

1 J O E W A T S O N, called as a witness in

2 behalf of the PUBLIC, being duly sworn,

3 testified as follows:

4 WITNESS WATSON: Route 3, Box 181, Ecology
5 Acres.

6 I'd just like to say that I bought my house
7 in Ecology Acres about a year ago, and I did purchase my
8 house from Bien and Gibbs. And, to the best of my recollection,
9 nothing was said about a sewer system. I didn't even know
10 that there was a problem out there until I'd purchased my
11 house, and then later I found out. So that's basically what
12 I wanted to state, that I didn't know anything about a problem
13 being out there and I didn't know anything about a sewer
14 system going in. And that's about all I wanted to state.

15 EXAMINER LORING: Rusty, do you have any
16 questions for Mr. Watson?

17 CROSS-EXAMINATION BY MR. MITTEN:

18 Q Then you don't think that the cost of a sewer
19 system was included in your purchase price?

20 A No, I don't think it was; but I don't know.
21 I would say no.

22 Q It just never came up in the discussion?

23 A Never came up, no.

24 MR. MITTEN: I don't have anything further.

25 EXAMINER LORING: Thank you, Mr. Watson.

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(Witness excused.)

EXAMINER LORING: Would anyone else care to--

(At this time Walter Johnson was duly sworn.)

WALTER JOHNSON, called as a

witness in behalf of the PUBLIC, being duly sworn, testified as follows:

EXAMINER LORING: Where do you live, Mr. Johnson?

WITNESS JOHNSON: Route 3, Dexter.

EXAMINER LORING: Do you live in Ecology?

WITNESS JOHNSON: Yes.

EXAMINER LORING: You can make your statement, sir.

WITNESS JOHNSON: Well, whenever we bought our lots out there, I bought from two different people. The lot where I built the house I bought from Jim Lincoln and Paul Douglas, and then I bought the lot behind me. I bought it directly from Carl Bien. And the understanding that I had whenever we purchased the lot was that the sewer and blacktop would be furnished to the house. And the difference in the price of the two lots was considerable buying from the two different people. But we were under the impression that sewer and blacktop would be paid for, put in front

1 of the house. And we do have the blacktop already, but
2 that's about all I can say.

3 But the two agreements that they come up with
4 seems a little high to me for a sewer system, because an
5 individual can go in and put in one of his own aerating
6 systems a lot cheaper than that. And that's about all I
7 have to say.

8 EXAMINER LORING: Rusty, do you have a ques-
9 tion for Mr. Johnson?

10 CROSS-EXAMINATION BY MR. MITTEN:

11 Q How much difference in price was there between
12 the home site and the back lot?

13 A \$1,300 difference.

14 Q Have you talked to either Mr. Lincoln or
15 Mr. Douglas as to whether or not if the Commission would
16 authorize a connection fee they would pay it?

17 A No. They said that they had a contract with
18 Carl Bien that he would furnish the sewer in front of the
19 house and all we had to pay was just from the house out to
20 hook it up.

21 MR. MITTEN: I don't think I have anything
22 further.

23 CROSS-EXAMINATION BY MR. RINGER:

24 Q Mr. Bien never promised you that the
25 sewer would be installed at his cost, did he?

1 J E R R Y H O L D E R, called as a witness

2 in behalf of the PUBLIC, being duly sworn,
3 testified as follows:

4 WITNESS HOLDER: I live at Route 3, Ecology
5 Acres. I purchased my lots in February of this year, '78.
6 At the time I purchased my lot and home--I have two lots.
7 For certain personal reasons, I needed two lots to have
8 access to the back of my home to get a vehicle parked,
9 trailer, et cetera, other little things that I wanted to
10 do. So I purchased an additional lot along with the home.

11 At the time I was talking to Paul Douglas,
12 who I purchased my home from, I asked him what kind of septic
13 system it had. He told me there was a metal tank. I anti-
14 cipated at that time probably putting in the aerated or jet
15 system that they have, because basically I didn't want any
16 problems with the neighboring property owners for this foul
17 smell or anything like that and drainoff. Being a property
18 owner in Georgia, sometimes this got quite a problem. So
19 without having to worry about any property disputes or any
20 other disputes about it, I started discussing this with
21 Paul.

22 Paul, at that time, told me that there was
23 no problem, a central system was being put in, and reiterated
24 that the abstract read that there would be no additional
25 costs to the lotowner for hook-on charges. The only thing

1 would be a monthly charge.

2 Having finally decided to purchase the home,
3 I examined the abstract and found this to be in the restrictive
4 covenants also. Reading these restrictive covenants, I find
5 that basically a court order or a court judgment against it
6 would be one of the things that would invalidate any one of
7 these restrictive covenants. In my opinion, since these
8 restrictive covenants were there from the conception of
9 Ecology Acres, then any person that purchases any part of
10 these things should have known they were there and existed
11 as such. And at any time that--

12 As far as my feelings to the Public Service
13 Commission and the determination of this hearing or anything
14 like that, my feelings against that is that if these restric-
15 tive covenants are not to be abided by, why should any
16 individual property owner abide by them? That's basically
17 what I have to say.

18 EXAMINER LORING: Mr. Mitten?

19 CROSS-EXAMINATION BY MR. MITTEN:

20 Q Just so I can get it clear, then it's your
21 impression that the cost of the sanitary sewer was included
22 in the cost of your lots?

23 A Well, I know that as far as the cost of my
24 home, it was included. Now, through dickering a little bit,
25 I bought the additional lot for a sum which for tax reasons

1 I didn't want any particular sum being put there. The two
2 were put together however I wanted them divided apart and
3 kept separate. So I dickered for one total sum for the two,
4 but no individual price for the additional lot.

5 Q But the cost of the sewer was included in that
6 total sum that you arrived at?

7 A Yes.

8 MR. MITTEN: Nothing further.

9 CROSS-EXAMINATION BY MR. RINGER:

10 Q Jerry, you've never discussed the installation
11 of a central sewer system with Mr. Bien, have you?

12 A No, I haven't. May I say one other thing?

13 EXAMINER LORING: Yes, sir.

14 WITNESS HOLDER: As far as the Public Service
15 Commission, I would like to request also that it be held
16 here in Dexter for the simple reason I'd like to have knowledge
17 of these financial figures. I have a BS in Business Adminis-
18 tration with 65 total hours in accounting as my major, and
19 I would very much like to see and possibly sit in on hearing
20 these figures.

21 EXAMINER LORING: Thank you very much, Mr.
22 Holder.

23 MR. RINGER: Mr. Examiner, the Company certainly
24 has no objection whatsoever for the hearings to be held in
25 this area, none whatsoever.

1 (Witness excused.)

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3 EXAMINER LORING: Would anyone like to testify
4 or make a statement?

5 (At this time Benton Bowman was duly sworn.)

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7 BENTON BOWMAN, called as a witness
8 in behalf of the PUBLIC, being duly sworn,
9 testified as follows:

10 WITNESS BOWMAN: Route 3, Dexter.

11 Well, I'm like the rest of these fellows.
12 I bought the two lots in Ecology Acres. When I bought the lots,
13 it was my understanding that the sewer and streets would be
14 furnished.

15 I bought my lots from Paul Douglas and Jim
16 Lincoln. I also bought two lots in Western Heights. Of
17 course, I didn't ask any questions on those. But I feel
18 like this monthly rate would be more than I could stand.

19 That's about all I have to say.

20 EXAMINER LORING: Rusty, do you have some
21 questions?

22 MR. MITTEN: No questions.

23 CROSS-EXAMINATION BY MR. RINGER:

24 Q Did you ever discuss the installation of a
25 central sewer system with Mr. Carl Bien?

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1 PURSUANT to the afternoon adjournment, the
2 hearing of this case was resumed at 7:00 p.m., Thursday,
3 October 19, 1978, and the following proceedings were had:

4 EXAMINER LORING: Let's go back on the record.
5 Who would like to testify or make a statement on the record?
6 This would have to be a sworn statement. It would be tran-
7 scribed and made into a transcript that would be available
8 to the Commission. And that's what we're here for tonight
9 primarily, to give you folks a chance to make your input.
10 About ten people have testified this afternoon.

11 Who would like to be first?

12 (At this time Sue Ewing was duly sworn.)

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14 PUBLIC'S EVIDENCE (CONTINUED):

15 S U E E W I N G, called as a witness
16 in behalf of the PUBLIC, being duly sworn,
17 testified as follows:

18 EXAMINER LORING: Where do you live, Mrs.
19 Ewing?

20 WITNESS EWING: Route 3, Dexter.

21 EXAMINER LORING: Would you please tell us
22 what you'd like the Commission to hear.

23 WITNESS EWING: I'd just like to go on record
24 saying that I feel that these proposed rates are too high.
25 These high rates would propose a financial hardship on our

1 family, especially this winter when the utility rates are
2 already so high. That's all.

3 EXAMINER LORING: Rusty?

4 CROSS-EXAMINATION BY MR. MITTEN:

5 Q Do you live in Ecology Acres?

6 A Yes, I do.

7 Q And who did you buy your home from?

8 A We bought it through a real estate agency,
9 Dexter Realty.

10 Q Was it an existing structure when you bought
11 it?

12 A Yes, it was.

13 Q When you bought it, were any representations
14 made to you with respect to the sewer system that would be
15 built in the subdivision?

16 A We were under the impression that when there
17 were a certain percentage of houses built, that a sewer
18 system would be put in.

19 Q Were there any representations made to you
20 about how that construction would be financed?

21 A No.

22 Q Did anybody say that the cost of that was
23 included in the cost of your house?

24 A When we got a copy of the restrictions, we
25 saw that it was written in the restrictions there that it

1 would be no cost to the lotowner.

2 Q But other than that clause in the covenants,
3 there was nothing said to you?

4 A No.

5 MR. MITTEN: I don't have anything further.

6 EXAMINER LORING: Thank you, Mrs. Ewing.

7 (Witness excused.)

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9 EXAMINER LORING: Who else would like to
10 make a statement?

11 Let's just go off the record a minute.

12 (Off-the-record discussion.)

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14 EXAMINER LORING: Back on the record.

15 (At this time Jerry Yount was duly sworn.)

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1 JERRY YOUNT, called as a witness in

2 behalf of the PUBLIC, being duly sworn,
3 testified as follows:

4 EXAMINER LORING: Where do you live, Mr. Yount?

5 WITNESS YOUNT: Route 3, Dexter.

6 EXAMINER LORING: In Ecology?

7 WITNESS YOUNT: Ecology Acres.

8 EXAMINER LORING: You can go ahead, sir.

9 WITNESS YOUNT: I'd just like to make a state-
10 ment that I feel that the service charges--it would be entirely
11 ridiculous. They're too high, and that's what I'd like to
12 get across.

13 EXAMINER LORING: I appreciate that. Maybe
14 Mr. Mitten might have a question.

15 CROSS-EXAMINATION BY MR. MITTEN:

16 Q Did you have anything else you wanted to add?

17 A Yes. When we bought our home, we were told
18 that there would be a central sewage system, but we weren't
19 told what the price was going to be, the service charge.
20 Had we been told that, we wouldn't have bought there. I'm sure
21 nobody else would have. We were totally misled. I mean,
22 we weren't told what the price was going to be or anything.
23 They just said, "There will be a central sewage system;"
24 but there was no price quoted to us.

25 Q Who did you buy your home from?

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1 A George Petty through Harper Real Estate.

2 Q So that was an existing structure?

3 A Yes.

4 Q And no representations were made to you about
5 the cost of the sewer being included in the purchase price?

6 A No. Had I known that, I wouldn't have bought
7 there.

8 MR. MITTEN: I don't believe I have anything
9 further.

10 WITNESS YOUNT: I have a question. Are we
11 being forced by the Public Service Commission to install a
12 central sewage system?

13 EXAMINER LORING: Who wants to answer that?

14 MR. MITTEN: No. The Public Service Commission
15 is not forcing you to install a central sewage system.

16 WITNESS YOUNT: Who is?

17 MR. MITTEN: There is a regulation in the
18 Department of Natural Resources that if a central sewage
19 disposal system becomes available within a certain distance
20 from your property and the costs of that system are not
21 greater than a formula which the Department of Natural
22 Resources has set up, then you will have to hook onto the
23 system.

24 WITNESS YOUNT: In other words, if it's been
25 stated in the abstract or whatever that there will be a

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1 central sewage system, we're required to hook up because of
2 that?

3 MR. MITTEN: No. This would have to do with
4 the regulation of the Department of Natural Resources--

5 EXAMINER LORING: State Department of Natural
6 Resources.

7 MR. MITTEN: --which is somebody completely
8 different from the Commission.

9 WITNESS YOUNT: In other words, they're saying
10 we have to have a central sewage system?

11 MR. MITTEN: No, you don't have to have a
12 central sewage system. The company has asked the Commission
13 for the authority to build and operate a central sewage
14 system. If the Commission grants them that authority and
15 if a system becomes available, within the rules and regulations
16 that the Department of Natural Resources has set up, then
17 you'll have to hook onto it. But, first, the Commission
18 would have to give the company the authority to build the
19 system.

20 WITNESS YOUNT: In other words, Mr. Bien is
21 asking for permission to build a central sewage system there,
22 correct?

23 EXAMINER LORING: That's right, sir, yes.

24 WITNESS YOUNT: In order that he may
25 build more houses? In other words, if the houses--I mean,

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1 the point I'm trying to make is do we need one with the
2 amount of houses that we have now?

3 MR. RINGER: One way or the other, he's got
4 to put in a central sewer system by law.

5 WITNESS YOUNT: Why does Glenwood Estates
6 not have one then which is just a few miles up the road?

7 MR. RINGER: I guess because the Department
8 of Natural Resources hasn't discovered them yet. That's my
9 only answer.

10 WITNESS YOUNT: Or their sewage system has
11 been installed properly and there's been no complaints?

12 MR. RINGER: No. That's incorrect. You're
13 wrong there. They don't have a central sewer system.

14 WITNESS YOUNT: I know they don't have one.
15 They have septic tanks just like we do.

16 MR. RINGER: And I'm telling you they're in
17 violation of the Department of Natural Resources' regulations.

18 WITNESS YOUNT: Is that right?

19 Well, that's all I have to say, I guess.

20 EXAMINER LORING: Thank you very much.

21 WITNESS YOUNT: I'm surprised they went that
22 long and nobody knows about it.

23 (Witness excused.)

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25 (At this time Chris Mooy was duly sworn.)

1 CHRIS MOOY, called as a witness

2 in behalf of the PUBLIC, being duly sworn,
3 testified as follows:

4 EXAMINER LORING: Where do you live, Mr.

5 Mooy?

6 WITNESS MOOY: In Ecology Acres.

7 EXAMINER LORING: Route 3?

8 WITNESS MOOY: Route 3. I was sitting there
9 listening about a question that he had asked about this
10 other subdivision. You said they are in violation?

11 MR. RINGER: I would say--my best guess is
12 that they probably are. I'll rephrase that. They probably
13 are.

14 WITNESS MOOY: Who's in violation? The
15 homeowner or the developer?

16 MR. RINGER: The owner-developer. Not you,
17 if you're a homeowner.

18 WITNESS MOOY: The same would go for Ecology
19 Acres, right?

20 MR. RINGER: That's correct.

21 WITNESS MOOY: I do not think from what I've
22 gathered out of the paper this afternoon that the rates
23 proposed for this to be imposed on the homeowner are anywhere
24 near in line. We've got utilities out there. We've got a
25 water bill. We've got high electric bills. For most of us,

1 all these homes are totally electric. And we're already
2 paying approximately an average of \$150 a month in utilities,
3 and I don't believe that we can stand any more.

4 Any questions?

5 EXAMINER LORING: It will be up to Mr. Mitten
6 and Mr. Ringer.

7 MR. MITTEN: I just have a couple.

8 CROSS-EXAMINATION BY MR. MITTEN:

9 Q Mr. Mooy, who did you buy your home from?

10 A Carl Bien.

11 Q And when you bought your home, were there
12 any representations made to you with respect to the sewer
13 system?

14 A Yes, there were.

15 Q What did Mr. Bien tell you?

16 A He told us that in the future sometime or
17 other there was going to be a sewer system worked out for
18 these homes and that there would be a hook-up charge of
19 approximately \$1,000.

20 Q So you were advised that the cost of a sewer
21 system was not included in the purchase price?

22 A Oh, yes; but there wasn't anything said about
23 any monthly service charge of \$13 or \$14 a month. And,
24 even so, for what duration of time would this service charge
25 go on and for how long would it stay thirteen dollars and

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1 something a month?

2 MR. RINGER: It stays in effect until it's
3 changed by order of this Public Service Commission, if it's
4 approved to begin with.

5 WITNESS MOOY: The same amount would stay
6 in effect, in other words, throughout the duration?

7 MR. RINGER: No, sir. I didn't say that.
8 It stays effective unless the Public Service Commission
9 changes the rate, if they approve it in the first place.

10 WITNESS MOOY: Well, the thing that bothers
11 me is that I don't know about the Public Service Commission;
12 but you take like Missouri Utilities and some of these
13 other utility companies, they can crop up here with a rate
14 change just about any time they take a notion, and the Public
15 Service Commission does approve it. And we're the ones that
16 are just bleeding through the nose because these rates, I
17 just can't agree with them. I just can't. Not only the
18 sewer rates, but I would be afraid that it would go in the
19 same direction someday.

20 EXAMINER LORING: Thank you very much, Mr.
21 Mooy.

22 (Witness excused.)

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24 EXAMINER LORING: Who'd like to be next?

25 (At this time Blake Asher was duly sworn.)

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1 B L A K E A S H E R , called as a witness

2 in behalf of the PUBLIC, being duly sworn,
3 testified as follows:

4 WITNESS ASHER: Blake Asher, Route 3, Box
5 182.

6 EXAMINER LORING: Are you a resident of Ecology
7 Acres?

8 WITNESS ASHER: Yes, sir.

9 EXAMINER LORING: You can just make your state-
10 ment now.

11 WITNESS ASHER: I do feel that these proposed
12 monthly rates are too high in comparison with city rates.
13 I realize that this is going to be a privately-owned instal-
14 lation, but whereas the city pays an average of one-third
15 of their water bill, twice what my regular water bill is is just
16 outrageous, and that to me would be about what our sewage
17 bill would be.

18 I don't know what has been brought up this
19 afternoon, but it comes to mind that in earlier meetings--
20 Am I right in referring to any earlier meetings we've had
21 on this project?

22 EXAMINER LORING: That's perfectly all right.

23 WITNESS ASHER: It was agreed that Mr. Bien
24 would undergo a survey over the difference of the system
25 with the county court presiding over the billing and us

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1 paying \$1,000 down or the Public Service Commission route
2 with us paying approximately \$300 down plus an amount that
3 would afford the contractor a reasonable return upon his
4 investment.

5 These figures never came to light. We were
6 supposed to have them within a couple of weeks, and that
7 didn't turn out. And then we never heard any more about
8 it, and there were no subsequent meetings until this one.

9 It's rather upsetting because I don't know--
10 I don't believe anyone here actually knows what the figures
11 would have been to make an intelligent decision on how they
12 wanted to go.

13 I had been planning on selling my property
14 and moving to be near where my wife works. But at that high
15 sewage rate, I don't believe anyone would really want to
16 buy the property.

17 In our abstract, we have a copy of the restric-
18 tions. And it does say that there will be no hook-up charge
19 and there will be a modest monthly rate charged. And the
20 rate doesn't seem modest at all in my opinion.

21 That's all I have to say. If there are any
22 questions, I'll be glad to answer them.

23 MR. MITTEN: I just have a couple, Mr. Asher.

24 CROSS-EXAMINATION BY MR. MITTEN:

25 Q Who did you buy your house from?

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A. Smyth Realty in Dexter.

Q. So it was an existing structure that you were purchasing from somebody else?

A. Yes.

Q. When you bought your house, were any representations made to you with respect to the cost of the sewer?

A. No, sir.

Q. They didn't say it was included in the purchase price?

A. No.

Q. It didn't even come up?

A. No. Just what was in the abstract as the restriction. It was included in that.

MR. MITTEN: I don't think I have anything further. Thank you, sir.

EXAMINER LORING: Thank you, Mr. Asher.

(Witness excused.)

EXAMINER LORING: Who would like to be next?

Mr. Bien, you've been sworn this afternoon.

WITNESS CARL BIEN RECALLED TO THE STAND.

WITNESS BIEN: No. 1, I'd like to take this opportunity while so many people are here, I think this has been one of the best turnouts for anything involved in the sewer so far; and I think now is as good a time as any.

1 I've listened to, I guess, every testimony
2 this afternoon; and I think my indication or my interpretation
3 so far is I believe everybody would like to have the sewer
4 system. I think everybody feels like the rates are ridiculous.
5 I do too. I agree with you. I live out there, and I'll
6 be paying the same thing that you people will be.

7 I don't know the answer, which all of you by
8 now, due to the publicity and so forth, are aware that the
9 system does have to go in and we are on a time schedule on
10 it.

11 We had another meeting set, and I don't remember
12 the exact date; but we did cancel that meeting due to the
13 publicity and so forth. In other words, it no longer become--
14 feel like it was a direct responsibility of ours to
15 meet this requirement at that time because we were the one
16 put under the gun on this, not any of you guys. We have to
17 meet this requirement irregardless.

18 Now then, I would have liked to have seen
19 this been worked out in these meetings and so forth. I
20 thought we were making good progress on them.

21 To carry out some of the comments here, I'd
22 like to state also that we did check with the county court;
23 and there is a problem there. Their rate is 6 percent on
24 bonds. It would be impossible to get a contractor to put
25 a job in and be paid with 6 percent bonds, because that is

1 not money and the interest rate is almost--there's no way
2 that they could live with it.

3 Point 2, we did contact the City of Dexter.
4 We did ask them to use their treatment facilities to lower
5 the cost. They have an overloaded circumstance right now
6 that they're going to have to deal with. And due to coming
7 up with the money for that later on and already they're
8 afraid of the criticism that they might receive, and perfectly
9 within their rights to do so, because this is outside the
10 city limits at this time. So we were rejected there to save
11 costs and so forth.

12 We wrote to various bonding companies to see
13 if this could be handled by a bond issue. Again, due to the
14 fact that Stoddard County is a third-class county, they will
15 not issue sewer bonds. They cannot write sewer bonds in
16 a third-class county. So, again, we struck out.

17 The only alternative that I'm aware of as of
18 now--and I feel like our attorneys, engineers--and believe
19 me, we have a staff trying to do everything possible to get
20 this in and get it in as low as possible for the people and
21 so forth, and for ourselves. After all, again, we are under
22 the gun.

23 There was a complaint filed, and the people
24 who filed it--and I know who they are. It's immaterial.
25 They were perfectly within their rights to do so. It is

1 a law, and it has to be abided with, and we are going to
2 meet the regulation on it one way or the other. We have to.

3 And from the overall, it needs to go in. It's
4 to all of our benefits to put it in. All of our property
5 will be worth a lot more money with the sewer in there.
6 Ecology Acres and Western Heights is one of the finest places
7 in the area to live or in my opinion anyway. I enjoy it
8 out there. And I'd like to see it go in along, here again,
9 with our parks and things of this nature that we discussed
10 sometime ago that we haven't got around to doing anything
11 about. By saying, "we," I'm talking about us as a people
12 out there, because the park areas are out there for the
13 people.

14 But what I want to do now during this is
15 I want to go on record, probably without the consent of our
16 attorneys. And I know our CPA is, again, just--however this
17 is worked out, these people are going to try to be fair to
18 all parties involved here. They are going to try to come up
19 with a solution. This is our only route we can go. There
20 is no other way that we can go on this that I'm aware of.
21 Again, as I said earlier, it has to go in.

22 I would like to see the rate reduced. I
23 would like to see something worked out here for all of us.
24 I talked with my partner during the recess here; and the
25 stock of this sewer company, if it goes this way, all of

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1 it will be available to the people. If the cost of the
2 installation is less than what is estimated here or if the
3 sewer company can operate on less money than what's involved,
4 then the people, if you go this way--again, if you want to
5 buy the stock and work this out somehow and control this--
6 and it should belong to the people, in my opinion. We aren't
7 basically interested in being in the sewer business. And
8 whatever the cost is, that's all you're absorbing that way.

9 So as far as Bien and Gibbs in any way, we're
10 willing to do whatever we can to get this system in. And
11 if we're willing to or not, by law we've got to, so that,
12 I guess, makes us more willing maybe. But if you people come
13 up with a better solution or, here again, would like to own
14 this system, or whatever, we're on record here stating that
15 all the stock will be available to you.

16 I would like to say this: I would like for
17 it to be a community effort if it goes this way. I'd like
18 to see all the people involved in it, not just a few. And
19 I'd like for it to be more or less owned by the area; but
20 that's, here again, my opinion. I don't know what the rules
21 and regulations as far as the Public Service goes. I don't
22 know, here again, what the Department of Natural Resources
23 will do on it.

24 But most of you people I've known a long
25 time. Most of you are good friends of mine. And we're not

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1 in this room here tonight to capitalize off anybody on this
2 thing, and it is your system if you want it. If not, we have
3 to go ahead with it in one way or another here to meet the
4 regulations.

5 I don't know of anything else.

6 EXAMINER LORING: Mr. Mitten, do you have
7 any questions?

8 MR. MITTEN: No questions.

9 EXAMINER LORING: Mr. Ringer?

10 MR. RINGER: No.

11 EXAMINER LORING: Thank you, Mr. Rien.

12 (Witness excused.)

13 _____
14 EXAMINER LORING: Who else would like to come
15 forward and say a few words?

16 (At this time John A. Prance was duly sworn.)
17 _____
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1 J O H N A. P R A N C E, called as a

2 witness in behalf of the PUBLIC, being
3 duly sworn, testified as follows:

4 EXAMINER LORING: Do you live in Ecology Acres,
5 Mr. Prance?

6 WITNESS PRANCE: I do.

7 EXAMINER LORING: What's your address, sir?

8 WITNESS PRANCE: Actually I get my mail at
9 a post office box here in town, so I really couldn't give
10 you the exact address out there in Ecology Acres.

11 MR. RINGER: Route 3?

12 WITNESS PRANCE: Route 3, yeah. Other than
13 that--I didn't know whether there was specific lot numbers
14 that they'd even given or what.

15 I just merely want to go on record saying
16 that, you know, I'm for the sewer system as being a resident
17 out there. I think that the rates at \$25 a month are extremely
18 outrageous compared to rates in cities and places where we've
19 lived before, also, that some of my friends have tried to
20 sell their home out there. And due to this deal being in
21 the air right now, they can't even sell their home. So it's
22 worked kind of a hardship on us as property owners.

23 And when the original land division was drawn
24 up out there, as you gentlemen are well aware of, it was
25 stated that the developer would put in the sewer system to

1 us in Ecology Acres anyway at no cost to us except for the
2 monthly service fee that we would be charged. So, therefore,
3 I think it's kind of rough for us to have to pay \$25 a month
4 or \$1,100. I don't think that goes along with the original
5 way the land was to be split up anyway.

6 I would like to also--whenever the decision
7 has been made, that there be something or some stipulation
8 in there stating that the sewer system cannot supply more
9 than just Ecology Acres and Western Heights or something,
10 so that it doesn't end up like the Dexter sewer system being
11 an overloaded system if eventually another area around there
12 is developed, so that it becomes an overloaded system.

13 There needs to be, I think, some stipulations
14 brought into line about that unless, of course, a system
15 plan or something is enlarged or something. That's basically
16 all I had to say.

17 EXAMINER LORING: Rusty, some questions?

18 MR. MITTEN: I just have a couple of questions,
19 Mr. Prance.

20 CROSS-EXAMINATION BY MR. MITTEN:

21 Q Who did you buy your house from?

22 A George Petty.

23 Q Was he a property owner in Ecology Acres?

24 A Mr. Petty owns several lots out there; and
25 he bought several lots, to my understanding on hearsay, and

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1 then built houses on these lots. The house was brand new
2 when I moved into it. No one had ever lived there before.
3 He just built the house for resale as a contractor.

4 Q Were there any representations made to you
5 at the time of purchase regarding the cost of the sewer
6 system that was going to go in?

7 A No representation as far as the cost of the
8 sewer system other than Mr. Petty--one of his selling points
9 to us at the time was that there would be a sewer system
10 put in and we would be compelled or, you know, requested
11 to hook onto it and that there would be no cost to us to hook
12 onto the sewer system, only a monthly charge.

13 Q Mr. Petty specifically said that you wouldn't
14 be charged to hook onto the sewer system?

15 A Yes, he did.

16 MR. MITTEN: I don't have anything further.
17 Thank you.

18 EXAMINER LORING: Thank you, Mr. Prance.

19 (Witness excused.)

20 _____
21 EXAMINER LORING: Who'd like to be next?

22 Let's go off the record a minute.

23 (Off-the-record discussion.)

24 _____
25 EXAMINER LORING: Back on the record.

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1 (At this time David Schwendemann was duly sworn.)

2
3 DAVID SCHWENDEMANN, called

4 as a witness in behalf of the PUBLIC, being
5 duly sworn, testified as follows:

6 EXAMINER LORING: Where do you live, Mr.
7 Schwendemann?

8 WITNESS SCHWENDEMANN: I live in Western
9 Heights which is on Route 3.

10 EXAMINER LORING: You're the first witness
11 from Western Heights. Do you have a box number?

12 WITNESS SCHWENDEMANN: I get my mail in town
13 at Box 485.

14 EXAMINER LORING: Go ahead, sir.

15 WITNESS SCHWENDEMANN: I'm a little bit con-
16 fused here. There's some things that I need to ask the
17 gentleman or whoever can answer them. And one of them is
18 that I would like to know the deadline of the--I heard being
19 mentioned a deadline, and I would like to know what that is
20 or when that is.

21 MR. RINGER: On Mr. Bien?

22 WITNESS SCHWENDEMANN: Yes.

23 MR. RINGER: There's some requirements that
24 the Department of Natural Resources have imposed on Mr. Bien
25 that he must comply with to install a central sewage system.

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1 Just a second, and I can--or, if you'd like, I can show you
2 after the hearing.

3 WITNESS SCHWENDEMANN: I would just need the
4 date because, one way or the other, by that date, according
5 to what I've heard, there will be a system installed.

6 MR. RINGER: If you want me to read it, this
7 is what the Department of Natural Resources has set up as a
8 guideline for Mr. Bien:

9 Submittal of final plans and specifications
10 by August 18, 1978. Commence construction within 15 days
11 after issuance of construction permit, which has not been
12 issued yet. Submit evidence of completed formation of
13 the final operating authority within 180 days of commencement
14 of construction. Complete construction within one year of
15 the date of issuance of the construction permit. Achieve
16 compliance within 60 days of completion of construction.

17 And that is the schedule that he must comply
18 with.

19 WITNESS SCHWENDEMANN: So by 1980, about the
20 middle, there will be a system in, depending on whether the
21 permit is--

22 MR. RINGER: Yes. I would hope much sooner
23 myself.

24 WITNESS SCHWENDEMANN: On this hearing, this
25 is what I got out of last night's paper. I haven't seen a

1 paper tonight. I haven't had the chance. It says that they'll
2 have a chance to voice their opinion. And down here it says
3 that you are seeking our input on a sewer proposal by the
4 Stoddard County Sewer Company.

5 What effect will our input have on the proceed-
6 ings after this meeting?

7 MR. MITTEN: The Commission will review what-
8 ever record is developed at this and any subsequent hearings
9 and then, on the basis of that record, will decide whether
10 or not the company should be granted a certificate to build
11 and operate a sewer plant and what connection fees and/or
12 rates should be charged by the company.

13 WITNESS SCHWENDEMANN: What would constitute
14 a basis for them to--there is a need obviously. What would
15 constitute something where they would not issue it? Is there
16 any situation where it would not be followed up?

17 MR. MITTEN: Well, the statutes are pretty
18 general with respect to this thing.

19 WITNESS SCHWENDEMANN: So, basically, it's
20 going to happen?

21 MR. MITTEN: Basically, the company has to
22 show that their proposal or that the grant of the application
23 would be in the public convenience or necessity. Now,
24 exactly what that means, I don't know, because the courts
25 have never interpreted it.

1 Basically, since Mr. Bien is up against the
2 wall with DNR, DNR has effectively taken the question of
3 whether or not there needs to be a sewage system out of our
4 hands. That's something that the Department of Natural
5 Resources determines. And so, of course, their determination
6 on that respect, I think, would probably weigh heavily on
7 the Commission in deciding whether or not a sewage system
8 is necessary.

9 But that doesn't necessarily mean that either
10 of the two proposals that the company has made in its appli-
11 cation are the ones that are going to be adopted by the
12 Commission. It will look at all of the evidence; and, based
13 upon that evidence, it will set rates or connection fees
14 or both at a level that it determines is fair and reasonable
15 to all of the parties involved.

16 WITNESS SCHWENDEMANN: Under that type of
17 structure--to interject this, it seems to me that as many
18 of the people who have lived out here and have expressed
19 before that we are in some way--

20 Now, I live in Western Heights. And those
21 in Ecology Acres, they had certain things said to them that
22 were not said to me concerning the sewer proposal. So my
23 situation is a little bit different from theirs. And I'm
24 going basically--

25 I found out that it's the developer's

1 responsibility to put in a sewer system. But the way this
2 is going here, it looks like it's going to go in. And I'm not
3 exactly sure how it's going to line up.

4 In other words, is the sewer company going
5 to come in and put a sewer in through us as homeowners or
6 through someone else, through Mr. Bien or through the state
7 or Public Service Commission, or what?

8 MR. MITTEN: What do you mean "put it in
9 through somebody"?

10 WITNESS SCHWENDEMANN: Well, we're going to
11 be paying for it, I suppose. Now, I don't know that to be
12 a fact, but that's my understanding at this point. In
13 Western Heights, I suppose we're going to pay for it. I
14 don't know.

15 It would seem to me that since it's going
16 to go in one way or the other, that we ought to control it,
17 a corporation made up of the people who live there. We're
18 going to be--the capital is going to be raised somehow. If
19 it gets down to the point where we're going to have to raise
20 it--I don't know how legal things work like other people do.
21 But if I was going to have to put out \$1,100 and then a
22 service charge, I would want to own it. I would want to
23 be part of the owners, to me.

24 And what I want to know is: Is there a pos-
25 sibility that it might in the future be shifted towards

1 something like that by the decision of the Commission or the
2 Board that's going to look into it or whatever so that that
3 would happen?

4 MR. MITTEN: You mean that the Commission would
5 order that a homeowners' group operate the sewer system rather
6 than Mr. Bien?

7 WITNESS SCHWENDEMANN: Yes.

8 MR. MITTEN: Well, in the context of this
9 case, I don't think that that's a real possibility; and
10 let me explain that.

11 Mr. Bien, as a private individual or on behalf
12 of a corporation that he has formed, has asked the Commis-
13 sion for permission to put in a private sewer system. If
14 the Commission grants him that authority, then that corporation
15 will have the right to provide sewer service to whatever
16 area he is granted under a license from the Commission.

17 Now, that wouldn't preclude any public authority
18 from operating a sewer system in the same area. It also
19 wouldn't preclude a homeowners' association from eventually
20 taking over the sewer system from Mr. Bien. But that is
21 something that would have to be worked out between the home-
22 owners' group and Mr. Bien's corporation, assuming he receives
23 a certificate from the Commission.

24 There are a number of instances around the
25 state where a private utility, like a sewer company, has

1 been taken over by a homeowners' association. And it then
2 drops out of the Commission's jurisdiction, and you're no
3 longer regulated. You, in essence, regulate yourself. You
4 look after your own best interests, set your own rates,
5 whatever. But that's something that would happen after a
6 certificate was granted to a private company.

7 WITNESS SCHWENDEMANN: Could I ask for your
8 opinion on a question about the rates? Do you feel that the
9 rates they have given in the paper are consistent statewide
10 or within the same third-class county statewide?

11 MR. MITTEN: Well, it's difficult to compare
12 one sewer company with another company, because the circum-
13 stances which face two different companies could be so
14 different that while one sewer company was charging \$8 a month
15 and that would be reasonable for them, another sewer company
16 could charge \$24 a month and that would be reasonable for
17 them.

18 We don't know whether or not the rates that
19 have been requested here are reasonable. We've got to do
20 some more looking into that from the Commission Staff's
21 standpoint.

22 WITNESS SCHWENDEMANN: What factors enter
23 in on that? What factors do you look for when you go out
24 to check that?

25 MR. MITTEN: We look at the projections, the

1 type of system that they're going to build, the costs that
2 they're likely to incur. All of those are taken into con-
3 sideration.

4 WITNESS SCHWENDEMANN: Well, is this figure
5 that I have here for the thing realistic? One hundred sixty-
6 eight thousand dollars for the system?

7 MR. MITTEN: That is what the company's
8 engineer has said is his estimate of how much it's going
9 to cost to build the system.

10 WITNESS SCHWENDEMANN: And that will service
11 270 homes at the maximum?

12 MR. MITTEN: I believe that's what he estimated.

13 MR. RINGER: Two hundred seventy-four.

14 MR. MITTEN: Something like that.

15 WITNESS SCHWENDEMANN: Well, if there were 274
16 lotowners and they each paid a \$1,100 hook-on charge, that
17 would be considerably more than \$168,000. And then after
18 that, there is a monthly user charge. It would seem to me
19 that--

20 MR. RINGER: If I may interrupt.

21 WITNESS SCHWENDEMANN: Go ahead.

22 MR. RINGER: There's considerable interest
23 charges on that \$168,000, and that's computed in this rate
24 structure. You're just considering the flat \$168,000 principal.

25 WITNESS SCHWENDEMANN: True. Isn't it that

1 we would pay, if this were the case, that we would put out
2 \$1,100 to the people who put this system in?

3 MR. RINGER: That's one of our alternative
4 proposals, that's correct.

5 If I may further state, the engineer figured
6 no margins for profit on either proposal.

7 WITNESS SCHWENDEMANN: It says that the system
8 will cost \$168,000. Now, that's not the total cost then?

9 MR. RINGER: It is the exact cost for con-
10 struction, the principal amount.

11 WITNESS SCHWENDEMANN: But, again, it's not
12 the total cost?

13 MR. RINGER: That's correct.

14 WITNESS SCHWENDEMANN: Well, I guess I would
15 like to go on record as saying that I think the rates as
16 they're listed here, \$25 a month, I believe they're out of
17 line with what I'm familiar with myself.

18 I'm not as familiar with things as some of
19 the others, but I am familiar a little bit. And I think
20 they're out of line with what I know. So, I guess, that's
21 basically what I have to say.

22 CROSS-EXAMINATION BY MR. MITTEN:

23 Q Who did you buy your home from, sir?

24 A Carl Bien.

25 Q And did Mr. Bien make any representations to

1 you with respect to the cost of the sewers?

2 A Of course not.

3 Q He didn't tell you--

4 A At that time, we had a septic tank. And in
5 the house before, we had a septic tank also. And to my way
6 of thinking--and I guess it was just an accepted thing that
7 you don't question was that a septic tank was okay because
8 it worked where I was before. Of course, it's not always
9 the same; but I assumed that it would work there also.

10 Q He didn't tell you the cost of the central
11 sewer system was going to be included in your price?

12 A No.

13 EXAMINER LORING: Thank you, sir.

14 (Witness excused.)

15 _____

16 EXAMINER LORING: Let's go off the record.

17 WHEREUPON, a recess was taken.

18 _____

19 PURSUANT to the recess, the hearing of this
20 case was resumed, and the following proceedings were had:

21 EXAMINER LORING: Back on the record. Mr.
22 Yount has been sworn. He's testified previously.

23 WITNESS JERRY YOUNT RECALLED TO THE STAND.

24 WITNESS YOUNT: I'd like to state that it
25 also said in my abstract that I wasn't required to pay a

1 hook-up fee. And Mr. Bien gave me two proposals. One, I
2 think, was a \$1,100 hook-up fee and \$13 a month, or no hook-
3 up charge and \$23 a month.

4 Now, you're to decide which one it's going
5 to be, is that right?

6 MR. MITTEN: Not necessarily.

7 WITNESS YOUNT: Well, I mean, he gives you
8 two proposals. Who decides which one it's going to be?
9 He gave you two proposals to decide from, did he not?

10 MR. MITTEN: Well, if the Commission determines
11 that neither one of those proposals is reasonable, then they've
12 got two alternatives. They can either propose a third
13 proposal themselves, or they can deny his application for
14 a certificate.

15 WITNESS YOUNT: If you were to decide on the
16 \$1,100 hook-up fee and \$13 a month, and in my abstract it
17 says that I'm not required to pay a hook-up fee, is that
18 legal?

19 MR. MITTEN: Well, that would be a civil matter.
20 I mean, you might have grounds to sue.

21 WITNESS YOUNT: In other words, my abstract
22 isn't worth the paper it's written on?

23 MR. MITTEN: No, that's not what I said. I'm
24 saying that you might have a civil action against the person
25 that you bought your lot from.

1 WITNESS YOUNT: Well, that doesn't help me
2 when I've got to shell out \$1,100. That has to go through
3 court, but I'm still required to, you know, pay a \$1,100
4 hook-up fee?

5 MR. MITTEN: That's true. But the Commission
6 doesn't have any authority to enforce the terms of this
7 covenant.

8 WITNESS YOUNT: Well, you said I'm required
9 to hook-up because of my abstract. It stated that I had to
10 hook up.

11 MR. MITTEN: I said you were required to hook
12 up because of the Department of Natural Resources.

13 WITNESS YOUNT: Because Mr. Bien requested
14 to build a central sewage system, right?

15 MR. MITTEN: No.

16 WITNESS YOUNT: Wait a minute. I'm getting
17 confused here. He said, "We're backed up against the wall.
18 We've got to have a central sewage system." You say, "Mr.
19 Bien has requested that he may build one"?

20 MR. MITTEN: Yes, sir. But we're dealing
21 with two different agencies here. The Department of Natural
22 Resources has a regulation that says you have to have a
23 central sewer system when you get a subdivision developed
24 to a certain degree. They're enforcing that regulation
25 against Mr. Bien, and they've told him that he has to install

1 a central sewer system.

2 In order for him to install and operate a
3 central sewer system, he has to come to the Public Service
4 Commission and get our permission to operate that system;
5 and that's what he's done here. He's up against the wall,
6 but it's the Department of Natural Resources that has pushed
7 him against the wall.

8 WITNESS YOUNT: We're up against the wall
9 because we weren't explained earlier what the price would
10 be.

11 On our water now, why does it not cost us
12 this much money? We have two water towers and pipes stretched
13 for miles and miles, and they don't charge us no--they charge
14 us on the amount of water we use. Why is it low as compared
15 to what he proposes for a service charge?

16 MR. MITTEN: Well, there are a lot of factors
17 there. First of all, the distribution system for your water,
18 a lot of it was put in the ground a long time ago when the
19 costs were a lot lower.

20 WITNESS YOUNT: A lot of it's been put in
21 lately when it's very high.

22 MR. MITTEN: But a lot of it was put in before.

23 WITNESS YOUNT: We just had a water tower
24 built last year, a brand new one; and my water is still the
25 same.

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1 MR. MITTEN: Do you buy water from the city?

2 WITNESS YOUNT: No. It's a special water
3 district.

4 MR. MITTEN: They might get government money
5 at extremely low interest.

6 WITNESS YOUNT: Why can't we do that to build
7 a sewer system?

8 MR. MITTEN: Mr. Bien, as a private individual,
9 is not eligible for that sort of money.

10 WITNESS YOUNT: Who authorized the water
11 system that we have? The county?

12 MR. MITTEN: Well, there's a provision in
13 the statutes for the organization of public water supply
14 districts; and that's--

15 WITNESS YOUNT: A special water district?

16 MR. MITTEN: Yes, sir. And that's probably
17 how your water district was organized.

18 WITNESS YOUNT: Well, can a sewer system be
19 organized in the same way?

20 MR. MITTEN: I think so.

21 WITNESS YOUNT: Through the county. My
22 brother lives in Memphis, and he lives in the county.

23 MR. RINGER: That's another state, sir.

24 WITNESS YOUNT: I know it's another state,
25 but I'm just giving you an example. His sewer cost runs

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1 from \$3 to \$5 a month, and that's part of the county.

2 Apparently they footed the bill to pay along with the con-
3 tractors who built the house. And why can't Missouri or
4 this county do that?

5 MR. RINGER: Our statutes are different than
6 the statutes of Tennessee.

7 WITNESS YOUNT: If a state can authorize a
8 special water district, why can they not authorize a special
9 sewage district?

10 EXAMINER LORING: They can.

11 MR. RINGER: We looked into that alternative.

12 WITNESS YOUNT: Was it too expensive?

13 MR. RINGER: We didn't think it was
14 feasible.

15 WITNESS YOUNT: Why?

16 MR. RINGER: Because we couldn't find a builder
17 to build at the--See, they can only charge interest at 6
18 percent. No builder would accept that. No bonding company
19 would accept it.

20 WITNESS YOUNT: Well, I wonder who built that
21 water tower up there.

22 MR. RINGER: That's a different situation,
23 sir; and they might have got federal funding to build a
24 plant. Now, I don't know if that's true or not; but I
25 would imagine they did. If they had federal funds to build

1 a plant, then you've got contributed plant and you don't
2 have to put it in rate base, see? You don't get a charge
3 back because it was contributed.

4 MR. MITTEN: Could we go off the record for
5 a minute?

6 EXAMINER LORING: Off the record.

7 (Off-the-record discussion.)

8
9 EXAMINER LORING: Back on the record.

10 (At this time Joan Holder was duly sworn.)

11
12 J O A N H O L D E R, called as a witness

13 in behalf of the PUBLIC, being duly sworn,
14 testified as follows:

15 EXAMINER LORING: Where do you live, Mrs.
16 Holder?

17 WITNESS HOLDER: Route 3, Ecology Acres.

18 EXAMINER LORING: You can just go ahead any
19 time.

20 WITNESS HOLDER: I would like to go on record
21 as saying that it is in our abstract also that it says that
22 there will be no cost to the owner. I just want to say that.

23 I didn't know this was going to be question
24 and answer time, or I would have come up here before. And
25 now I'd like to ask some questions. You said awhile ago--

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1 MR. RINGER: I'm glad to answer any questions,
2 but I don't know if it really needs to be in the record.

3 EXAMINER LORING: Let's go off the record.

4 (Off-the-record discussion.)

5

6 EXAMINER LORING: Let's go back on the record.

7 WITNESS DAVID SCHWENDEMANN RECALLED TO THE STAND.

8 WITNESS SCHWENDEMANN: Is it possible, is
9 it a viable alternative, for the homeowners' to form a cor-
10 poration, put up the capital and do it ourself, contract
11 it out however we want it? Would that be a satisfactory
12 alternative?

13 MR. MITTEN: You mean in the context of this
14 proceeding?

15 WITNESS SCHWENDEMANN: Yes.

16 MR. MITTEN: Or just generally speaking?

17 WITNESS SCHWENDEMANN: Here, I mean, for this
18 situation.

19 MR. MITTEN: You wouldn't have to go through
20 the Commission if you formed a homeowners' association and
21 ran the company yourself. You wouldn't need to be regulated
22 by the Commission.

23 WITNESS SCHWENDEMANN: In other words, if
24 we got together and somehow came up with the money--like,
25 I guess, if there were 70 people out there, if that's

1 reasonable, and everybody could get up maybe \$2,500 through
2 a home improvement loan or whatever and we put it together
3 and we formed a corporation, we could do it and we would
4 not have to go through the state for permission or whatever?

5 MR. MITTEN: You wouldn't have to go through
6 the Public Service Commission. You still might have to go
7 through DNR. I don't know.

8 EXAMINER LORING: The Commission wouldn't have
9 any jurisdiction to regulate your rates, and you wouldn't
10 need a certificate of public convenience and necessity from
11 the Commission. You'd really be on your own as far as the
12 Commission is concerned.

13 Off the record.

14 (Off-the-record discussion.)

15

16 EXAMINER LORING: Back on the record.

17 WITNESS JOE WATSON RECALLED TO THE STAND.

18 WITNESS WATSON: One thing that I would like
19 to ask about that Bill mentioned is that this debt recovery
20 is based on ten years; is that right, Bill, the \$1,100 hook-
21 up charge?

22 MR. RINGER: Right. It takes ten years or
23 we're saying that in ten years we'll have capacity.

24 WITNESS WATSON: The debt would be paid off?

25 MR. RINGER: Yeah, but the ten years was

1 figured--that's how long we think or project it would take
2 to get capacity for 210 units.

3 WITNESS WATSON: Would the debt be paid off
4 in ten years?

5 MR. RINGER: Hopefully.

6 WITNESS WATSON: But the system is going to
7 last 30 to 40 years; is that correct?

8 MR. RINGER: That's what we hope.

9 WITNESS WATSON: Then at the end of ten years,
10 would the rate be redetermined because--

11 MR. RINGER: About the rates, the rate could
12 be redetermined at any time.

13 WITNESS WATSON: At any time?

14 MR. RINGER: At any time. Anyone can petition
15 the Commission for a new rate structure. I'll say this:
16 You can do it every eleven months once you get through the
17 regulatory lag, so to speak.

18 WITNESS WATSON: Would it be feasible to think
19 that you could base this value on the lots, on the number
20 of lots, 278 lots, divided by \$168,000? Is that a feasible
21 way to determine a rate or not?

22 MR. RINGER: He determined it through 210
23 units.

24 WITNESS WATSON: Homes?

25 MR. RINGER: Right. He thinks that that will

1 be the capacity. That's basically what he's, you know,
2 using his figures on.

3 WITNESS WATSON: And that's over ten years?

4 MR. RINGER: Right.

5 WITNESS WATSON: I just wanted to bring that
6 up basically. I just want the people to be aware that the
7 rate can be changed at any time. At any eleven month interval,
8 the rate can be changed or--

9 MR. RINGER: Yes, or quicker if the Commission--
10 it depends on how quick the Commission acts on it.

11 WITNESS WATSON: And it depends on the debt
12 reduction; is that correct?

13 MR. RINGER: And your operating costs.

14 WITNESS WATSON: Which were about, what,
15 \$12,000 a year?

16 MR. RINGER: \$12,000 a year; but I'd have to
17 say that if those are found to be reasonable, they would
18 probably increase in the future because of inflation.

19 WITNESS WATSON: Could you foresee the rate
20 increasing because of inflation?

21 MR. RINGER: Yes, sir, it could. I'm not
22 going to say it can't. Utility bills keep rising. I'd
23 say it's due to inflation and the fuel shortage basically.

24 WITNESS WATSON: What do the residents of
25 Ecology Acres and Western Heights need to do to have the

1 hearing down here whenever you reconvene? Do we need to
2 send a petition? Is that what we need to do?

3 MR. MITTEN: Send a petition or letters, the
4 same thing that you did to get it down here the first time.

5 WITNESS WATSON: Okay. That's all I have.

6 EXAMINER LORING: Thank you, Mr. Watson.

7 (Witness excused.)

8
9 EXAMINER LORING: Does anyone else care to
10 testify on the record?

11 Mr. Prance has been sworn.

12 WITNESS JOHN A. PRANCE RECALLED TO THE STAND.

13 WITNESS PRANCE: Out of this \$168,000 that
14 the system is going to cost, of course, the contractor is
15 going to make a profit. We realize all that. You know,
16 probably Mr. Bien will underbid everybody, and he'll make
17 a profit on the installation of the system.

18 And out of the \$168,000, do you have any
19 idea how much of this money goes to the engineer that, you
20 know, designed all this and everything? Does it state in
21 there how much his fees are?

22 MR. RINGER: Yes, sir. He's got it listed
23 as one of the costs, \$14,550.

24 WITNESS PRANCE: \$14,000 that the engineer
25 is getting out of it, too?

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1 MR. RINGER: That's what he's computed, yes,
2 sir.

3 WITNESS PRANCE: It was a question that was
4 brought up among us, and we just kind of wondered--you know,
5 some of the people didn't know; and we wanted it on record,
6 you know, if it was part of it and so on and so forth.

7 MR. RINGER: It sure is. I'll say that legal
8 fees are included in the same way, and he's estimated \$7,275.

9 WITNESS PRANCE: Well, we just were curious
10 and wondered if there was an answer to it.

11 MR. RINGER: Yes, sir.

12 EXAMINER LORING: Let's go off the record.

13 (Off-the-record discussion.)

14 _____
15 EXAMINER LORING: Back on the record.

16 WITNESS PRANCE: Something for the Public
17 Service Commission to consider possibly is could there be
18 two different rate structures set up or just a hook-up fee
19 charged because, I mean, the people in Ecology Acres, you
20 know, our covenant says there is no hook-up charge. Could
21 there be two different ones; one for Ecology Acres, one
22 answer for us, and one for Western Heights? Could there
23 be two different ones?

24 MR. RINGER: I'd say no, because that's
25 discriminatory.

1 WITNESS PRANCE: They'd be discriminating
2 against us because we had it in our covenant.

3 MR. RINGER: I'd say the Commission wouldn't
4 do that, you wouldn't have different rates.

5 WITNESS PRANCE: Well, all I want is it to
6 be in the record for them for their consideration when
7 they go back through. I don't want to argue about it one
8 way or the other here now. It's just for them to know that,
9 you know, maybe there's a possibility for two different areas,
10 because one area was chartered at one time and another area
11 was chartered at another time and that there should be maybe
12 a split decision for the two different areas.

13 That's my five or six sentences. Thank you.

14 (Witness excused.)

15
16 EXAMINER LORING: Does anyone else have any
17 statement at this time?

18 VOICE: I have a question. Is this the final
19 hearing, or will you have another hearing?

20 EXAMINER LORING: No, ma'am. There will be
21 a continuation of this hearing. The company has not presented
22 all of its case yet. And the Staff of the Public Service
23 Commission, after the company has presented all of its case,
24 will prepare the case of the Staff of the Commission and
25 present that in the continued hearing.

Missouri Public Service Commission

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VOICE: And this will be in Jefferson City?

EXAMINER LORING: I can't tell you that yet.
We don't know. It's up to the Commission to decide where
and when it would be held.

If there's no further testimony to be offered
this evening, the hearing will be adjourned and the record
will remain open.

Thank you all for coming this evening.

WHEREUPON, the hearing of this case was
continued to a date to be fixed by the Commission.

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