

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS
On-The-Record Proceedings
March 6, 2012
Jefferson City, Missouri
Volume 24

In The Matter Of Missouri-American)
Water Company's Request For)
Authority To Implement A General) File No. WR-2011-0337,
Rate Increase For Water And Sewer) et al.
Service Provided In Missouri)
Service Areas)

HAROLD STEARLEY, Presiding,
SENIOR REGULATORY LAW JUDGE

KEVIN D. GUNN, Chairman,
TERRY M. JARRETT,
ROBERT S. KENNEY,
COMMISSIONERS

REPORTED BY:
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18 Andrew County
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P R O C E E D I N G S

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2 JUDGE STEARLING: Good afternoon. It is
3 March 6, 2012, and the Commission has set this time for an
4 on-the-record proceeding to direct questions to the parties
5 regarding a stipulation agreement that's been filed here in
6 File No. WR-2011-0337, which is captioned as In the Matter
7 of Missouri-American Water Company's Request for Authority
8 to Implement a General Rate Increase for Water and Sewer
9 Service Provided in Missouri Service Areas.

10 My name is Harold Stearley, and I'm the
11 regulatory law judge presiding over today's proceeding.
12 And we'll begin by taking entries of appearance, starting
13 with Missouri-American Water Company.

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

18 JUDGE STEARLEY: Thank you, Mr. Cooper.
19 For Utility Workers Union of American,
20 Local 335?

21 Okay. Hearing none, Triumph Foods?

22 MS. GILBREATH: Lisa Gilbreath appearing on
23 behalf of Triumph Foods, LLC, SNR Denton US, LLP, 4520 Main
24 Street, Kansas City, Missouri 64111.

25 JUDGE STEARLEY: Thank you, Ms. Gilbreath.

1 For AG Processing?

2 MR. CONRAD: Your Honor, please let the
3 record show the appearance of Stu Conrad, Finnegan Conrad &
4 Peterson, LLC; Kansas City. And I have not, but I will get
5 the detail to her later.

6 JUDGE STEARLEY: Thank you, Mr. Conrad.

7 For the Empire District Electric Company?

8 MR. JOHNSON: Thank you, your Honor. Craig
9 Johnson, Johnson & Sporleder, 304 East High, Suite 200,
10 Jefferson City, Missouri, for the Empire District Electric
11 Company.

12 JUDGE STEARLEY: Thank you, Mr. Johnson.

13 BJC HealthCare?

14 MS. LANGENECKERT: Thank you, Judge
15 Stearley. Lisa Langeneckert, appearing on behalf of BJC
16 HealthCare. I have given the court reporter my
17 information.

18 JUDGE STEARLEY: All right. Thank you,
19 Ms. Langeneckert.

20 For the Missouri Industrial Energy
21 Consumers?

22 MS. VUYLSTEKE: Diana Vuylsteke of the law
23 firm Bryan Cave, 211 North Broadway, Suite 3600, St. Louis,
24 63102.

25 JUDGE STEARLEY: Thank you, Ms. Vuylsteke.

1 For the Office of the Public Counsel?

2 MS. BAKER: Thank you. Christina Baker, P.O.
3 Box 2230, Jefferson City, Missouri 65102, appearing on
4 behalf of the Office of the Public Counsel and the
5 ratepayers.

6 JUDGE STEARLEY: All right. Thank you,
7 Ms. Baker.

8 City of Warrensburg? Mr. Curtis had
9 contacted me and said he would not be attending today.

10 City of St. Joseph?

11 MR. STEINMEIER: Thank you, your Honor.
12 Please let the record reflect the appearance of William D.
13 Steinmeier, William D. Steinmeier, P.C. of Jefferson City,
14 on behalf of the City of St. Joseph.

15 JUDGE STEARLEY: Thank you, Mr. Steinmeier.

16 The City of Joplin? Okay. No entry for the
17 City of Joplin.

18 The City of Jefferson? No entry for Jeff
19 City.

20 The City of Riverside?

21 MR. BEDNAR: Joe Bednar, of Spencer Fane
22 Britt & Browne, appearing on behalf of the City of
23 Riverside. The address is 308 East High Street, Jefferson
24 City, Missouri 65101.

25 JUDGE STEARLEY: Thank you, Mr. Bednar.

1 For the Metropolitan St. Louis Sewer
2 District?

3 MR. FRANCIS: Thank you, your Honor. It's
4 Byron Francis, Armstrong Teasdale, LLP, 7700 Forsyth
5 Boulevard, Suite 1800, St. Louis, Missouri 63105, appearing
6 on behalf of St. Louis Metropolitan Sewer District.

7 JUDGE STEARLEY: Thank you, Mr. Francis.
8 City of Brunswick?

9 MR. DORITY: Thank you, Judge. Larry Dority
10 of Fischer & Dority, P.C., 101 Madison Street, 400,
11 Jefferson City, Missouri 65101, appearing on behalf of the
12 City of Brunswick, Missouri and the Public Water Supply
13 District Nos. 1 and 2 of Andrew County.

14 JUDGE STEARLEY: Thank you, Mr. Dority.
15 For the Staff of the Missouri Public Service
16 Commission?

17 MS. LEWIS: Thank you, Judge. Rachel Lewis
18 and Kevin Thompson on behalf of Staff of the Public Service
19 Commission, P.O. Box 360, Jefferson City, Missouri 65102.

20 JUDGE STEARLEY: Thank you, Ms. Lewis.
21 For preliminary matters, we have had a
22 couple of findings asking for leave to late file a
23 designation of witnesses to be available, and those are all
24 granted.

25 I did want to note with regard to MIEC, for

1 the record, Ms. Vuylsteke, Mr. Meyer was not a witness to
2 prefiled testimony in this case?

3 MS. VUYLSTEKE: That is correct, your Honor.

4 JUDGE STEARLEY: All right. And I don't
5 know the parties have pretty much waived cross of people
6 who have prefiled testimony. And I don't know that we're
7 going to be getting into a lot of contentious questioning,
8 but some of the other parties may have desired to direct
9 some questions toward Mr. Meyer since he hasn't offered
10 testimony before in this --

11 MS. VUYLSTEKE: There will be time, your
12 Honor.

13 JUDGE STEARLEY: Okay. Thank you. Any
14 other preliminary matters we need to take up?

15 MR. CONRAD: Well, your Honor, I think I had
16 burdened your telephone earlier that I have kind of a --
17 yesterday, that Mr. Johnson would be here, and he is. But
18 I did not have the opportunity to put the pleadings
19 together so --

20 JUDGE STEARLEY: That's quite all right.
21 We're glad to have him. Thank you, Mr. Conrad.

22 What I'm going to do is I'm going to mass
23 swear in the witnesses. So I believe we have Jim Busch for
24 Staff and Kim Bolin for Staff; Dennis Williams for MAWC;
25 Barbara Meisenheimer for OPC; Mark Oligschlaeger, also for

1 Staff; Greg Meyer for MIEC; and Donald Johnstone then for
2 AG Processing. If you'd all please raise your right hands.

3 (Witnesses sworn.)

4 JUDGE STEARLEY: Thank you very much. Since
5 I have mass sworn you-all in, as the Commissioners direct
6 questions to you, if you would please identify yourself
7 before answering so our court reporter can know who's
8 speaking.

9 Very well. Commissioners, questions on the
10 stipulation? Unless anyone would like to make an opening
11 statement first.

12 COMMISSIONER GUNN: If I could just direct
13 this to Public Counsel real quick. Although the actual
14 dollar amounts for some of the districts are not enormous,
15 some of the percentage increases are big in some of the
16 districts.

17 So I just want to make it perfectly clear
18 that you're comfortable with the stipulation agreement, you
19 believe that the raises to the particular districts that
20 are specified in the appendix of the stipulation,
21 especially to the residential consumers, are fair and
22 supported by the evidence, and you support as a signatory
23 to the stipulation agreement.

24 MS. BAKER: We do support it as the
25 signatory and we do believe that the rates that have come

1 out of this are fair and justified.

2 COMMISSIONER GUNN: The City of Joplin is
3 not here. Correct?

4 I'm going to ask that the parties -- and I
5 know no one is speaking for Joplin, but I will ask that the
6 parties state that the attorneys for Joplin and the City of
7 Joplin has had an opportunity to review the stipulation.
8 They've had the resources to review the stipulation and
9 they are not a signa-- have they signed on?

10 MS. LEWIS: No. They have not.

11 COMMISSIONER GUNN: They are not a
12 signatory, but that they -- I'm going to ask everyone else
13 to make that representation, that they have been fully and
14 fairly apprised of the contents of the stipulation, that
15 they don't object to the stipulation, and they have not
16 requested a hearing. Is that all the parties'
17 understanding?

18 UNIDENTIFIED SPEAKERS: Yes.

19 COMMISSIONER GUNN: Okay. I just want to
20 make that perfectly clear. The Unions are not represented
21 here as well; is that correct?

22 JUDGE STEARLEY: That's correct.

23 COMMISSIONER GUNN: And the stipulation
24 doesn't mention any of the Union issues, but they
25 also -- and I'm just doing a lot of this for the record.

1 They also have had an opportunity to review the stipulation
2 and they've filed a separate pleading stating that they do
3 not object and did not request a hearing on those issues in
4 this matter. Correct?

5 UNIDENTIFIED SPEAKERS: Correct.

6 COMMISSIONER GUNN: Let the record reflect
7 that all the parties agreed.

8 Let's see. Warrensburg eventually signed
9 on, although they were not an original signatory. That's
10 correct?

11 MS. LEWIS: Correct.

12 COMMISSIONER GUNN: Okay. I think that's
13 all I had. It's my understanding that all of the districts
14 will see a slight increase, except for Water District
15 Eight. Am I correct in that, that they're -- because there
16 are blocked rates and commodities charges, there are
17 some -- some of those contain -- and district eight though
18 will see some significant decreases.

19 MR. BEDNAR: I would -- I would just -- I
20 don't know that I would characterize it as slight
21 increases.

22 COMMISSIONER GUNN: I will --

23 MR. BEDNAR: That would be the clarification.

24 COMMISSIONER GUNN: You're absolutely
25 correct. All the other districts have increases. I will

1 leave it at that. Although, there appear to be decreases
2 in District -- for water in District Eight. Am I correct
3 in that?

4 And all the increases in other districts
5 are, as a percentage-wise, they are consistent within those
6 particular districts. Correct?

7 So there is -- and let's look at Joplin in
8 Appendix Eight. They have a percentage increase,
9 10.07 percent, which is consistent across the board in all
10 classes and in all the blocks.

11 MS. MEISENHEIMER: Yes.

12 COMMISSIONER GUNN: And that's consistent
13 with all the districts, except for District Eight, which is
14 an amalgamation of small municipalities and smaller cities.

15 MS. MEISENHEIMER: Yes. And with the
16 exception of the Roland Fire adjustments in St. Louis, the
17 St. Louis Metro District. That is correct.

18 COMMISSIONER GUNN: I don't think I have any
19 other questions. Thank you all. Let me just say real
20 quick: I want to commend everybody because we had an
21 extraordinary amount of parties in this case, and there
22 were a lot of tough issues here.

23 And the ultimate resolution that was
24 approved to by most of the parties, and not objected to by
25 the others, took some creativity on behalf of the parties.

1 And by not accepting one -- or not being meted to one
2 person's solution, and being able to work through that and
3 come up with what appears to be a workable hybrid of a lot
4 of different ideas is impressive.

5 And what I believe is the way that a lot of
6 this stuff should be done, where we appear to have come to
7 a result that -- and I warned the judge I might do this
8 earlier, to quote the great Bruce Springsteen, Ain't a
9 beauty, but, hey, you're all right. So I think that we've
10 gotten to the point where nobody is probably as happy as
11 you can be, but everyone is satisfied enough from
12 everything you've done.

13 So I appreciate the work that was done. I
14 appreciate it very much. I'm assuming -- Professor Conrad,
15 if you wanted to stand up and --

16 MR. CONRAD: You're kind, Mr. Chairman, and
17 I would echo your sentiments. I think it does deserve to
18 be said, though, that the work that was done, in this
19 regard and in putting this package together, by the Office
20 of the Public Counsel and by Ms. Meisenheimer, I think they
21 deserve some additional lifting up because of the level of
22 work that they were able to do.

23 Obviously, we think we had some input into
24 it, but I think ultimately they -- they pretty much carried
25 the day. And they do have the largest group of clients

1 here, as you well know.

2 COMMISSIONER GUNN: Absolutely.

3 MR. CONRAD: You're quite correct that a
4 compromise has no father, has no mother. I'm not as
5 familiar as you with Bruce Springsteen; I think he starred
6 in Star Trek.

7 COMMISSIONER GUNN: Close enough.

8 MR. CONRAD: Thank you.

9 COMMISSIONER GUNN: Thank you. And that is
10 noted for the record, the work that Public Counsel did, so
11 thanks very much. So I don't have anything further.

12 JUDGE STEARLEY: Commissioner Jarrett?

13 COMMISSIONER JARRETT: Thank you, Judge.
14 First of all I want to commend the Chairman for Thunder
15 Road reference. Very well placed. Did you have a bet with
16 somebody that you --

17 COMMISSIONER GUNN: I'm collecting five
18 bucks later, but I'm not telling from who.

19 COMMISSIONER JARRETT: And I want to echo
20 Chairman Gunn's sentiments as well. Looking over the
21 diverseness of the parties in this case and how you were
22 able to come up with a complete global agreement is very
23 commendable, and I commend you on the hard work that you've
24 done. I think it's probably the most diverse group that
25 I've seen in a settlement stipulation and agreement in my

1 four and a half years here on the Commission. So
2 congratulations for that.

3 I only have one question and this is -- I'll
4 throw it out for all of the sworn witnesses: Do all of you
5 believe that this leads to safe and reliable service at
6 just and reasonable rates?

7 MS. MEISENHEIMER: Yes, I do.

8 UNIDENTIFIED SPEAKERS: Yes.

9 COMMISSIONER JARRETT: All right. Let the
10 record reflect that all the witnesses agreed with that
11 statement.

12 So with that, I don't have any further
13 questions. Again, thanks and congratulations to all of you
14 for coming up with what looks like a good workable
15 agreement.

16 JUDGE STEARLEY: All right. If the
17 Commissioners have no further questions, do the parties
18 have anything we need to address at this time?

19 Hearing none --

20 MR. STEINMEIER: Your Honor, I just want to
21 also tip my hat to Staff. I mean, everybody in the room
22 played a role in what really was, in my experience, a
23 remarkable process. But at the end of the day, every time
24 somebody comes up with a creative possible solution, there
25 are a whole lot of numbers that get to be run, details that

1 get to be worked out, and a whole lot of those get done by
2 the Commission Staff.

3 So a lot of extra hours under pressure were
4 applied by the Staff as well, and with my hat off as well
5 to Public Counsel and to every party to the case. I didn't
6 want to let Staff go unrecognized.

7 JUDGE STEARLEY: Thank you, Mr. Steinmeier.
8 Anything else? All right. Well, hearing none, I
9 appreciate you-all coming. The plan is to have an Order on
10 tomorrow's agenda. Since there's nothing more to take up
11 at this time, we stand adjourned.

12 (Off the record.)

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CERTIFICATE OF REPORTER

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2
3 I, Kristy Bradshaw, CCR No. 1269, within the State
4 of Missouri, do hereby certify that the testimony
5 appearing in the foregoing matter was taken by me to the
6 best of my ability and thereafter reduced to typewriting
7 under my direction; that I am neither counsel for, related
8 to, nor employed by any of the parties to the action in
9 which this hearing was taken, and further, that I am not a
10 relative or employee of any attorney or counsel employed
11 by the parties thereto, nor financially or otherwise
12 interested in the outcome of the action.
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16 Kristy Bradshaw, CCR
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