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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

March 5, 2001
Jefferson City, Missouri
Volume 3

In the Matter of Osage Water)
Company's Request for a Rate)
Increase for Sewer Service) Case No. SR-2000-556
Pursuant to the Public Service)
Commission's Small Company Rate)
Increase Procedure.)

LEWIS R. MILLS, Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE.

CONNIE MURRAY,
COMMISSIONER.

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR
ASSOCIATED COURT REPORTERS, INC.

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13 Service Commission.

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P R O C E E D I N G S

JUDGE MILLS: We're going to go right back on the record in SR-2000-556, which is styled in the Matter of Osage Water Company's Request for a Rate Increase for Sewer Service Pursuant to the Public Service Commission's Small Rate Increase Procedure.

Although we just did this in the water case, I assume that there may be some differences simply because the posture of the parties are different and the amount of the increase is different. So I will go ahead and take entries of appearance and then offer the parties the opportunity for opening statements as well. Entries of appearance, Mr. Williams.

MR. WILLIAMS: Gregory Williams, P.O. Box 431, Sunrise Beach, Missouri 65079, attorney for Osage Water Company.

JUDGE MILLS: Mr. Krueger.

MR. KRUEGER: Keith R. Krueger for the Staff of the Missouri Public Service Commission. My address is P.O. Box 360, Jefferson City, Missouri 65102.

JUDGE MILLS: And Ms. O'Neill?

MS. O'NEILL: Ruth O'Neill for the Office of the Public Counsel, P.O. Box 7800, Jefferson City, Missouri 65102.

JUDGE MILLS: Thank you. Opening statements,

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1 Mr. Williams.

2 MR. WILLIAMS: May it please the Commission?
3 The issues in this case appear to be fairly simple and
4 straightforward. I don't believe there's any dispute as to
5 the revenue requirement and the rates that are proposed or
6 any recommendation that the Commission do anything other
7 than approve the Disposition Agreement that has been entered
8 into by the Company and the Public Service Commission Staff,
9 and the testimony filed in this case by the Office of the
10 Public Counsel seems to agree with that.

11 Based on what we've seen so far, we would
12 simply ask the Commission to adopt the provisions of the
13 Disposition Agreement and approve the rates as submitted.

14 JUDGE MILLS: Thank you. Mr. Krueger?

15 MR. KRUEGER: Thank you, your Honor. I would
16 echo the statements of Mr. Williams. I don't think that
17 there's anything in dispute between the parties in this
18 case, and I would also point out that on February 26th the
19 parties filed a Motion to Cancel Remainder of Procedural
20 Schedule and Recommendation to Approve Revised Tariff
21 Sheets, all in accordance with the provisions of the
22 Disposition Agreement, and that was unanimously filed by all
23 of the parties.

24 JUDGE MILLS: Thank you. Ms. O'Neill?

25 MS. O'NEILL: I waive opening statement.

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1 JUDGE MILLS: Thank you. Why don't we go off
2 the record for a minute to mark the exhibits that have been
3 prefiled in this case. We're off the record.

4 (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

5 (EXHIBIT NOS. 1 THROUGH 10 WERE MARKED FOR
6 IDENTIFICATION.)

7 JUDGE MILLS: We're going to do the witnesses
8 in the same order as we did in the water case beginning with
9 Mr. Mitchell.

10 (Witness sworn.)

11 JUDGE MILLS: Thank you. Mr. Williams, direct
12 examination, please.

13 PAT MITCHELL testified as follows:

14 DIRECT EXAMINATION BY MR. WILLIAMS:

15 Q. State your name for the record.

16 A. William Patterson Mitchell.

17 Q. Mr. Mitchell, are you an officer of Osage
18 Water Company?

19 A. Yes, I'm the president.

20 Q. Are you also in charge of company operations?

21 A. Yes.

22 Q. Have you been in charge of company operations
23 since it was formed in 1987?

24 A. Yes.

25 MR. WILLIAMS: Tender the witness for

1 cross-examination.

2 JUDGE MILLS: Thank you. Cross-examination,
3 Mr. Krueger?

4 CROSS-EXAMINATION BY MR. KRUEGER:

5 Q. Mr. Mitchell, you are the president of Osage
6 Water Company?

7 A. Yes.

8 Q. When did you become president?

9 A. January.

10 Q. Of this year?

11 A. Yes.

12 Q. And prior to that time Mr. Williams was
13 president?

14 A. For several years. I was president before
15 that.

16 MR. KRUEGER: That's all the questions I have.

17 JUDGE MILLS: Ms. O'Neill?

18 MS. O'NEILL: No questions.

19 JUDGE MILLS: Questions from the Bench,
20 Commissioner Murray.

21 COMMISSIONER MURRAY: Thank you.

22 QUESTIONS BY COMMISSIONER MURRAY:

23 Q. Good afternoon, Mr. Mitchell.

24 A. Good afternoon.

25 Q. Would you attempt to speak into the mic?

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1 A. I'll do what I can. I've got a bad head cold
2 going here, so I can't tell how loud I'm talking.

3 Q. It's not very loud.

4 Did you review any of the testimony that was
5 filed in this case?

6 A. Parts.

7 Q. Are you aware of the letters that were filed
8 from the customer complaints?

9 A. Yes.

10 Q. And do you recall one from a man named Elvis
11 Henson?

12 A. Not specifically.

13 Q. Okay. That letter that was dated
14 February 13th, 2000 indicated that sewage was discharging
15 onto the sidewalk and the steps and that it runs toward the
16 lake. And I was wondering how you responded when
17 Mr. Henson contacted you about that and what steps did you
18 take?

19 A. Was that at Cedar Glen Condominiums?

20 Q. Let's see. I'll have to check this a minute.
21 Yes.

22 A. Mr. Henson has never contacted me directly.
23 Whenever the property management calls, we're out there
24 within an hour. It's about a 20 to 30 minute drive to get
25 there. And the sewage has never overflowed, so Mr. Henson

1 is lying.

2 Q. I'm sorry. Sewage has never overflowed?

3 A. Never overflowed. The alarm would go off when
4 we were having float trouble. We also had a pump go out,
5 replaced it. The tanks would have about 18 inches of space
6 in the top for extra storage above normal operating level
7 for emergency storage, and the alarm would go off, and we
8 have had to -- I had to send a pump truck out there one
9 time. The rest of the time we would just fix it before it
10 got full and start it back up and there's been no problems.

11 So Mr. Henson might have heard an alarm going
12 off, but he's never seen any sewage overflow ever.

13 Q. So you're saying that he lied in the letter
14 that --

15 A. Yes, ma'am.

16 Q. And Staff's report that was filed in this
17 case, they did investigate the complaint received from
18 Mr. Henson, and you responded to this staff when they
19 investigated that complaint apparently, according to Staff's
20 report, and you said -- this is listed on the Staff's report
21 under the Company's response, and in parentheses it says by
22 Pat Mitchell. That would be you, would it not?

23 A. Yes.

24 Q. On the sewer complaint, OWC replaced the pump
25 and floats in the sewage pump station between Buildings 1

1 and 2. Did you do that?

2 A. The original pump was replaced by the
3 contractor under warranty the first time around, and then we
4 replaced all the floats sometime after the warranty ran out.

5 Q. And you replaced them for what reason?

6 A. I don't know. We had a lot of intermittent
7 failure problems. We'd go out there and touch it and it
8 would start working again, and we really don't know why.
9 But once we replaced all the floats, there was some problem
10 in the float switches, and we replaced them all and
11 everything was fine after that.

12 Q. But there was never any sewage discharged?

13 A. Never.

14 Q. Now, in the water and sewer staff's findings
15 in the report, and that is Schedule 1 to Mr. Hummel's
16 testimony, by the way, that I'm referring to here, Staff's
17 report said on the sewer complaints apparently the sewage
18 overflows have not reoccurred since OWC replaced the floats.
19 We feel that the sewage pump stations should have a duplex
20 pump setup. This will allow one pump to act as a backup if
21 the other malfunctions. If the station is checked on a
22 regular basis, the operator will be able to see that a pump
23 is malfunctioning. Pumps can be replaced or repaired before
24 sewage backs up and overflows onto the ground. We recommend
25 that at the very least there should be a spare pump

1 available and we did see pumps that OWC keeps on hand for
2 this reason. We also recommended that future stations be
3 built with the duplex pump setup.

4 Now, are those extra pumps available for the
5 reason that Staff stated?

6 A. Yes. Most -- we've got over 40 pumps in the
7 wastewater system. Most of the systems are residential,
8 they're fairly small, and there is a considerable amount of,
9 24 hours or so of, depending on the time of year, of
10 available head room above. As long as the alarm is
11 operable, there's plenty of time to change the pump out.
12 It's only about a 30-minute job to change a pump out. It's
13 not like it's a major crisis or anything.

14 Although, and DNR allows both options, they
15 recommend the duplex but don't require it in all situations.
16 Small ones they don't require it.

17 Q. So Staff's recommendation that future stations
18 be built with a duplex pump setup, are you planning to
19 follow that recommendation or --

20 A. The larger stations are a duplex. The small
21 ones are still simplex. It gets real expensive. It
22 basically doubles the cost.

23 Q. Have you built any stations since this report
24 was filed on January 3rd of this year?

25 A. Of 2001?

1 Q. Yes.

2 A. No, and we have none scheduled.

3 Q. All right. There was a letter from Kathy
4 Goldsberry that was filed in this case as an attachment to
5 Kimberly Bolin's testimony, and in addition to several of
6 the Cedar Glen homeowners being without water, which was
7 part of the complaint, the letter stated that on numerous
8 occasions regarding over -- I have also contacted Osage
9 Water Company on numerous occasions regarding overflow
10 problems at the sewer pump at the complex and have failed to
11 receive a response in a timely manner.

12 Do you have a response to that?

13 A. Ms. Goldsberry is not always accessible.
14 After she calls in and leaves a message that the alarm was
15 going off, there's times she would be on the Internet and I
16 could never return a phone call to her, and she doesn't live
17 at the complex. So it's not like I can go bang on the door
18 while I'm out there. We would go and respond and never be
19 able to notify her that we were there.

20 Q. All right. Were there --

21 A. And there has never been a sewage overflow at
22 Cedar Glen Condominiums at either one of the lift stations.

23 Q. There was never an overflow?

24 A. Never.

25 Q. So --

1 A. The alarm would go off saying the tank is
2 getting full, but it doesn't mean there's anything
3 overflowing.

4 Q. So when Ms. Goldsberry referred to numerous
5 occasions regarding overflow problems --

6 A. That was before we replaced the floats on the
7 lift station between one and two.

8 Q. Was there an overflow problem before you
9 replaced the --

10 A. It never overflowed ever. We had a lot of
11 intermittent alarm problems. It would not trip the pump to
12 turn on even though the float was in the up position. You'd
13 go out there and touch it and it would turn on.

14 Q. So you don't have a -- I suppose you have no
15 knowledge of why she would have referred to that as overflow
16 problems?

17 A. Well, the only thing I know is that to them
18 the alarm going off and overflow is one and the same thing
19 even though they don't go look.

20 Q. Okay. There was a letter also filed from
21 Thomas Murphy Setter -- let's see if I have that name
22 right -- Thomas Murphy, referencing a septic water holding
23 tank and referencing alarms at Park Place. Were those
24 repaired?

25 A. We no longer operate Park Place. Yes, there

1 was a problem with a circuit breaker not properly sized and
2 it was replaced.

3 Q. And when you operated Park Place, did you
4 repair that?

5 A. Yes. As soon as I found what the problem was,
6 I changed out the circuit breaker.

7 Q. Taylor letter filed on March 11th. When I say
8 filed, I mean the letter was dated March 11th, 2000. That
9 letter indicated, The septic holding tanks in front of
10 building 006 were overflowing and a very bad odor was coming
11 from, and this is Park Place. Were there, in fact, overflow
12 problems at Park Place?

13 A. I never saw any.

14 Q. Did you respond to --

15 A. Mr. Taylor, yes. I responded to Mr. Taylor on
16 numerous occasions. Several of the problems were of his
17 doing.

18 Q. Did you go on site?

19 A. Yes, ma'am.

20 Q. And you saw no overflow?

21 A. No, ma'am.

22 Q. Mr. Miller filed several letters. I don't
23 mean he filed them. I mean he wrote several letters that
24 were filed by Office of the Public Counsel. And this was
25 the letter in which he spoke -- one of these was a letter in

1 which he spoke about both the water and sewer lines being
2 buried in a single ditch. Was that, in fact, the case?

3 A. Never.

4 Q. They were never buried in the same ditch?

5 A. No. Only thing I can determine about it all
6 is on the condo project property, the main underground
7 electric feed from the coop into the project and the water
8 line were in the same ditch. Now, the electric line is in a
9 gray plastic conduit. In fact, it's installed empty with
10 just a string in it, and then the electric company after
11 it's buried pulls the electric line through the conduit.

12 So he might have seen the pipe, the two pipes
13 in the same ditch near each other. They would have been
14 offset about 12 inches vertically and about three feet
15 horizontally. This might have prompted his, from a lack of
16 knowledge, but there's never been anything closer than ten
17 feet, to my knowledge. There was a couple places the water
18 and sewer lines crossed in an X fashion, but never in the
19 same ditch.

20 Q. His letter goes on to say that, Homeowners in
21 our area brought this irregularity to the attention of the
22 construction company doing work for Osage Water Company as
23 well as to the Department of Natural Resources. The ditch
24 was subsequently uncovered and one of the lines was taken
25 out and moved about one or two feet and buried in a new

1 ditch.

2 A. I have no idea what he's talking about there.

3 Q. But you do know that there was never a ditch
4 which contained both water and sewer?

5 A. No. We did move one line over about maybe ten
6 feet at the peak. They got too close to the well with the
7 sewer line. It was about 30 -- about 40 feet at the closest
8 point and it's supposed to be 50.

9 So they had to arc around the well house a
10 little bit more. That line was moved over, but I have no
11 idea what the -- why there would ever have been -- the
12 majority of the water and sewer lines, one goes up one side
13 of the street, the other goes up the other.

14 Q. Did you take a look at any of these letters
15 that were in the --

16 A. I saw them.

17 Q. -- case file?

18 Did you attempt to communicate with anybody to
19 understand?

20 A. Most of those letters detail situations that
21 were several years old on systems that we no longer maintain
22 and are written by people that don't have much knowledge,
23 such as Mr. Riffel's letter saying that we should be
24 reported to the commerce Commission because we're a
25 monopoly.

1 Q. I recall that letter.

2 A. It's in that file also.

3 Q. Let me ask you this.

4 A. But he's moved and no longer in the project.

5 So it's --

6 Q. I'd like to point out something. We can't
7 both talk at the same time. The court reporter can't take
8 it down that way.

9 I'd like to ask you how deep the ditches were
10 that the water and the sewer lines were buried in or how
11 deep they are?

12 A. The ones that I saw were two and a half to
13 three feet.

14 Q. Did you measure them or --

15 A. I didn't walk around with a tape measure all
16 the time.

17 Q. Now, about the resurfacing and the
18 reconstruction of the land area around the excavations that
19 Mr. --

20 A. That's a piece of property Osage Water Company
21 owns.

22 Q. -- Miller's letters referred to. May I
23 finish?

24 A. Sure.

25 Q. And I was going to ask, what is your response

1 to that restoration?

2 A. It's property that Osage Water Company owns.
3 The dirt from the excavation of the ditch was piled back
4 onto the ditch. We haven't graded it back out, but we
5 haven't finished construction on that project yet either.

6 Q. It goes on to say, It does not allow for
7 proper water drainage and it is an eyesore. Do you disagree
8 with that?

9 A. Well, it's not as pretty as it could be, but
10 it's not a golf course either. Never was. It's just a
11 piece of -- it's about three or four acres of raw ground,
12 second tier ground at Lake of the Ozarks with a sour line
13 running down the middle of it.

14 Q. Does it allow for proper drainage?

15 A. I've never seen any ponding on the property.
16 There's no houses below it. If anything, it slows the water
17 from leaving the property as fast as it was.

18 Q. Okay. Now, I believe this is the same thing
19 that when we were here on the water case this morning I was
20 inquiring of Staff, and I believe Staff indicated that you
21 had not -- or the Company had not uncovered the ditch to
22 allow -- the ditches to allow determination of whether the
23 water and sewer lines were far enough apart to meet code.

24 Is that the same area that I was discussing
25 with Staff in the water case?

1 A. Yes.

2 Q. And have you not done that? They say it
3 hadn't been done by December. Has it been done?

4 A. No.

5 Q. Why not?

6 A. It's been pretty cold. You can't leave water
7 lines uncovered for any length of time at all, No. 1.
8 No. 2, DNR didn't simply want it uncovered here and there.
9 They want it uncovered every 300 feet. Plus they want it
10 uncovered at several specific points, including where all
11 the corners are, which means we'd have to turn the line off
12 and leave it off, and they wanted 48 hours notice. So it's
13 not as simple a request as Mr. Hummel made it out to be or
14 as cheap.

15 Q. Has it been cold since March 1 of 2000?

16 A. No. Some days.

17 Q. So really it's not been weather since the time
18 that this was pointed out to be a problem that's kept you
19 from uncovering lines?

20 A. We've worked on that all the way up until
21 August, and it was after August that DNR asked us to uncover
22 it.

23 Q. And it was cold in August?

24 A. No. I have no machinery and no money, you
25 know. It's going to cost a couple thousand dollars to go do

1 that.

2 Q. You don't have a backhoe?

3 A. No.

4 Q. Okay. There was also a letter from
5 Mr. Siefkas, I believe, dated February 18th, 2000, and this
6 was a billing complaint from this customer, and it was --
7 actually, it was more than a billing complaint. He says
8 they've had repeated problems with the sewer system, and
9 sewage from our home drains into 1,000 gallon holding tank
10 owned by us and is pumped to the main sewer line by the
11 company tank owned by -- a tank owned by Osage Water
12 Company.

13 Now, are there still problems with that
14 holding tank being --

15 A. No. It was -- it was totally rebuilt about a
16 year and a half, maybe two years ago, and when that
17 happened, it was -- we didn't do the initial installation.
18 Went back and re -- we did install the pump in the vault in
19 the septic tank originally, and then the developer on the
20 project backed into the riser that sticks out of the ground,
21 pulled all the wiring out of the building, stretched it
22 really tight. It took us -- we didn't discover what the
23 real problem was for a couple trips out there. Then we got
24 it all fixed and running right.

25 Several months later the line broke between

1 the pump and the main, and we went out there to repair it
2 for him and found that the entire ditch had been back-filled
3 with drywall scrap from the job. It was really a bad job by
4 the developer when they did all that. We had no association
5 with the developer that did that.

6 When it was found, it was corrected. We sent
7 them a bill. Nobody wanted to pay it. Eventually
8 Mr. Siefkas paid it, and I believe he went after the
9 developer.

10 Q. And --

11 A. We were out a considerable sum of money for
12 quite a while.

13 Q. Were there other homeowners in the area that
14 had similar problems as Mr. Siefkas stated?

15 A. Same developer, yes.

16 Q. And did you do the same kind of repairs for
17 them?

18 A. None of them nearly as extensive as his.

19 Q. Did you bill them for their repairs?

20 A. Most of the time it was a wiring problem in
21 the panel and we just went and fixed it for them. It was
22 just moving a couple wires because they didn't wire it up
23 right.

24 Q. And did not bill them?

25 A. No.

1 Q. Okay. We've got a letter here in the file
2 dated December 31, 2000 from Mr. -- I'm sorry. It's dated
3 March 17, 2000, from Don Spadoni, Cedar Glen, talking about
4 holding tank overflowing. Is this the same area that you
5 say there's never been an overflow?

6 A. Yes, ma'am. I challenge any of them to bring
7 a picture.

8 Q. Has Osage Water Company begun maintaining
9 separate books and records for its nonregulated systems and
10 services?

11 A. We bought a new Peachtree package, and we're
12 almost finished getting all the -- to convert from the old
13 Peachtree to the new Peachtree, everything had to be hand
14 entered, all the charge accounts and vendors. We're almost
15 finished with that.

16 And one of the additions to that is being able
17 to do a better job of charting both water and sewer on each
18 particular service area.

19 Q. And have you ceased billing for nonregulated
20 systems under the name of Osage Water Company?

21 A. No.

22 Q. You have not ceased billing?

23 A. We expect Moss Cove to go away here in the
24 next 30 days and Cedar Glen to do the same thing.

25 Q. Are you still getting calls from customers

1 regarding service problems related to sewage?

2 A. Only when something breaks.

3 Q. How often is that?

4 A. There was one call last month on a residential
5 lift station.

6 Q. What would you say your average per month is
7 of customer complaints?

8 A. Not counting Cedar Glen -- excuse me. Not
9 counting Cavern View water pressure problems, less than once
10 a month.

11 Q. And would you say most of your customers are
12 satisfied with the service that they receive related to
13 their sewer service or would you say that more are
14 dissatisfied?

15 A. I don't hear much from them unless something
16 breaks.

17 Q. So you have no knowledge of whether they're
18 satisfied or dissatisfied?

19 A. I assume they would call if they're
20 dissatisfied.

21 COMMISSIONER MURRAY: I believe that's all I
22 had. Thank you.

23 JUDGE MILLS: Thank you. Further
24 cross-examination based on questions from the Bench,
25 Mr. Krueger?

1 MR. KRUEGER: No questions, your Honor.
2 JUDGE MILLS: Ms. O'Neill?
3 MS. O'NEILL: No questions.
4 JUDGE MILLS: Redirect, Mr. Williams?
5 MR. WILLIAMS: No, your Honor.
6 JUDGE MILLS: Thank you. Mr. Mitchell, you
7 may step down.

8 (Witness excused.)
9 Let's do the Staff witnesses in the same order
10 that we did in the water case beginning with Mr. Hubbs.
11 Mr. Hubbs, you're off the hook. We'll go right to
12 Mr. Hummel.

13 (Witness sworn.)
14 JUDGE MILLS: Thank you. You may be seated.
15 MARTIN HUMMEL testified as follows:

16 DIRECT EXAMINATION BY MR. KRUEGER:

17 Q. Good afternoon, Mr. Hummel. State your name
18 and address for the record, please.

19 A. My name is Martin L. Hummel. My address is
20 Post Office Box 360, Jefferson City, Missouri 65102.

21 Q. By whom are you employed and in what capacity?

22 A. I'm employed by the Missouri Public Service
23 Commission as an engineer with the water and sewer
24 department.

25 Q. Did you prepare and cause to be prefiled in

1 this case the direct testimony of Martin Hummel which has
2 been marked as Exhibit No. 3?

3 A. Yes, I did.

4 Q. Do you have any corrections or changes to make
5 to that testimony?

6 A. No.

7 Q. If I asked you the same questions as are
8 contained therein, would your answers be the same?

9 A. Yes.

10 MR. KRUEGER: I would offer Exhibit No. 3 and
11 tender the witness for cross-examination.

12 JUDGE MILLS: Any objections to the admission
13 of Exhibit 3?

14 MS. O'NEILL: No objection.

15 MR. WILLIAMS: No objection.

16 JUDGE MILLS: Hearing none, it will be
17 admitted.

18 (EXHIBIT NO. 3 WAS RECEIVED INTO EVIDENCE.)

19 JUDGE MILLS: Cross-examination, Mr. Williams?

20 MR. WILLIAMS: No questions at this time.

21 JUDGE MILLS: Ms. O'Neill?

22 MS. O'NEILL: No questions.

23 JUDGE MILLS: Questions from the Bench,
24 Commissioner Murray.

25 QUESTIONS BY COMMISSIONER MURRAY:

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1 Q. Mr. Hummel, in your report that you filed as
2 Schedule 1 to your direct testimony in this case, at the
3 Staff summary --

4 A. Yes.

5 Q. -- of OWC's operations and maintenance
6 performance, the first sentence there in that summary is, We
7 have investigated the above service complaints and feel that
8 most have currently been addressed. Have those that have
9 been addressed been addressed satisfactorily in Staff's
10 opinion?

11 A. Could you -- where are we looking at in this?

12 Q. Schedule 1 at page 5 of 5 of Staff's summary.

13 A. Could you reask that question? I'm not
14 following exactly.

15 Q. Okay. Do you see where I am under the Staff
16 summary?

17 A. Yes.

18 Q. All right. That first sentence there, We have
19 investigated the above complaints and feel that most have
20 currently been addressed.

21 A. Yes.

22 Q. Those that have been addressed, were they
23 addressed in a satisfactory manner?

24 A. They were addressed in the -- when you say
25 satisfactory, it's a matter of time. Sometimes there was a

1 little bit more time there than I expected or that I thought
2 was appropriate. But in terms of having addressed them,
3 I've got to think about this. This is sewer. As far as
4 solving the immediate problem, yes, they have been
5 addressed.

6 Q. Okay. And the modifier most, does that mean
7 that some have not been addressed?

8 A. There may be some problems out there that --
9 forgive me while I think about this just a little bit.

10 Q. Sure.

11 A. There are problems with some of the systems
12 that certainly haven't -- that are not necessarily tied to
13 complaints. I'd say most of the complaints have been
14 addressed.

15 It wouldn't surprise me that tomorrow I might
16 get another call just because -- because of some
17 deficiencies with the system, such things as we've had some
18 discussion here about the sewer lines not having been
19 checked on at Cimarron Bay. I don't consider that to have
20 been -- that that whole issue has been completed as far as
21 completely satisfying that and taking care of that problem.

22 And then again if I go over to Cedar Glen,
23 even though I haven't had any recent problem with that, I'm
24 still not sure that everything is as satisfactory as it
25 should be. It may be that I still have a problem with the

1 lift station there or something because I don't -- for
2 example, on the one that was overflowing, I don't think
3 anyone ever really figured out exactly what the problem was.

4 Q. Did you go on site?

5 A. Yes.

6 Q. Did you see an overflow?

7 A. No, I did not.

8 Q. Okay. So you don't know whether

9 Mr. Mitchell's statement that there was never an overflow at
10 Cedar Glen is accurate or not, or do you?

11 A. No. I couldn't speak to it directly from my
12 own observation. I think there is some reliance on the part
13 of Staff on customers' characterization of it as an
14 overflow. By the time we are down there to look at the
15 actual facilities, it's often, relatively speaking, long
16 after the event.

17 We did not observe signs that would -- that I
18 would be able to now say, yes, I know for sure there has
19 been an overflow. I did in observing those lift stations
20 observe that the water level had been very high in them.
21 Whether they actually overflowed or not, I couldn't verify
22 that, but I can say that they -- that the water level had
23 been much higher than what should have happened.

24 Whether they would even overflow when they get
25 to the top is a little bit hard to say, too, because it may

1 be that it would seep off into the ground above the tank.

2 So specifically, though, to have an overflow
3 as what you might expect to picture where you can actually
4 see the water flowing across the ground and down to the
5 lake, I don't know that I expected that to have actually
6 occurred from what I've seen.

7 Q. All right. Going back to your report and the
8 summary in the report, the last paragraph says, We are of
9 the opinion that OWC should keep more comprehensive records
10 of complaints, inquiries, operations and service calls,
11 et cetera.

12 Do you think their recordkeeping is
13 inadequate?

14 A. Yes.

15 Q. Have you discussed this with the Company?

16 A. Yes, I have some, although I'm still in that
17 process of -- I had hoped to follow up on sewer more after
18 having completed evaluation on water, and I have not
19 completed that. I'm still waiting for a response from the
20 Company on my questions on the water side.

21 Q. Okay. So you don't know if the Company is
22 currently making any effort to maintain more comprehensive
23 records, or do you?

24 A. No, I don't have any evidence that they --
25 that they have more comprehensive records, and I don't know

1 that my expectations are all that high simply because this
2 company has been in business since 1987. I'm hopeful and I
3 keep asking, but I'm not sure what I should expect.

4 Q. The next sentence, We are of the opinion that
5 the overall service by OWC is lacking. Now, is it lacking
6 enough that you would consider it either unsafe or
7 inadequate? And I'm talking in terms of the sewer at this
8 point.

9 A. That was going to be my question. Yes, I
10 would say it is inadequate, and the reason, it's not
11 necessarily things that the customers see, such things as
12 not adequate -- not giving adequate operation and
13 maintenance to facilities, fixing small things such as a
14 broken distribution pipe over a recirculating sand filter.
15 These are things that normally wouldn't take an operator
16 very much time at all to fix, but yet they stay there for
17 months and months.

18 Maintaining, on a wastewater system a lot of
19 times you have a duplex system of two blowers and motors
20 rather than one in order so that -- well, so you can
21 alternate back and forth, but also so that if one goes bad
22 you still have one to run off of. But it's been my
23 experience that it likely is not going to be, that there
24 will be only one blower and motor at least on the one system
25 that OWC operates.

1 So there are always -- I don't know that I've
2 ever been to a wastewater system that OWC operates where I
3 could say, yes, everything looks fine. It just doesn't
4 happen that way.

5 Q. In your opinion, will this rate increase for
6 their sewer operations be likely to solve or prevent any of
7 these historic problems the Company has had?

8 A. No, I don't think so.

9 Q. In your agreement, the Disposition Agreement
10 for the sewer case, the Company agreed to do some things,
11 but basically it was maintaining books and records. And
12 correct me if I'm wrong, but I'm not seeing anything here
13 that the Company agreed to do specifically about service.
14 Is that right?

15 A. I don't know that I would be the best witness
16 to ask about that Disposition Agreement, although I don't
17 think the focus in that agreement was on plant facilities.

18 Q. Okay. Do we have any assurance that any rate
19 increase that the Company receives would be used to make any
20 necessary improvements?

21 A. I'm not aware of any assurance along those
22 lines, and I speak -- my opinion is partly formed simply
23 from what has happened historically.

24 Q. Let me go back to your report again of the
25 investigation of the complaints, and there was a complaint

1 by a Mr. Siefkas.

2 A. Will you repeat that name again?

3 Q. S-i-e-f-k-a-s, and that was not -- okay. That
4 was not in your report, I believe. So my question for you
5 is, did you investigate that complaint?

6 A. Do you have an indication of what system that
7 complaint would have been associated with?

8 Q. That was Cedar Glen. And I don't know whether
9 you even -- whether Staff was approached. This was a letter
10 that was sent to Ms. Cook at the Office of the Public
11 Counsel March 17, 2000.

12 A. I don't have a recollection of that complaint,
13 and I presume I did not see that complaint if I didn't have
14 it on the list that we put together that I have attached to
15 my testimony.

16 Q. Okay. And I was incorrect. It was
17 December 31, 2000, his letter. So you don't know that you
18 investigated that complaint about the -- let me make sure
19 I'm referring to the right letter here.

20 Okay. This letter spoke about water and --
21 the water and sewer system being dependable for the last six
22 months, but he said, It was hard to forget our first two
23 years in our new home, constant problems, sewage backup into
24 the house. Do you recall any complaint about sewage backup
25 into the house from Mr. Siefkas?

1 A. Can you clarify what system that would have
2 been on, whether that would be -- do you see any reference
3 to either F12, Chelsea Rose or Cimarron Hollow or Cedar
4 Glen?

5 Q. Okay. It looks like it's Chelsea Rose. There
6 was more than one letter from this person, and it appears
7 that it was Chelsea Rose. Yes. This is the one that
8 Mr. Mitchell testified about the billing earlier. They went
9 out and repaired sewer lines and billed that \$900 for it.

10 A. If this is at Chelsea Rose and if that's the
11 case, I'm presuming it's a system having to do with a pump
12 system behind the house that delivers the wastewater to the
13 collection system, and I have not directly looked at any of
14 those.

15 Initially when I heard one of those being in
16 place, I wasn't totally clear at that time just how the
17 company was handling that, because there was some question
18 on whether that system was owned by Osage Water Company as
19 opposed to owned by the developer. And I wasn't clear when
20 I first heard that kind of a complaint who had
21 responsibility there.

22 Q. Okay. So you really didn't investigate that
23 one?

24 A. No.

25 COMMISSIONER MURRAY: I think that's it. Yes.

1 That's all my questions for you, Mr. Hummel. Thank you.

2 JUDGE MILLS: Thank you. Cross-examination
3 based on questions from the Bench, Mr. Williams?

4 MR. WILLIAMS: Thank you.

5 RECROSS-EXAMINATION BY MR. WILLIAMS:

6 Q. Mr. Hummel, with respect to the assertions
7 that there was sewage running on the ground at Cedar Glen
8 Condominium, do you know if that was investigated by the
9 Department of Natural Resources?

10 A. I can't say for sure whether they checked on
11 the lift stations. I think they did. I know they had been
12 out at some point to look at the systems at Cedar Glen.

13 Q. Now, would you be speaking about Tim Neal
14 specifically, an employee of the Department of Natural
15 Resources?

16 A. No, not necessarily. I mean, it could have
17 been someone else, but I'm not exactly -- if I knew about
18 them having been out there, I probably didn't know, like,
19 the day that they were out there. So it might have been
20 like a week later in discussions or something, find out they
21 had been out to the facility.

22 Q. And to your knowledge, did Mr. Neal or anyone
23 else at the Department of Natural Resources issue a Notice
24 of Violation for sewage running into the lake for Cedar
25 Glen?

1 A. To my knowledge, no, there has not been a
2 Notice of Violation issued with regard to sewage flowing
3 into the lake from -- specifically from a lift station,
4 which I think you're referring to.

5 Q. Okay. Based on your experience with Mr. Neal,
6 do you believe he would have issued such a notice if he
7 found sewage running into the lake?

8 A. If he happened to be there at the time that
9 the occurrence was taking place, he definitely would have.

10 Q. So we would have that paper record if such an
11 action had occurred and it was discovered?

12 A. If he was able to see it happen, which if
13 he's -- he's close -- he would have been closer to the
14 situation than I am as far as receiving a phone call and
15 then being able to respond, but he still would have had some
16 response time there, and I doubt if any kind of sewage
17 overflow occurrence would last very long before somebody's
18 definitely getting something done with it.

19 Q. Okay. We can agree there's no record other
20 than customer comments that they believe an overflow
21 occurred; is that accurate? There's no official document
22 that would say that?

23 A. Yes. That's correct.

24 Q. Mr. Hummel, you're aware that the Company
25 developed a budget to add additional staff and equipment and

1 personnel, particular field personnel to go out and provide
2 additional maintenance and repair as part of its rate
3 increase request in the small company rate case, are you
4 not?

5 A. I'm presuming that's part of the package, yes.

6 Q. And the Company had proposed adding two
7 full-time service people and a full-time secretary and a
8 part-time supervisor to its staff. Do you recall that?

9 A. Not in particular.

10 Q. Okay. Well, the Company had originally asked
11 for an increase of \$98,000 in its operating revenues for
12 sewer. You recall that from the Disposition Agreement,
13 don't you?

14 A. Yes, I remember that number.

15 Q. And pursuant to the agreement, the Company's
16 going to receive a little less than \$4,000 in additional
17 revenue; is that correct?

18 A. I presume that's correct, yes.

19 Q. Now, do you think two full-time field
20 personnel would resolve the type of service issues you've
21 expressed as a concern to Commissioner Murray?

22 A. Not necessarily. The company has had that
23 number of staff in the past, and yet it still had problems,
24 and how they use that staff is hard to say. That staff
25 often may be involved in construction. It's hard to say.

1 They've had the staff in the past and it hasn't solved the
2 problem.

3 Q. Well, Mr. Hummel, you'd agree the company has
4 not had full-time service people on its payroll in the past,
5 would you not?

6 A. I presume that to be the case.

7 Q. In fact, it's not reflected in the accounting
8 run that Staff has prepared that there were any full-time
9 people out there working ever?

10 A. There's been several certificate cases where
11 the Company has come forward and said that we are ready,
12 willing and able to serve and provide these services and we
13 have expert capability to do the job, and I have relied to a
14 great extent that the Company was telling me the truth on
15 that.

16 Q. I'm not sure you answered my question. You
17 would agree that that payroll item does not appear in the
18 Staff's Accounting Schedule 9, wouldn't you?

19 A. I think you should have one of the accountants
20 speak to that issue.

21 Q. Probably should.

22 MR. WILLIAMS: I have no further questions.

23 JUDGE MILLS: Thank you. Ms. O'Neill?

24 RE-CROSS-EXAMINATION BY MS. O'NEILL:

25 Q. This is kind of a two-tiered follow-up to

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1 Commissioner Murray's prior question because it incorporates
2 your responses you just gave to Mr. Williams about this
3 request for additional service personnel and whether that
4 would solve the service problems that Commissioner Murray
5 was discussing.

6 Hypothetically, if a company came to the Staff
7 and was requesting the addition of two full-time service
8 personnel for a company that received one service complaint
9 per month, would the Company consider that a prudent
10 investment of their funds?

11 A. If I understand that correctly, my answer
12 would be no.

13 MS. O'NEILL: Thank you.

14 JUDGE MILLS: Thank you. Redirect?

15 MR. KRUEGER: No questions, your Honor.

16 JUDGE MILLS: Thank you, Mr. Hummel. You may
17 step down.

18 (Witness excused.)

19 Mr. Meyer. Mr. Meyer, false alarm. There
20 will be no questions for you.

21 Inasmuch as there's no more questions from the
22 Bench for any of the other witnesses and the parties have --

23 COMMISSIONER MURRAY: Staff witnesses.

24 JUDGE MILLS: Right, for the rest of the Staff
25 witnesses, we're going to do as we did in the water case

1 earlier today and admit the remainder of the Staff
2 witnesses' prefiled testimony by stipulation. Is that the
3 understanding of the parties, Mr. Williams?

4 MR. WILLIAMS: Yes, your Honor.

5 JUDGE MILLS: Ms. O'Neill?

6 MS. O'NEILL: Yes.

7 JUDGE MILLS: Mr. Krueger?

8 MR. KRUEGER: Yes, your Honor.

9 JUDGE MILLS: Okay. We will admit the direct
10 testimony of Mr. Bible, of Mr. Hubbs, of Mr. Johansen, of
11 Ms. McMellen, Mr. Meyer, Mr. Russo, Ms. Schad and the Staff
12 Accounting Schedules. That's Exhibit 1, 2 -- Exhibit 3 was
13 previously received -- 4, 5, 6, 7, 8 and 9.

14 (EXHIBIT NOS. 1, 2, 4, 5, 6, 7, 8 AND 9 WERE
15 RECEIVED INTO EVIDENCE.)

16 JUDGE MILLS: And that brings us up to Public
17 Counsel witness Bolin.

18 (Witness sworn.)

19 JUDGE MILLS: You may be seated. Go ahead,
20 Ms. O'Neill.

21 MS. O'NEILL: Thank you.

22 KIMBERLY BOLIN testified as follows:

23 DIRECT EXAMINATION BY MS. O'NEILL:

24 Q. Can you state your name, please.

25 A. Kimberly Bolin.

1 Q. And Ms. Bolin, how are you employed?

2 A. I'm employed as a Public Utility Accountant
3 with the Office of the Public Counsel.

4 Q. And what's your business address?

5 A. P.O. Box 7800, Jefferson City, Missouri 65102.

6 Q. Prior to this hearing, did you prepare direct
7 testimony that was filed in this case?

8 A. Yes, I did.

9 Q. And have you had a chance to review that
10 testimony before coming here today?

11 A. Yes, I have.

12 Q. Are there any corrections, changes, additions
13 that you would like to make to that testimony at this time?

14 A. No, there is not.

15 Q. And if I asked you the questions today that
16 are contained in that direct testimony which is marked for
17 identification as Exhibit 10, would your answers be the same
18 as they are in that testimony?

19 A. Yes, they would.

20 MS. O'NEILL: At this time I would offer
21 Exhibit 10.

22 JUDGE MILLS: Thank you. Any objections to
23 the admission of Exhibit 10?

24 (No response.)

25 Seeing none, it will be admitted.

1 (EXHIBIT NO. 10 WAS RECEIVED INTO EVIDENCE.)
2 MS. O'NEILL: I tender the witness for cross.
3 JUDGE MILLS: Thank you. Cross-Examination,
4 Mr. Krueger?
5 MR. KRUEGER: No questions, your Honor.
6 JUDGE MILLS: Mr. Williams?
7 MR. WILLIAMS: No questions.
8 JUDGE MILLS: Questions from the Bench,
9 Commissioner Murray.

10 QUESTIONS BY COMMISSIONER MURRAY:

11 Q. When you were on the stand for the water case
12 this morning, I asked you some questions about your direct
13 testimony and your Schedule KKB-4, I believe. Do you have a
14 similar schedule in your sewer testimony?

15 A. Yes. The data request KKB-4 or --

16 Q. Yes.

17 A. Yes.

18 Q. For some reason I'm having trouble locating
19 it. Okay. I see it now. Thank you.

20 Do you have the same concerns as you expressed
21 this morning in the WR-2000-557?

22 A. Yes, I do.

23 Q. Are there any remaining problems with poor and
24 inadequate service as it relates to the sewer service
25 provided by this company, to your knowledge?

1 A. Any more complaints that we have received
2 or --

3 Q. Are there any problems that are remaining that
4 you know of, that you've been made aware of?

5 A. Not to my knowledge.

6 Q. When was the last that you were made aware of,
7 if you recall?

8 A. I think at the public hearing we had one woman
9 talking about, I think she was at Harbor Bay Condominiums,
10 and that the air conditioners were dangling over an open
11 hole of some sort.

12 Q. So at the local public hearing is the last
13 that you had heard?

14 A. Yes.

15 Q. And to your knowledge, Office of the Public
16 Counsel hasn't received any letters since then?

17 A. Not to my knowledge. I mean, the letters we
18 have received were dated for complaints that were dated year
19 2000. We've received some of these -- I don't know that
20 we've received any letters in year 2001.

21 Q. Do you have concerns regarding the safety and
22 adequacy of service provided by this company as it relates
23 to sewer service?

24 A. Based on some of these letters the customers
25 have sent us, yes, we do, because sometimes history shows

1 that there are concerns.

2 Q. But the Office of Public Counsel is not
3 opposing this particular rate increase?

4 A. No, we're not.

5 COMMISSIONER MURRAY: I believe that's all.
6 Thank you.

7 JUDGE MILLS: Thank you. Cross-examination
8 based on questions from the Bench, Mr. Krueger?

9 MR. KRUEGER: No questions.

10 JUDGE MILLS: Mr. Williams?

11 MR. WILLIAMS: No questions.

12 JUDGE MILLS: Ms. O'Neill, redirect?

13 REDIRECT EXAMINATION BY MS. O'NEILL:

14 Q. Ms. Bolin, what is the average monthly rate
15 increase approximately for the sewer case at this time?

16 A. It is 8.91 percent. It's a difference of \$2 a
17 month, \$2.13.

18 Q. And even though we continue to have these
19 historically-based concerns about this company, did you
20 believe that there would be anything to be gained by asking
21 that something be done with this \$2 a month?

22 A. No, I did not.

23 Q. Is it because of the size?

24 A. The size of the increase.

25 MS. O'NEILL: Okay. No further questions.

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1 JUDGE MILLS: Thank you. Ms. Bolin, you may
2 step down.

3 (Witness excused.)

4 Is there anything further we need to address
5 on the record in Case SR-2000-556?

6 (No response.)

7 Hearing nothing, we're adjourned.

8 WHEREUPON, the hearing of this case was
9 concluded.

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