

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Stipulation Hearing
August 27, 2008
Jefferson City, Missouri
Volume 9

In the Matter of Aqua Missouri,)
Inc.'s Request for an Increase in)
Rates for Water Service Pursuant) Case No. WR-2008-0266
to the Commission's Small Company)
Rate Increase Procedure.)
In the Matter of Aqua Missouri,)
Inc.'s Request for an Increase in)
Rates for Sewer Service Pursuant) Case No. SR-2008-0267
to the Commission's Small Company)
Rate Increase Procedure.)
In the Matter of Aqua Missouri,)
Inc.'s Request for an Increase in)
Rates for Sewer Service Pursuant) Case No. SR-2008-0268
to the Commission's Small Company)
Rate Increase Procedure.)
In the Matter of Aqua Missouri,)
Inc.'s Request for an Increase in)
Rates for Water Service Pursuant) Case No. WR-2008-0269
to the Commission's Small Company)
Rate Increase Procedure.)

NANCY M. DIPPELL, Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE.

JEFF DAVIS, Chairman,
CONNIE MURRAY,
ROBERT M. CLAYTON III,
LINWARD "LIN" APPLING,
TERRY JARRETT,
COMMISSIONERS.

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

2 JUDGE DIPPELL: This is Case Nos.
3 WR-2008-0269, WR-2008-026 -- or I'm sorry, SR-2008-0268,
4 SR-2008-0267 and WR-2008-0266. We've come here today for
5 a hearing basically on the agreements which have been
6 reached by the parties, opportunity for the parties to
7 tell us a little more about their agreements, and for the
8 Commissioners and myself to ask some questions regarding
9 that. I'm going to go ahead and begin with entries of
10 appearance, and can we start with Staff?

11 MS. HERNANDEZ: Good morning. Jennifer
12 Hernandez on behalf of Staff of the Missouri Public
13 Service Commission, P.O. Box 360, Jefferson City, Missouri
14 65102.

15 JUDGE DIPPELL: And Public Counsel?

16 MS. BAKER: Thank you, your Honor.
17 Christina Baker, P.O. Box 2230, Jefferson City, Missouri
18 65102, appearing on behalf of the Office of the Public
19 Counsel, and with me I have Barb Meisenheimer and Russ
20 Trippensee.

21 JUDGE DIPPELL: Thank you. And the
22 Company?

23 MR. ELLINGER: Thank you, Judge. Marc
24 Ellinger with the law firm of Blitz, Bardgett & Deutsch,
25 308 East High, Suite 301, Jefferson City, Missouri 65101,

1 appearing on behalf of the company, Aqua Missouri.

2 JUDGE DIPPELL: Thank you. As I said
3 earlier, there were unanimous disposition agreements that
4 had been slightly revised from what Staff and the company
5 had filed earlier in this case, and we've conducted
6 several local public hearings in this matter, and so today
7 was kind of an opportunity then for the Commission, who
8 hasn't had a long time to review these agreements, given
9 that they were just filed around noon yesterday.

10 So I'm going to go ahead and ask the
11 Commissioners if they have questions. Commissioner
12 Murray?

13 COMMISSIONER MURRAY: Thank you. Yes, I do
14 have some questions.

15 JUDGE DIPPELL: And if we need to ask
16 questions of Staff or Public Counsel's witnesses, we can
17 just swear them in and take their testimony as well. If
18 you have questions of the attorneys, just go from that.

19 COMMISSIONER MURRAY: All right. I haven't
20 had a chance yet to really organize my questions, so I may
21 have to come back after others have asked. But I would
22 like to take the water cases first, and WR-2008-0266, the
23 percentage of increase that is being requested now or
24 being -- that has been agreed upon for WR-2008-0266 is
25 11.13 percent; is that correct?

1 Mr. Busch, I guess I see some nods. What
2 was the percentage that was originally agreed upon,
3 percentage of increase? Anyone who has the answer can --

4 JUDGE DIPPELL: Let me go ahead -- I'll
5 tell you what, Mr. Busch, I'll go ahead and swear you in
6 and maybe -- maybe we should just swear in all of the
7 witnesses who might give some testimony today,
8 Ms. Meisenheimer and Mr. Trippensee and --

9 MR. BUSCH: Lisa Hanneken.

10 JUDGE DIPPELL: Lisa Hanneken. Will you be
11 maybe providing testimony today also?

12 MS. HERNANDEZ: And Jim Russo as well, but
13 he stepped out to get the initial number that Commissioner
14 Murray --

15 JUDGE DIPPELL: We'll swear in Mr. Russo
16 when he returns. If the four of you will please raise
17 your right hand.

18 (Witnesses sworn.)

19 COMMISSIONER MURRAY: Okay. I will ask,
20 and each one of the parties can answer. I don't care what
21 order you go in. But what -- what determined a change in
22 the rates that were agreed upon? And I'm only referring
23 now to WR-2008-0266. What determined that adjustment,
24 that there needed to be a lowering of those rates that had
25 been agreed upon? And it appears that it was a very small

1 adjustment downward.

2 MR. TRIPPENSEE: Commissioner, Russ
3 Trippensee with Public Counsel. Public Counsel on the
4 revenue requirement side had three issues with some of the
5 work that was done in the initial filing. Those issues
6 involved income tax, federal income tax rates --

7 JUDGE DIPPELL: Mr. Trippensee, could I get
8 you to speak into the microphone?

9 MR. TRIPPENSEE: Excuse me.

10 JUDGE DIPPELL: Thank you.

11 MR. TRIPPENSEE: Commissioner, to repeat
12 with the microphone on so everyone can be sure and hear,
13 Public Counsel in reviewing the agreement that -- or the
14 work of the Staff and the concurrence of the company had
15 three issues on the revenue requirement, overall revenue
16 requirement that we had concerns with that specifically
17 addressed the income tax, federal income tax rates
18 utilized in the determination of the revenue requirement,
19 some depreciation reserve issues, which would impact the
20 rate bases, and the final one was the treatment of rate
21 case expense included in this case with a small rate case
22 procedure and costs that were included that didn't deal
23 with this case.

24 So those three issues were taken into
25 consideration, we believe, in the settlement and reflected

1 to some degree. The number is less than what the original
2 number was.

3 COMMISSIONER MURRAY: Do you recall how
4 much it reduced the revenue requirement in total?

5 MR. TRIPPENSEE: The majority -- I think
6 that Mr. Busch may be able to answer that, or Mr. Russo,
7 better because I don't have the summary of each and every
8 case in front of me, but the major impact was in the
9 Jefferson City sewer area, simply because of size of that
10 operation.

11 COMMISSIONER MURRAY: Right now I'm just
12 looking at the water, WR-2008-0266, and that as I
13 understand it, and correct me if I'm wrong, that is the
14 Jefferson City area water case; is that correct?

15 MR. BUSCH: Yes. It's the Jeff City and
16 Sedalia water.

17 COMMISSIONER MURRAY: Mr. Busch, do you
18 know what the total revenue requirement difference was?

19 MR. BUSCH: Mr. Russo has that number.
20 He's going upstairs to get it right now. It's a very
21 small number because, like Mr. Trippensee said, the
22 majority of it came out of the Jefferson City sewer.

23 COMMISSIONER MURRAY: Jefferson City sewer,
24 but we're not dealing with sewer in this case.

25 MR. BUSCH: Right, so I was just trying --

1 I mean, it was --

2 MR. TRIPPENSEE: Not in the specific case
3 you're talking about, but the Staff did their work on a
4 joint basis for all the areas, all the service areas, and
5 quite frankly, I looked at it in total and then there was
6 an allocation down by district that Staff performed.

7 COMMISSIONER MURRAY: But you keep
8 referencing sewer. You weren't looking at sewer and water
9 together, were you?

10 MR. TRIPPENSEE: No. Each case was
11 individual. I'm just saying when I looked at the issues,
12 because it's a corporation, there's allocations from the
13 corporate down to the individual components, and quite
14 frankly, I was dealing more on the large, the corporate
15 level, and then Staff assisted in providing the
16 allocations and the impacts down to the individual
17 companies and/or the company's service areas and the
18 individual cases because I believe there was four cases
19 set up to handle approximately 13 service areas of both
20 water and sewer.

21 COMMISSIONER MURRAY: Okay. I want --
22 well, and you may have answered this and I may have just
23 not listened carefully just now, but you looked at total
24 revenue requirement for the company allocated to Aqua
25 Missouri?

1 MR. TRIPPENSEE: I looked at the issues cut
2 across the -- the income tax issue cut across all -- would
3 cut across all of the different service areas.

4 COMMISSIONER MURRAY: And it would cut
5 across water and sewer?

6 MR. TRIPPENSEE: Yes.

7 COMMISSIONER MURRAY: So is it possible,
8 what's -- I guess my major concern in looking at all of
9 these cases here together is that it appears that there is
10 just an enormous increase in the sewer for at least some
11 of the districts, and water increase has seemed to be held
12 to a fairly -- well, in the one instance it's 11.13
13 percent, I think, 11 point something. Yeah, 11.13
14 percent.

15 Whereas, on at least one -- in at least one
16 of the sewer cases we have an increase of 387.24 percent,
17 and then in the other sewer case, an increase of 61.42
18 percent. And I'm wondering, are some of the sewer
19 customers paying some of the costs of the water system?

20 MR. TRIPPENSEE: The Staff -- I'm sure
21 Ms. Hanneken could elaborate further, but the Staff
22 performed sep- and the company maintains their plant
23 records by service area, and what is driving -- at least
24 in my analysis, because Public Counsel was very concerned
25 about some of the percentage increases you're talking

1 about, what is driving the majority of this case is new
2 investment in specific service areas, and those were
3 identified by service area. So it's pretty much a plant
4 investment driven case with some additional corporate
5 costs coming down.

6 They hired some -- some additional
7 operators to try and provide better service, but the
8 majority of it is plant, new investment driven, and those
9 were identified by service area.

10 COMMISSIONER MURRAY: All right. And I'm
11 going to want some more detail on the plant and the
12 service areas that require, according to all of the
13 parties, a 387 percent increase in sewer rates.

14 MR. BUSCH: Commissioner, I'll try to
15 address that 370. It's my understanding that -- that that
16 system, there was a deal with the developer that if the --
17 the revenues to be collected had to be X amount of
18 dollars, and that if the cost of service wasn't that
19 amount, the developer would kick in that amount of money
20 to offset the difference.

21 In this case, the cost of service has risen
22 above that threshold and, therefore, there is no more
23 developer subsidy into that sewer district, and so that is
24 the major force that is driving those rates to go up. In
25 the case previous to the one that set the current rates,

1 the rates were, I think -- I think right now the current
2 rates are going to be about \$40. In the -- not the case
3 where the rates are currently in effect, but the one prior
4 to that the rates were closer to, I want to say 34, \$35,
5 and they had gone down substantially because that subsidy
6 by the developer was put back into the rates for that --
7 for the sewer district. But now since the cost of service
8 is back above that threshold amount, it's causing the
9 dollars to go back up.

10 COMMISSIONER MURRAY: So are there capital
11 improvements that are driving this or is it simply the
12 arrangement with the developer?

13 MR. BUSCH: It would be a combination of
14 the capital improvements plus the removal of the developer
15 subsidy.

16 COMMISSIONER MURRAY: And what are the
17 capital improvements?

18 MR. BUSCH: I'll have to defer to
19 Ms. Hanneken on that.

20 MS. HANNEKEN: I'm sorry. Could you repeat
21 the question, please?

22 COMMISSIONER MURRAY: Yes. What are the
23 capital improvements that are included in this cost driver
24 for the sewer case, 0268?

25 MS. HANNEKEN: And which case were you

1 referring to?

2 COMMISSIONER MURRAY: 0268.

3 MS. HANNEKEN: Okay. Ozark Meadows. Yes,
4 they had some major improvements put in. I believe that's
5 the district that had tank painting done. There were some
6 well improvements. They had -- I'm trying to think. They
7 just had a large amount of -- oh, 268. I'm sorry. I have
8 the wrong paper. This is a sewer district. They had berm
9 rehab, I believe, and --

10 COMMISSIONER MURRAY: I'm sorry. Maybe I
11 gave you the wrong number. I'm looking at the Ozark
12 Meadows. That's 0268?

13 MS. HANNEKEN: Ozark Meadows, yes, that is
14 the sewer district.

15 COMMISSIONER MURRAY: Is that what you're
16 referring to now?

17 MS. HANNEKEN: Yes. So they had the berm
18 rehab, and they had some aerators put in. They modified
19 their treatment plant. So they had some different
20 improvements put in to improve their treatment.

21 COMMISSIONER MURRAY: Do you know what the
22 cost of those improvements was, is?

23 MS. HANNEKEN: In total, overall, I want to
24 say it was around \$30,000. I'd have to confirm that with
25 my numbers downstairs.

1 COMMISSIONER MURRAY: And how many
2 customers are served in the Ozark Meadows area?

3 MS. HANNEKEN: I believe at the moment
4 there's 22; 20 or 22.

5 COMMISSIONER MURRAY: All right. And then
6 the other sewer case that required a -- where there was an
7 agreement for an increase of 61.42 percent, what is the
8 cost driver there?

9 MS. HANNEKEN: I'm sorry. Could you repeat
10 the case number on that one?

11 COMMISSIONER MURRAY: That is SR-2008-0267.

12 MS. HANNEKEN: For the Jefferson City sewer
13 district? They had quite a few investments into their
14 plant. They had a modification of their treatment plant
15 which was \$123,000. They had an aerator system put in for
16 68,000, and fan filter for 40,000, clarifier units for
17 182,000, berm rehabs for 118,000. They had a system
18 integrity of their pipes done, which was 46,000, various
19 blowers and motors and pumps. They were also required to
20 install tablet feeders for chlorination and dechlorination
21 and the vaults for that that was required by DNR, so they
22 had to install those as well. So overall, they had about
23 \$1.7 million of investment.

24 COMMISSIONER MURRAY: For how many
25 customers?

1 MS. HANNEKEN: Right now, I believe it's
2 1,779.

3 COMMISSIONER MURRAY: That's the district
4 in which they did not know how many customers they had; is
5 that correct?

6 MS. HANNEKEN: I'm sorry?

7 COMMISSIONER MURRAY: That is the district
8 in which the company did not know how many customers it
9 had; is that correct?

10 MS. HANNEKEN: There was some discrepancy
11 in their numbers, yes.

12 COMMISSIONER MURRAY: Does anybody else
13 want to respond to those last few questions I've asked?

14 (No response.)

15 COMMISSIONER MURRAY: Okay. While we're on
16 sewer, I wanted to ask, in that we had testimony from some
17 large water users who did not run their water through the
18 sewer system but are charged based upon water usage, was
19 that -- was that issue addressed?

20 MR. BUSCH: Commissioner, are you referring
21 to the golf course, Redfield Golf Course?

22 COMMISSIONER MURRAY: I'm not certain if
23 that's the only large user we had testify, but the golf
24 course did testify. And also, just in full disclosure, if
25 this should matter at all, I am a member of Redfield Golf

1 Course. I want that to be clear on the record.

2 MR. BUSCH: We have been working with
3 Mr. Lepper out at Redfield Golf Course and Terry Rakocy,
4 who is the president of Aqua Midwest. They're working on
5 an arrangement to set up some meters, and unfortunately, I
6 don't have the engineering knowledge of what they're
7 doing, but they're setting up meters so that they can look
8 at the amount of water that comes into the system, the
9 amount of water that is being reused in the system, like
10 for filling the pool and things, so that they can then
11 compare. I think it's going to be three meters in total
12 to look at the usage of the water coming in and the sewage
13 coming out and make any adjustments on a going forward
14 basis.

15 COMMISSIONER MURRAY: Are there any other
16 large users that are in a similar situation, to your
17 knowledge?

18 MR. BUSCH: I don't remember any other
19 situation where that was occurring. Redfield was the only
20 one that sticks out in my mind. And the Staff, the
21 company and the customer have all been working, trying to
22 solve -- come up with a solution for that problem.

23 COMMISSIONER MURRAY: And is that a common
24 solution used by other water/sewer companies?

25 MR. BUSCH: I have to admit that in the

1 short time I've been here, that's the first time I'm aware
2 of that. But according to Mr. Loethen in my office who's
3 been working on that case, he thought that was the best
4 solution to solve that problem.

5 COMMISSIONER MURRAY: Mr. Russo, you were
6 shaking your head. What do you know about how large water
7 users that don't -- you know, something similar to a golf
8 course, how would they be charged for sewer normally?

9 JUDGE DIPPELL: Let me go ahead and swear
10 you in, Mr. Russo. You were out of the room when we swore
11 everybody else in.

12 (Witness sworn.)

13 JUDGE DIPPELL: Go ahead.

14 MR. RUSSO: Yes, Commissioner. It's my
15 understanding that typically on these large golf courses
16 or people that have high water usage that does not go out
17 the other end, that typically they do put on meters to
18 account for that. There's also a couple other things they
19 do that I'm not technically expert on, but they have these
20 flow devices they can install, for lack of better
21 nonengineering language, in the outflow, and it tells how
22 much outflow is actually going through the pipe. But
23 those are the two typical ways that they do it, meters or
24 they put a device on the outflow, a float device.

25 COMMISSIONER MURRAY: And is anything

1 specific in the tariffs regarding that?

2 MR. RUSSO: Not to my knowledge.

3 COMMISSIONER MURRAY: So how do we -- how
4 does the -- how is the company required to charge the
5 large user -- I mean, would they -- if there's nothing in
6 the tariff about it, do they have to set up separate
7 meters, or what enforces that?

8 MR. RUSSO: It's good customer relations I
9 think is what drives that. There's nothing in the tariff
10 that requires it, but it is -- we -- I've never seen this
11 before except for Redfield, and I'm aware from talking to
12 people in the industry that these other alternatives that
13 other companies have done for their customers, so it's
14 really just -- in this case it would be customer
15 relations.

16 COMMISSIONER MURRAY: So you're not aware
17 of it in Missouri with other water companies?

18 MR. RUSSO: That is correct.

19 COMMISSIONER MURRAY: Thank you. Anyone
20 else have anything on that issue?

21 (No response.)

22 COMMISSIONER MURRAY: Then I'm going to go
23 to some of the other things that we heard at the local
24 public hearings, which were very concerning, and I hope
25 that the agreements as they are drawn up sufficiently

1 address all of those concerns. And I suppose that I would
2 point or direct my questions to the Office of Public
3 Counsel regarding some of the billing issues that we heard
4 about, the sporadic billing, the billing that was not, you
5 know, not in the same time period each month, the fact
6 that some of the customers were not billed for years and
7 then all of a sudden were billed. And I understand the
8 stip and agreements have been changed to deal with those
9 customers being back billed.

10 But let's just address any of the billing
11 issues right now, and I'd like to know from either of the
12 Public Counsel witnesses whether you are satisfied that
13 all of those issues can be sufficiently addressed and will
14 be sufficiently addressed with what the company has agreed
15 to in these stipulations?

16 MS. MEISENHEIMER: We believe that the
17 elements of the stipulation cover many of the concerns
18 that we had with respect to past billing, not being able
19 to identify customers properly. We participated in the
20 negotiations that resulted in additional safeguards being
21 incorporated, including the company developing and
22 implementing procedures to more accurately bill, to get
23 customers into their system, into their billing system
24 early, to deal with customer complaints that come in,
25 calls that come in, to be directed to the right place

1 where those issues could be addressed.

2 As you indicated, we did work out two
3 elements in the stipulation. One would address customers
4 that have already been found that were not previously
5 billed and recorded.

6 Another section, the one that follows it
7 addresses going forward customer audits will be performed
8 in the remaining service areas, and any customers found
9 during that process will also not be back billed.
10 Customers that have already paid in will receive credits
11 for the amount that they were back billed originally.

12 COMMISSIONER MURRAY: And is there a time
13 frame by which they will receive those credits?

14 MS. MEISENHEIMER: We did not -- we did not
15 build in a specific date by which credits would be issued.
16 This audit that's going to occur for the remaining service
17 areas is to be completed by the fourth quarter of 2008.
18 We would certainly expect the company to be prompt in
19 providing all refunds, and those would be the latest that
20 we would anticipate, but no, we don't have a set date by
21 which those will be issued.

22 COMMISSIONER MURRAY: Okay. I'm always
23 troubled by something that's agreed upon without a time
24 frame.

25 MS. MEISENHEIMER: Well, my

1 understanding -- in the negotiations, my understanding is
2 that those are to be provided quickly to customers, as
3 soon as there is -- there is Commission approval of this
4 agreement. They obviously weren't going to be willing to
5 do all of that until they had us locked into an agreement
6 as well.

7 COMMISSIONER MURRAY: Mr. Ellinger, you
8 don't have a witness here today, do you?

9 MR. ELLINGER: No, we do not, Judge. In
10 fact, the regional manager is out in one of the districts
11 doing an audit right now.

12 COMMISSIONER MURRAY: What is your
13 understanding of the time frame for those customers to be
14 refunded?

15 MR. ELLINGER: My understanding is, talking
16 to the company, is it will be done as expeditiously as
17 possible. They're trying to get the audits done now.
18 Literally Tena Hale-Rush, the regional manager, is out in
19 the field conducting one of those audits so that they can
20 determine what's out there, if there's anything else out
21 there and promptly do that.

22 And I think the fourth quarter '08 -- or
23 '08 is the time frame to get all the audits done. I think
24 we're shooting to try to be done even before then and have
25 it all resolved, have all these issues resolved before the

1 end of the year.

2 COMMISSIONER MURRAY: Including the
3 refunds?

4 MR. ELLINGER: Attempting to do the refunds
5 in the same time frame.

6 COMMISSIONER MURRAY: Then there were --
7 there was testimony about -- there was some testimony
8 about lack of water pressure. Has that been addressed in
9 the agreements at all? Do you know, Ms. Meisenheimer?

10 MS. MEISENHEIMER: The Staff drove many of
11 the quality of service components of the agreement, so I'd
12 probably defer that to them.

13 MR. BUSCH: No, there's no water pressure
14 agreements in the agreement. The inspectors who went out
15 and looked at that, the water pressure is meeting the
16 standards that is currently in the rules.

17 COMMISSIONER MURRAY: So it's Staff's
18 position that there wasn't -- there was no violation --

19 MR. BUSCH: There was no violation.

20 COMMISSIONER MURRAY: -- you could ask them
21 to correct?

22 MR. BUSCH: That is correct.

23 COMMISSIONER MURRAY: But is it possible
24 that they could improve that water pressure?

25 MR. BUSCH: I think it's always possible

1 they can improve it. We did not address that in this
2 agreement.

3 COMMISSIONER MURRAY: Okay. So you don't
4 have any idea how costly that would be or what would be
5 involved in water pressure?

6 MR. BUSCH: I believe to increase water
7 pressure would be, I think it's called a boosting pump to
8 boost the pressure, and there is some cost involved with
9 that.

10 COMMISSIONER MURRAY: Okay.

11 MR. BUSCH: But I don't have a dollar
12 amount off the top of my head that I can tell you,
13 Commissioner.

14 COMMISSIONER MURRAY: Did the Staff find
15 anything in terms of excessive chlorine in the water or
16 brown water leaving films on items that it touches?

17 MR. BUSCH: Staff's not aware of any.

18 COMMISSIONER MURRAY: There was testimony
19 regarding those issues. Was there any investigation
20 following the local public hearings?

21 MR. BUSCH: We had an inspector go out, and
22 the results were that everything was satisfactorily
23 completed so we didn't find anything that was a major
24 concern.

25 COMMISSIONER MURRAY: And then in the

1 hearing regarding the Republic area, there was a -- there
2 was some testimony about after the ice storms, water
3 remaining for several days before generation was --
4 generator was operational. Did the Staff follow up on
5 that at all?

6 MR. BUSCH: I had my inspectors go through
7 the public hearings, and any issues that they came up
8 with, they were -- they checked into them, and I -- the
9 last I heard, everything was, like I said, was closed out.
10 So as far as -- I don't know exactly what the -- what the
11 results of that were. I didn't talk specifically with my
12 inspector about that issue.

13 COMMISSIONER MURRAY: Okay. And then
14 another thing that came up in the Republic hearing was the
15 question regarding customers being billed on actual usage
16 but they weren't aware of any meters and were inquiring as
17 to how the company could be determining actual usage.

18 Do you recall, does anyone from Staff
19 recall that and recall any inquiry that was done related
20 to that issue?

21 MR. BUSCH: Unfortunately, I can't recall
22 that.

23 COMMISSIONER MURRAY: Is it -- is it true
24 that after local public hearings, the Staff does review
25 what was brought forth and then go out and attempt to

1 verify whether there are problems or not?

2 MR. BUSCH: Yes. My inspectors were
3 supposed to go out, review the transcripts, find out any
4 problems and do the very best to contact the customers to
5 follow up.

6 I do know one problem is even when we're
7 there, it's hard to get ahold of a name or an address to
8 all of the people who do testify to those things, and so
9 it is sometimes very difficult to follow up with a
10 specific customer. That is something that, after going
11 through this process, that we're going to do a much better
12 job of making sure we get names, addresses and phone
13 numbers of all customers that have complained so that will
14 be a much easier process to contact those people in the
15 future.

16 COMMISSIONER MURRAY: Okay. And in these
17 cases, the fact that Staff has entered into a Stipulation
18 & Agreement, does that indicate that all of Staff's
19 concerns following the local public hearings have been
20 adequately dealt with?

21 MR. BUSCH: The concerns that we had that
22 we feel are -- have been dealt with, or have been dealt
23 with in this agreement.

24 COMMISSIONER MURRAY: And then I'm going to
25 go back to Office of the Public Counsel for -- this may be

1 my last question. This -- particularly the sewer increase
2 is a substantial number. And I know that Office of the
3 Public Counsel is very heavily involved in making sure
4 that customers pay no more than just and adequate -- just
5 and reasonable rates. Is it -- and this may be for
6 Mr. Trippensee more than Ms. Meisenheimer. I suppose
7 you're the numbers person. Is this, in your opinion, this
8 level of increase justified to these ratepayers to have
9 this kind of a hit all at once?

10 MR. TRIPPENSEE: From the standpoint of the
11 investment, the level of customers and the expenses, the
12 rate is just. The reasonable side of that is probably
13 more to your question, the increase.

14 Because of this agreement with the
15 developer, it looks like a large increase, but because of
16 the fact the initial rate going in had been higher, it
17 went down, and now it's returning to a rate that's in --
18 generally in line with the rest of the rates that the
19 company's customers are being charged in other service
20 areas, so using that as a reasonableness test, we felt we
21 could sign this agreement.

22 COMMISSIONER MURRAY: And the average --
23 let's see. The residential customers will be paying --
24 let's see. 0268 is Ozark Meadows. Their metered rate
25 will be 36.06 per month for sewer alone, and for

1 residential customers plus 2 dollars -- 2.931 per thousand
2 gallons of usage. So what would the average customer,
3 based on usage, end up paying monthly for sewer service in
4 that Ozark Meadows district?

5 MS. MEISENHEIMER: That's included as an
6 attachment in the packet. The sheet is not numbered, but
7 that number comes out to -- under proposed rates, the
8 total bill would be \$50.43 in Ozark Meadows.

9 COMMISSIONER MURRAY: That's commercial and
10 industrial as I'm reading it.

11 MS. MEISENHEIMER: I'm looking at a sheet
12 that says residential customer bill comparison for sewer.

13 COMMISSIONER MURRAY: I probably don't have
14 the right sheet.

15 MS. HERNANDEZ: It's Attachment B to
16 Staff's report.

17 COMMISSIONER MURRAY: All right. I see it
18 now.

19 MS. MEISENHEIMER: And I might compare that
20 for you to the Jeff City result, which is the total bill
21 based on average use, 44.79. So it is higher. There's a
22 significant difference in the customers, the number of
23 customers.

24 COMMISSIONER MURRAY: Do you know of any
25 sewer customers in the state of Missouri that pay more

1 than that or pay as much?

2 MR. RUSSO: I'm thinking that MSD does now,
3 their proposed rates are now. The only other one that
4 I -- my mind's drawing a blank. I'm not sure where we
5 ended up on Mill Creek, but I'm thinking that that's
6 pretty close.

7 COMMISSIONER MURRAY: So it's Staff's and
8 OPC's position that this is not that far different than
9 what some of the other sewer customers in the state are
10 paying for sewer service, residential sewer service?

11 MR. RUSSO: The trend is going up, and
12 that's what we're seeing as these companies come in for
13 these cases on sewer, they just keep going up and up.

14 MS. MEISENHEIMER: Let me add that we
15 certainly are very concerned about increases of this size
16 and percent. The difficulty is that when you have costs
17 that are directly attributable to one service area and are
18 not shared among many service areas, it becomes difficult
19 to justify a subsidy. You would have to view it as
20 subsidy, not support, where the cost is truly not clear
21 how much of it should go to each area. So in this case,
22 it's cost causer pays.

23 COMMISSIONER MURRAY: And that would --
24 that would be your recommendation in this case?

25 MS. MEISENHEIMER: It is our

1 recommendation. We've signed on to this agreement.

2 COMMISSIONER MURRAY: Does anyone else have
3 anything to add? Thank you.

4 JUDGE DIPPELL: Thank you. Commissioner
5 Clayton?

6 COMMISSIONER CLAYTON: Thank you, Judge. I
7 want to ask a couple of basic questions about the
8 organization of the cases starting with WR-2008-266. That
9 is the Jefferson City area formerly known as the Capital
10 Utilities area. And my question, I suppose, to Staff is,
11 first of all, how many subdivisions are included in that,
12 or is that one large system, or is that a compilation of a
13 number of smaller systems that have been consolidated into
14 one tariff?

15 MR. RUSSO: It's -- in Cole County, it's 57
16 separate systems, but they also have a few in Callaway
17 County. So in reality, the CU Jefferson City area has, I
18 believe, 62 systems at this point.

19 COMMISSIONER CLAYTON: Okay. So there's 62
20 separate systems. Did they begin as -- as standalone, 62
21 standalone -- I'm sorry. Ms. Hernandez, can I get you
22 to -- one way or the other here. I'm going through three
23 people here.

24 Did those start as 62 separate companies or
25 were they designed as 62 systems that would always be

1 under one umbrella?

2 MR. RUSSO: The latter, 62 under one
3 umbrella.

4 COMMISSIONER CLAYTON: And so basically you
5 have one tariff that -- that -- that sets out a rate for
6 an entire service area for these 62 systems?

7 MR. RUSSO: Correct.

8 COMMISSIONER CLAYTON: They've always been
9 under a single tariff?

10 MR. RUSSO: Yes, to my knowledge.

11 COMMISSIONER CLAYTON: To your knowledge.
12 I've got a count of roughly 440 customers in that area.
13 Is that correct?

14 MR. RUSSO: No. It's 1,795, I think.

15 COMMISSIONER CLAYTON: Okay. I've got that
16 figure for the sewer, but for the water side, 266.

17 MR. RUSSO: I apologize. On the water, it
18 is 460. The 62 systems were sewer. On the water, you
19 have just Lake Carmel.

20 COMMISSIONER CLAYTON: Okay. All right.
21 Hang on. Okay. Now, this case is complicated enough.
22 You-all have got to listen to the questions here and let's
23 try to get them straight here. There were complications
24 with answers, I think, to Commissioner Murray's questions.

25 I'm talking about WR-2008-266, water,

1 Jefferson City area, formerly known as the Capital
2 Utilities area. I'm asking, is that a compilation of a
3 number of districts put together or is that one standalone
4 entity?

5 MR. RUSSO: It's made up of the Lake Carmel
6 area, and included in that is the Maplewood area in
7 Sedalia.

8 COMMISSIONER CLAYTON: Okay. I heard
9 Sedalia earlier and then Maplewood. Now, I'm assuming
10 Sedalia was not -- I mean, was it part of the Jefferson
11 City territory when it was started?

12 MR. RUSSO: It was part of the Capital
13 Utilities.

14 COMMISSIONER CLAYTON: So was it acquired
15 at some point?

16 MR. RUSSO: Yes.

17 COMMISSIONER CLAYTON: Okay. So all three
18 of these, Lake Carmel, Sedalia, Maplewood, all didn't
19 start at the same time; they basically each started and
20 eventually came together as Capital Utilities?

21 MR. RUSSO: Right. But Sedalia and
22 Maplewood is the same thing, Commissioner.

23 COMMISSIONER CLAYTON: Okay. All right.
24 So Lake Carmel and Maplewood operate under a single
25 tariff?

1 MR. RUSSO: Yes, sir.

2 COMMISSIONER CLAYTON: Okay. At one time
3 in their history, they operated under separate tariffs,
4 yes or no?

5 MR. RUSSO: I don't know for a fact either
6 way. It would go back a long time. My guess would be
7 yes, but it would be going back an awful long time.

8 COMMISSIONER CLAYTON: How do you determine
9 costs for these customers? I mean, are the costs for both
10 systems taken in total and then you basically divide it by
11 the customer count, that's how you come up with it, or are
12 costs allocated to each area, because you're talking about
13 two separate distinct systems?

14 MS. HANNEKEN: When Staff looked at their
15 records, they do keep separate plant records, but because
16 the same operators deal with these systems and they
17 basically treat them as one thing, we did not have
18 separate numbers on everything. So we did combine them
19 for our revenue requirements because they didn't have
20 total separation.

21 COMMISSIONER CLAYTON: All right. So in
22 this -- in this case, the dollar amounts are relatively
23 small, they're very small, but basically we have a single
24 tariff price regardless of each district's cost. Would
25 you agree with that statement?

1 MR. RUSSO: Yes.

2 COMMISSIONER CLAYTON: Why are their costs
3 so low when compared to all these other areas? How could
4 you be so lucky to live in Lake Carmel or Maplewood water
5 areas?

6 MS. HANNEKEN: Pretty much the driver there
7 is that they didn't have a lot of plant improvements like
8 the other districts did. Their general expenses like fuel
9 and salaries and things of that nature increased at the
10 same rate as the other districts, but things like the
11 plant did not increase.

12 COMMISSIONER CLAYTON: Okay. So there was
13 an absence of capital investment in this area?

14 MS. HANNEKEN: Correct.

15 COMMISSIONER CLAYTON: Now, looking
16 forward, does this area have a need for significant
17 capital investment?

18 MS. HANNEKEN: To my knowledge, no. I
19 mean, they obviously maintain the system. Things could
20 break at any time.

21 COMMISSIONER CLAYTON: We've heard the
22 words Lake Carmel before, and that involved significant
23 capital investment. So is it unrealistic to think that
24 there will be no significant capital improvements in the
25 near future?

1 MS. HANNEKEN: I don't think anyone can
2 predict what the capital improvements will be. As far as
3 I'm aware, they have no immediate plans to put in a large
4 amount of capital in that district unless something would
5 break down or need to be replaced, but I can't testify to
6 what may happen.

7 COMMISSIONER CLAYTON: Okay. Sewer case,
8 SR-2008-267, which is Jefferson City and Maplewood,
9 generally speaking, the same areas as the water case we
10 previously discussed. Can you describe to me the
11 difference in the service area considering the number of
12 customers are significantly different? Do you follow the
13 question?

14 MR. RUSSO: No, that's fine. On the Jeff
15 City sewer side, you do have, like I was saying earlier,
16 in Jeff City proper, which includes Callaway County, you
17 have the 62 separate, basically 62 separate subdivisions,
18 including Lake Carmel, versus water side where all you
19 have is Lake Carmel. They do not provide water service in
20 any of those other 61 subdivisions, and Jeff City proper
21 area, in terms of Maplewood, they provide both water and
22 sewer to essentially the same customer base.

23 There may be one or two difference in total
24 customers in Maplewood, but it's essentially the same
25 base.

1 COMMISSIONER CLAYTON: Maplewood customers
2 served by Aqua Missouri for both sewer and water are going
3 to make out like bandits in this case, are they not?

4 MR. RUSSO: It appears that they are going
5 to receive a benefit, yes.

6 COMMISSIONER CLAYTON: They're going to
7 pay -- they're going to pay, what, a whopping 3 bucks a
8 month, 4 bucks a month for sewer service and a whopping,
9 what, 7 or \$8 for water? Am I reading my chart correctly?
10 Maplewood sewer customers have a decrease of around 10
11 percent?

12 MR. BUSCH: Commissioner, on the sewer side
13 it looks like, assuming a 5,000 gallon usage on the sewer
14 side, their total bill would be \$18.70.

15 COMMISSIONER CLAYTON: All right. Well, my
16 chart here is obviously incorrect. I had an anticipated
17 base charge of \$3.55. Is that incorrect?

18 MR. BUSCH: That is correct, and then a
19 usage charge of \$3.33, and then if you assume 5,000
20 gallons --

21 COMMISSIONER CLAYTON: Okay. That's the
22 base, you assume 5,000 gallons of usage?

23 MR. BUSCH: Yeah.

24 COMMISSIONER CLAYTON: So that's going to
25 go away?

1 MR. BUSCH: Yeah. And then on the \$18.70
2 on the total bill.

3 COMMISSIONER CLAYTON: All right.

4 MR. BUSCH: And then on the water side,
5 those customers are going to pay average bill about 17.74.

6 COMMISSIONER CLAYTON: All right. That I
7 don't have as the average usage. Good. Thank you.

8 In the Jefferson City sewer area, we heard
9 testimony on the Vanloo Estates. Are those customers
10 included in that customer count of around 1,700, 1,800
11 customers?

12 MR. RUSSO: Yes, they are.

13 COMMISSIONER CLAYTON: They are. And their
14 rate would go up to be around \$45 a month?

15 MR. RUSSO: That's correct.

16 COMMISSIONER CLAYTON: During the testimony
17 at the local public hearing, there was discussion about
18 how the houses were developed and how they had septic
19 systems that were put in by the developer and are owned
20 by, I think by the customers and then gray water was fed
21 into -- into the lagoons that would then be owned by the
22 sewer company. Is that -- first of all, is that correct
23 the way I've set it out?

24 MR. RUSSO: Yes.

25 COMMISSIONER CLAYTON: All right. So is it

1 a fair statement that the cost to serve or provide sewer
2 service to a customer in Vanloo Estates is going to be
3 significantly less than the cost to serve someone that
4 you're treating, you know, untreated sewage?

5 MR. BUSCH: Commissioner, I asked them -- I
6 had that same -- when I heard that at the public hearing,
7 wondered the same thing because I wasn't familiar with
8 that sort of a system, in talking to some of the
9 inspectors and engineers, they said that when you break
10 down to the gray water, that it actually might have to
11 have more critters in there to get rid of the sewage. You
12 have to have a higher concentration because the
13 concentration of the stuff that gets into the lagoon isn't
14 nearly as highly concentrated as a regular sewage system.

15 So there actually might be some costs that
16 actually have to be increased because of the lower
17 concentration of matter. That's what -- that's the
18 explanation that I got.

19 COMMISSIONER CLAYTON: You buy that?

20 MR. BUSCH: I could see where it would make
21 a little bit of sense, that if there's less -- there's
22 less concentration of raw material, that you'd have to
23 have more of whatever the process is naturally to break
24 that down because --

25 COMMISSIONER CLAYTON: If there's less of

1 the stuff, then you need more to break --

2 MR. BUSCH: More of a concentration. If
3 there's not enough, they will die.

4 COMMISSIONER CLAYTON: Do you-all have any
5 experts that can tell you whether that's true or not?

6 MR. BUSCH: That's what my experts told me.

7 COMMISSIONER CLAYTON: Okay. Who are your
8 experts?

9 MR. BUSCH: I talked to Jerry Scheible, an
10 engineer with the water and sewer department.

11 COMMISSIONER CLAYTON: Yeah, and so he says
12 treating gray water is more costly?

13 MR. BUSCH: Could be. In that regard,
14 there are other situations that -- or other factors that
15 could cause it to be less, but that's one factor that
16 actually would be a higher cost. So he didn't say that
17 the overall would be higher, but just that one particular
18 piece of the process would be higher.

19 COMMISSIONER CLAYTON: All right. Well,
20 that's counterintuitive. I mean, it just -- so I'm not
21 saying I don't believe it. I just -- it doesn't make
22 sense.

23 So does it make sense for these people to
24 have septic systems? And they're spending money to treat
25 their own septic systems, and then it costs more to treat

1 it on the back side? I mean, who designed these things?

2 Were we involved in any of this design work?

3 MR. BUSCH: That I don't believe that we
4 were involved, because I believe it was the developer that
5 would develop it according to DNR standards and then would
6 contribute the plant to the company. So I don't think
7 that, from my understanding, we're not involved in that
8 process.

9 COMMISSIONER CLAYTON: Probably not, unless
10 you're certificating the utility in the type of system at
11 the start. Don't you look at the type of system when you
12 grant the certificate? When I say you, I mean the
13 Commission.

14 MR. BUSCH: For a new system, yes. For a
15 system that's acquiring a subdivision that already exists,
16 I -- I'm going to have to defer to somebody who's done
17 that more than I have.

18 COMMISSIONER CLAYTON: Who would that be?

19 MR. BUSCH: Jim.

20 MR. RUSSO: In the case of a new
21 certificate, yes. The thing with Aqua Missouri here, in
22 an established certificated area the answer is no, because
23 in this area if a new subdivision goes in, they're
24 required -- basically the developer is required to donate
25 that system to Aqua Mo. We're not involved in the process

1 at all, and that development at that point is between the
2 developer and DNR. DNR reviews all the permits and
3 approves it, and basically we find out about it as we do
4 inspections or in the next rate case.

5 COMMISSIONER CLAYTON: So who owns the
6 septic tanks in these houses, is that Aqua property or is
7 that customer property?

8 MR. RUSSO: That is customer property.

9 COMMISSIONER CLAYTON: So they're
10 responsible for that, and then they've got to pay another
11 \$45 after they've treated it halfway?

12 MR. RUSSO: That is correct.

13 COMMISSIONER CLAYTON: How do we get to
14 this point? I mean, really, I just -- it -- it -- we're
15 going to have to explain this. I just don't understand
16 how we could be at this point. I'm not blaming anyone in
17 this room. This stuff happened, so don't take it this
18 way. But my frustration is that these people are sitting
19 here, you know, that they're funding part of this system
20 out of their own pocket, and yet then now we're going to
21 turn around and say, well, yeah, but you're going to
22 contribute another \$45 on a monthly basis.

23 So I guess let me ask the question this
24 way. You have 62 separate subdivisions, and I'm assuming
25 that you don't do individual cost analysis for each of

1 those 62 separate subdivisions?

2 MR. RUSSO: That's correct.

3 COMMISSIONER CLAYTON: So you have -- you
4 basically take 62 systems, you consolidate the cost, and
5 then you just divide by the number of customers and kind
6 of come up with the rate in a simple way of speaking?

7 MR. RUSSO: Yes.

8 COMMISSIONER CLAYTON: So you've got a
9 single tariff when actually the cost to serve someone at
10 Lake Carmel may be significantly different from the cost
11 of serving someone at Vanloo, they're going to pay the
12 same rate?

13 MR. RUSSO: That is a possibility, yes.

14 COMMISSIONER CLAYTON: All right. Why is a
15 single tariff justified in that instance but not
16 justified, say, system-wide for all of Aqua Missouri's
17 customers?

18 MR. RUSSO: Well, in this case the
19 certificated area basically is Cole County. Whereas, the
20 one down in Laurie, Ozark Meadows, that certificate is for
21 that particular area. So it's basically each one's a
22 different district.

23 COMMISSIONER CLAYTON: Okay.

24 MR. RUSSO: You know, it's --

25 COMMISSIONER CLAYTON: So the 62 were not

1 separate -- they weren't certificated separately? They're
2 all under one certificate?

3 MR. RUSSO: That's correct, sir.

4 COMMISSIONER CLAYTON: This is also the
5 district that's received the most capital investment, I
6 think the testimony was around \$1.7 million?

7 MR. RUSSO: Yes.

8 COMMISSIONER CLAYTON: Somebody said that
9 earlier. Are its capital needs up to speed or is this
10 district going to need future significant capital
11 investment, or is it going to be operational after that?

12 MS. HANNEKEN: I mean, they're continually
13 looking at their treatment plant seeing if --

14 COMMISSIONER CLAYTON: I know they're
15 continuing looking at it, but I mean is there anything
16 anticipated? I read in one of the unanimous agreements
17 about an anticipation of a big chunk of money that was --
18 I mean, it was a problem that was identified that they
19 were going to have to invest another large sum of money.
20 I'm just asking in the immediate future, do you see any
21 needs, not just in general something breaks.

22 MS. HANNEKEN: I don't really know if I can
23 answer that question. I would think that's more of a
24 question for the company as to whether or not they plan on
25 investing. I mean, I don't make those decisions for the

1 company.

2 COMMISSIONER CLAYTON: Do you know?

3 MR. ELLINGER: I can partially address your
4 question, Commissioner. First of all, there is -- many of
5 the facilities are older and they do require a little
6 higher level of upkeep, and by that I mean things like
7 aeration, deep chlorination, chlorination.

8 The other issue that is on the horizon that
9 nobody knows the answer to is the Department of Natural
10 Resources is proposing, I never get this word quite right,
11 anti-degradation rules, I think that's how you say it,
12 which could impose a very significant additional capital
13 cost on every -- everybody in the state, not just Aqua
14 Missouri.

15 So I can't say that there won't be
16 additional capital costs. I'm sure there will be
17 additional capital costs that goes forward.

18 COMMISSIONER CLAYTON: But you're not
19 talking about something that you know has to be replaced
20 next year, the next two years, as in you have to replace a
21 new water tower, you've got to -- you've got to increase
22 the berm in the lagoon or something like that? Are
23 there -- everything's going to be caught up after this?

24 MR. ELLINGER: My experience in working
25 with the company is there are always those issues that are

1 ongoing on a constant basis because of the sheer number of
2 facilities that are required.

3 COMMISSIONER CLAYTON: All right. Sewer
4 case SR-2008-268, Ozark Meadows, the testimony earlier
5 with Commissioner Murray's questions said that there used
6 to be a developer subsidy that reduced the cost of
7 providing service and that that subsidy has gone away, and
8 that it's my understanding that the rate is based on this
9 is just the cost of service today without the subsidy, the
10 proposed rate; is that correct?

11 MR. BUSCH: That is my understanding.

12 COMMISSIONER CLAYTON: Okay. And there are
13 only around 20 customers in this area. Is there a -- what
14 is the potential number of customers that can be served in
15 this area?

16 MR. RUSSO: That area was -- when that area
17 was originally certificated, it could be as many as 60.
18 Unfortunately, nothing's happened yet.

19 COMMISSIONER CLAYTON: But you've only got
20 a maximum of 60 that could even --

21 MR. RUSSO: Yes.

22 COMMISSIONER CLAYTON: Okay. The last case
23 is 269, which is a water case, and it is a little more
24 complicated in the sense that it has -- you've got water
25 service here and you've got, what, seven different

1 separate districts; is that correct?

2 MR. RUSSO: Yes.

3 COMMISSIONER CLAYTON: Now, were each of
4 those at their start individually certificated or were
5 they all certificated together?

6 MR. RUSSO: Those were acquisitions, so
7 they were originally separate.

8 COMMISSIONER CLAYTON: They were all
9 separate standalone areas?

10 MR. RUSSO: Yes, sir.

11 COMMISSIONER CLAYTON: With their own
12 certificate and their own cost structure?

13 MR. RUSSO: Yes, sir.

14 COMMISSIONER CLAYTON: And each of these --
15 each of these rates are directly taken from their -- the
16 cost of providing service in each of those areas, they're
17 cost specific?

18 MR. RUSSO: Yes.

19 COMMISSIONER CLAYTON: Or district specific
20 price. All right. Did -- as a comparison, did the Staff
21 or Public Counsel run a single tariff pricing model to see
22 what the price would be for this service if all the costs
23 were aggregated into one rate?

24 MR. RUSSO: Staff did not.

25 COMMISSIONER CLAYTON: Do you know why?

1 Just they would be helpful or not important or -- just
2 wondering. Anyone? Didn't think of it, not a good idea?

3 MR. BUSCH: At this time it wasn't
4 something that I thought that we should do. It's
5 something that is on the radar screen to look at the whole
6 idea, single tariff pricing versus district specific
7 pricing.

8 CHAIRMAN DAVIS: Commissioner Clayton, can
9 I jump in there just for a second?

10 COMMISSIONER CLAYTON: Just for a second.

11 CHAIRMAN DAVIS: Okay. My mental
12 impression was that in a previous Missouri American Water
13 case, I do not recall the number, but this Commission
14 rejected -- the majority of this Commission rejected
15 single tariff pricing, and the Staff took that as their
16 cue to not advocate for single tariff pricing anymore, and
17 that is the reason why Staff no longer advocates for
18 single tariff pricing. That was what I was told.

19 COMMISSIONER CLAYTON: You-all can tell me
20 that, then. I mean, is that the case? That's what I'm
21 trying to get at here. We've got a number of different
22 districts. If ever there were a circumstance where we'd
23 consider that, I mean, you've got a number of different
24 districts that have different levels of service, different
25 types of service, different cost structures.

1 I mean, if that's the reason why you're not
2 looking at it, I think we need to hear that, and if you
3 think it's a bad idea, I want to hear that. If you think
4 it's a good idea and we ought to look at it, I want to
5 hear that, too. If you don't have any opinion, then say
6 don't care.

7 MR. BUSCH: Go back to what Chairman Davis
8 way saying. I do believe WR-2000-281 was a Missouri
9 American case that district specific pricing was granted
10 by the Commission for Missouri American. So I do believe
11 that that is what Staff has been following over the last
12 few years.

13 COMMISSIONER CLAYTON: What year was that
14 case, Mr. Busch?

15 MR. BUSCH: It was 2000-281.

16 COMMISSIONER CLAYTON: 2000. So I mean
17 that was -- that was eight years ago.

18 MR. BUSCH: Yes, something like that. That
19 is, like I said earlier, that is something that -- it's
20 been eight years, and I would like to review whether or
21 not that is necessarily the way to continue, especially
22 for the smaller companies, the smaller systems.

23 There's a lot of issues with spreading the
24 cost around a very minute amount of customers that leads
25 to a lot of higher rates, and if we can help those smaller

1 systems with really small amount of customers, I would
2 like to investigate that more, but at this point in time,
3 just didn't have the opportunity to do it.

4 COMMISSIONER CLAYTON: Okay. I appreciate
5 that. That is helpful. Are there any subsidies, any
6 cross-subsidies among any of these districts as part of
7 this unanimous settlement? I mean, that is a policy that
8 the Commission has endorsed in the water case, in the big
9 one. We subsidized Brunswick and maybe Mexico and
10 Parkville, or something like that. Are there any
11 subsidies in this? Did you contemplate any subsidies?

12 MR. RUSSO: Actually, there is, I believe,
13 one, and I don't have the numbers in front of me. It's
14 from the Maplewood district to that small district in
15 Laurie, and it is approximately \$9,000, which is what part
16 -- it's almost equivalent to what that developer was
17 paying. So there is one down there in that small system.

18 COMMISSIONER CLAYTON: Is that on the water
19 or the sewer side?

20 MR. RUSSO: I'd have to go back and look.
21 There's so many of them, I just -- I draw a blank. I
22 apologize.

23 COMMISSIONER CLAYTON: I understand. Hey,
24 I've got a cheat sheet and the cheat sheet isn't even
25 right. So -- somebody's listening here. Somebody's

1 listening here.

2 MR. RUSSO: Commissioner, it did come from
3 Maplewood sewer to Ozark Meadow sewer.

4 COMMISSIONER CLAYTON: Say that again.

5 MR. RUSSO: The -- the Maplewood sewer --
6 I'm assuming the cheat sheet I'm looking at is correct.
7 The Maplewood sewer, it was approximately \$9,000. They
8 had the decrease. Maplewood had a decrease, and that
9 decrease was reduced by approximately 9,000. It's still a
10 decrease, but 9,000 of that was allocated or subsidized to
11 that Laurie system.

12 COMMISSIONER CLAYTON: And that's a sewer?

13 MR. RUSSO: Yes, sir.

14 COMMISSIONER CLAYTON: And is that part of
15 the Jefferson City? Well, that doesn't make sense,
16 because I mean, 9,000 wouldn't affect the big Jeff City
17 sewer.

18 MR. RUSSO: No, it doesn't affect Jeff City
19 at all. The Maplewood sewer is part of CU, but it's a
20 different rate than what the Jeff City is.

21 COMMISSIONER CLAYTON: Maplewood sewer is
22 part of CU or Maplewood water is part of CU?

23 MR. RUSSO: Both of them are.

24 COMMISSIONER CLAYTON: Both of them are.

25 Okay.

1 MR. RUSSO: Clear as mud.

2 COMMISSIONER CLAYTON: And is Laurie part
3 of CU?

4 MR. RUSSO: No. Laurie is Ozark Meadows
5 but it's like Aqua Missouri Development.

6 COMMISSIONER CLAYTON: On the sewer side?

7 MR. RUSSO: Yes, sir.

8 COMMISSIONER CLAYTON: So basically you got
9 a transfer of -- of 9,000 from Maplewood sewer into Ozark
10 Meadows sewer?

11 MR. RUSSO: Yes, sir.

12 COMMISSIONER CLAYTON: To reduce that --

13 MR. RUSSO: That's right.

14 COMMISSIONER CLAYTON: Well, that's
15 interesting. So even with that subsidy, they still have
16 that increase. How did that come about? I mean, you're
17 two separate cases. You have two different case numbers,
18 different systems, and you've got a subsidy that's
19 crossing over there. How does that -- how does that come
20 about and did you think about others?

21 MR. RUSSO: We -- well, actually, we looked
22 at who had a decrease, and on the sewer side, that was the
23 only one. I think somebody on the water side did, but
24 that wouldn't be appropriate. It came about because if we
25 didn't do that, that 300 and whatever percent would

1 probably be 800 percent. And that just -- we couldn't see
2 justifying that for those poor ratepayers down there.

3 COMMISSIONER CLAYTON: There's going to be
4 a lot of poor ratepayers. Should we be looking at more
5 subsidies? Because some of these people are getting hit
6 much harder than others. And it's really at no fault of
7 any of these customers. It's just kind of roll of the
8 dice or where they choose to live. It's whether the --
9 whether the system was set up properly and whether it's
10 had the investment over the years. But should we be
11 looking at -- I'm not advocating for it, so don't take it
12 as that. I'm just kind of --

13 MR. RUSSO: We did consider and we did
14 look. On the water side, all we had was Riverside
15 Estates, and their rates decreased by \$3,600, and we
16 just -- that wouldn't have made a heck of a lot of
17 difference on all those other water districts down there
18 when you spread that out amongst those other six
19 districts. So we did look at it, but the impact was so
20 minimal that we didn't do anything, sir.

21 COMMISSIONER CLAYTON: The impact was
22 minimal?

23 MR. RUSSO: Yes, sir.

24 COMMISSIONER CLAYTON: So that by
25 eliminating their reduction and spreading it out, it just

1 wouldn't have made a difference?

2 MR. RUSSO: Very slight.

3 COMMISSIONER CLAYTON: Yeah. Well, I was
4 thinking that you add up some of these, the customers just
5 don't work. So you'd have to -- you'd have to raise rates
6 on the smaller areas to even make a dent in the larger
7 areas.

8 Thank you for answering my questions. I
9 don't think I have anything else. It's very complicated,
10 and I appreciate your patience.

11 JUDGE DIPPELL: Commissioner Jarrett?

12 COMMISSIONER JARRETT: Thank you. Good
13 morning. I just had a couple of general questions on top
14 of some of the more detailed questions asked by
15 Commissioners Clayton and Murray.

16 It looks like the agreements require the
17 company to implement some pretty extensive changes in
18 billing and recordkeeping practices. Can someone kind of
19 describe why such extensive changes are necessary and what
20 are the status of some of those changes, and can the
21 company -- is everyone confident that the company can meet
22 the deadlines for getting those new practices in place by
23 the deadlines? Anybody at all?

24 MS. HANNEKEN: I can address some of the
25 booking issues where we are having them look at the way

1 that they keep their plant records and other type of --
2 like their credit card expenses, things like that. When
3 we looked at their records in the last case, they had
4 several discrepancies and several problems producing the
5 data, and we had requested in the last case that they
6 clean up their records and have a better system.

7 And we found in this case that they had
8 made some attempts to do so, but they still were not up to
9 where we thought they should be. So we're hoping that
10 these recommendations will again improve their
11 recordkeeping systems so they can actually see what
12 they're doing.

13 For instance, they had several times during
14 their expense and plant records where they were putting
15 them in the wrong district. Like, for example, they would
16 put plant in the Jefferson City district but book it to
17 the Maplewood district or things of that nature. And
18 without us going all the way back to the invoices and
19 physically seeing what the items were and where they
20 actually went, by their record they couldn't tell. We had
21 to go back and dig up all the information. We're hoping
22 these recommendations will address those, the weaknesses
23 in their recordkeeping.

24 COMMISSIONER JARRETT: I guess
25 Mr. Ellinger, can you address that? What is the company

1 currently doing and are you confident the company can meet
2 those? I think most of those deadlines were like
3 November 30th.

4 MR. ELLINGER: The company, from talking to
5 the folks there, they feel that they can meet the
6 deadlines and would not have agreed to them had they not
7 been able to meet the deadlines.

8 I can say with respect to the answer that
9 Ms. Hanneken gave, I don't have a lot of knowledge of
10 booking. I know a little more about the customer accounts
11 and the billing issues, and that has been a concern, and
12 that's one that there's a number of issues in the
13 stipulation dealing with, and I think there is a
14 commitment by the company to address those issues and
15 correct them in a timely manner.

16 COMMISSIONER JARRETT: Thank you. My next
17 question is, I notice that one of the recommendations was
18 that there be a task force for timely meter reading, and I
19 just was wondering why we need a task force to determine
20 why meters aren't getting read timely? I think I'm
21 specifically referring to WR-2008-266, recommendation 21.
22 I'm on page 4 of the seven-page agreement. Says that the
23 company will initiate a task force to address timely meter
24 reading within the 26 to 35-day window per Missouri
25 regulations.

1 MR. RUSSO: That came out of the billing
2 problems that they were having where we had -- and again,
3 I'm going by memory, that dangerous thing, but I believe
4 July of 2007 there was a period of 60-some days, January,
5 I'm thinking it was, there was a period of 24 days, then
6 coming -- January of '08, then coming forward to April of
7 '08, there was a period of something greater than the 35
8 days. I don't know if it was 43 or 44, and that's where
9 that came from specifically.

10 We wanted the company to get something
11 going where they would read these things basically every
12 30 days. But the rule is where that came from. The rule
13 allows that window there. But we were trying to do away
14 with these strange fluctuations they were having in their
15 billing process and reading their meters.

16 COMMISSIONER JARRETT: Was there any
17 indication why? I mean, did they not have enough
18 employees to do that or what seems to be the problem?

19 MS. HANNEKEN: Part of the problem that
20 they were experiencing, this past December in '07 they
21 implemented electronic meter reading where -- they didn't
22 actually read the meters electronically. They read them,
23 but they entered the information electronically, and then
24 the things were uploaded to a system. It's all
25 computerized. There was a learning curve with that.

1 And I believe what the company had
2 expressed to me was that they were also looking at how the
3 meters were being read, when they were being read, and how
4 to better implement their electronic system that they had
5 just put in.

6 COMMISSIONER JARRETT: Okay. Thank you. I
7 don't have any further questions.

8 JUDGE DIPPELL: Thank you. Commissioner
9 Gunn?

10 COMMISSIONER GUNN: Yeah. I want to go
11 back to, I think folks have done -- the other
12 Commissioners have done a really good job asking
13 questions, but I'm still unclear on some stuff. I want to
14 go back to Vanloo Estates, which really is kind of the
15 most troubling part of this for me. How many customers is
16 that? Is that about 40 from what I understand?

17 MR. BUSCH: 40 to 50.

18 COMMISSIONER GUNN: 40 to 50. And these
19 are the folks that have their own septic tanks, and are --
20 so basically the only thing -- they're only getting liquid
21 treatment from the sewer system, correct?

22 MR. BUSCH: That's what I understood from
23 the public hearing.

24 COMMISSIONER GUNN: Are there -- out of the
25 other 62 subdivisions that we talked about that are

1 covered by this, by this sewer case, are any of the other
2 ones like that or is this unique?

3 MR. RUSSO: Quail Valley is, I know that.
4 There may be others. As I sit here, I can't think of any.

5 MR. ELLINGER: There are others,
6 Commissioner, in addition to Quail Valley and Vanloo. I
7 can't recall them all off the top of my head. To be
8 candid, I lived in one of those subdivisions at one time,
9 and it had it. I don't know what particular -- that's in
10 Rock Ridge Estates. But I think that's a fairly common
11 treatment system throughout the system. It's not
12 predominant, but it's a common system.

13 COMMISSIONER GUNN: And it's the same setup
14 where they're paying for part of -- they're paying for
15 part of the maintenance of the septic tanks themselves?

16 MR. ELLINGER: In those systems, the septic
17 tank is owned by the landowner and maintenance of the
18 septic tank is the landowner's responsibility, and then
19 the gray water that comes off of it flows, whether it's
20 through pumps or gravity or whatever, into a treatment
21 facility.

22 COMMISSIONER GUNN: Now, we heard that
23 there was one factor that may cause something to be a
24 little bit more expensive, which was the higher
25 concentration issue. But since you're not treating --

1 you're not treating solids, I mean, bottom line, I want to
2 know whether it costs more to maintain a system like this
3 or less, and if it's only opinion, that's fine, but I
4 mean, I think it's important.

5 MR. RUSSO: I personally do not know.

6 COMMISSIONER GUNN: Does the company have
7 any idea?

8 MR. RUSSO: It would be sheer speculation
9 on my part, Commissioner.

10 MS. BAKER: If I might, I'll add a little
11 bit of my previous life into this if you like, as an
12 engineer. Having a septic system like this, the reasons
13 why you have an onsite septic system with what's
14 considered a grinder pump is to move the solids into a
15 more of a liquid phase so that they can be moved more
16 easily into the lines of the sewer system. Pushing --
17 pushing the solid material is much harder than pushing a
18 liquid material, and so that's why a lot of times you have
19 these onsite septic systems.

20 What the treatment plant deals with is then
21 you do not have a consistent material coming in. You have
22 some of the -- some of the customers will send a solid
23 material in, and then some of them send a liquid material
24 in. That does add to the ability of the operator to
25 operate the treatment system because you have biological

1 process at the treatment system that has to have a certain
2 amount of food, if you want to think of it that way.

3 A liquid has -- has less food for the
4 biological process, and so you may find a more touchy
5 system where you have to spend a little bit more operator
6 time on the treatment system, and I believe that is what
7 the engineer for Staff was trying to say.

8 COMMISSIONER GUNN: I get that. I mean, I
9 understand that you might have to throw some more stuff in
10 because it's more spread out. It's different. But I'm
11 talking about cost. Okay? Is that -- and as-- as
12 Mr. Busch stated, that's one factor in determining whether
13 these things cost more. And you said there might be other
14 factors that lessen the cost of that. For example, you
15 don't have to -- since the ratepayer is paying for the
16 maintenance of the septic system, there's stuff at the
17 front end that you don't have to pay for.

18 MS. BAKER: That's correct.

19 COMMISSIONER GUNN: All right. So what
20 you're telling me is nobody in this room can tell me yet
21 whether it is more expensive or least expensive -- or less
22 expensive for these customers and for the company to
23 maintain these septic systems, it's a -- I'm just asking a
24 straightforward -- I understand all the engineering stuff.
25 I just want kind of a simple answer as to whether it's

1 more --

2 MS. BAKER: The treatment plant that each
3 of the customers goes into is the same, and so the
4 treatment plant will be designed for a more solid material
5 coming in. So the cost of that treatment plant will
6 include the capability of your gallons per day of a solid
7 mass coming in with a biological control.

8 COMMISSIONER GUNN: Let me ask the question
9 this way. If the company took over maintenance of septic
10 systems, would they still be able to provide the service
11 for \$44.79?

12 MR. ELLINGER: That one I think I can
13 answer, Commissioner. No, they could not. They would
14 have additional cost incurred to maintain, clean, update
15 those septic systems.

16 COMMISSIONER GUNN: Which means that those
17 ratepayers and those subdivisions are bearing a certain
18 amount of cost greater than what other ratepayers in the
19 same service area are paying?

20 MR. ELLINGER: That is probably the case,
21 Commissioner. Now, whether that changes the cost to
22 operate the treatment facility, that's what I can't
23 answer.

24 The fact that the people who own the septic
25 tank pay for a septic tank and pay to maintain a septic

1 tank does have additional cost for that person, but I
2 don't know if that means that it's less costly to operate
3 the treatment facility because they're doing that as
4 opposed to just running a straight line from their house
5 right into the treatment facility.

6 COMMISSIONER GUNN: Well, that -- I'm going
7 to need to know the answer to that question. And maybe we
8 can find out by the end of today, because that's going to
9 be pretty dependent on whether I approve a rate for a
10 group of ratepayers that is a 61 percent increase paying
11 40-something dollars, and most of the Vanloo people
12 weren't known to be customers previously, correct?

13 MR. ELLINGER: Some of them were not on the
14 system, that's correct, on the billing system.

15 COMMISSIONER GUNN: Okay. So they were --
16 so it wasn't -- did you -- were you -- was Aqua Missouri
17 paying for the upkeep of that system but they just didn't
18 know these people were hooked into it?

19 MR. ELLINGER: Aqua Missouri was upkeeping
20 the system, operating the system. It didn't have a full
21 number of customers to bill. They weren't aware of the
22 full number.

23 COMMISSIONER GUNN: There was some
24 testimony previous -- I'm going to change subjects here.
25 There was some testimony previously that some of the

1 customers didn't object to the previous rate increase
2 because they expected to see significant improvements to
3 the system on an ongoing basis. They objected to this
4 rate increase because they said that they didn't see any
5 improvements to these systems as a general matter.

6 Public Counsel's comfortable with the level
7 of the service and the prudence in which the previous rate
8 increase money has been spent on maintaining adequate
9 service for these folks as a general matter?

10 MR. TRIPPENSEE: Regarding the -- regarding
11 the previous rate increase, rate increases in Missouri are
12 not based on anticipated future investments.

13 COMMISSIONER GUNN: I understand.

14 MR. TRIPPENSEE: So while that may be a
15 misperception of the customer, it's not how we developed
16 the rates in the prior case or this case. Regarding the
17 level of service and the billing issues, we hope that this
18 agreement will take steps and implement those steps to
19 improve some significant areas of concern, especially in
20 customer service and billing.

21 The operational side of the company quite
22 honestly with our staff, we have to rely on your staff and
23 on DNR to ensure the operational side in general.

24 COMMISSIONER GUNN: I understand the
25 ratemaking stuff. And that's why I wanted to be kind of

1 specific in my question. I apologize if I worded it
2 wrong. You guys are comfortable that the service that is
3 being provided right now fulfills all the requirements for
4 being safe and adequate for the customers?

5 MS. MEISENHEIMER: No. My answer to that
6 would be no. We have built into this agreement safeguards
7 that we believe will in the future lead this company
8 toward fulfilling all of the requirements that they have
9 under Commission rule.

10 That was a critical component for us to
11 sign on is that we got a number of elements that address
12 customer service on a going forward basis to ensure the
13 customers receive the kind of care that they should when
14 they call this company, when they complain about things,
15 and that there's someone who will be held accountable at
16 the company for each of these elements actually being
17 implemented.

18 So I guess my answer to your initial
19 question is no. Do we think that we've built things in to
20 this agreement which will correct for those deficiencies?
21 Yes.

22 COMMISSIONER GUNN: So if the agreement is
23 fulfilled, which we fully expect the company to do,
24 there's no reason to expect that they wouldn't --

25 MS. MEISENHEIMER: And we --

1 COMMISSIONER GUNN: -- your concerns will
2 be satisfied?

3 MS. MEISENHEIMER: Yes. And I might also
4 point you to a couple of additional elements which were
5 included, which specifically indicate that the company
6 will be subject to further action by the Staff and
7 potentially Public Counsel in the event that those things
8 aren't done or for other reasons that are raised based on
9 customer complaints or things that the Staff observes or
10 other DNR considerations.

11 MS. HERNANDEZ: Those are in paragraphs
12 34 and 35 in the water cases and 31 and 32 in the sewer
13 cases, the provisions where we can do follow-up audits
14 where necessary and also bringing further complaints if
15 necessary.

16 COMMISSIONER GUNN: The issues with the
17 Vanloo Estates property are currently the subject of a
18 separate complaint case; is that correct?

19 MS. MEISENHEIMER: Yes.

20 COMMISSIONER GUNN: I'm assuming the
21 parties are comfortable with how that's proceeding as a
22 separate matter? I'll reserve judgment from you guys, but
23 I mean, at least the parties are talking in companion with
24 this and trying to resolve those issues? I would
25 encourage that.

1 I don't have any questions, except to say
2 that I know this was a little bit of a short time frame in
3 which to answer questions, but I -- I don't know anybody,
4 any party to this should walk away from this hearing
5 thinking that it was the finest hour in terms of being --
6 in helping us inform about what's going on. And I still
7 have some questions and I'd like -- before I can approve
8 these things, I'd like to have a little bit more
9 information. I hope you guys can get that to me as soon
10 as possible. Thanks.

11 JUDGE DIPPELL: Let me just make sure that
12 that's clear so that Staff and maybe the company could
13 work on making sure that they get you the information you
14 need, Commissioner Gunn, and that is basically you're
15 wanting to know the cost to operate a -- I'll call it a
16 Vanloo type system versus the cost to operate like a
17 straight line --

18 COMMISSIONER GUNN: Correct.

19 JUDGE DIPPELL: -- kind of system? And can
20 Staff and the company perhaps get some figures put
21 together, your best --

22 MR. BUSCH: We will do the best we can to
23 get an answer to you this afternoon.

24 JUDGE DIPPELL: All right. Appreciate
25 that. Or at least first thing in the morning.

1 MR. ELLINGER: The company will work on
2 that also.

3 JUDGE DIPPELL: Thank you. Chairman Davis,
4 did you have questions?

5 CHAIRMAN DAVIS: Yes. Mr. Ellinger, how
6 were corporate expenses of Aqua America, how were they
7 apportioned in this case?

8 MR. ELLINGER: I don't know, Judge -- or
9 Commissioner, off the top of my head.

10 CHAIRMAN DAVIS: You don't know?

11 MR. ELLINGER: I do not know in this case.

12 CHAIRMAN DAVIS: You don't know. Let me --
13 let me -- I'm going blank here.

14 Jim, do you know how corporate expenses
15 were apportioned in this case?

16 MR. BUSCH: I'm going to refer to
17 Ms. Hanneken. She did that.

18 CHAIRMAN DAVIS: Okay.

19 MS. HANNEKEN: Yes, I do. In general, the
20 expenses came down and Missouri received .44 percent of
21 the Aqua American corporate expenses.

22 CHAIRMAN DAVIS: Okay.

23 MS. HANNEKEN: And I looked extensively at
24 what was being allocated, and I removed some things that
25 were not Missouri related and then provided no benefit to

1 Missouri ratepayers. Some things were not allowed.

2 CHAIRMAN DAVIS: And then how were they
3 apportioned amongst the specific districts?

4 MS. HANNEKEN: There were two ways. First,
5 if it was district specific where they could identify that
6 it specifically addressed a Jeff City item or a Maplewood
7 item, they were 100 percent allocated. If it was based on
8 something related to human resources or their employees,
9 then it was based on number of employees -- or I mean
10 amount of payroll per district. If it was something
11 related to customers, such as customer service, we based
12 it on customer numbers for each district.

13 So it was allocated based on the item that
14 was being allocated. If it was, like I said, employee
15 related, it was based on payroll numbers, customer
16 related, it was based on customer numbers. If it was
17 general plant items, it was based on an amount of plant.
18 So it was specifically allocated based on what the nature
19 of the item was.

20 CHAIRMAN DAVIS: Okay. Ms. Hanneken, is
21 that consistent with the way Staff has done this in the
22 past?

23 MS. HANNEKEN: I can't testify to the way
24 that it was done in the previous case, but I do know in
25 other cases such as Missouri American and those we do try

1 and base it on what it relates to.

2 CHAIRMAN DAVIS: Okay. That's what I was
3 trying to get to. Thank you, Ms. Hanneken.

4 All right. Back to you Mr. Ellinger. In
5 the last case, we had Mr. DeBenedictus up here. I
6 don't -- maybe I can paraphrase Mr. DeBenedictus'
7 testimony here, but it was something of the nature that he
8 had been -- he felt that his company had been horribly
9 wronged and that they had no opportunity to make any
10 money, that they were going to, in fact, lose money after
11 the last settlement.

12 So my question is, does your client have
13 the opportunity to earn a fair return on its equity after
14 this settlement?

15 MR. ELLINGER: I think the company is
16 comfortable entering into this settlement. I think there
17 is still a concern about losing money, and that's -- to a
18 certain extent, that's the nature of the business because
19 it's a small system by number of customers and number of
20 people that you can bill and it's a large number of
21 facilities, and with the number of the other issues such
22 as the Department of Natural Resources requirements that
23 continue to change, I think there is always a concern
24 about losing money.

25 CHAIRMAN DAVIS: Okay. But does the

1 acceptance of these stipulations imply consent that the company
2 has an opportunity to earn its fair return on equity?

3 MR. ELLINGER: I don't know what they imply
4 or maybe inferred from them. They are agreements with the
5 Staff and the Office of the Public Counsel that we're
6 comfortable with what are in these documents and with the
7 rates and the revenues that come out of those documents
8 for purposes of this case.

9 CHAIRMAN DAVIS: All right. So
10 Mr. Ellinger, you have no way of knowing whether or not,
11 you know, I'm going to go to the National Association of
12 Water Companies meeting, hypothetically speaking, and hear
13 that Aqua America is out there saying that, you know,
14 Missouri just won't allow me to earn a fair return on my
15 equity? You can't say one way or the other whether or not
16 that's going to happen, can you?

17 MR. ELLINGER: Never being to one of those
18 meetings, I can't say what's going to happen.

19 CHAIRMAN DAVIS: You signed on these
20 agreements for your client and your client's accepting
21 them; is that correct?

22 MR. ELLINGER: Actually my client signed on
23 to these agreements. The president of Aqua Midwest, who
24 is also the president of Aqua Missouri has signed off on
25 that, Mr. Rakocy.

1 CHAIRMAN DAVIS: And the client's going to
2 honor all of the all of the agreements contained herein?

3 MR. ELLINGER: That's the reason they
4 signed on the bottom line is they will take the actions
5 required under this to make sure that the improvements are
6 made and live within the rates during the duration that
7 the tariffs are in effect.

8 CHAIRMAN DAVIS: Okay. No further
9 questions, Judge.

10 JUDGE DIPPELL: Thank you. I know
11 Commissioner Murray has some more questions and I have
12 some questions as well, but I'm going to take just a short
13 break for about ten minutes and then we'll come back at a
14 quarter 'til. Let's go off the record.

15 (A BREAK WAS TAKEN.)

16 JUDGE DIPPELL: Okay. Staff counsel
17 indicated to me that Mr. Russo had some clarifications he
18 wanted to make to some earlier questions. Let me let you
19 do that first, Mr. Russo.

20 MR. RUSSO: It goes back to Commissioner
21 Murray. The generator issue during the ice storm, what
22 the company did do, they've gone out and they've purchased
23 a generator. They have it onsite. So in the future, if
24 there's a problem, they're going to be able to get that
25 system up and running.

1 The other question, I think it has to do
2 with Rankin acres on meters. Presently the way the
3 current tariff is written up, it includes -- the rate
4 includes 6,000 gallons. So when you look at the customer
5 charge, it includes 6,000 gallons.

6 What Staff's proposed is -- and then it has
7 a commodity rate on top of that. And that's what I think
8 the customers were confused about. What Staff has
9 proposed is, on non-metered customers, there's a customer
10 charge, and that commodity charge that's presently in the
11 tariff goes away.

12 The other thing that the company's agreed
13 to do, and I think it's -- I'm looking for the number, but
14 it's in the agreement. No. 22 in WR-2008-0269, they're
15 going to start installing meters, and Staff has developed
16 a metered rate for Rankin acres. So whether the
17 customer's metered going forward, they'll have a rate, and
18 if they're non-metered, they'll have a rate that's
19 specifically for non-metered. That should clear up that
20 confusion.

21 JUDGE DIPPELL: Is that all, Mr. Russo?

22 MR. RUSSO: I apologize. Yes, that's all.

23 JUDGE DIPPELL: Commissioner Murray, did
24 you have some additional questions?

25 COMMISSIONER MURRAY: I do have a few

1 additional questions. Thank you.

2 Let's see. I'm forgetting which person
3 testified to this earlier. I think it was the Staff
4 witness, regarding corporate allocations, and it was
5 .44 percent of the corporate expense was allocated to Aqua
6 Missouri. Is that what I heard you say?

7 MS. HANNEKEN: Yes. Correct, unless it was
8 something that was Missouri specific, like they completed
9 a job specifically for Missouri.

10 COMMISSIONER MURRAY: But was that
11 different for water and sewer?

12 MS. HANNEKEN: That's the rate for Missouri
13 as a whole, and then once it gets to Missouri, that number
14 is then divided among the different districts based on
15 what it's related to.

16 COMMISSIONER MURRAY: Okay. I'm happy that
17 Commissioner Gunn brought up the Vanloo Estates. That is
18 really an important issue. I had some follow-up questions
19 regarding that. I'm not sure who's the best person to
20 answer this. Maybe Mr. Russo might be. The type -- what
21 is the type of treatment system there on Vanloo Estates?

22 MR. RUSSO: It's sand filter.

23 COMMISSIONER MURRAY: That's what I
24 thought. And then does a sand filter system require a
25 lift station or any lift stations?

1 MR. RUSSO: Any system could require a lift
2 station depending on elevation, of course, but I don't
3 know the specifics of that one, if there is or not.

4 COMMISSIONER MURRAY: Do you know if there
5 are any septic tanks in the Vanloo Estates that are not
6 hooked on to the treatment system?

7 MR. RUSSO: I'm not aware of any. Maybe
8 Lisa can answer that from her audit.

9 MS. HANNEKEN: No. There were some that
10 were very close to the Vanloo Estates that we were
11 concerned may be hooked up but not being billed, but we
12 contacted those residents and confirmed that they are not
13 actually hooked to the system. So as far as I'm aware,
14 there is no one in Vanloo that is not hooked to the
15 system.

16 COMMISSIONER MURRAY: Does state law
17 require that they be connected based on their lot size
18 or --

19 MR. RUSSO: That I do not know.

20 COMMISSIONER MURRAY: Mr. Ellinger?

21 MR. ELLINGER: For certain new
22 construction, that is required based upon lot size. For
23 existing properties, it may not be. It has to do with
24 when the property was built, and the lot size has
25 something to do with it also. Many -- especially in this

1 community -- I can't speak for other places -- many older
2 homes have septic tanks and backyard drain fields, and
3 they're not four-acre lots or whatever the requirement is.

4 COMMISSIONER MURRAY: And how do you know
5 which septic tanks are actually connected to your system,
6 or Mr. Russo?

7 MR. ELLINGER: I think you do that by an
8 audit, talking to the landowners and finding out whether
9 when they built their septic tanks they connected to the
10 system or not.

11 COMMISSIONER MURRAY: And what is -- how is
12 it physically connected? What's involved?

13 MR. ELLINGER: In most of them it's a
14 connection of a pipe to the outflow from the septic tank,
15 which -- and I don't recall in Vanloo. I think it's a
16 gravity system predominantly, where it flows downhill
17 through a pipe into collection mains and then ultimately
18 goes into the treatment facility. If it were -- if it for
19 some reason had to go uphill or over a hill, that's where
20 the lift stations would be involved.

21 COMMISSIONER MURRAY: But you don't think
22 there are any lift stations required in this subdivision?

23 MR. ELLINGER: I just don't know off the
24 top of my head, Commissioner.

25 COMMISSIONER MURRAY: I'm going to go back

1 to the pricing issue, the single tariff pricing versus
2 district specific pricing. I think it was Commissioner
3 Clayton that was asking quite a few questions about those
4 two methods of pricing.

5 Now, correct me if I'm wrong, but it
6 appears that we have some of the service areas here being
7 treated with single tariff pricing and some with district
8 specific pricing. Specifically the -- all of the
9 subdivisions in the Jefferson City tariff are treated with
10 one uniform rate; is that correct?

11 MR. RUSSO: Yes.

12 COMMISSIONER MURRAY: Would that not be
13 single tariff pricing?

14 MR. RUSSO: I think the difference is it's
15 within the same certificated area. Even though it's a
16 large geographic area, they're all located within the --
17 within the county, so to speak. I realize there's some
18 across the river. I think it has to do with the
19 certificated area, Commissioner, since they're all within
20 that certificated area.

21 COMMISSIONER MURRAY: Okay. Is there ever
22 pricing done within a certificated area in which there are
23 specific subdivisions priced specifically?

24 MR. RUSSO: In this case, for the Aqua
25 Missouri CU system, sewer system, yes, because in this

1 case Maplewood has a different rate than Jefferson City.

2 COMMISSIONER MURRAY: Okay. And the Vanloo
3 Estates are within the Jefferson City tariff area,
4 correct?

5 MR. RUSSO: I'm sorry?

6 COMMISSIONER MURRAY: The Vanloo Estates
7 are within the Jefferson City tariffed area; is that
8 correct?

9 MR. RUSSO: Yes.

10 COMMISSIONER MURRAY: So is it possible
11 those customers are paying more than their actual cost
12 through what really would work just like single tariff
13 pricing if -- if these areas were not all in the same
14 certificated area?

15 MR. RUSSO: That is possible, and, of
16 course, the opposite's also possible, they could be paying
17 less. It's kind of the luck of the draw on who's had the
18 improvements done to what system.

19 COMMISSIONER MURRAY: Is there any reason
20 to believe that the people in Vanloo Estates will in the
21 near or foreseeable future require significant capital
22 improvements to their system that would allow the pendulum
23 to swing in their favor in terms of rates?

24 MR. RUSSO: I would say probably not, only
25 on the basis that that's a newer system compared to some

1 of the others. But again, you get into that unknown, if
2 DNR does something that changes regs or -- who knows?
3 There could be other factors. But just based on the age
4 of the system, being that it's relatively new, if that was
5 the main consideration, I would say no.

6 COMMISSIONER MURRAY: And then Ozark
7 Meadows, you indicated that there was a subsidy from --
8 I've forgotten the name of it.

9 MR. RUSSO: Maplewood.

10 COMMISSIONER MURRAY: -- Maplewood to Ozark
11 Meadows, and those are two different certificated areas;
12 is that correct?

13 MR. RUSSO: Yes, that is correct.

14 COMMISSIONER MURRAY: So is that a form of
15 modified district specific pricing?

16 MR. RUSSO: I guess it could be.

17 COMMISSIONER MURRAY: I believe that's all.
18 Thank you, Judge.

19 JUDGE DIPPELL: Thank you. Mr. Chairman,
20 you had some additional questions?

21 CHAIRMAN DAVIS: Ms. Meisenheimer, just a
22 couple. And not talking about the stips at all, is there
23 anything that you would like to see going forward with --
24 do you have any other further recommendations for any of
25 the Aqua Missouri properties that you'd like to share with

1 us at this time?

2 MS. MEISENHEIMER: Well, listening to the
3 Commission's concerns, it seems to me that if the
4 Commission is interested in looking in the future to see
5 whether these districts are properly identified, if you
6 will, which subdivisions belong where and how do the costs
7 of them compare, that you -- I think we would be willing
8 to participate in something to help identify, take a look
9 at these districts to see if they make sense in terms of
10 the cost characteristics.

11 Cost processes are very complicated to do
12 these cost studies. You have allocations of plant.
13 That's one component where you might say there's a
14 difference in the cost to serve different customers based
15 on plant. But in a district or in a service area there
16 may be uniform costs with respect to things like labor,
17 with respect to, you know, you might use the same truck to
18 travel throughout the service area doing repairs and
19 maintenance. So some of the costs may actually be very
20 similar over a certificated area.

21 I think it's a very complicated process.
22 If you are interested in determining whether there is
23 truly for places like Vanloo that have different setup,
24 different hookup, to determine whether they should -- we
25 should be considering redesigning their rates relative to

1 others to perhaps create a unique district for them, then
2 you might express an interest in the parties doing that
3 prior to the next rate case.

4 That's a very complicated process. It will
5 take a lot of resources of your Staff and our office,
6 although I think that we would be willing to participate
7 to the extent that we can in that. But that would be one
8 way. That's something you do in other utility areas as
9 well. You identify specific concerns, you ask the parties
10 to consider those things and present you evidence in the
11 next proceeding.

12 In electric we typically do rate design
13 independent, or have in the past, do rate design
14 independent of actually determining revenue requirement
15 for areas, and one of the reasons is because we look
16 independently at the service areas to see whether the cost
17 drivers are similar and whether it makes sense to
18 delineate them in the way that they are.

19 So that is the one thing after listening to
20 the Commissioners' questions that struck me as something
21 that perhaps we should do the next time around. I don't
22 know that you want to delay the process that we're in
23 today for a year while that happens, and I -- you know, I
24 say a year. It may being six months only, but I know
25 there would be a lot of work, I think, involved in pricing

1 out what are the components that each of these types of
2 customers are served by, what are -- are you going to base
3 it on replacement cost or book cost in determining the
4 allocations between customer classes.

5 I think it would be very complicated, but
6 certainly it's something that could be done if you believe
7 that there may be significant differences that would
8 justify greater breakdown of rates.

9 CHAIRMAN DAVIS: Okay. Thank you. I think
10 that's all I have.

11 JUDGE DIPPELL: Were there any other
12 Commission questions? I had a few other things, but --
13 Commissioner Jarrett?

14 COMMISSIONER JARRETT: Maybe I missed this,
15 but what was the reason for the subsidy in the -- in that
16 one instance?

17 MR. RUSSO: Impact on the ratepayers would
18 have been unbelievable, somewhere around 800 percent
19 increase.

20 COMMISSIONER JARRETT: Thank you.

21 JUDGE DIPPELL: All right. I had just a --
22 oh, Commissioner Murray, go ahead.

23 COMMISSIONER MURRAY: Just one more quick
24 one in that we were talking about Vanloo Estates and it
25 was mentioned that there were other subdivisions that have

1 the same kind of system. I think it would be helpful to
2 know how many subdivisions are -- homeowners own their own
3 septic tanks and maintain them themselves and what kind of
4 treatment system is in that subdivision. That shouldn't
5 be too difficult, should it, to put together?

6 MR. BUSCH: My only comment, and an apology
7 to the Commissioners, my expert who did all this and who
8 is intimately familiar with Vanloo, he is out with the
9 company doing the audit today. So I completely missed the
10 ball on this one and told him he could be out doing the
11 audit because we're trying to get that all wrapped up by
12 the middle of September.

13 So we can -- I'll talk to some of the other
14 guys upstairs and we'll come up -- try to come up with
15 that answer for you.

16 COMMISSIONER MURRAY: It may not be a
17 necessary answer prior to this Order, but I would like
18 that information eventually.

19 MR. ELLINGER: I think at least with
20 respect to how many subdivisions use septic tanks and a
21 treatment facility versus those that don't, that's
22 probably a pretty easy answer to get in a very quick
23 manner. Obviously I'm hamstrung with the same problem
24 that Jim is, but I -- with respect to Commissioner Gunn's
25 question, I've already got the corporate staff working on

1 that.

2 So we will -- we'll be able to get that
3 answer to you as soon as somebody gets back in the office
4 that can tell us because they may even be able to shoot
5 that one off the top of their head.

6 COMMISSIONER MURRAY: Thank you.

7 JUDGE DIPPELL: All right. I had just a
8 few other questions and, first, just some technical
9 things. The current tariff effective date is set for
10 September 7th. Is -- and I just want to make sure. There
11 were new tariffs filed at the same time as the disposition
12 agreements were filed even though the disposition
13 agreements talk about tariffs being filed later.

14 So I wanted to verify that Staff had had an
15 opportunity to look at those tariffs and are comfortable
16 that they are -- if those tariffs are approved to be
17 effective on September 7th, that Staff, that that's your
18 recommendation.

19 MR. RUSSO: Yes, we did look at them, and
20 we are comfortable.

21 JUDGE DIPPELL: All right. And same with
22 Public Counsel?

23 MS. BAKER: Are you talking about the ones
24 that were just filed yesterday?

25 JUDGE DIPPELL: Yes.

1 MS. BAKER: I don't believe that we've
2 actually had the opportunity to look at them very closely
3 yet, but certainly we take Staff's indication that they
4 seem fine as an indication that we will be fine with them,
5 but we would like a little bit to look.

6 JUDGE DIPPELL: Let me -- for a tariff to
7 become effective on September 7th --

8 MS. BAKER: We did agree with the effective
9 date of the 7th, yes.

10 JUDGE DIPPELL: Right. So the Commission,
11 in order to give a ten-day effective period with any Order
12 approving this, the Commission actually has this case,
13 these cases on their agenda tomorrow.

14 MS. BAKER: I did see that on tomorrow.

15 JUDGE DIPPELL: Is Office of Public Counsel
16 comfortable with the Commission taking action on these
17 tariffs tomorrow?

18 MS. BAKER: Yes.

19 JUDGE DIPPELL: Okay. And then back to the
20 factual matters and the agreement, in the water case, the
21 266 case, No. 25 talks about -- or I'm sorry, No. 24 in
22 that agreement talks about Riverside, Lake Carmel and
23 Ozark Mountain and lost water. Can somebody tell me what
24 that is?

25 MR. RUSSO: Those three systems, when you

1 look at the master meter coming out of the well and you
2 take the individual customer meter readings, the
3 difference is greater than 15 percent. I don't have the
4 percentages. Maybe Lisa does here. But it is
5 substantial, and we need to -- the company needs to find
6 those leaks.

7 JUDGE DIPPELL: Okay. And then No. -- I
8 think it's No. 29 in that same agreement, when looking at
9 the Staff's report that is attached to the agreement and
10 referred to in the agreement, there were 17 customers
11 mentioned in Ozark Meadows that were also not part of the
12 system. And I guess my question is, is this back billing
13 provision referencing those customers as well as like the
14 Vanloo customers?

15 MS. MEISENHEIMER: We anticipated through
16 this settlement that it would apply to customers
17 system-wide. There are going to be audits that are
18 conducted for all of the systems and that it would apply
19 to all of them wherever they may be located.

20 MR. ELLINGER: That was my understanding
21 also, Judge.

22 JUDGE DIPPELL: This is also from that
23 Staff report, but now that the conversion to the Banner
24 software is finished with the billing and so forth, does
25 Staff believe -- there was mention of the uncollected

1 accounts amount being high, especially for the sewer area
2 in Jefferson City. Does Staff believe that that amount is
3 going to now diminish, or was there some other cause to
4 that uncollected account balance being --

5 MS. HANNEKEN: I didn't specifically
6 address the uncollectibles. That was another Staff
7 member. But it's my understanding that part of the reason
8 for those uncollectibles being so high was because when
9 they billed the customers incorrectly during that process
10 in May, June where customers didn't get their bills, their
11 system didn't recognize that they were giving the
12 customers bills inconsistent with their normal billing and
13 allowing them in some cases additional time to pay. And
14 so their system was recognizing those as uncollectibles
15 and starting their aging process earlier than really it
16 should have been done.

17 So I think part of it will be when they
18 look at that they're going to be actually reduced because
19 they weren't actually supposed to be uncollectibles in the
20 first place. But in addition, I believe the company did
21 have a high instance of uncollectibles I believe in the
22 Jeff City district, and it was expressed to us that they
23 were going to look at their collection processes and, in
24 fact, have begun a new system for collections. So they
25 believe that their uncollectibles will also be reduced

1 because of the new system in place.

2 JUDGE DIPPELL: And were the Vanloo
3 customers included in the uncollectibles or was that the
4 numbers before the Vanloo customer billing came online?

5 MS. HANNEKEN: I can't say that for sure.
6 I know our initial uncollectible amounts did not include
7 those customers in there, but I cannot 100 percent say
8 that the current number does or does not include those
9 customers.

10 MS. BAKER: Your Honor, can I --

11 JUDGE DIPPELL: Yes.

12 MS. BAKER: -- interrupt for one moment?
13 I'm sorry. Mr. Trippensee has to leave, so could I ask if
14 there are any more questions for him? If not, could he be
15 excused?

16 JUDGE DIPPELL: I do not have any questions
17 specifically. Mr. Chairman?

18 CHAIRMAN DAVIS: Adios, Mr. Trippensee.

19 JUDGE DIPPELL: Mr. Trippensee, thank you.

20 MS. BAKER: Thank you.

21 JUDGE DIPPELL: There was also mention in
22 Staff's report about some -- the data -- about data being
23 supplied to show that billing periods were back within the
24 35-day period. Has that already been accounted for? Do
25 you know?

1 MS. HANNEKEN: I'm not sure what you -- can
2 you restate the question?

3 JUDGE DIPPELL: Well, there was a mention
4 on page 18 of the Staff report talking about some data
5 from the company, that the Staff -- let me just find the
6 language.

7 MS. HANNEKEN: I think that's something
8 that the management staff put together that report. I
9 can't address that. I don't know -- they do have a
10 representative here -- if he would know the answer to that
11 question or not.

12 JUDGE DIPPELL: Now that I -- it's not that
13 important. I think it's covered. You've already said
14 that you were happy with the billing arrangements, so I'll
15 take that.

16 In the sewer case, 267, there was mention
17 in the agreement No. 21 of the conditions was an extension
18 rule change. I just wanted to check and see if that had
19 already been included in the September -- in the most
20 recent tariffs, or is that another tariff change that we
21 can expect before the end of September?

22 MR. BUSCH: It is not in these, Judge, and
23 it should be -- like I said, it should be filed by
24 September 30th, since I don't think it really affects the
25 rate. They'll just do a tariff filing. That's our

1 anticipation.

2 JUDGE DIPPELL: And Nos. 26 and 27, I just
3 wanted to clarify, the first of those states about the
4 back billing, talks about -- I've lost the language. The
5 first one talks about a date that new tariffs go into
6 effect, and then the tariff language talks about the end
7 of the fourth quarter audit. Are those not inconsistent?

8 MS. MEISENHEIMER: Well, we split it into
9 two parts. One takes care of customers that have been
10 found and -- up to the point that the tariffs go into
11 effect. Well, then when the tariffs go into effect, we
12 have additional language that will go specifically in the
13 tariff that will provide that same safety against back
14 billing going forward to the time of the completion of the
15 audits in 2008.

16 JUDGE DIPPELL: So that takes care of the
17 tariff that's not reaching backward, and that takes care
18 of the tariff as not having a retroactive effect?

19 MS. MEISENHEIMER: Exactly.

20 JUDGE DIPPELL: Thank you. And then I hate
21 to keep hounding on the Vanloo Estates, but I just have a
22 couple more questions about that just from a technical
23 standpoint. If those customers in Vanloo Estates want to
24 just go to a septic system and not be hooked in as some of
25 the customers indicated they were interested in doing,

1 does anyone know if that's even possible under current
2 law?

3 MS. BAKER: Given the size of the -- or the
4 number of customers there, the size of the lots, the
5 Department of Natural Resources' regulations, the county
6 regulations, that may be high hopes.

7 MR. ELLINGER: That's an overly optimistic
8 statement.

9 JUDGE DIPPELL: So probably they are stuck
10 with what they have?

11 MR. ELLINGER: I think that's probably the
12 case. Their lots are not going to fit the size
13 requirement under the DNR regulations that currently
14 exist. And by disconnecting from the system, that's a
15 change in sewer treatment and they have to get approval.

16 JUDGE DIPPELL: Okay. Since this is a sand
17 field system, is it possible for these customers to skip
18 their septic tanks and just do a straight drain of some
19 kind if they had a pump or whatever, or is the sand system
20 not set up to handle the solids?

21 MS. BAKER: The sand system is basically
22 more for liquid type effluent. So it would require a
23 different type of treatment process for more solids.

24 JUDGE DIPPELL: It would be more likely
25 that it would be physically possible for them to do that

1 or legally possible given they would have to get permits?

2 MS. BAKER: And it would certainly be a lot
3 more expensive, and they would have to have their own
4 specific treatment plant that would take care of their
5 issues. So the fact that they were able to attach to an
6 existing treatment plant saved them and probably allowed
7 the process or the project to even go forward.

8 MR. RUSSO: Let me just add to that, if
9 they didn't have the septic tank, in front of the sand
10 filter plant would have to be a holding tank. So there
11 would still have to be a tank to collect those solids.

12 JUDGE DIPPELL: Thank you, Mr. Russo. And
13 then I'm kind of skipping around, I realize, but as I was
14 going through the agreements and my notes from the public
15 hearings, I came to skip around.

16 Why do some territories have a late charge
17 for late payment and some don't?

18 MR. RUSSO: I believe we corrected that
19 with the miscellaneous charges that they are filing. It
20 may not be a substitute tariff sheet, but we did correct
21 that.

22 JUDGE DIPPELL: Okay. So now under these
23 new tariffs --

24 MR. RUSSO: Not only did we have each
25 district have one, but we have it so they're all

1 consistent, instead of being \$5 here, \$10 there. So it
2 should be consistent throughout all of their areas.

3 JUDGE DIPPELL: And now I am getting into
4 my notes about the public comments. In Ozark, and again,
5 I know there's -- there was nothing that we could do from
6 here, but I'm just curious if anyone else knows the
7 answer. In Ozark there was a group part of the system
8 that were wanting to be part of the city of Laurie system,
9 a particular development.

10 And I know there's nothing we can do for
11 them, but does anyone know if there is an answer for them,
12 or did anyone from Staff discuss what steps? I'm assuming
13 they would just have to go to their city council and get
14 adopted or something.

15 MS. BAKER: If I remember the conversation
16 that went on there with the representative from Aqua, she
17 had indicated that she had not -- or that Aqua had not
18 been approached by the City of Laurie, and so that would
19 be the first step. The City of Laurie, since Aqua has
20 their certificate there, they are the ones who are allowed
21 to give service, and so the City of Laurie would have to
22 approach Aqua and they would have to come up with some
23 agreement between the two of them.

24 MR. ELLINGER: I think that's accurate,
25 Judge. There would either have to be an agreement between

1 the city and the company or an eminent domain action to
2 take the property from the company. That's the only two
3 ways it could occur.

4 JUDGE DIPPELL: Thank you. And then there
5 was an issue at -- and I'm not sure which system this is
6 in, but the person lived in Grand Holland Estates, about
7 the billing cycles overlapping. Did anyone investigate
8 that issue?

9 MR. RUSSO: That goes back to the -- that
10 whole billing issue they had with the conversion. We have
11 addressed that. The company's addressed that. Going
12 forward, we're all hoping it's not a problem. We think
13 we've addressed it.

14 JUDGE DIPPELL: And then in Holts Summit,
15 the Hunters Creek -- well, I'm sorry. You've answered
16 that question.

17 Rankin Acres, there was discussion at the
18 local public hearing about an old stipulation, one of the
19 customers believed there was an old stipulation requiring
20 flush valves and those have never been installed. Does
21 Staff have any institutional memory of any of -- any
22 previous requirement such as that that hasn't been met?

23 MR. RUSSO: Actually, it was meters that
24 were supposed to be installed. We did go back and look,
25 and I can't remember who found it, but we did find the

1 case, and it was meters, and we have addressed that in
2 this agreement.

3 JUDGE DIPPELL: Thank you. And a question
4 for Public Counsel. We have in the last one of Aqua
5 Missouri rate cases a lot of complaints about customer
6 service. We had some complaints this time about customer
7 service, but I'm just wondering, have you-all seen any
8 improvement from the last rate case to this rate case with
9 the company's customer service?

10 MS. BAKER: There is a difference because
11 the company has moved on to their new Banner system. They
12 have more centralized customer support. I think that we
13 all know very well that it has not been completely
14 alleviated, and so we are certainly trying with this
15 agreement to make it well known that Public Counsel
16 expects significant improvement with the customer service.
17 There may have been some, but this agreement, we want
18 significant improvement.

19 MS. MEISENHEIMER: The elements that we
20 included in this agreement to try and make this happen, we
21 asked them to keep copies of all customer calls that come
22 to them for at least six months or longer if it's
23 technically feasible the way their systems occur. So we
24 can actually hear the interaction if we choose to between
25 the customers that call in and the service representatives

1 that are there to assist them.

2 We have agreed that the company will direct
3 calls that come in to the local office instead. If it's
4 not a developer, those calls of individual customers will
5 be directed to a primary service center. We've asked for
6 copies of their training and the reviews of their
7 personnel so that we have an opportunity to, No. 1, make
8 sure their customer service people are trained right,
9 No. 2, that that is coming across to customers as a
10 positive experience or at least a civil experience.

11 And so -- and then we've also identified
12 individual -- or one of the things they've agreed to is to
13 identify an individual that we will be able to go to, a
14 go-to person to ensure that these things actually happen.
15 And I think that, you know, we felt like that that was a
16 reasonable outcome to happen out of this agreement.
17 Certainly we will continue to watch it.

18 JUDGE DIPPELL: As of this time, has the
19 go-to person been identified?

20 MS. MEISENHEIMER: I don't -- I'm sure the
21 company probably has been having those conversations
22 internally. We haven't been given a name yet, but we
23 asked for it with respect to many elements of this
24 agreement. For each of these things, we want to know who
25 is it that's going to be responsible, who do we call.

1 JUDGE DIPPELL: I did also note that there
2 was no deadline for providing that name in the agreement.

3 MS. MEISENHEIMER: I'm sure Public Counsel
4 would very much appreciate if the Commission chose to take
5 it a step further and give us a date.

6 MR. ELLINGER: I think from talking to the
7 company, that that's not going to be all that difficult to
8 come up with a name. Because there are multiple items,
9 they're going to have to figure out who those individuals
10 are, and I think they will be produced, the name will be
11 produced in a prompt manner.

12 JUDGE DIPPELL: That's all the questions I
13 had. Were there any other Commission questions?

14 (No response.)

15 JUDGE DIPPELL: Was there anything, closing
16 remarks from any of the parties?

17 MR. ELLINGER: One simple question, Judge.
18 With respect to getting back to the two questions that
19 have been proffered to us, one by Commissioner Gunn and
20 one by Commissioner Murray, what manner do you want us to
21 respond to those two questions? Do you want a letter
22 filed with the Commission, simply just a letter being
23 delivered to the Commissioners? What would you like to
24 have?

25 JUDGE DIPPELL: I would like it to go ahead

1 and be filed in the case. Submit a -- in a letter form or
2 if you can somebody that could verify it or --

3 MR. ELLINGER: And both questions my
4 understanding come out of the Jefferson City sewer case,
5 so we would simply file it in that case.

6 JUDGE DIPPELL: That would be fine. Are
7 there any other closing remarks?

8 (No response.)

9 JUDGE DIPPELL: All right, then. Thank you
10 very much. Appreciate your participation. That will
11 conclude this hearing. We can go off the record.

12 WHEREUPON, the hearing of this case was
13 concluded.

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1 C E R T I F I C A T E

2 STATE OF MISSOURI)
3) ss.
4 COUNTY OF COLE)

5 I, Kellene K. Feddersen, Certified
6 Shorthand Reporter with the firm of Midwest Litigation
7 Services, and Notary Public within and for the State of
8 Missouri, do hereby certify that I was personally present
9 at the proceedings had in the above-entitled cause at the
10 time and place set forth in the caption sheet thereof;
11 that I then and there took down in Stenotype the
12 proceedings had; and that the foregoing is a full, true
13 and correct transcript of such Stenotype notes so made at
14 such time and place.

15 Given at my office in the City of
16 Jefferson, County of Cole, State of Missouri.

17 _____
18 Kellene K. Feddersen, RPR, CSR, CCR
19 Notary Public (County of Cole)
20 My commission expires March 28, 2009.
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