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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS
Local Public Hearing
April 21, 2010
St. Joseph, Missouri
Volume 9

In the Matter of Missouri-American)
Water Company's Request for)
Authority to Implement a General Rate)Case No. WR-2010-0131
Increase for Water Service Provided)
in Missouri Service Areas)

NANCY L. DIPPELL, Presiding
DEPUTY REGULATORY LAW JUDGE
KEVIN GUNN
COMMISSIONER

Reported by:
Janet H. Wimer, CCR

1 APPEARANCES:

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

2 (Starting time of the Hearing: 7:14
3 p.m.)

4 JUDGE DIPPELL: We can go on the record.
5 The Missouri Public Service Commission has set this
6 time for a local public hearing in Case Number WR-
7 2010-0131, in which the Missouri American Water
8 Company seeks to implement a general rate increase.
9 My name is Nancy Dippell and I'm a Regulatory Law
10 Judge for the Commission, and it's my job to
11 basically run the public hearing tonight and make
12 sure that you all get a chance to make your
13 comments on the record.

14 With me tonight is Commissioner Kevin
15 Gunn, and Commissioner Gunn, would you like to make
16 some opening remarks?

17 COMMISSIONER GUNN: First of all, I want
18 to thank everyone for coming tonight. We
19 understand your time is valuable, so we'll try to
20 get through this. I will be here until everyone
21 who wants to testify, testifies. We may have a
22 room restriction, but we're going, as far as I'm
23 concerned, until everybody gets to say everything
24 they want to say. That's what we'll do.

25 I also want to let you know that these

1 local public hearings matter. I can tell you the
2 last few cases, information that was gleaned at the
3 local public hearing resulted in orders being
4 issued by the Commission and in some cases,
5 programs being implemented by the various utilities
6 because of information that we got here. Just to
7 remind you of a couple of things-

8 UNKNOWN FEMALE: -frustrating to me.

9 COMMISSIONER GUNN: It might be very
10 frustrating to you and I can assure you it's
11 frustrating for me, but I am not allowed to answer
12 any questions. So you can ask questions and I
13 might direct you to the company or the Staff, but
14 because of my role as a decision maker, our rules
15 don't allow me, in this particular arena, to answer
16 specific questions that you have. I apologize for
17 that, and I know it's going to be - it may be
18 frustrating. Believe me, it's frustrating for me
19 as well.

20 Secondly, if you have questions and
21 want to talk to our Staff, or if you call for the
22 question, I may direct you to talk one of the
23 Staff. Please feel free to get up and talk to them
24 outside, while the rest of the hearing is going on.
25 You're not going to offend me or anyone else by

1 trying to get some of your questions answered by
2 either company representatives or Staff
3 representatives outside while the hearing is going
4 on.

5 Other than that, I'll turn it back over
6 to the Judge to begin. We are starting later
7 because we wanted to make sure that you could have
8 the opportunity to get many of your questions
9 answered beforehand, so I apologize for the
10 lateness of the time. We're are going to try to
11 make sure we have as good input, as complete as
12 possible. Thank you very much for coming.

13 JUDGE DIPPELL: Thank you, if you were
14 present for the question and answer session, then
15 you were introduced to some of the members of Staff
16 who are here tonight, as well as some of the
17 company representatives. And I will also note that
18 this hearing is being web cast on the internet, as
19 well as being recorded, and will be placed on our
20 website for review and as well as the court
21 reporter is taking down - will take down your
22 statements and the other Commissioners can then
23 review those comments, either by watching the
24 hearing or by reviewing the transcript.

25 COMMISSIONER GUNN: And they do, by the

1 way. I want to make that clear, we do review and
2 watch recordings and read transcripts. I can
3 assure you of that.

4 JUDGE DIPPELL: Also, in Jefferson City
5 tonight, we have Mr. Dean Cooper who is
6 representative for the company, attorney, as well
7 as Mark Poston, who is with the Office of Public
8 Counsel.

9 I'd like to thank Missouri Western
10 University for letting us use their facilities
11 tonight and make sure that you are aware that none
12 of the comments here tonight or opinions or
13 statements have anything to do with the university,
14 they've just been kind enough to allow us to use
15 their facility.

16 This is an official hearing of the
17 Missouri Public Service Commission and as such, the
18 statements and testimonies of the witnesses will be
19 taken down by the court reporter and will be taken
20 under oath or affirmation. So the purpose tonight
21 is to receive comments from you regarding the rate
22 increase and what I'll do is I've got the sign up
23 sheets that you signed up on earlier, I'll call the
24 name of each witness who has signed up to speak and
25 I'll ask you.

1 We have a microphone down here at the
2 front, if you can make your way there, we'd
3 appreciate that. I believe you have to hold the
4 button down on the microphone, just a little
5 technicality there, so that we can make sure that
6 your comments are recorded on the broadcast.

7 After you've testified, there may be
8 questions from the Commissioner or myself, maybe
9 from some of the attorneys, usually just clarifying
10 questions or asking you about your service or
11 billing issues you may have had. So if you'll
12 please just stay at the chair over there until
13 you've been excused, that will also be helpful. I
14 will also ask you to spell your name for the court
15 reporter so we can get it in the record correctly.

16 Let me begin by asking the attorneys to
17 quickly make their entries of appearance. Can we
18 start with Staff?

19 MS. HERNANDEZ: Good evening, my name is
20 Jennifer Hernandez and I represent the Staff of the
21 Missouri Public Service Commission. Our address is
22 P.O. Box 360 Jefferson City, Missouri 65102 and may
23 the record also reflect, Kim Bolin, Jim Busch, Gay
24 Fred and Kevin Kelly from Staff are here this
25 evening. Thank you.

1 JUDGE DIPPELL: Thank you. Mr. Poston?

2 MR. POSTON: Thank you. Marc Poston,
3 appearing for the Office of Public Counsel, P.O.
4 Box 2230, Jefferson City, Missouri 65102.

5 JUDGE DIPPELL: And Mr. Cooper?

6 MR. COOPER: Gene Cooper, P.O. Box 456,
7 Jefferson City, Missouri 65102, appearing on behalf
8 of Missouri American Water Company.

9 JUDGE DIPPELL: Are there any
10 representatives for any of the other parties that
11 need to make an entry? Not seeing any, we have a
12 big crowd tonight, so we'll get as many of you on
13 the record as possible. I will ask that you make
14 your comments brief and to the point and if someone
15 else has made the comment that you wanted to say,
16 it's perfectly fine to come up and say, "I agree
17 with what that person said," and have it at that.

18 So with that, I'll call the first
19 witness, Nancy Jo Bechtold. And you are right
20 there, and that's actually the microphone, right
21 beside you.

22 MS. BECHTOLD: Okay.

23 NANCY JO BECHTOLD, being sworn-in by
24 Judge Dippell, testified as follows:

25 JUDGE DIPPELL: State your name and spell

1 it, please.

2 MS. BECHTOLD: Nancy Bechtold. B-e-c-h-
3 t-o-l-d.

4 JUDGE DIPPELL: Go ahead with your
5 comments.

6 MS. BECHTOLD: Okay. I am a customer
7 here in St. Joseph, 627 Alabama Street. Basically,
8 I believe that it is not necessary to increase
9 Missouri Water Company at all. It appears to me
10 that they are making enough money right now to
11 cover their investment.

12 From what I have read, they are doing
13 just fine and I do not see at this time, that it's
14 necessary from my questions that were answered,
15 they have not had to layoff anyone. They were able
16 to give increases in their employees' wages and
17 evidently benefits were handled all right, as far
18 as insurance and health.

19 And from - I'm a retired AT&T manager
20 and from what I have heard over TV and read in the
21 newspaper, most everyone that I know that either
22 works for a large company, everyone's had to
23 tighten their belts if they've been able to stay
24 employed. And a lot of people, even college
25 educated, is out looking for jobs.

1 I know my niece who is working in
2 college, is looking for part-time work, so my
3 feeling is that I think in this economic time, that
4 they, with their five percent, what they made in
5 09 over 08 in revenues, with the four percent
6 decrease in usage, what that says to me is their
7 customers are reducing their usage, trying to be
8 economical and their stockholders are making a good
9 return on their stock overall, because of their
10 rate of return.

11 I don't see that what the Staff is
12 recommending on the nine percent or what the
13 company is asking for, the eleven percent as a
14 guarantee, is totally unreasonable for the amount
15 of their investment here in St. Joseph. And I know
16 it only looks like with what the Staff is
17 recommending, that it's a few cents a month, but
18 everybody doing that, it just eats away and eats
19 away to where, you know, like I'm retired. I have
20 very good benefits from AT&T, but on Social
21 Security, that stopped the cost of living this last
22 year, and there's a lot of people that don't have
23 the benefits that I do. And we need to think about
24 these people.

25 And throwing out that little thing that

1 says, "Oh, we're going to give the poor people
2 something." Poor people around here probably don't
3 even have water. They're probably living under the
4 viaduct or they're living at the Salvation Army or
5 something or they're going to the Food Kitchen and
6 they're having to go to their friends or somewhere
7 once in awhile to take a shower or a bath. So I'm
8 sorry, that's a guilt trip that the Missouri Water
9 is trying to say, "Oh, we're going to do this," so
10 I heartily recommend that the Staff and your
11 Commission, just totally say, "Not this year, not
12 this time." Thank you very much for listening to
13 me.

14 JUDGE DIPPELL: Thank you very much.

15 MS. BECHTOLD: You're welcome.

16 JUDGE DIPPELL: Commissioner, any
17 questions?

18 COMMISSIONER GUNN: Just a couple. Thank
19 you very much for coming out. Any quality of
20 services, is there anything issue with the quality
21 of your water or outages or customer service issues
22 that you'd have?

23 MS. BECHTOLD: No. I am just one of
24 those people who, like, you know, I cut down on the
25 amount of laundry that I do. I try to make sure I

1 have a full load. I'm just like everybody else. I
2 have cut down on my usage and I don't water the
3 yard. There's a lot of things that I have just
4 really cut back on, just in order to make what I do
5 spend, count.

6 COMMISSIONER GUNN: Thank you very much
7 for coming. I don't have anything else. Some of
8 these other people might.

9 MS. BECHTOLD: Oh, and I would like - you
10 said that you take into account for possible future
11 programs. One of the things that I think that you
12 could recommend be implemented is that the water
13 company could put on it's bill, prior to when
14 you're having a public service meeting, that they
15 could just put on the location, the date and the
16 time on the affected customers of when the meeting
17 is going to be so that everyone that's affected
18 would know because maybe not everyone takes the
19 paper, and you know, it wasn't really publicized as
20 much as it could have been. I'm really surprised
21 there was this many people here. So that's a
22 suggestion that I had.

23 COMMISSIONER GUNN: We appreciate that
24 because we know we're not perfect and we're
25 constantly trying to make this better, and so those

1 types of suggestions are very helpful. If other
2 folks have other ideas, if you could stop at that
3 table on the way out because I think there's even a
4 survey that talks about how you can make it better
5 because--

6 MS. BECHTOLD: I've done that too, but I
7 just thought--

8 COMMISSIONER GUNN: And we are seeing
9 some of the other notices here. I think that we
10 could have done a better job at letting people know
11 that this was an important piece of mail, so I
12 appreciate that and I think you will see some
13 changes on that to the form because of we do the
14 inputs. I appreciate that very much, thank you. I
15 don't have anything else.

16 JUDGE DIPPELL: Thank you. Are there any
17 questions for me or the attorney?

18 MS. HERNANDEZ: I have no questions.

19 JUDGE DIPPELL: I'm just going to assume
20 that you guys don't have any questions as we go
21 along here, and if you do, raise your hand or
22 something and let me know. Thank you, ma'am, for
23 your testimony. The next witness is Elizabeth
24 Richard(ph)?

25 MS. BECHTOLD: Oh, I think she decided -

1 she's with me and I think she's--

2 JUDGE DIPPELL: B.J. Lawton.

3 B.J. LAWTON, being sworn-in by Judge
4 Dippell, testified as follows:

5 JUDGE DIPPELL: If you'll state your name
6 and spell it. Do you see the button there?

7 MR. LAWTON: I got it. Bobby Lawton, B-
8 o-b-b-y. Last name, L-a-w-t-o-n.

9 JUDGE DIPPELL: Go ahead with your
10 comments.

11 MR. LAWTON: Okay. First of all, I got a
12 question for all the Missouri American Water
13 Company customers back here, it'll be quick and
14 simple. How many of you residents have ever heard
15 of a bank ever going broke? Quite a few, is that
16 right? Have you ever heard of a utility company
17 going broke? Do you know why they don't go broke?

18 JUDGE DIPPELL: I'm sorry, we can't take
19 comments from the audience.

20 MR. LAWTON: We pay the bill, we pay the
21 bill, that's why they don't go broke. I'm going to
22 try to sit down here with my bad knee. I've got
23 some math here I went through from last year when I
24 come out and testified and I got this from the
25 library, St. Joe library. Roughly there's 28,489

1 households in St. Joe, Missouri and that was of
2 July 1st, 2008. So they're asking for roughly on
3 this flyer here, I see \$8.81 per month. So if you
4 multiplied \$8.81 times the 28,489 households, that
5 comes out to a total figure of \$250,988.09 per
6 month. That's added onto what we pay for the month
7 now.

8 And I've got a couple of bills here.
9 I've got a bill here dated, that I received April
10 the 12th of this year. I've got here that I used
11 2,250 gallons of water. You go up here, you have a
12 customer charge, \$8.95. You have another charge of
13 13.46. Add that together, that's 22.41 excluding
14 the privacy water fee and license fee, one 16 cents
15 and 18 cents. Just take those two little figures
16 away, add the \$8.81, that makes what, roughly
17 \$31.22 that will be if this gets approved by the
18 PSC. If that gets approved, that will be the
19 figure that we pay them.

20 When this gentleman that introduced
21 everything up here, go back, he's wrong. Go back
22 over here to proposed rates by operating district,
23 you go over here for St. Joe, 29.51. Okay, so I
24 just gave you the math. Any of you like to see my
25 water bills here? Would you like to see them?

1 COMMISSIONER GUNN: We can.

2 MR. LAWTON: You can walk over and get
3 them; can't you? My leg's kind of bad. Would you
4 be proper to walk over and get them?

5 Sir, I'm saying this present rate that
6 he quoted is wrong. Mine, I'm a precise
7 individual, they are actually precise, okay. And
8 you go over here to this paperwork that we've got
9 here that says, having invested approximately 96
10 million. The word approximately is the key word
11 there. What is the truthful word? What is the
12 exact word? Is it 96 or this is just a proper
13 word> Thing of it is, improvements included
14 investment in water plants, pumps and pipes.

15 Once again, as I stated earlier, that
16 if I can't pay my payment, pay my lease agreement
17 every month or I need some work done on my vehicle,
18 do I go and ask my next door neighbor for the
19 money? I don't think so, it's not going to happen.
20 So Missouri American Water Company, if they do
21 their increase, let them go to the bank, let them
22 take some money out of their investments and fix
23 their own equipment, just like the rest of us
24 people do in here. Am I right?

25 UNKNOWN MALE: Yeah.

1 MR. LAWTON: Thank you. And so another
2 thing that I would like to see and I think that
3 quite a few of these other people see in here which
4 I've complained about for the last couple of years,
5 is every time we get a bill, if we got it on the
6 10th of the month, it's due within seven to ten
7 days, and I've got a bill here from the - that I
8 just received April the 6th on my gas bill, which
9 is roughly due within twenty days.

10 I just remember in talking awhile ago
11 that I got on the phone and complained on the toll
12 free number X number of times and they finally
13 wrote me a letter down the road and said had
14 something to do with tariff. Well, if I go to
15 Webster's Dictionary and look of tariff, that don't
16 have nothing to do with when the bill is sent out
17 and from the due date, you know, that don't have
18 nothing to do - why are we asking.

19 Once again, didn't Congress just not
20 too long ago pass a bill about the VISA cards and
21 so forth like that, that they had to give you a
22 proper time, that they'd notify you of an increase,
23 a percentage rate, and a payment due date? They
24 approved that, Congress did, so what's the deal
25 with getting the bill, just as an example, using it

1 on the 10th of the month with the payment due with
2 seven to ten business days. I think it should be
3 just like the rest of them, roughly due within
4 twenty days. It's not that I don't the money, it's
5 that everything should be in proper order.

6 I can look around in here, I'm retired
7 myself, I retired at age 55, not that it makes any
8 difference to you, I'm 60 years old now. I can
9 look around, I can see who's retired and probably
10 who's still working. We, the people that are
11 retired, do not get a rate increase whatsoever. We
12 don't get any extra money. I sure haven't got any
13 extra money. And you have the Missouri Water
14 Company, all the CEO's and everything, they always
15 get the money. How many times that you people in
16 here have you heard just last year when Congress
17 approved all the money for the banks to bail out.
18 Goldman Sachs, all of them, and all the CEO's are
19 getting all the money. But hey, we're the ones
20 that's paying that money back. You don't miss it,
21 but we're the ones who are paying the money back.

22 These are my comments. As far as I'm
23 concerned, I hope that this don't get approved and
24 here's another thing. I come in here and testified
25 last year on the gas company and just last year,

1 not that it has nothing to do with them, but
2 everything has a bearing. Last year, it was in
3 September, August or September that - got a little
4 flyer from KCP&L about something about the Clean
5 Air Act. Well, anyway, anytime that anybody, any
6 corporation or company built something that has to
7 do with the Clean Air Act, they got to abide by the
8 Federal Government regulations set down, and so
9 they asked for a rate increase and it got approved.

10 So I wrote them a letter, sent them a
11 certified letter with a return receipt. Do you
12 think I ever got a response back out of that? No,
13 never whatsoever. And I wrote, it had nothing to
14 do with the Clean Air Act. I stated in my letter
15 to them that, "All you want the money back for from
16 the customer is the Unit One that you built down
17 there at I-10 power plant."

18 Well, just here in December, it was on
19 Channel 9 News, that they were going to ask for
20 like 55 million dollars more and that the people
21 over in Kansas were getting roughly seeing a rate
22 increase that got approved and the Public Service
23 Commission, I don't think, has nothing to do with
24 that over there; you correct me if I'm wrong. But
25 anyway, if that gets approved they'll roughly see a

1 \$10 increase on their bill.

2 We're still in tough economic times.

3 How many times can you turn the TV on during the
4 day and look at the stock market. It's either up
5 or down. Of course that's the way the stock market
6 bounces. It's up to 11,000 right now. Someday you
7 might see it up maybe plus 33, plus 40 or something
8 like that. You don't see it up into the hundreds
9 or two hundreds, that's all it is. We're still in
10 tough economic times.

11 And back in 2008, when I retired, I
12 invested some money in Edward Jones in mutual
13 funds. You never put all your same cookies in one
14 jar. That was probably part of my calling, but I
15 had to take my money out of Edward Jones. I had
16 accrued quite a bit of money and I lost all that
17 money on account of the rise and fall of the stock
18 market, so I eventually took my money out and moved
19 it to my bank and put it in a CD.

20 But we're in touch economic times. You
21 know, some people say we might still be in a
22 recession, maybe we're coming out of recession.
23 When we was back in 2008, I say myself, I say when
24 I want to, I say we was in a slight depression.
25 That's all my comments.

1 JUDGE DIPPELL: Thank you. Commissioner?

2 COMMISSIONER GUNN: Could you just go
3 over the two customer charges that you mentioned in
4 your calculations?

5 MR. LAWTON: Yes.

6 COMMISSIONER GUNN: Could you give those
7 to me again? Are you taking into account the waste
8 water customer charge?

9 MR. LAWTON: No. I'm just looking there
10 on the bill, what you see there is - what you see
11 there, it says Customer Charge, 8.95, and then
12 you've got another one for 13.45. That's based on
13 a certain rate.

14 COMMISSIONER GUNN: Just for your - that
15 second is a waste water charge which we don't -
16 that's not something we regulate, that's
17 collected--

18 MR. LAWTON: Excuse me, I'd have to see
19 the bill to look right where you're saying.

20 COMMISSIONER GUNN: It's all this waste
21 water, I think that's merely collected by the
22 company, that's not under our jurisdiction or our
23 regulations.

24 MR. LAWTON: It's the city, I'm just
25 saying--

1 COMMISSIONER GUNN: I might very well
2 sympathize with you, but when you put that in the
3 calculation, that's not under Public Service
4 Commission jurisdiction, it's collected by Missouri
5 American Water for the city. It's a municipal
6 system that we don't have - that we don't regulate.
7 It's not our jurisdiction, so the only part of that
8 bill we regulate is the 8.95 water charge plus the
9 usage. And you can talk to our Staff to get more
10 clarification on that, but just to be short, I'm
11 not entirely sure that that's in this calculation
12 because that's not part of what we do.

13 MR. LAWTON: Well, any way you look at
14 it, we still got to pay it.

15 COMMISSIONER GUNN: I absolutely
16 understand.

17 MR. LAWTON: It's still right there.

18 COMMISSIONER GUNN: I just wanted you and
19 other folks that may be confused about that, that's
20 outside of our jurisdiction and what I can decide
21 on. Now, other than that, I don't have any
22 questions. I don't know if any of the other
23 lawyers have any.

24 MR. LAWTON: One final little thing. You
25 know, I just got to looking at my AT&T bill, I

1 looked on the back of it and now we got to pay to
2 the City of St. Joe, we got to pay to the City of
3 St. Joe a fee.

4 COMMISSIONER GUNN: Again, that's--

5 MR. LAWTON: I know it's different, I
6 known it's different, but what I'm saying is -
7 here's what I'm saying. I'm saying that it's bad,
8 tough economic times. We have people in here that
9 haven't got the money to pay your bill.
10 Everybody's keeping - all the CEO's, all the big
11 organizations keep getting the money. We don't get
12 any money. We don't get any money whatsoever, you
13 know.

14 I don't care whether I'm upset or what,
15 it makes no difference. I'm here to prove my
16 point. Nice guys come in last. I'm not here to
17 win a popularity contest because it'll never
18 happen. You know, that's my point. I guarantee
19 you that's my point.

20 JUDGE DIPPELL: Mr. Lawton, did you want
21 a copy of your bill to actually be attached to the
22 transcript, or were you just bringing this for us
23 to see tonight?

24 MR. LAWTON: Do I want what?

25 JUDGE DIPPELL: Would you like a copy of

1 your bill to be an exhibit on this transcript, or
2 were you wanting to take it home?

3 MR. LAWTON: That's fine if you want to
4 take a copy of it, you can.

5 JUDGE DIPPELL: What we would do is, I
6 would have the account numbers black out where it
7 shows up in the transcript.

8 MR. LAWTON: You can have both of them if
9 you so desire.

10 COMMISSIONER GUNN: I think one looks
11 fine and we don't need to have any other
12 possibility of any of your information getting out.

13 JUDGE DIPPELL: I'll mark that as Exhibit
14 1 for tonight's transcript. Thank you. Were there
15 any other questions? Ms. Hernandez?

16 (WHEREIN, Exhibit 1 was marked for
17 identification by the Judge Dippell.)

18 MS. HERNANDEZ: I had a few for Mr.
19 Lawton. You said that you contacted the Commission
20 regarding some billing, the dates as to when you
21 needed to pay your bill. Is that true?

22 MR. LAWTON: No. I contacted the toll
23 free number on the back of my statement and I made
24 the comments over the phone and they finally wrote
25 me a letter which I probably haven't anymore. I

1 might look in one of my boxes, that's where I keep
2 all my bills in the bedroom. But they said it had
3 something to do with tariffs. And that's the issue
4 with my example.

5 I got the bill on the 10th of the
6 month, we went to payment within seven to ten
7 business days which is not proper and just because
8 all the other utility companies are going to do it.
9 You want to see this one here, it's from Missouri
10 Gas and Energy.

11 JUDGE DIPPELL: Well let me direct you.
12 If you want to, if you want to talk to Ms. Gay
13 Fred, she's in the back in the lime green jacket.
14 She can look at your bill and we can help you
15 determine if - what the billing days are, if
16 there's any problem that's occurring there.

17 MR. LAWTON: Well, there ain't no
18 problems occurring in billing days, that has
19 nothing to do with it. What I'm saying is, that
20 you get a bill that's exactly on the 10th of the
21 month. They want the payment within seven to ten
22 days. What I'm saying here, if you look at this
23 bill here from Missouri Gas and Energy, you get a
24 bill on a certain day, you say I want a certain day
25 and then you get at least twenty days to pay it.

1 Basically, the same thing works with
2 your VISA card, which the Congress approved, you
3 know. That's what I'm saying, why do they - I
4 mean, we all know that you've eventually got to pay
5 the bill down the road, but what I'm saying is, you
6 know, everybody has a budget. Everybody gets paid
7 at a different month. We all know that you got to
8 try to save money, put it away.

9 I get paid once a money, you know, I
10 get my pension check and it's cut for the last
11 month whether it falls on a Sunday or what, but I
12 can still take that pension check to the bank and
13 deposit it on a Saturday.

14 MS. HERNANDEZ: I guess maybe I wasn't
15 clear. My question is, if you have concern with
16 whether that seven to ten day or whatever the day
17 period that is that you're being requested to pay
18 your bill by, you can give a copy of your bill to
19 Ms. Gay Fred and we'll look at that and help you
20 determine your question regarding that billing.

21 JUDGE DIPPELL: I think Ms. Hernandez is
22 trying to tell you that there are rules and
23 regulations of the Public Service Commission that
24 govern the amount of days between billing periods
25 and it's supposed to safeguard to make sure the

1 company isn't carrying too much cost and that the
2 customer is not having to pay within - and if you
3 would like our consumer services to look at that
4 and make sure they are following their tariff and
5 are following the rules and regulations with regard
6 to the number of days, then our Staff can answer
7 those questions.

8 MR. LAWTON: I understand what you're
9 saying and I'm not trying to be rude to you, but if
10 you just made the statement that you made, what
11 good is it going to do for me to talk, you know,
12 are they going to change the seven to ten days that
13 the payment is due? Are they going to change it to
14 twenty days, are they going to bear down to me? I
15 don't think so.

16 COMMISSIONER GUNN: We can change it.

17 JUDGE DIPPELL: There are all kinds of
18 changes can be made because of testimony here
19 tonight.

20 MR. LAWTON: Okay, well that's great.
21 That's at least a flip of the coin halfway
22 positive.

23 JUDGE DIPPELL: It's the kind of
24 information that the Commission needs to have that
25 customers are having issues with, so we appreciate

1 you bringing that up.

2 MR. LAWTON: And I reckon, ladies, I
3 reckon I'll have to eat 50 cents, so my apologies.
4 It probably won't be very tasty.

5 JUDGE DIPPELL: Okay, our next witness is
6 Terry Campbell.

7 COMMISSIONER GUNN: While Mr. Campbell is
8 coming down, I just want to make a general comment.
9 For those of you that may have to leave, I know the
10 time is getting late, there is a website address
11 and a physical address on the back of your sheets.
12 Written comments can still be made.

13 So for some reason, if you can't make
14 in-person comments tonight, the written comments
15 will be filed in the case either through the
16 internet or through a letter. And those are also
17 looked at by the Commission. So if you have to
18 leave, I completely understand, I apologize for it,
19 but you can always put written comments over the
20 internet or in letter form to the Commission.

21 TERRY CAMPBELL, being sworn-in by Judge
22 Dippell, testified as follows:

23 JUDGE DIPPELL: Can you please spell your
24 name for the court reporter?

25 MR. CAMPBELL: T-e-r-r-y C-a-m-p-b-e-l-

1 1. Terry Campbell.

2 JUDGE DIPPELL: Go ahead.

3 MR. CAMPBELL: Okay, good evening. My
4 name's Terry Campbell. I am the manager of the
5 Public Water Supply District No. 2 of Andrew County
6 located at 668 Main Street, Cosby, Missouri. Our
7 public water supply district serves approximately
8 1,500 customers. We have intervened along with in
9 this proceeding, the Public Supply District No. 1
10 of Andrew County. Their - Bill Carpenter is here
11 with us, along with several other representatives
12 of the board and the Staff.

13 We serve rural customers and areas
14 outside of St. Joseph, but we are within the St.
15 Joseph District of Missouri American. Our water
16 districts are not for profit, political
17 subdivisions and although we are among Missouri
18 American's largest customers we are in reality only
19 the representatives of our rural customers. Since
20 any increase in the cost of water must eventually
21 be passed onto the water district's rural
22 customers, our entire water supply comes from
23 Missouri America. We are not standby users, our
24 need is 24/7 a day throughout the year.

25 Back in 2000 when the Commission voted

1 to abandon the single tariff pricing in favor of
2 district specific pricing at the time when the new
3 St. Joseph Water Plant was being placed in rate
4 base, our water district's rates went from Missouri
5 American increased by over 200 percent above the
6 previously approved rates. That rate increase was
7 unprecedented in sheer magnitude and was extremely
8 difficult for our customers to understand, but we
9 moved on. And we are not here to further address
10 that.

11 Our attention is primarily focused on
12 the rate design aspects of Missouri American's
13 cases. Our two water districts are essentially
14 wholesale customers. We take our water supplies
15 directly from the mains of Missouri American. The
16 water districts themselves provide the distribution
17 systems to our systems beyond the Missouri American
18 meters. Historically, we believe too much of
19 Missouri American's distribution system has been
20 assigned to the water district. We shouldn't be
21 responsible for paying for Missouri American's
22 distribution system that we don't use.

23 It should be noted that all points of
24 connection are very close to the Missouri American
25 lines in St. Joseph. The amount of trunk line of

1 Missouri American used only for our districts is
2 very short. And I might add, it's been there 40
3 years, since the start of our water district, both
4 of them.

5 In this case, it appears that Missouri
6 American has provided sediment treatment for the
7 larger mains that provide primarily a transmission
8 function as distinguished from the smaller mains
9 that provide more of the distribution function. We
10 are also advised that Staff has now agreed that
11 it's appropriate to propose a main adjustment for
12 the sales for resale customers using this same
13 methodology applied to the industrial customers in
14 the St. Joseph District. We are still analyzing
15 these complex studies and testimony regarding them
16 and it appears that Staff is still using
17 assumptions that lead to more cost being allocated
18 to our customers class resulting in higher rates.

19 While Staff's rate design witness
20 suggested a negative one percent rate adjustment to
21 the St. Joseph District as a whole, our sales and
22 resales class would see a 24.6 percent increase in
23 rates. If this was applied January 1st of this
24 year, when we run it through the first quarter, our
25 water costs for our water district would have

1 increased \$31,000 at the cost. Andrew No. 1's cost
2 would have increased \$35,000 for that first
3 quarter.

4 The Office of Public Counsel has noted
5 that the Staff proposal would result in huge shifts
6 between class. It's rate design witness recommends
7 that the Commission cap the revenue neutral shift
8 at five percent to help mitigate such impact and
9 then spreading any net increase or decrease in
10 district revenues to class as an equal percentage.

11 Of course, another major concern is
12 Staff proposed change in the rate structure,
13 itself, the rate structure for the sales for resale
14 class. Missouri American's rate structure for our
15 class currently consists of a declining block rate
16 structure. The company proposes to keep the
17 declining block rates for non-residential classes
18 as it allows for larger customers who generally
19 experience better load factors to pay a lower sales
20 block rate to reflect lower cost to serve them.

21 In this case, Staff proposes a single
22 block rate that does not reflect this benefit and
23 results in an extreme increase for larger users.
24 Since the water districts are large volume users,
25 we take much of our water from the last block of

1 the rate schedule. Staff's latest proposal would
2 increase the last block of the rate structure by
3 over 60 percent. Our water districts are only
4 conduits to hundreds of residences, farms and small
5 businesses. It is those persons who will feel the
6 brunt of this unfair increase, not the water
7 district which only serves as a supplier on a non
8 for-profit basis.

9 The increase that's being proposed also
10 overlooked the fact that Andrew No. 1 maintains all
11 its trunk lines from the points of connection
12 throughout the district as well as the distribution
13 lines, a total of 400 miles. Andrew No. 2 does the
14 same. We have a total of 300 miles. The water
15 districts do all billing and pay all administrative
16 expenses. And unlike for most of it's other water
17 users, Missouri American has none of this expense.

18 We would request that the Commission
19 carefully consider the impact of the changes in the
20 rate structure when it decides its case. The
21 resulting rate impacts to our rural residential
22 users, farmers and other customers would be very
23 burdensome, especially in the time of painful
24 economic stress.

25 The best example I can give you is of

1 my own district in the year 2000, there were 25
2 dairy farmers. In our district, there are now
3 eleven. You do this and there's going to be less
4 and that comes back to all of us.

5 Thank you for your attention and I'll
6 be happy to answer any questions for you.

7 JUDGE DIPPELL: Thank you, Mr. Campbell.
8 Do you know if the public water supply districts
9 are found in formal testimony?

10 MR. CAMPBELL: Andrew 2 and Andrew 1,
11 both, have intervened and we are not putting formal
12 testimony in, we are not sponsoring any witness to
13 hold our cost down. We are trying to hold our cost
14 down. We have obtained counsel that's representing
15 us, but this is trying to make our matter of record
16 right here.

17 JUDGE DIPPELL: Well, because this isn't
18 an evidentiary style hearing, I'm not going to
19 allow the other parties to cross examine you as a
20 witness because we've got a lot of people here to
21 do a comment, but since you are a party to the
22 case, they actually shouldn't have that opportunity
23 so what I'm going to allow is if any of the other
24 parties need to file supplemental direct testimony
25 or rebuttal testimony, I'm not sure where the

1 procedural schedule is at this point, then they may
2 ask permission to do that if they need to respond
3 to the public water supply's testimony here
4 tonight.

5 MR. CAMPBELL: That's what it's all
6 about.

7 JUDGE DIPPELL: Commissioner, did you
8 have any questions?

9 COMMISSIONER GUNN: I don't. I think
10 I'll just leave it at that. I think the Judge made
11 her point.

12 MR. CAMPBELL: All right.

13 JUDGE DIPPELL: All right, thank you.

14 JUDGE DIPPELL: Richard Sharp?

15 MR. SHARP: Yes.

16 RICHARD SHARP, being sworn-in by Judge
17 Dippell, testified as follows:

18 JUDGE DIPPELL: If you would spell your
19 name, please?

20 MR. SHARP: My name is Richard Sharp, I
21 live here in St. Joseph, Missouri. I'm going to
22 make an address and be very, very quick. I was
23 fortunate enough to be one of the first ones
24 questioned. I want to make some very general
25 comments about concerns of mine for this particular

1 rate increase.

2 All businesses need to operate at a
3 profit. I understand that. I'm a retired business
4 man, myself. I think my very first question to the
5 group that was up here earlier was, I said, "Is any
6 one of your employees or your executives receive
7 any bonus or salary increases?" The answer to that
8 was yes. I heard all through all this testimony
9 that we've heard here this evening to where they
10 spent \$750,000 in acquisitions of other companies.
11 I've heard all the various improvements and so
12 forth that they've done and my comment is simply
13 this.

14 In these economic times, and you've
15 heard this many times this evening, we've all had
16 to tighten our belts. Can I afford to pay it?
17 Yes. Can other people in this room afford to pay
18 it? I'm sure they can. That's not the point here.
19 The point is, is that what businesses do today in
20 these particular times, is they go out here and
21 they spend all this money and then they want to
22 come back when they can come back to the trough of
23 the people and get these rate increases.

24 I'm against this and the main reason
25 that I'm against it is not because of the profit

1 side of it, I'm against it for the reasoning side.
2 And the reasoning side is in reading some of this
3 information that you gave us here, and someone
4 mentioned earlier because I was the one that
5 brought it up and that is, is that we re going to
6 go back and we're going to go give low income
7 people some break on this. Somebody pays for that,
8 and the American people are starting to understand
9 this. You see, they're not given anything. Either
10 this is going to be subsidized by the Federal
11 Government or some other program, but it should not
12 be subsidized through the citizens of St. Joseph.
13 Because if they're going to lower the rates for
14 them, somebody's got to pay that bill, whether it's
15 through the tax structure or whether it's through
16 more taxes on our water bill for the people of St.
17 Joe. So that bothers me considerably.

18 I read over here on the way that the
19 Commission figures out these rates and figures
20 what's fair and so on, and I hear this return on
21 equity, and I understand return on equity very
22 well. And I asked the room in here how many people
23 in here got nine percent return on their
24 investments this year? Nobody. Now, in this is
25 based that what they're trying to do for their

1 stockholders and I say the stockholders eat a loss
2 just like I eat losses, just like people eat losses
3 that are in their investments. Times will come
4 back, but this is not the time to come in here and
5 ask for such a high rate increase as these people
6 have asked for.

7 As I guess my final comment on that is,
8 is that there is no guarantee in business and in
9 this year, just because they came in here and made
10 some improvements and they put some pipes in and
11 they put some fire hydrants and they did, you know,
12 what I heard, and this is what really bothers me is
13 that I can just come into a group like this and I
14 can tell you that I made these improvements and
15 therefore I deserve this increase. They knew what
16 they were doing when they did it. It was not
17 necessarily a necessary thing to do but they did
18 it, they spent it, and you know what? Maybe they
19 can eat it and maybe not the taxpayers.

20 That's kind of a summary of what I say.
21 And I say this in a very kind word to everybody.
22 You folks are sitting in a difficult position and
23 so are we. We're sitting here depending on you to
24 protect us as public service people and too often
25 these utility companies of which we - what would we

1 do without them, I mean, you've got to have them;
2 all right? But too often, it just is a rubber
3 stamp to give them what they want or something in
4 between.

5 I hope that the audience that came here
6 tonight has shown some kind of representation that
7 people are upset. They are upset with government.
8 They're upset with big business constantly passing
9 on expenses on way or another. You know, the
10 gentleman that talked about just passing on the 50
11 cents or the dollar, and the government has found a
12 way to tax everything except our air and it's in
13 the works someplace. And I just - you folks have
14 got to stand up to this and let them tighten their
15 belts strings like everybody else has. So thank
16 you, very much.

17 JUDGE DIPPELL: Thank you, anything from
18 you?

19 COMMISSIONER GUNN: I don't have any
20 questions, thank you, sir.

21 JUDGE DIPPELL: Lyn Strough.

22 MS. STROUGH: Yes.

23 MR. LAWTON: Excuse me, have you taken a
24 copy of that because I've got to leave.

25 JUDGE DIPPELL: Oh, I'm sorry, sir. I

1 don't have any way to make a copy, can I--

2 MR. LAWTON: You can have it.

3 JUDGE DIPPELL: Could I take this with me
4 and mail it back to you?

5 MR. LAWTON: Yeah, that will be fine. Is
6 the address on there?

7 JUDGE DIPPELL: Yes, I have your address.

8 MR. LAWTON: If you don't do that, you
9 won't get nothing for Christmas.

10 JUDGE DIPPELL: Okay, I'll keep that in
11 mind.

12 MR. LAWTON: I'm sure Santa Claus will
13 get you.

14 JUDGE DIPPELL: I'll keep that in mind
15 that you have connections.

16 MR. LAWTON: You say you have
17 connections?

18 JUDGE DIPPELL: I say you do.

19 MR. LAWTON: Yeah, I've got connections,
20 that's right.

21 LYNETTE STROUGH, being sworn-in by Judge
22 Dippell, testified as follows:

23 JUDGE DIPPELL: If you would state your
24 name and spell it, please?

25 MS. STROUGH: My name is Lynette Strough,

1 L-y-n-n-e-t-t-e S-t-r-o-u-g-h.

2 JUDGE DIPPELL: Go ahead with your
3 comments.

4 MS. STROUGH: I came here tonight because
5 like everyone else, to - if I - to start out with,
6 if I ran my household budget the way you guys have
7 to budget your company and as the gentleman says,
8 we're coming back in to needing more money and more
9 money, more money. What kind of business is that?
10 Not a very good business. You know that you've got
11 to have the chemicals. Everything's got to be
12 budgeted out and sounds like you guys are being
13 poor budget managers. Also - I'm nervous, I'm
14 sorry.

15 COMMISSIONER GUNN: You're doing great.

16 MS. STROUGH: I work for the state and
17 with my job, because the Governor's cutting, the
18 Commission's cutting, I'm having to go out of my
19 office and go be on a striping crew and as of July,
20 I may not have my job. All right, so when they
21 tell me that people that they have working for them
22 are getting raises and nobody's lost their jobs
23 should I be through loss of my work, having to make
24 sure you guys keep your xxfl1? Is this fair?

25 I'm hoping that you guys don't give

1 Missouri American what they're asking. I'm hoping
2 you don't give them anything because as others have
3 said in here, we are under a tough budgetary time
4 and we can't afford it.

5 And I'm not going to pay for someone to
6 get subsidized because they either don't want to
7 work, can't find work or whatever, that lowering
8 someone else's because they are on the low income
9 area, no. I'm not going to pay for that, either.
10 This country has got to quit subsidizing everybody
11 else in their free rides. If they want it, get up
12 off their butt, go work at McDonald's, whatever.

13 Mr. Campbell made the comment about
14 people in the rural water districts, if I was in
15 Savannah or wherever else to eat at one of their
16 restaurants, McDonald's whatever, that cost of that
17 food that I'm buying in there or grocery store,
18 what they're paying for their utilities, be it
19 lights, gas, water, that's been on that cost. It's
20 coming back to me. Here, I'm double paying.
21 Besides my house, I'm paying for it and the food I
22 buy. Again, is that fair?

23 I just hope the Commission denies this.
24 Maybe two years down the road when the economy is
25 better, we'll come back to it, but no, we don't

1 need to give them any money. They can run it with
2 what they've got right now. That's all I have to
3 say.

4 JUDGE DIPPELL: Thank you. Commissioner?

5 COMMISSIONER GUNN: I don't have
6 questions. No need to be nervous, you did great.
7 Thanks very much.

8 MS. STROUGH: Thank you for having us.

9 COMMISSIONER GUNN: Thank you for coming.

10 JUDGE DIPPELL: Thank you for your
11 comments. Ken Yager.

12 KEN YAGER, being sworn-in by Judge
13 Dippell, testified as follows:

14 JUDGE DIPPELL: If you could spell your
15 name, please?

16 MR. YAGER: My name's Ken Yager. Ken is
17 K-e-n. Yager is Y-a-g-e-r. I'm a user of Missouri
18 American Water. Personally, I live in the country
19 near King City, through the DeKalb County rural
20 water district. I own some rental properties in
21 St. Joseph. Two of those, I'm the payer of the
22 water bill, 1305 and 1307 Mitchell and 728 North
23 25th Street.

24 I've been in those rentals since 1998.
25 The water bill and all of the charges associated

1 with it, and I can't separate it going back so it's
2 sort of an apples and apples or a solid mixture.
3 But the water bill as a percentage of the rent that
4 I collected in 1998 for the whole year was eight
5 percent. The water bill for 09, last year, was
6 almost twenty percent. And so that's the change
7 that I've seen over that longer period of time.

8 Based on, and I don't know the usage
9 number and I can't compare those, but just the
10 gross bill. Based on the assumption that the usage
11 was the same from the tenants then to now, it would
12 appear to me that the water charges have gone up
13 250 percent in that time period and my rent has
14 increased slightly over 25 percent during that
15 period of time, so we're talking about charges that
16 are severely outstripping what I'm able to recover
17 in terms of my costs.

18 I was going to say that I was in favor
19 of the Staff's recommendation of 12 cents, and I am
20 certainly much more in favor of that than the
21 petitioner's request. I'm a little bit troubled
22 that it looks like an auction. It looks like a
23 bargaining process when you listen to some of the
24 history in terms of the requests that they have
25 asked for and what they wind up getting and that

1 troubles me a little bit. I think we're in an era
2 now where we've seen cooking of the books in Wall
3 Street and other places and I think the utility
4 Commission ought to figure out some way to get a
5 little bit closer in terms of some real honest
6 numbers versus the numbers that are being tossed
7 around, just as a thought.

8 My business career has been in
9 manufacturing operations, and for years,
10 manufacturers have known they're been under assault
11 from foreign competition and price competition and
12 so forth. And there have been a lot of programs
13 that have focused on costs, zero defects, lean
14 manufacturing, just in time cost reduction programs
15 abound. That's what you know you're doing when
16 you're working for those corporations is saving
17 your salary and saving other people's salaries
18 every year with cost reductions, not running up
19 costs.

20 And it seems to me, the water company
21 is a manufacturing business in that sense. I've
22 been through the water plant in the past, a couple
23 of times, and you know, I see there's a process of
24 manufacturing business. It's not an opulent
25 facility but it is nice and compared to a lot of

1 other manufacturing facilities around St. Joe, I
2 think they've got a pretty nice situation out
3 there.

4 I would be against the 35 percent
5 subsidy for lower income people. I understand that
6 having - I know a whole lot more about people that
7 don't have the where with all that I do nowadays
8 than what I did twelve years ago, but I think
9 there's enough social engineering going on through
10 the city and through the state and Federal
11 Government that the water company doesn't need to
12 get into that, so I would say keep your hands out
13 of it.

14 In terms of quality of services, I no
15 longer live - I lived in one of these rental
16 properties initially, but I've been in there enough
17 doing work on it. It seems to me that the water
18 pressure fluctuates a little bit more than what it
19 ought to during the course of the day. And I think
20 it's probably a demand thing. Late in the
21 afternoon in the summertime, people are watering
22 their lawns, take a shower and the water pressure
23 seems like it's just not as good then as what it is
24 at midnight or at noontime. Thank you.

25 JUDGE DIPPELL: Thank you. Commissioner?

1 I really appreciate your comments and I don't have
2 any other questions.

3 JUDGE DIPPELL: I just want to make one
4 follow up to this. Can you tell me where,
5 geographically, your apartments are situated? Are
6 they on top of a hill, or they right next to the
7 water tower?

8 MR. YAGER: 1305 Mitchell is in a lower
9 part of the city, I think, comparatively speaking,
10 and 728 North 25th Street is in a high part of the
11 city. But that one, I can't comment on the water
12 pressure variation because I've only owned that
13 property for five years. But Mitchell is lower,
14 relatively speaking.

15 JUDGE DIPPELL: Thank you. Yvonne
16 Calhoun? Roger Robbins?

17 ROGER ROBBINS, being sworn-in by Judge
18 Dippell, testified as follows:

19 JUDGE DIPPELL: If you could spell your
20 name for the court reporter, please?

21 MR. ROBBINS: Roger, R-o-g-e-r, Robbins,
22 R-o-b-b-i-n-s. I disagree with what the water
23 company is wanting, the 5 million, but I totally
24 agree with what the PSC Commission is offering
25 back, the 526. My problem is, and I am the

1 President of a small credit union here in St.
2 Joseph, and for the past two years, I have not
3 asked my Board for a salary increase because of
4 this tougher times. I have given my staff of only
5 one other person, a small increase. But because of
6 these tough times, I have not, so I again, we deal,
7 of course, strictly with money, but I have
8 difficulty understanding giving them less than one
9 percent, but on the other hand, we wanted to make
10 nine percent returns on refunds employed. So the
11 two have a difficult time matching if you're only
12 going up one percent.

13 Nine percent, if a business this day
14 and age made nine, we would have passed recession a
15 long time ago. That's my only comments.

16 JUDGE DIPPELL: Thank you. Commissioner?

17 COMMISSIONER GUNN: I don't have any
18 questions. Just as a comment for everybody, return
19 on equity is kind of an interesting concept. All I
20 can say right now is it's not guaranteed, but the
21 Staff might be able to explain it a little bit, a
22 little bit better than me on what it means, but I
23 wouldn't look at the nine percent, are we saying
24 that's going to be what it is.

25 It's a kind of an interesting concept

1 and I can't say too much about it because of where
2 we are, but I think if specific questions about the
3 return on equity and what exactly that means, I
4 think Staff can and Jim, thinking about Jim, he
5 teaches economics, so he can explain it to me, so
6 if you have general questions on exactly how that
7 works and what, in fact, that means, Jim can answer
8 your question, and I appreciate your comments and
9 thank you very much for coming out.

10 MR. ROBBINS: Thank you.

11 JUDGE DIPPELL: Thank you. Ray Furst.

12 RAY FURST, being sworn-in by Judge
13 Dippell, testified as follows:

14 JUDGE DIPPELL: If you could spell your
15 name for the court reporter, please?

16 MR. FURST: Ray, R-a-y, Furst, F-u-r-s-t.

17 JUDGE DIPPELL: You can have a seat.

18 MR. FURST: I don't know how to go about
19 this, so I'll just do the best I can. I'm the
20 President of Andrew County Water District No. 2 in
21 Cosby. We get our water from Missouri American.
22 And I'm not against Missouri American, I think
23 they've helped the community a lot. I think
24 they're real important to them. I think they need
25 to make a profit and I understand that the problem

1 we have now is a lot of 100 year old lines. You
2 know, in downtown St. Joe, they're going to have to
3 be replaced and all these kinds of costs.

4 The thing is, for our water district,
5 that shouldn't have anything to do with our cost.
6 And back, probably ten years whenever they had the
7 rate increase, it was 284 percent or something, a
8 tremendous price increase and the City of St. Joe
9 only realized like a 28 or 30 percent increase.

10 And the theory given to me was, you
11 know, we had a democratic Governor and the Mayor of
12 St. Joe was democratic and St. Joe is democratic
13 and us people out in the sticks were - we don't
14 really - we can't do anything because we're locked
15 into a contract for 20 years and we have no choice
16 but to get our water from Missouri American. We
17 can't go anywhere else, we're not allowed to build
18 our own water treatment plant or anything. We're
19 required to get the water from them and our only
20 source of protection is the Public Service
21 Commission.

22 And it makes perfect and logical sense,
23 I mean I'm not going against politics or anything
24 else, but you have a big number of people and you
25 have a few outside people and that's the way it is.

1 Well, this thing is going to be a small increase
2 for St. Joe, it's going to be roughly, if you really
3 look between the lines, it's about 60 percent
4 increase for these districts out in the sticks.
5 And so we're carrying the majority of the burden.

6 And what will happen, of course, is our
7 rates are going to be higher for us wholesale and
8 the water, you know, we have lines, we have several
9 thousand dollars of lines per customer, we have -
10 serves the purpose now, we have three or four
11 \$700,000 water towers, pumps, all kinds of stuff,
12 you know, to service them. We have to collect the
13 bills and all that, but the rate basically comes
14 out, it's higher than wholesale from what a retail
15 customer, you know, pays in St. Joe. And I'm not
16 trying to cause trouble or anything but it makes no
17 sense at all.

18 I'm for creative accounting, I mean,
19 but I don't know how you could even come up with
20 it, but I'm sure it's possible but Kevin, if you
21 could, you know, look into that, see if that really
22 makes sense. I mean, we are willing to pay our
23 fair share, I mean, we're not opposed to paying our
24 fair share, but all the figures that I've been able
25 to come up with and apply to it, it's not even

1 close. I mean, it's not even close to being fair.
2 But, if that's the way it is, that's the way it is,
3 but it certainly doesn't look right. You know,
4 that's my complaint.

5 We haven't had salary increases of our
6 - of course, we work for free, but our employees
7 haven't had a salary increase in two years. I
8 don't know whether we're ashamed of that or we're
9 bragging about that, but we're trying to save, you
10 know, done everything we can to save the customers
11 on their water bill because a lot of people don't
12 care. I mean, you know, you're going to add people
13 10, 20 bucks on their water bill, so what, but we
14 have a high segment of people that we knew increase
15 their water bill \$10, you know, you're taking food
16 off their table. I mean, it's real serious, you
17 know.

18 And so that's basically my thing is how
19 I could be fair or what I could say to change it
20 or, but it's not right and I'd appreciate it if
21 something would be done about it. Thank you.

22 JUDGE DIPPELL: Mr. Furst, is your water
23 supply district one of the interveners also?

24 MR. FURST: Yes, Terry Campbell is our
25 Manager.

1 JUDGE DIPPELL: I'm just clarified it for
2 the record that the parties will be allowed to
3 supplement their testimony if they need to.

4 MR. FURST: We hired an attorney and
5 after we got about \$10,000 in, we decided we
6 weren't going to spend another 20 or 30, it wasn't
7 worth it, but we do want to intervene while we can.

8 JUDGE DIPPELL: Thank you. Commissioner?

9 COMMISSIONER GUNN: I don't have any
10 questions. Thank you very much for coming and
11 obviously it's an issue in the case.

12 JUDGE DIPPELL: Princeton Overmeyer(ph)?
13 Tim Napp(ph)? William Armbruster?

14 WILLIAM ARMBRUSTER, being sworn-in by
15 Judge Dippell, testified as follows:

16 JUDGE DIPPELL: If you could state your
17 name and spell it?

18 MR. ARMBRUSTER: William Armbruster, W-i-
19 l-l-i-a-m, Armbruster, A-r-m-b-r-u-s-t-e-r.

20 JUDGE DIPPELL: Go ahead with your
21 comments.

22 MR. ARMBRUSTER: I would like to add my
23 voice to the recommendation that the Commission
24 either disapprove completely or accept the Staff
25 recommendation for increase partially based on the

1 communication between Missouri American Water and
2 its customers.

3 When it gives this sheet where it
4 proposes changes, it seems to justify it on the
5 basis that it's the lowest bill per month, as if
6 that matters. When it gives water facts, it says
7 that it has invested 2.6 million in St. Joseph and
8 is requesting an increase that by my colleague's
9 calculation, is roughly 3 million dollars a year,
10 or by the PSC calculation, 5 million dollars a
11 year, which seems to me by rough calculation, more
12 than 9 or 10 percent return on equity for that kind
13 of investment.

14 And then it does give these proposed
15 low income rate but it doesn't give any other
16 numbers to back that up. It talks about increases
17 in cost of chlorine but doesn't give any numbers
18 about how much percentage that is, why that should
19 actually justify a 3 or 5 million dollar per year
20 increase. And it does tout that it got the word
21 stream environmental performance and source water
22 protection, etcetera. But again, that has no
23 bearing on their rate structure and that's what
24 people are really concerned about.

25 It's good that they do that and

1 certainly a concern to the Commission if they don't
2 earn such awards, but that's not justification for
3 an extra 5 million dollars from this community.

4 It's, I think, part of the pattern
5 where the other colleague talked about the bill due
6 date being only seven to ten days away. It does
7 mention below that the date, delinquent date is
8 some week or two later, probably the twenty day
9 standard, but actually meets the Public Service
10 Commission requirements, so technically your bill
11 isn't delinquent until that later date, but by
12 saying it's due a week from now, that's what kind
13 of intimidates people where it sticks in their
14 minds and I thought it kind of odd when I noticed
15 that and I just sort of left it a somewhat sour
16 taste.

17 I did have two problems with their
18 service. One was about a year, almost a year and a
19 half ago, for some reason my December bill claimed
20 that I had jumped up a huge increase in quantity of
21 water and the property in question is a church and
22 it basically needs water to flush toilets, but
23 that's all it uses it for. And the company was
24 kind enough to note the following months that it
25 had overcharged me about five or six months worth

1 of normal bills and it gave me that credit and
2 basically I didn't have to pay anything for the
3 next five or six months until it was worked out,
4 but there was no explanation or even apology as to
5 how that could happen and it was rather a
6 surprising nick out of my budget that one month to
7 pay for the next five or six months worth of water.

8 And then, I had a problem in January
9 when it got so very cold that it was basically
10 below freezing inside the basement and so I called
11 the water company and said I needed to have the
12 water turned off right away because I was sure that
13 the water in the pipes was frozen and when it
14 thawed out, we would have a huge leak. And they
15 said on Friday, January 8th, that well, they
16 couldn't make it out that day but they would come
17 out on Monday the 10th and turn it off. And by my
18 calculations of the weather, it was still likely to
19 be below freezing by then so that would still be
20 okay. And I assumed that they had done so.

21 I was rather surprised when I walk in
22 on Wednesday morning, the 13th, that water was
23 pouring out of the pipe that had broken and all
24 over the basement. And so I scrambled around to
25 find the number in the phone book and called them

1 up and said, "I need somebody like right now
2 because water's pouring out." And the person said
3 basically, "Well, we'll get to it when we can.
4 There's been delays." Yeah, but I now have this
5 emergency.

6 So they did volunteer that they would
7 call me before they actually came and when I didn't
8 hear anything for half an hour or so, I was
9 panicking even more and I managed to find a plumber
10 who happened to be in the neighborhood for a
11 different house and convinced him to come over and
12 just turn the thing off. I won't mention his name
13 because he's not supposed to do that, but I had a
14 problem and all I really needed was somebody to
15 turn off the thing when the water company couldn't
16 do it after three days.

17 I did get a call that night at 8:00
18 saying they couldn't get to me that day, but they
19 would be sure to come back the next day. Well,
20 then I got the bill, of course, and it showed my
21 1500 gallons worth of water has spewed out into my
22 basement and I wrote a note back saying, you know,
23 "I'd like to dispute this." If they had come out
24 or even had called me to say, "By the way, we're
25 not coming out on Monday or Tuesday," then I could

1 have called a plumber to either turn it off or cap
2 the pipe or whatever to avoid having the water
3 damage problem. But they didn't even tell me they
4 hadn't come out and I basically couldn't check
5 because the water was frozen.

6 And so they did come out the next day
7 in the afternoon and when I said, "Oh, by the way,
8 I've already gotten the problem taken care of."
9 When I explained all this in my letter to the water
10 company, they basically still charged me for half
11 of the water that had poured out into the basement.
12 That's it.

13 JUDGE DIPPELL: thank you. Did you, as a
14 result of this, did you contact the Commission at
15 all about any of that or--

16 MR. ARMBRUSTER: No.

17 JUDGE DIPPELL: --considered it resolved
18 at that point?

19 MR. ARMBRUSTER: Well, the dollar amount
20 wasn't so much that I wanted to bother the
21 Commission about it, but when I heard that you were
22 going to come out to my neighborhood then I
23 intended to take the time to come out and meet you.

24 JUDGE DIPPELL: Thank you.

25 COMMISSIONER GUNN: When we asked those

1 questions, part of that is internal. We want to
2 make sure that if a complaint was made that we
3 responded to it and we'd follow up, so if we ask
4 that question, it doesn't have anything to do -
5 it's not required, we don't ask people to do it.
6 Part of it is we can go back and check to make sure
7 that our customer service responded correctly.

8 I have a couple of questions about the
9 billing issues. Thank you very much for coming
10 out. These are issues that we really pay attention
11 to and appreciate the comments. On the over
12 billing issue, was that one month? It wasn't a
13 series of months that they overcharged you?

14 MR. ARMBRUSTER: No, and they even have
15 this little graph that shows how much water usage
16 and it had supposedly gone way up, but yes, the
17 next month they said, "Oh, we charged you too much
18 last month, you have a credit."

19 COMMISSIONER GUNN: Do you know if the
20 bill was estimated? I mean, is that what the
21 problem was, that it was a mis-estimation or did
22 somebody come out and actually read the meter for
23 that month? Do you know?

24 MR. ARMBRUSTER: I'm not totally sure
25 since I'm under oath, but I believe it was

1 estimated, but how they could possibly have that my
2 usage had suddenly shot up by thousands of percent
3 is beyond me.

4 COMMISSIONER GUNN: And the bill showed
5 the percentage increase and that there was a huge
6 increase?

7 MR. ARMBRUSTER: Right. It had a little
8 graph. I'd only actually owned the building for a
9 couple of months beforehand and it was like at zero
10 or one because basically a couple of toilets
11 doesn't use a lot of water. And then it showed
12 this bar that was real high and then I can show you
13 - I don't have it with me, but I can mail to you a
14 bill that shows ever since then, it was back at
15 zero to, you know, occasionally one after several
16 months worth, it built up to one whole unit.

17 COMMISSIONER GUNN: Did you make that
18 complaint over the phone or in writing?

19 MR. ARMBRUSTER: To the water company?

20 COMMISSIONER GUNN: To the water company.

21 MR. ARMBRUSTER: I made it in writing. I
22 made it over the telephone basically that night,
23 the 13th, saying basically, "I hope you don't
24 charge me for all this water that's poured out into
25 my basement."

1 COMMISSIONER GUNN: I'm actually talking
2 about the, first, the billing, the overcharge. Did
3 you do that over the phone?

4 MR. ARMBRUSTER: No, I didn't even
5 complain about it until the next month and then
6 they showed it as a credit, that they had made a
7 mistake.

8 COMMISSIONER GUNN: So there was no
9 customer complaint or contact that you made, they
10 kind of realized what they had done?

11 MR. ARMBRUSTER: Right.

12 COMMISSIONER GUNN: And fixed it?

13 MR. ARMBRUSTER: Or they came out and
14 actually read the meter and discovered that I had
15 used what I normally use.

16 COMMISSIONER GUNN: So let's go then to
17 the water, the breakage issue. So you contacted
18 them and they said, "You're right, we need to shut
19 off the water and we'll be there in two days."

20 MR. ARMBRUSTER: Yes.

21 COMMISSIONER GUNN: And then, did they
22 take your phone number, did they say they would
23 call you before they came?

24 MR. ARMBRUSTER: They didn't volunteer
25 the first time to say that they would call before

1 they came. It was only when I was on the
2 telephone, that they then volunteered to call me
3 before they would arrive.

4 COMMISSIONER GUNN: What was the date?
5 Do you remember the date?

6 MR. ARMBRUSTER: Yes. It was January 8th
7 when I first called them and they had initially
8 scheduled the service for the 11th.

9 COMMISSIONER GUNN: Of this year?

10 MR. ARMBRUSTER: Of this year.

11 COMMISSIONER GUNN: So just a few
12 months--

13 MR. ARMBRUSTER: Yes.

14 COMMISSIONER GUNN: --when we had a cold
15 spell.

16 MR. ARMBRUSTER: When it was 17 below.

17 COMMISSIONER GUNN: Did the temperature
18 increase between Monday and Wednesday and that's
19 what caused the bursting, just as you'd predicted
20 earlier?

21 MR. ARMBRUSTER: Yes. By Wednesday, the
22 temperature had been above freezing enough outside.
23 that that seeped inside. It's a very old building
24 with basically no insulation.

25 COMMISSIONER GUNN: And then you sent the

1 letter and--

2 MR. ARMBRUSTER: Well, I complained when
3 I got the bill and they still were charging me
4 basically for all the water that had poured out in
5 my basement. I sent a letter, called them up and
6 protested and they sent me out a form saying that,
7 you know, on the basis that I should write out my
8 basis requesting - I forget what the term was.
9 Adjustment.

10 COMMISSIONER GUNN: And then how long
11 between the time you sent in that form and you got
12 a response back saying that they would adjust 50
13 percent of the bill?

14 MR. ARMBRUSTER: Two or three weeks.

15 COMMISSIONER GUNN: Was there any
16 explanation in the letter that they had reviewed
17 telephone transcripts or come out and taken a look
18 at the water, or anything they said, "Here's what
19 our offer is, take it or leave it"?

20 MR. ARMBRUSTER: Basically.

21 COMMISSIONER GUNN: Did you feel like you
22 could go back to them and say, "I'd like you to
23 make all the adjustment on the water bill," or did
24 you feel kind of like you had to take it?

25 MR. ARMBRUSTER: Kind of like it would be

1 easier to just take it. Again, the dollar amount
2 wasn't so much, but it certainly - I used to work
3 in public relations and it would have been much
4 nicer again, because the dollar amount wasn't so
5 much to say, you know, "We're terribly sorry about
6 that, in fact, we won't charge you and we'll waive
7 the re-connection fee when you basically can get
8 everything fixed and turn the water back on."

9 COMMISSIONER GUNN: Did they charge you
10 that re-connection fee?

11 MR. ARMBRUSTER: Yes.

12 COMMISSIONER GUNN: And did you, assuming
13 your rights are still intact, did you pay the
14 plumber that came in to turn it off? Did you have
15 any out of pocket expenses, or did he just do it as
16 a favor?

17 MR. ARMBRUSTER: No. They did say, you
18 know, submit any bills, et cetera, for clean up
19 costs and plumber's costs, but since he was in the
20 neighborhood and just turned it off, it was totally
21 done as a favor.

22 COMMISSIONER GUNN: Did you - once they
23 said they would forgive 50 percent of it, did they
24 have any form for you to sign or anything that said
25 that you weren't going to come back and ask for

1 more than this, do you recall, or was it just
2 similar to what the other one was where they
3 credited it back to you on the next bill?

4 MR. ARMBRUSTER: I think it was just a
5 credit on the bill and they sent out a bill saying,
6 you know, "You now owe so much, we've adjusted it."

7 COMMISSIONER GUNN: I appreciate that.
8 This is very, very awful. I would still suggest
9 that you let our Staff know about that issue.
10 There may be things that we can do, there may not
11 be, but there may be things we can do going forward
12 to help you out on one of these things, but.

13 MR. ARMBRUSTER: The easiest would have
14 been just if they say they're going to do it on
15 Monday the 11th, and they are not able to, to call
16 me and say, "We're not able to do it Monday the
17 11th, we're going to try for the 12th, but that's
18 not guaranteed either," because then I could have
19 still had a chance to do something to avoid the
20 water damage.

21 COMMISSIONER GUNN: And so it would be
22 better to fix the problem before it becomes a
23 problem?

24 MR. ARMBRUSTER: Right.

25 COMMISSIONER GUNN: I would still

1 recommend that you give your name and we might be
2 able to follow up. There may not be anything to
3 do, but there may be something that we can do to
4 help you out, but this is very helpful and we
5 appreciate you taking the time to come out.

6 MR. ARMBRUSTER: It's more on behalf of
7 anybody else who might have faced the same problem.

8 COMMISSIONER GUNN: Absolutely. Thank
9 you for bringing the issues to our attention. I
10 don't have anything further.

11 JUDGE DIPPELL: Thank you. Thank you,
12 sir, for your comments. Bill, and it's also from
13 the public water supply district, and I know I
14 can't pronounce your last name. Are you still
15 here?

16 MR. CARPENTER: Carpenter.

17 JUDGE DIPPELL: Okay.

18 BILL CARPENTER, being sworn-in by Judge
19 Dippell, testified as follows:

20 JUDGE DIPPELL: If you could, state your
21 name and spell it, please?

22 MR. CARPENTER: Bill Carpenter. B-i-l-l
23 C-a-r-p-e-n-t-e-r.

24 JUDGE DIPPELL: You can go ahead with
25 your comments.

1 MR. CARPENTER: Yes, I have - my main
2 comment is that they have a new charge or they come
3 up with something about the mains that serves the
4 water districts. On those mains, they have their
5 own off lines, they have water to their fire
6 hydrants. I don't understand why there's a charge
7 for delivering water to the water districts. They
8 use the main their self, too. There's customers,
9 residential customers, also on those lines, so I
10 don't understand why we have this new charge.

11 Also, in - when they built a new water
12 plant, we got a 233 percent increase and we got
13 increases since and this increase now. And the
14 people on this increase that live in St. Joe use
15 the same water as we use, they take it out of the
16 same mains that they ship water to us on. I can't
17 understand why the districts has to take the blunt
18 of the increases. I think that you are - I don't
19 know how to say it, but you are putting the blunt
20 of the cost on the water districts.

21 That's just like they said here that
22 they put in fire hydrants and they do this inside
23 the city. I think the city people that got the
24 benefit from that should pay for that and that is
25 in our nineteen percent or twenty percent of

1 whatever increase we're talking about. But I don't
2 understand why we have to pay for the improvements
3 in town. We don't charge our customers when we go
4 fix leaks or anything like that. That's not a
5 charge to our customer, we pay for that out of our
6 expenses.

7 So, and the water usage, we are a big
8 user. They have companies in town that use as much
9 water in a day that we use in a month and you have
10 recommended a decrease for those people. I don't
11 understand how you can recommend a decrease for
12 those people when you want to increase ours. If
13 everybody, if they need the money and you think
14 it's fair, I think that everybody that buys water
15 from Missouri American should have a level
16 percentage increase.

17 I can't see why you want to penalize
18 the people that live out in the country and that's
19 what I don't understand. And that's what I wanted
20 to say and I appreciate it, thank you.

21 JUDGE DIPPELL: Thank you. Mr.
22 Carpenter, on this, I appreciate your comments very
23 much, I just wanted to kind of clarify the
24 Commissioner and myself are on the decision side of
25 things and the Staff, who has made some of the

1 recommendations are actually, even though we are
2 all part of one big Commission, the Staff actually
3 acts as an independent party, so just so you're
4 aware that the Commissioner, himself, has not made
5 any recommendation and will take all of the
6 decisions into account in making the decision.
7 Commissioner?

8 COMMISSIONER GUNN: No, questions.
9 Obviously, you guys have intervened in this case
10 and this will be an issue in the case that we will
11 consider. I appreciate you coming in.

12 MR. CARPENTER: Well, that's another
13 thing that is a cost to the water districts to
14 intervene. We have to take our profits or our
15 money out of our account to intervene in these
16 cases, and that takes away from our customers. And
17 that's - I don't see how that is - we can't go in
18 like big companies and spend tens of thousands of
19 dollars to fight this because we don't have it.
20 And we're always the blunt of the high increases,
21 and it's catching up and we just can't afford it.

22 JUDGE DIPPELL: Thank you, sir for your
23 comment. Again, I know we'll allow your rebuttal,
24 whatever supplemental testimony, if that's
25 necessary, we'll entertain motions or things to

1 supplement that testimony. Joanna Young(ph), the
2 next witness? Gwendolyn Tyrell(ph)? Virginia
3 Stair(ph), or John? Bryan Holmes?

4 MR. HOLMES: I'd like to withdraw.

5 JUDGE DIPPELL: Patt Lilly? And again, I
6 will say if anyone has to leave, we do have a
7 website. It's on the back of some the papers, as
8 well as our physical address, if you want to make
9 comments.

10 PATT LILLY, being sworn-in by Judge
11 Dippell, testified as follows:

12 JUDGE DIPPELL: If you could spell your
13 name, please?

14 MR. LILLY: Patt Lilly. P-a-t-t L-i-l-
15 l-y.

16 JUDGE DIPPELL: Go ahead with your
17 comments.

18 MR. LILLY: Commissioner and members of
19 the Public Service Commission Staff, thank you for
20 being here this evening.

21 COMMISSIONER GUNN: I think you need to
22 press down on that so folks in Jefferson City can
23 hear you.

24 MR. LILLY: Thank you for being here this
25 evening. I know it's getting late, but we all

1 appreciate the fact that you hold these public
2 hearings here in St. Joseph. Again, my name is
3 Patt Lilly and I'm the Chief Administrative Officer
4 for Triumph Foods. We are a party in this case as
5 an intervener.

6 Triumph Foods is the largest employer
7 in St. Joseph and employ 2,600 residents here in
8 the community. The company began operation of its
9 150 million dollar pork processing facility in
10 January, 2006. The company has a billion dollars
11 in sales annually and sells product both
12 domestically and internationally.

13 An important factor in us locating in
14 St. Joseph was the contract for water supply that
15 we have with Missouri American Water Company that
16 was approved by the Public Service Commission prior
17 to construction of our facility. A dependable and
18 affordable source of water is very important to our
19 business and certainly, it's important to have a
20 source of water that is economic in the context of
21 being competitive in the global marketplace today.

22 Triumph Foods has more than met its
23 obligations under our contract, bringing over 2,600
24 jobs with a payroll of over 90 million dollars
25 annually. Since beginning operations in 2006,

1 Triumph Foods has donated to the community in the
2 way of contributions and both donations, over
3 \$900,000. And it has purchased on an average, 25
4 million dollars annually in services and products
5 from local businesses. Again, we appreciate the
6 opportunity to provide this testimony this evening.

7 I also have two letters that I'd like
8 to provide to you. One from State Senator Charlie
9 Shields and another from State Representative
10 Martin Rucker on this matter.

11 JUDGE DIPPELL: Alright. Do you have
12 those letters?

13 MR. LILLY: I do.

14 JUDGE DIPPELL: I can mark those as
15 Exhibit Number 2 and Exhibit Number 3 and one is
16 from Senator Shields and the other is from
17 Representative Rucker. So Number 2 will be the
18 letter from Senator Shields and Number 3 from
19 Representative Rucker. Did you have any additional
20 comments?

21 MR. LILLY: No, ma'am, I did not.

22 COMMISSIONER GUNN: I don't have any
23 questions. Thank you very much for coming tonight,
24 sir, I appreciate it.

25 MR. LILLY: Thank you.

1 JUDGE DIPPELL: Thank you for your
2 comments. Charles Compton?

3 CHARLES COMPTON, being sworn-in by Judge
4 Dippell, testified as follows:

5 JUDGE DIPPELL: If you could state your
6 name and spell it, please, for the court reporter?

7 MR. COMPTON: My name is Charles Compton,
8 spelled C-h-a-r-l-e-s C-o-m-p-t-o-n.

9 I'd like to point out, ma'am, sir, the
10 facts, figures in metaphysical terms I use after
11 the opening and closing are taken out of the
12 2008/2009 annual public filings with the Security &
13 Exchange Commission given by American Water Works,
14 Incorporated, parent company of Missouri American
15 Water.

16 Public Service Commission is tasked
17 with giving us, the residents of the State of
18 Missouri, reasonably priced services. I think it
19 would be good for us to at some point give
20 definition of what we would consider reasonably
21 priced and the percentage of our annual gross
22 income that is considered reasonable to put forth
23 by way of public utilities.

24 I think it would also be good for the
25 Commission to identify what they define as

1 prudently incurred expenses. As I understand,
2 being approved means that you fall in the
3 conservative side of things and that you don't over
4 spend. Our last increase for water rate was three
5 years ago. In 2008, American Water Works,
6 Incorporated reported a new income of 176.1 million
7 dollars, minus a goodwill impairment charge of 750
8 million dollars and 1 billion investment in
9 infrastructure. They also reported 47.5 million
10 dollars in income on homeowner's services group
11 which is not explicated tied to any liability.

12 As defined in the 2008 annual report,
13 corporate responsibility was defined with the term
14 social well being. I would surmise to suggest to
15 the Public Service Commission that the economic
16 impact on customers and residents of the State of
17 Missouri is not implicit but explicit in social
18 well being and that it should be the motivation of
19 Missouri American Water to first consider the
20 residents and rate payers to which they will be
21 passing these costs on to.

22 They also reported a liability of 32
23 million outlay to pension plan expenses and a
24 commitment to work with state public utility
25 Commissions to minimize the impact on operations of

1 these costs which must likely, I cannot say for a
2 fact, were incurred as a result of purchasing out
3 corporations and local municipalities.

4 As defined in their 2008 annual filing,
5 goodwill impairment represents excess of purchase
6 price over fair value of net tangible and
7 intangible assets required, an outlay of 750
8 million dollars in 2008, 509.3 million in 2007,
9 227.8 million in 2006. There were dividends paid
10 out in 2008 to the shareholders of American Water
11 Works, Incorporated and a commitment to invest
12 projected, mind you, in their annual report, 1.3 to
13 1.4 billion dollars in infrastructure replacement
14 from the years 2009 to 2013. 2009, there was an
15 800 million dollar infrastructure investment with
16 no goodwill impairment; however, there was no
17 notable net income reported.

18 There were dividends paid out in all
19 four quarters of 2009. I have to say that as a
20 shareholder of public traded companies, as an
21 investor, as a resident, I expect results for the
22 money that I put into corporations and I also
23 expect results for the tax dollars that I pay to
24 fund this Public Service Commission. I believe
25 that it is your responsibility to represent us, the

1 public, and try to balance what is considered
2 reasonably priced utilities. And also, to consider
3 prudently incurred expenses.

4 Goodwill impairment charges are a
5 charge off of goodwill from an acquisition and it
6 is American Water Works corporate strategy to
7 continue purchasing water companies as they did
8 ours here.

9 A rate increase of 22.5 percent for St.
10 Joseph, Missouri can be detrimental to the families
11 and those people that live here. It is not
12 something that we should consider shouldering at
13 this time, given the economic climate. Nobody gets
14 a free lunch, let me make that clear, and I don't
15 necessarily believe that Missouri American Water or
16 their parent company should not be able to make a
17 profit; however, it would be better for us to
18 understand that they are doing so prudently and not
19 only at the representation of their shareholders,
20 but at the representation of their stake holders
21 which include the residents and rate payers in the
22 State of Missouri and the St. Joseph Water
23 District.

24 I believe as a personal opinion that it
25 is reasonable to expect their shareholders to bear

1 some of the burden of this cost to include their
2 infrastructure investment, recapitalization
3 programs that they may have, as well as their
4 acquisition strategies. Mismanagement in
5 acquisition by a parent corporation and a cost
6 associated with it should not be borne by the
7 customers and rate payers in this district or this
8 state. Thank you for you time. We do appreciate
9 you being here.

10 JUDGE DIPPELL: Thank you very much for
11 coming. Commissioner, do you have any questions?

12 COMMISSIONER GUNN: I don't have - just
13 clarifying. The figures were from the parent
14 company annual report, not Missouri specific?

15 MR. COMPTON: That's correct,
16 Commissioner, I do have these reports if you would
17 like them.

18 COMMISSIONER GUNN: I think they filed
19 them.

20 MR. COMPTON: They are a matter of public
21 record and they have been filed with the Securities
22 & Exchange Commission.

23 COMMISSIONER GUNN: I appreciate your
24 comments very much. Thank you very much for taking
25 your time to come.

1 MR. COMPTON: Thank you.

2 JUDGE DIPPELL: Thank you, sir. Denise
3 Bartels(ph)? John Corky(ph)? Tim Menson(ph)?
4 Connie Field(ph)? That's all I have on this list.
5 Is there anyone else who didn't get a chance to
6 sign that who would like to make a comment?

7 Not seeing anything further, we really,
8 really appreciate the good turn out we had here
9 tonight and your patience in sticking around for
10 the bitter end here. Your comments do matter to
11 the Commission and we appreciate you being here.
12 Commissioner?

13 COMMISSIONER GUNN: Just some final
14 comments. Again, thank you all. There are people
15 that you know that couldn't be here tonight or
16 couldn't stay, please encourage them to do written
17 comments over the internet or in writing.

18 This is kind of the middle of this
19 procedure. In a few weeks, we are going to have an
20 evidentiary hearing. That evidentiary hearing is
21 scheduled right now to be in two weeks and it is
22 web cast. It's a broadcast over the internet, it
23 is also recorded, so that's at our website at
24 www.psc.mo.gov. So you can actually watch the
25 evidentiary hearings as they happen, which is very

1 similar to a trial. And so we encourage you to do
2 that, as well as after the evidentiary hearing, the
3 Commission will actually deliberate and those
4 deliberations are done in our regularly scheduled
5 agenda meetings which are every Wednesday at 9:30.
6 Those are also web cast over our - over the website
7 and our agenda is published as well. So please
8 watch the evidentiary hearings and please watch the
9 deliberations as we go forward.

10 But it's been a late night, I know you
11 all have had a give and take so far, but the
12 Commission, speaking on behalf to the other
13 Commissioners, greatly appreciate and want to thank
14 you for taking the time to come out. These public
15 hearings are important to us and they only work
16 with good public participation and we appreciate
17 everybody coming. Thank you.

18 JUDGE DIPPELL: With that, that concludes
19 the public hearing. We can go off the record.

20 (WHEREIN, the Hearing is concluded at
21 8:52 p.m.)

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CERTIFICATE OF REPORTER

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STATE OF MISSOURI) ss
COUNTY OF CLAY)

I, JANET H. WIMER, Certified Court Reporter, the officer before whom the foregoing hearing was taken, do hereby certify that the testimony in said hearing was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for
the State of Missouri

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17	1	Lawton Water Bill
18	2	Letter from Senator Shields
19	3	Letter from Representative Rucker
20		(Original Exhibits 1-3 were retained by Judge
21		Dippell.)
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25		