

1 STATE OF MISSOURI
2 PUBLIC SERVICE COMMISSION
3
4 TRANSCRIPT OF PROCEEDINGS
5 Public Hearing
6 September 22, 2008
7 St. Joseph, Missouri
8 Volume 5
9
10 In the Matter of Missouri American)
11 Water Company's Request For Authority)
12 To Implement a General Rate Increase)Case No.
13 For Water and Sewer Service Provided)WR-2008-0311
14 In Missouri Service Areas)
15
16
17 NANCY DIPPELL, Presiding,
18 DEPUTY REGULATORY LAW JUDGE
19 CONNIE MURRAY,
20 COMMISSIONER
21
22
23 TRANSCRIBED BY:
24 TERRI HUSETH, CCR
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1 P R O C E E D I N G S

2 JUDGE DIPPELL: Kevin, are things
3 ready there to begin?

4 MR. KELLY: Judge, we are ready.

5 JUDGE DIPPELL: Okay. We'll go ahead
6 and officially go on the record. The Missouri
7 Public Service Commission has set this time for
8 a local comment hearing in Case No.
9 WR-2008-0311, in which Missouri American Water
10 Company seeks a general rate increase.

11 I would like to thank the school this
12 evening for allowing us to use their
13 facilities, and we appreciate being able to
14 have a local public hearing in Saint Joe this
15 evening.

16 The Missouri Public Service Commission
17 regulates the rates charged by investor-owned
18 utility companies in Missouri to ensure that
19 those rates are just and reasonable. The
20 Commission also regulates the quality of
21 service and the safety of operations of
22 investor-owned utilities. The Commission is
23 made up of five Commissioners. At least one of
24 those Commissioners will be here with me this
25 evening in a few minutes. The Commissioners

1 are appointed with the -- by the Governor for
2 six terms and confirmed by the Senate.
3 Commissioners also employ a staff of
4 professional engineers, and accountants,
5 attorneys, financial analysts, and other
6 specialists in the field of utility regulation.

7 My name is Nancy Dippell, and I'm the
8 Regulatory Law Judge from the Missouri Public
9 Service Commission, and it's my job to preside
10 over the hearing tonight. We're broadcasting
11 these hearings over the Internet, and in
12 addition the sound and video of the hearing are
13 being recorded here in Jefferson City.

14 We would normally have a court
15 reporter transcribing the hearing, but she had
16 some technical difficulties so we won't have
17 this transcript transcribed this evening,
18 unless someone requests it to be so. We are
19 recording the video, including the sound, so we
20 have a record of the hearing.

21 Also in Jefferson City with me tonight
22 are some members of the staff, our staff, as
23 well as the attorney for the Company and the
24 attorney for the Office of Public Counsel.

25 And I believe some of you may have

1 already met Jim Bush with our staff there, a
2 member of our water and sewer department, as
3 well as Kevin Kelly. If you're interested in
4 speaking, I'll ask you to let Kevin Kelly know,
5 if you haven't already put your name on the
6 list.

7 This is an official hearing of the
8 Missouri Public Service Commission and so
9 statements of your -- statements and testimony
10 of witnesses will be recorded and will be taken
11 under oath or affirmation. The purpose of this
12 hearing is to receive comments from you about
13 the rate increase or your service.

14 Specifically we set this hearing in
15 addition to others to hear from the Company's
16 customers about this rate increase proposal and
17 your service quality issues.

18 If you wish -- pardon. The Company
19 will not present witnesses tonight and will not
20 answer questions while we're on the record. In
21 addition, the Commissioners are also not
22 prepared to answer questions but will listen to
23 your remarks. So this is your opportunity to
24 give the Commission your comments, and your
25 remarks will be part of the official record of

1 the case.

2 After you testify, I will ask the
3 Public Counsel if they have any questions for
4 you, and I'll also ask generally of the other
5 attorneys if there are any additional
6 clarifying questions.

7 At that time if they indicate to me
8 that they have additional questions, I'll ask
9 you to stay -- stay put or keep the microphone,
10 as the case may be, and the Commissioners may
11 also have some questions for you or I might as
12 well. So I'll ask you not to leave the podium
13 or leave, let go of the microphone, until you
14 finish speaking.

15 Commissioner Murray has joined me and so
16 she may have some questions for you as well.
17 I'd ask the attorneys to make their entries of
18 appearance. Can we start with Missouri
19 American.

20 MR. COOPER: Thank you, Judge. Dean
21 Cooper from the law firm of Brydon, Swearngen
22 & England, P.C., P.O. Box 456, Jefferson City,
23 Missouri 65102, appearing on behalf of Missouri
24 American Water Company.

25 JUDGE DIPPELL: And Office of Public

1 Counsel?

2 MR. BAKER: Thank you, your Honor.

3 Tina Baker, P.O. Box 2230, Jefferson City,
4 Missouri 65102, appearing on behalf of the
5 Office of Public Counsel in the rate case.

6 JUDGE DIPPELL: And were there any
7 other parties present that needed to make an
8 entry of appearance?

9 MR. REED: Judge, can you hear me?

10 JUDGE DIPPELL: Yes.

11 MR. REED: This is Steve Reed,
12 representing the Staff of the Public Service
13 Commission. My address is P.O. 360, Jefferson
14 City, Missouri 65102.

15 JUDGE DIPPELL: Thank you, Mr. Reed.

16 I didn't -- didn't realize you were there
17 tonight. Is there anyone else who needs to
18 make an entry of appearance?

19 There being none, then I will ask
20 Mr. Kelly to call our first witness.

21 MR. KELLY: I believe it's Tim -- is
22 it Tim Buthe? Buthe?

23 JUDGE DIPPELL: If you could please
24 raise your right hand.

25 (Witness sworn.)

1 TIM BUTHE,
2 of lawful age, being first duly sworn,
3 testified as follows:
4 JUDGE DIPPELL: If you could state and
5 spell your name for us.

6 MR. BUTHE: It's Tim Buthe. T-I-M,
7 B-U-T-H-E.

8 JUDGE DIPPELL: Okay. Go ahead and
9 give us your comments.

10 MR. BUTHE: My name is Tim Buthe.
11 I'm here to represent AG Processing, a
12 cooperative. AGP owns and operates a facility
13 in Saint Joe, Missouri. I want to thank the
14 Missouri Public Service Commission for allowing
15 AGP to express our concerns related to Missouri
16 American Water Company recently-filed water
17 rate case, Docket WR 2008-03-11.

18 AGP has multiple soybean processing
19 and soybean oil refineries located in
20 Minnesota, Iowa, Nebraska, and Missouri. AGP
21 is a cooperative owned by various local and
22 regional co-ops that are, in turn, owned by
23 farmers, including farmers in Missouri. We
24 operate in a very competitive industry --
25 regional, national and international markets.

1 Our feedstock, soybeans and finished
2 products of soybean meal and oil are all
3 commodities traded based on the Chicago Board
4 of Trade. Because we are in a commodity
5 business, we cannot have the opportunity to
6 pass on higher water costs to our customers.
7 We either take the increase from patronage paid
8 to our farmers or we find alternative means to
9 reduce our operating costs.

10 AGP employs 191 people with an annual
11 payroll of \$9 million. We pay property taxes
12 to the city, county, and state of over 1.1
13 million. AGP, being located in St. Joseph,
14 hires local contractors, and utilizes several
15 local merchants for our various supply items
16 and services, totalling over 56 million each
17 year. We also supply other Saint Joe
18 industries with finished products.

19 AGP buys a portion of its water from
20 Missouri American Water Company plus we utilize
21 our own water wells located on our plant site.
22 According to information supplied to the
23 public, Missouri American states that
24 industrial users generally would receive a rate
25 increase of 26.4 percent. That is caused by

1 extraordinary increases in the high usage
2 blocks of the rate. The increase, as proposed
3 by Missouri American, will cost AGP
4 approximately 94,000 more each year, which we
5 believe is excessive. This increase is in
6 addition to 176 percent increase in 2000,
7 11.2 percent in 2003, and 21 percent last year.

8 AGP commends the Commission for having
9 approved a rate design that contains various
10 rate usage blocks based on reasonable costs of
11 service principles. Now the staff of the
12 Commission proposes to eliminate these blocks
13 which do not conform to any cost of service
14 principles that we have ever been exposed.

15 We would certainly appreciate it if
16 your staff would take a look at the accepted
17 practice and avoid such radical and adverse
18 positions that undermine the health of industry
19 in Missouri.

20 In addition to usage blocks, it would
21 appear that Missouri American is trying to
22 recover lost revenues from certain companies
23 through discounted rates. We're not proposing
24 that they take the discounts away, but rather
25 make a point that unless the full nondiscounted

1 revenues are used, costs end up getting shift
2 to other customers. Missouri American ought to
3 be required to bargain with zone money, not the
4 other rate payors.

5 Thank you for allowing me to address
6 this very important issue affecting the Saint
7 Joe area and our company. Do you have any
8 questions?

9 JUDGE DIPPELL: Mr. Buthe, what is
10 your position with AG Processing?

11 MR. BUTHE: I'm a purchasing agent.

12 JUDGE DIPPELL: So you're not an
13 attorney when you say you're representing AGP?

14 MR. BUTHE: No, ma'am.

15 JUDGE DIPPELL: Thank you.
16 Commissioner Murray, did you have any
17 questions?

18 COMMISSIONER MURRAY: I don't have any
19 questions. Thank you very much.

20 JUDGE DIPPELL: Missouri American?

21 MR. COOPER: No questions.

22 JUDGE DIPPELL: Office of Public
23 Counsel?

24 MS. BAKER: No questions, thank you.

25 JUDGE DIPPELL: Staff?

1 MR. REED: No questions.

2 JUDGE DIPPELL: Thank you, Mr. Buthe.

3 MR. BUTHE: Thanks.

4 MR. KELLY: Judge, the next witness
5 will be Lynn Strough.

6 JUDGE DIPPELL: Please raise your
7 right hand.

8 (Witness sworn.)

9 LYNETTE STROUGH,
10 being first duly sworn, testified under oath as
11 follows:

12 JUDGE DIPPELL: Could you please state
13 and spell your name.

14 MS. STROUGH: My name is Lynette
15 Strough. Lynette is L-Y-N-N-E-T-T-E, Strough
16 is S-T-R-O-U-G-H.

17 JUDGE DIPPELL: Go ahead.

18 MS. STROUGH: I am going to agree with
19 the gentleman from AG Processing. Myself, I'm
20 just a resident of Saint Joe and I have a
21 single family dwelling that myself is the only
22 person living there. And what I pay every
23 month is \$5 less than what a family of four
24 pays. If the Commission lets this rate
25 increase go up, and we have people besides

1 myself in Saint Joe who have just regular pay,
2 and every time the taxes go up, utilities go
3 up, seems like the only thing that's going down
4 is everybody's paychecks.

5 But I would like for the Commission to
6 take in when they hopefully -- yeah, hopefully
7 decide against this rate hike is that people
8 like myself are getting tired of paying an
9 exorbitant amount of money, even though, you
10 know, \$40 is what it will take mine up to, \$40
11 is \$40 I can't put back for when I get to
12 retire in five years. \$40 is taking money out
13 of a family of, you know, 6, or 4 to 6, food
14 off their table.

15 Now, can we just not keep taking money
16 out of everybody else's pocket and let these
17 companies like Missouri American and other
18 utilities learn to budget their pay or their
19 costs, like I would have to budget my house?
20 Prepare for those rising costs. That's all I
21 have to say.

22 JUDGE DIPPELL: Thank you.
23 Commissioner Murray, did you have any
24 questions?

25 COMMISSIONER MURRAY: No questions.

1 JUDGE DIPPELL: Public counsel?

2 MS. BAKER: No questions, but I do
3 appreciate you coming.

4 JUDGE DIPPELL: Missouri American?

5 MR. COOPER: No questions.

6 JUDGE DIPPELL: Staff?

7 MR. REED: No, thank you.

8 JUDGE DIPPELL: Thank you, ma'am,
9 appreciate your comments today.

10 MR. KELLY: Judge, I do not have
11 anyone else listed on the sign-up sheet. I'll
12 ask if anyone else wants to testify.
13 We have another witness.

14 JUDGE DIPPELL: Okay, thank you.
15 Would you please raise your right hand.
16 (Witness sworn.)

17 JOHN PHILLIPS,
18 being first duly sworn, testified under oath as
19 follows:

20 JUDGE DIPPELL: Could you tell us
21 your name and then spell it for us.

22 MR. PHILLIPS: John Phillips, J-O-H-N,
23 P-h-i-l-l-i-p-s.

24 JUDGE DIPPELL: Thank you. Go ahead
25 with your comments.

1 MR. PHILLIPS: I would just like to
2 say I would like to represent the senior
3 citizens. I'll be 70 years old on my birthday
4 and last year on Social Security got a 2.3
5 increase on Social Security.

6 Now, if you give an increase on your
7 water rates like this, I believe in October we
8 got a 15 percent increase coming on your sewer,
9 which was supposed to have been done away with
10 in 1950-something, you know. I don't know how
11 the working man is going to make it or
12 retirees. I mean, if we've got to budget the
13 way we live, let's let some of these CEOs
14 budget their companies. It's just like the
15 deal we got going in Washington now.

16 I'm nervous; you can probably tell
17 that. But I just think we got to consider
18 everybody. It's not just the big man. The
19 little man has got to have a say in this too.
20 That's all I've got to say.

21 JUDGE DIPPELL: Thank you.
22 Commissioner Murray, did you have any
23 questions?

24 COMMISSIONER MURRAY: I have no
25 questions, but I would like to say you are a

1 very youthful-looking 70-year-old.

2 MR. PHILLIPS: Thank you.

3 JUDGE DIPPELL: Anything from Public
4 Counsel?

5 MS. BAKER: No, but I appreciate you
6 coming today.

7 JUDGE DIPPELL: American?

8 MR. COOPER: No questions.

9 JUDGE DIPPELL: Staff?

10 MR. REED: No.

11 JUDGE DIPPELL: Thank you. Is there
12 anyone else who would like to testify?

13 MR. KELLY: I don't see any others,
14 Judge.

15 JUDGE DIPPELL: I appreciate it very
16 much. It looked like there was a pretty good
17 -- several people in the audience. I
18 appreciate all of you taking the time to come
19 and I appreciate those of you who just
20 testified.

21 The Commission does take your comments
22 seriously. And the other Commissioners will
23 have an opportunity to view this -- this video,
24 even though there's not being a written
25 transcript tonight made. So I appreciate very

1 much your attendance and that will conclude the
2 formal part of this hearing. Thank you. We
3 can go off the record.

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1 CERTIFICATE OF REPORTER

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3 I, Terri Huseeth, Certified Court Reporter
4 with the firm of Midwest Litigation Services,
5 do hereby certify that the foregoing is a full,
6 true and correct transcript of the proceedings,
7 which I have transcribed from the audio/visual
8 recording of the hearing.

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16 TERRI HUSETH, CCR

17 Certified Court Reporter
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