 a question about that \$2 billion sewer thing. Have
17 they announced how much of a sewer cost increase the
18 City of Kansas City is going to have.

19 THE WITNESS: Well, not to my knowledge.
20 Neal might be able to answer that question better than
21 I can.

22 MR. CLEVINGER: I don't think it's official
23 yet, but it's headline news in this area.

24 CHAIRMAN CLAYTON: Well, infrastructure
25 problems with water and sewer systems are a problem

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1 nationwide, because all the systems went in, in the
2 early 1900's. And very few of the systems have been
3 replaced, and now everything is decaying and breaking
4 down. Especially the sewer systems; they're a real
5 problem.

6 THE WITNESS: I think the EPA came in and
7 gave them an ultimatum. It's got to be replaced.

8 CHAIRMAN CLAYTON: That happened in
9 Atlanta. Los Angeles is terrible.

10 THE WITNESS: They put the system in, but
11 they never do anything to upgrade it. You know, you
12 pay your bill but I guess it goes into the general
13 revenue.

14 CHAIRMAN CLAYTON: I don't have any more
15 questions. It's just I've heard many of these
16 comments before, and I appreciate you coming and
17 sharing them. The last thing I wanted to mention, we
18 have been corresponding with a gentleman who lives in
19 a small community, kind of suburbs in North Kansas
20 City, far North.

21 They're very upset with how high their
22 water rates are. Their water rates are around \$60 a
23 month, and their sewer rates are around \$60 a month
24 based on the cost of the system. And his big gripe is
25 because he's comparing his bills to what the City of

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1 Kansas City charges, which is far cheaper. It's like
2 a third of the price.

3 So this guy is giving us grief, because he
4 doesn't think we're doing our job. But I think that
5 City of Kansas City water rate is going to jump quite
6 a bit here pretty soon. It's going to change. There
7 are a lot of costs that go into this business, but I
8 appreciate you coming out tonight. Thanks' for
9 putting up with my comments.

10 JUDGE DIPPELL: Thank you, sir.

11 THE WITNESS: Thanks for putting up with
12 us, too.

13 MR. DEARMONT: No questions.

14 CHAIRMAN CLAYTON: Is there anyone else who
15 would like to speak? If there's no further comments,
16 then we appreciate you coming and giving your
17 comments. I will state for the record just so that
18 it's clear, my mother-in-law is here tonight who is
19 also a customer of Raytown Water. And if anybody
20 would like me to recuse myself from the case, I'm just
21 putting that on the record.

22 Anyway, thank you all for coming and giving
23 your comments. It's important to the Commission. We
24 appreciate it. You can go off the record.

25 (WHEREIN, the hearing concluded at 6:50 PM)

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WITNESS NAME:

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Darlene Ryan

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Albert McDaniel

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Don Belk

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E X H I B I T S

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(None marked or identified.)

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CERTIFICATE OF REPORTER

STATE OF MISSOURI)
) ss.
CITY OF KANSAS CITY)

I, Penny J. Mullen, a Certified Court
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hereby certify that the witnesses whose testimony
appears in the foregoing transcript of proceedings
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Penny J. Mullen, CCR #808