

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

PUBLIC HEARING

JUNE 5, 2007

PARKVILLE (VIDEOCAST) AND ST. JOSEPH, MISSOURI

VOLUME 3

In the Matter of Missouri-American)
Water Company's Request for Authority)
to Implement a General Rate Increase) CASE NO.
for Water Service Provided in Missouri) WR-2007-0216, et al.
Service Areas)

COLLEEN M. DALE, Presiding
 DEPUTY CHIEF REGULATORY LAW JUDGE
CONNIE MURRAY
LINWARD "LIN" APPLING
 COMMISSIONERS

REPORTED BY: APRIL AUGUSTYN-O'DELL

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1 JUDGE DALE: We'll go on the record. We are
2 here tonight, June 5th, 2007, in Cases Number
3 WR-2007-0216 and SR-2007-0217 -- now I've lost my
4 thing -- in the matter of the rate increase for
5 Missouri American Water and Sewer Company.

6 This is a public hearing in Parkville and
7 St. Joseph.

8 At this time there are no Commissioners
9 here, but we do have Commissioner computers here,
10 so they may be arriving later. I will not
11 announce when they come.

12 Anyone who wishes to make a comment in
13 this case who does not want to testify at this
14 time can file a public comment in the case file.

15 You can go to our Web site, which is at
16 www.psc.mo.gov. And there is a place on that
17 main screen where you can click to make public
18 comments. Please refer to the file number
19 WR-2007-0216.

20 With that, Mr. Ochoa, will you please call
21 the first person.

22 MR. OCHOA: Sure, Mr. Jacobs?

23 A VOICE: Pardon me, your Honor, do you
24 want to take entries of appearance from counsel?

25 JUDGE DALE: If you would like to, I'd be

1 happy to take those at this time, thank you.

2 MR. THOMPSON: For the staff of the
3 Commission, Kevin Thompson, 600 Madison Street,
4 Jefferson City, Missouri, 65101.

5 MR. COOPER: D. L. Copper from the firm of
6 Brydon, Swearngen & England, PC, PO Box 456,
7 Jefferson City, Missouri, 65102, appearing on
8 behalf of Missouri American Water Company.

9 MR. DORITY: Thank you, judge. Larry W.
10 DORITY with the firm of Fischer & DORITY, PC,
11 here in Jefferson City for the interveners,
12 Public Water Supply District Number 1 of DeKalb
13 County and District Numbers 1 and 2 of Andrew
14 County.

15 Mr. Finnegan?

16 MR. FINNEGAN: Yes, on behalf of the City
17 of Parkville, Jeremiah Finnegan, Finnegan, Conrad
18 & Peterson, 3100 Broadway, Suite 1209, Kansas
19 City, Missouri, 64111.

20 JUDGE DALE: Thank you.

21 MS. BAKER: Christina Baker, Assistant
22 Public Counsel, PO Box 230, Jefferson City,
23 Missouri, 65102, appearing for the Office of
24 Public Counsel and ratepayer.

25 JUDGE DALE: And I will just mention, we do

1 have two Commissioners here on the bench with me,
2 Commissioners Appling and Murray.

3 So, sir, if you will please raise your
4 right hand and state your name.

5 MR. JACOBS: Michael Jacobs.

6

7 MICHAEL JACOBS
8 called as a witness herein, being first duly
9 sworn, testified on his oath as follows:

10

11 JUDGE DALE: Then please proceed.

12 MR. JACOBS: Okay, some of my concerns are,
13 one, when we talk about fire protection, we
14 cannot offer that in the rural areas. Inside the
15 city limits, that protection can be enhanced or
16 is available.

17 One of my other concerns is that we really
18 can't afford for our rural people to take -- to
19 keep taking a rate increase out of the rural
20 areas.

21 We, just like anybody else, we have
22 limited incomes out there, and we don't need to
23 just keep raising the prices in the rural areas
24 when I think that some of this can be absorbed
25 inside the city limits.

1 I'm also concerned that what's to say that
2 this won't come up again in another couple of
3 years where Missouri American's going to say we
4 need more money to absorb some of the impact of
5 what's going on in the economy.

6 JUDGE DALE: Are those all your remarks?

7 MR. JACOBS: Yes, ma'am.

8 JUDGE DALE: Thank you.

9 Are there questions from any of the
10 Commissioners?

11 COMMISSIONER MURRAY: No questions here.

12 COMMISSIONER APPLING: No questions from
13 Appling. Thank you.

14 JUDGE DALE: Thank you, Mr. Jacobs. Thank
15 you so much for sharing your concerns with us.

16 MR. JACOBS: Thank you.

17 JUDGE DALE: Mr. Ochoa, will you call the
18 second witness?

19 MR. OCHOA: Mr. Carpenter.

20 I understand we're working on the feedback
21 problem, so just bear with us.

22 JUDGE DALE: Sir, if you'll please state
23 your name.

24 MR. CARPENTER: Bill Carpenter.

25

1 BILL CARPENTER
2 called as a witness herein, being first duly
3 sworn, testified on his oath as follows:
4

5 JUDGE DALE: Thank you. Please proceed.

6 MR. CARPENTER: Well, I'm with the water
7 district Missouri American serves, and my
8 understanding that a lot of these improvements
9 that they're wanting to be paid for was done
10 inside the city limits.

11 And I can't see the board of water
12 districts be liable -- should be paying for
13 those.

14 Also I'm concerned about the CEO's
15 payments. We have saw in the past here, the
16 present, that we have spent bonuses to CEOs. And
17 I'm concerned about their pay and their
18 retirement benefits in this package.

19 I'm also concerned about the people that's
20 on social security, how they can absorb these
21 rate increases.

22 I believe the Public Service Commission
23 just passed a rate increase for our utilities
24 here in St. Joe which increased from about \$8.00
25 a month average, and now we want to increase the

1 water rates, so I can't understand how these
2 people's going to be able to absorb these costs.

3 When they built the plant here in St. Joe
4 a few years ago, the water districts absorbed a
5 230 percent increase and the city was way less
6 than that.

7 I can't understand why the districts have
8 to keep absorbing all the costs when the main --
9 when the main things go in St. Joe city limits
10 instead of out in the districts.

11 Thank you.

12 JUDGE DALE: Thank you, Mr. Carpenter.

13 Are there any questions?

14 COMMISSIONER MURRAY: No questions, but
15 thank you.

16 COMMISSIONER APPLING: No questions from
17 Lin Appling, but thank you for coming in and
18 expressing your concerns. Thank you.

19 JUDGE DALE: Thank you, Mr. Carpenter.

20 MR. OCHOA: Mr. Flesher?

21 JUDGE DALE: Sir, state your name please.

22 MR. FLESHER: Frank Flesher.

23

24 FRANK FLESHER

25 called as a witness herein, being first duly

1 sworn, testified on his oath as follows:

2

3 JUDGE DALE: Will you state your name?

4 MR. FLESHER: Frank Flesher.

5 A VOICE: Hold it down.

6 MR. FLESHER: Frank Flesher.

7 JUDGE DALE: Thank you. Please proceed.

8 MR. FLESHER: I'm here representing an
9 organization and organizations that are neglected
10 in the rate schedule.

11 I'm representing the nonprofit
12 corporations, museums, social service agencies,
13 especially the museums.

14 I represent the National Military Heritage
15 Museum. And there's no way that we can come in
16 and raise our entrance fees \$24.00 -- or 24
17 percent to meet these kind of increases.

18 And right now our biggest problem in the
19 museum are our utility costs. They're just eating
20 us alive.

21 I can understand that the water company
22 needs to make a fair profit, but there needs to
23 be something done for the nonprofit corporations
24 who don't have an option of raising their prices
25 or coming back to the city or county or state to

1 try to get some more money to cover our utility
2 costs.

3 That's all I have.

4 JUDGE DALE: Thank you, sir.

5 Are there questions from the bench?

6 COMMISSIONER MURRAY: No questions. Thank
7 you, Mr. Flesher.

8 COMMISSIONER APPLING: No questions, thank
9 you, sir.

10 JUDGE DALE: Thank you very much, Mr.
11 Flesher.

12 MR. FLESHER: You're welcome.

13 MR. OCHOA: Your Honor, the last woman who
14 wanted to testify had to leave early. However,
15 she did submit some written comments for the
16 record.

17 JUDGE DALE: Thank you.

18 MR. OCHOA: Judge, before you go to
19 Parkville, could you ask the technology people
20 to -- we're experiencing some feedback here, if
21 they could address that problem.

22 JUDGE DALE: They're looking into it as we
23 speak.

24 MR. OCHOA: Thank you, your Honor.

25 A VOICE: We have the same problem in

1 Parkville as well.

2 JUDGE DALE: Hold on just a sec. Is that
3 better? Can everyone still hear?

4 MR. OCHOA: Yeah, I believe that's a little
5 bit better.

6 JUDGE DALE: Okay. Let's -- okay, so when
7 we go to Parkville, if we begin to experience
8 significant feedback in St. Joe, I will leave it
9 to somebody to interrupt and let us know that we
10 need to work on that.

11 Then we will now go to the witnesses in
12 Parkville.

13 Mr. Hummel, if you'll bring the first
14 person up, that would be great.

15 MS. BAKER: Actually work down the list.

16

17 GORDON COOK (videocast)
18 called as a witness herein, being first duly
19 sworn, testified on his oath as follows:

20

21 JUDGE DALE: Thank you. Please proceed.

22 MR. COOK: My name is Gordon Cook, and I've
23 had some time today investigating and doing some
24 research on this rate increase.

25 I work in the insurance business. One of

1 the things that happens in the insurance business
2 is we try to maintain some rate rationality.

3 I would describe the 25 percent rate
4 increase as almost what I describe as --

5 JUDGE DALE: Mr. Cook, if you could please
6 state your name again and start again.

7 MR. COOK: Can you hear now? I will start
8 over. I apologize.

9 This may be several minutes long, so I
10 apologize.

11 My name is Gordon Cook. I'm a Parkville
12 resident. I work in the insurance industry.

13 An element of the insurance industry is
14 rate making. And one of the things is rate
15 stability and rate rationality.

16 25 percent rate increase I describe as on
17 the edge of what the industry would call rate
18 shock.

19 One of the elements of rate making is
20 doing proper planning. And as I understand,
21 Missouri statutes as they appear taken to sewer
22 and utility issues is that they require capital
23 component planning.

24 So I would request the Commission do a
25 thorough investigation of what I call this

1 current rate shock request.

2 The second point I'd like to make is with
3 regard to the rates for the various cities or
4 districts that are being charged, of note that
5 Platte County is one of the highest rates in all
6 of Missouri.

7 In some cases it's over a hundred percent
8 higher than many districts. And on average it is
9 almost 69 percent higher than all the other
10 districts combined.

11 The news letter that I pulled off the Web
12 site indicated that the water company was, their
13 wording, we can put the plan and invest. And I
14 wonder how a 25 percent increase reflects that
15 continuous planning.

16 In researching the Web site on RWE, RWE is
17 a German company, publicly held, is a diversified
18 energy company, very profitable.

19 I've pulled a stock chart off the Yahoo.
20 The stock price has gone full since 2003. The
21 dividend distribution has gone up over three
22 times since 2002.

23 I also noted in the chairman's letter and
24 other comments within the annual report that they
25 are planning to sell American Water in 2007 by

1 taking it public.

2 There was a note in the letter that said
3 the synergies between North America and British
4 water companies is small. They have a basic
5 principle of overhaul.

6 So their intent appears to be, my having
7 just basic reading of that, they can provide
8 whatever utility services, they spread their
9 margins across all those services, and I don't
10 know what they have in Missouri other than water,
11 so it's as though they have to recover or their
12 attempt to recover the same sort of returns that
13 they're getting on all the other energy business
14 components.

15 What I do know about the stock market is
16 that higher revenues will be used in supporting
17 higher projections by the underwriters, that will
18 result in a higher stock price, and then
19 resulting in a higher return to the shareholder
20 upon the stock held in a public water company.

21 From the annual statement I find there are
22 three-page listing, three unprofitable divisions
23 of which the water company, and I'm wondering who
24 would buy a company that is that unorthodox.

25 I have a question about whether the

1 financials of American Water are separately
2 audited.

3 I'd like to know what the operating costs
4 are and basis for current rate request is from
5 capacity cost and other issues.

6 And in following up with the question and
7 one of the answers prior to the hearing, it said
8 that these rate increases are for incurred costs.

9 So there -- I have a question for the
10 Commission as to whether the rates anticipate
11 future capacities under their building reserves
12 as you would expect normal utilities company to
13 do.

14 I have a question about how I can validate
15 that information if it's not separately audited
16 and what they do to get some reliability of the
17 information.

18 Lastly, if this is a pass-through
19 structure, then it appears that the end consumer,
20 being the people in this room, will get to absorb
21 the impact of the planning and management
22 decisions of American Water management.

23 And with all due respect to -- I know they
24 probably work hard and they determine the job,
25 but the decisions they make ultimately gets

1 passed off to us.

2 So if I'm not anticipating future costs as
3 a normal utility would be required to do under
4 Missouri laws, how is it we're supposed to take
5 the rate increases every time Missouri Water goes
6 for a rate increase or request?

7 That's the end of my comments.

8 JUDGE DALE: Thank you.

9 Before you leave, let me ask if there are
10 any questions from the bench.

11 COMMISSIONER MURRAY: I have no questions,
12 but, Mr. Cook, there are staffed people, staff of
13 the Commission there at your location that you
14 can speak to about the questions that you posed
15 to the Commission.

16 We from the bench cannot answer your
17 questions tonight, but you may be able to get
18 some help with some of the people that are in the
19 room tonight.

20 Thank you.

21 JUDGE DALE: Mr. Appling?

22 COMMISSIONER APPLING: I don't have a
23 question, but I want to say thank you very much
24 for coming out and giving your comments here
25 tonight.

1 And if there's any way that you can pass
2 on some of the information you have in the paper
3 to us, it might be helpful in our consideration.

4 Thank you very much.

5 JUDGE DALE: Mr. Cook, do you have your
6 remarks written down?

7 MR. COOK: I have them in notes.

8 JUDGE DALE: If you want to make them more
9 formal and put them into a format that you would
10 be willing to submit them in writing, that would
11 be very helpful to us.

12 Also --

13 MR. COOK: I'll be happy to do that.

14 JUDGE DALE: I wanted to note that the
15 hearing itself, the actual hearing on the rates
16 is also Web cast.

17 Many of the questions that you asked will
18 be addressed in the rate proceeding. And we do
19 Web cast those from our site here in Jefferson
20 City so that everyone can watch.

21 MR. COOK: To answer your question, I'll be
22 glad to put them in writing.

23 JUDGE DALE: Thank you.

24 Miss Baker?

25 MS. BAKER: The next person we have is Miss

1 Lykins.

2 JUDGE DALE: While she's coming up, I would
3 like to ask everyone in St. Joe and everyone here
4 in Jefferson City to please mute your microphones
5 while the witnesses are speaking.

6 MS. BAKER: Mr. Lykins wishes to pass on
7 the comment, so we'll go to the next one.

8 JUDGE DALE: Okay.

9 MS. BAKER: Darla Watkins.

10

11 DARLA WATKINS (videocast)
12 called as a witness herein, being first duly
13 sworn, testified on her oath as follows:

14

15 JUDGE DALE: Thank you. Please proceed.

16 MS. WATKINS: I am Darla Watkins, president
17 of finance and administration at Park University.

18 As a nonprofit organization and one of
19 education, as this increase, 25 percent has a
20 significant impact, not only on the budget of
21 Park University, but as higher education
22 continues to have federal regulations and posed
23 caps on tuition per year.

24 Not only will it affect the private
25 institutions, but it will affect all of education

1 which is already been funding cut at all levels.

2 So I would consider a 25 percent increase
3 harmful, not only to the education provided now
4 at Park University, but for the continued growth
5 of the students that we serve.

6 That's my comment. Thanks.

7 JUDGE DALE: Thank you, ma'am.

8 Are there questions from the bench?

9 COMMISSIONER MURRAY: No, but thank you for
10 your testimony.

11 COMMISSIONER APPLING: And I have no
12 questions. Thank you.

13 JUDGE DALE: Thank you, ma'am.

14 MS. BAKER: We've had a request to move the
15 podium down, so we're going to move for just a
16 second. So if you --

17 JUDGE DALE: That's fine.

18 We're continuing to fool with things. If
19 everybody will remember to speak slowly, it will
20 help the feedback some.

21 And everyone else, mute your microphones.

22 MS. BAKER: The next is Robert Davidson.

23 JUDGE DALE: Sir, is that Davidson?

24 MR. DAVIDSON: D-A-V-I-D-S-O-N.

25 JUDGE DALE: Thank you.

1

2 ROBERT DAVIDSON (videocast)

3 called as a witness herein, being first duly

4 sworn, testified on his oath as follows:

5

6 JUDGE DALE: Then please proceed.

7 MR. DAVIDSON: Thank you. Mr. Cook still

8 did a much better job of it, thank you.

9 But closer to home, I want you to consider

10 the comparison between Kansas City, Missouri,

11 within sight of this location and the rates here

12 in Platte County.

13 If I were a Kansas City resident just a

14 few miles from here, my last bill would be 87

15 percent of the Parkville rate.

16 It's still the winter season, so to speak.

17 We're not watering our grass or washing the cars.

18 In the summertime my rate could be 78

19 percent of the Parkville rate if I were to live

20 in the city. I ask the Commission to take a look

21 at that.

22 In addition, I would like to consider

23 information, how much of this money is within

24 this district, the items listed on the American

25 Water Company Web site, three projects that this

1 would help pay for, the levy over in Riverside.

2 And I don't know why we need -- why we
3 need to contribute to that project. A couple of
4 other projects, but is all that money for this
5 district or is that going somewhere else?

6 I thank you for your -- for having us, and
7 I'm done.

8 JUDGE DALE: Thank you, Mr. Davidson.

9 Are there questions from the bench?

10 COMMISSIONER MURRAY: No questions. Thank
11 you.

12 JUDGE DALE: Thank you very much, Mr.
13 Davidson.

14 MS. BAKER: Next we have Pat Vetter.

15 MS. VETTER: My name is Pat Vetter.

16

17 PAT VETTER (videocast)
18 called as a witness herein, being first duly
19 sworn, testified on her oath as follows:

20

21 JUDGE DALE: Thank you. Please proceed.

22 MS. VETTER: In the publication it said for
23 101 homes, which would be the homes in Ridgewood
24 Estates.

25 And I want to know how come that our rates

1 keep going up when we no longer have a treatment
2 plant there and we are hooked into the Riverside
3 sewers.

4 And I think it's just amount, and this is
5 listed under Parkville, and we're the
6 unincorporated part of Platte County.

7 That's all I have to say.

8 JUDGE DALE: Thank you.

9 Commissioner Murray indicated earlier, we
10 can't answer questions in this part of the
11 proceeding. We can only take comments.

12 Other comments from the bench?

13 COMMISSIONER MURRAY: I have no questions.
14 Thank you.

15 COMMISSIONER APPLING: Ma'am, I have no
16 questions. Thank you for coming in.

17 JUDGE DALE: Thank you, ma'am.

18 MS. BAKER: Next is Greg Storm.

19 MR. STORM: Good evening. My name is Greg
20 Storm.

21

22 GRET STORM (videocast)
23 called as a witness herein, being first duly
24 sworn, testified on his oath as follows:

25

1 JUDGE DALE: Thank you. Please proceed.

2 MR. STORM: I have generally two points to
3 make.

4 The first is a reference to customer
5 service. In my customer service experience with
6 American Water, I understand that American Water
7 has the right to earn a quote/unquote fair
8 return.

9 And I understand that as a Commission, one
10 of your responsibilities is to set those rates in
11 a manner that spreads those fair returns across
12 the customer base accurately.

13 However, my own personal opinion as a
14 customer of American Water is that the service I
15 receive from them does not deserve a fair return.

16 In my particular case, especially based on
17 the comments that I heard earlier, that these
18 proposed rate increase is being requested to
19 reimbursement or costs already spent, that would
20 mean that they've invested in infrastructure and
21 other things that should increase my service
22 levels.

23 My own personal experience is that I've
24 had a water pressure quality issue at my house in
25 Parkville for a little over three and a half

1 years. I've called American Water twice about the
2 condition.

3 First time I was assured over the phone
4 that there was no quality issue at my house. How
5 they could tell that over the phone, I don't
6 know, but they were good.

7 The second time, about six months, if my
8 memory's correct, a service person did show up at
9 my door.

10 When I inquired what we were going to do
11 to investigate the problem, the young man told me
12 that he was sorry, but he really couldn't deliver
13 any service due to the new computer system that
14 had just been installed.

15 He really didn't know how to really
16 address the issue, and he was going to have to
17 call in to the call center to figure out how to
18 work the hand-held computer device that he had in
19 his hand.

20 So from my perspective, one, I still have
21 the water pressure issue at my house.

22 And two, you know, the call center
23 infrastructure that American Water's been
24 investing in doesn't seem to be doing me any
25 good.

1 And three, the computer system that
2 they've been investing in don't seem to be doing
3 me, as a customer, any good either.

4 So I would ask of the Commission that as
5 they examine the costs that are being claimed in
6 the rate case, you know, one, that the water
7 piping structure in the ground doesn't do to help
8 my water pressure issue at my home. So I don't
9 see why I would have to pay for that.

10 The call center, consolidation work that
11 they've been doing and the investments in
12 customer assistance don't seem to have helped
13 service, so I don't know why I would be required
14 to reimburse them for that or a return on that.

15 And third -- excuse me, I forgot the third
16 point. I'll move on.

17 I think it was -- but the additional point
18 that I would make around customer service
19 experience is that at two times I've had occasion
20 to have a plumber at my house.

21 The first was when we finished our
22 basement. The second one was a different issue
23 that I had with my furnace.

24 Both times the plumbers that have come
25 have recommended that I take the lines in my

1 house and clean the foreign material out,
2 because, quote, Parkville's water system is the
3 dirtiest one in the metro area, unquote.

4 So -- and it seems that professionals that
5 are experienced with the system seem to believe
6 that there is a foreign matter quality issue.

7 And both times when they mentioned that,
8 we actually did pull small stuff out of the line
9 from my house that could have only gotten there
10 through the water system.

11 So I'm very frustrated with the service.
12 And I don't know why I would be giving them even
13 a fair return for the service I'm getting at the
14 moment.

15 The second thing I would ask the
16 Commission, to jump ahead of me, I stole a
17 thought a little bit on this one, but the
18 original acquisition by RWE of American Water was
19 sole investors as an excellent opportunity to
20 gain synergies.

21 If that were the case, it would seem all
22 costs should have been reduced, which would have
23 eliminated the upward pressure on rates.

24 Given that RWE has now said that they are
25 not getting sufficient synergies to have that, I

1 would be very interested in knowing what the
2 actual cash flow has been from the American
3 operation, either to the British water division
4 or to the German corporate headquarters.

5 I would ask the Commission to be very
6 diligent in checking what those extra flows have
7 been and what kind of pressures RWE management
8 has been putting on local management to make ends
9 meet and to cut costs in order to -- and cut
10 service levels in order to meet those cash flow
11 requirements.

12 I think that's the end of my comments.

13 JUDGE DALE: Thank you, Mr. Storm.

14 Are there any questions from the bench?

15 COMMISSIONER MURRAY: Thank you for
16 providing the testimony though.

17 COMMISSIONER APPLING: Thank you very much,
18 Mr. Storm.

19 And I'm not going to answer any question
20 for you, but if there's someone in the audience
21 tonight from American Water, it would be nice if
22 you had a conversation with them and they have a
23 conversation with you and see if we can't do
24 something about the water pressure issue of your
25 home.

1 Hopefully someone in the audience there
2 tonight from American Water will follow up on
3 that.

4 Thank you for your comments.

5 MR. STORM: Thank you.

6 MS. BAKER: Next we have Tom Weston.

7

8 TOM WESTON (videocast)
9 called as a witness herein, being first duly
10 sworn, testified on his oath as follows:

11

12 JUDGE DALE: Then please proceed. Thank
13 you.

14 MR. WESTON: The material presented here,
15 what is lacking is specific improvements for my
16 water district.

17 The --

18 JUDGE DALE: Excuse me, Mr. Weston, could
19 you speak up a little please, closer to the
20 microphone?

21 MR. WESTON: Is this better?

22 JUDGE DALE: Yes.

23 MR. WESTON: Very good.

24 What I'm not seeing here is the specific
25 improvements at the Parkville Water District

1 where I am a resident as compared to the overall
2 cost increases.

3 I would ask the Commission to ask American
4 Water Company to advise each district with the
5 improvements, both done and proposed, so we can
6 see what the actual increase for us would be
7 already incurred and to be expected.

8 Thank you. That's my comments.

9 JUDGE DALE: Thank you.

10 Questions from the bench?

11 COMMISSIONER MURRAY: Thank you.

12 JUDGE DALE: No questions from the bench.

13 Thank you.

14 MS. BAKER: Our next person is, I believe,
15 David Mason.

16

17 DAVID MASON (videocast)
18 called as a witness herein, being first duly
19 sworn, testified on his oath as follows:

20

21 JUDGE DALE: Thank you, Mr. Mason.

22 MR. MASON: My name is David -- go ahead.

23 JUDGE DALE: I was just going to tell you
24 to proceed, so.

25 MR. MASON: My name is David Mason. I'm

1 from St. Joseph, Missouri. I have another
2 meeting close to here, and so I came down to
3 Parkville to testify.

4 I'm a retired teacher, self-sustaining
5 priest, and a 2006 democratic candidate for state
6 Senate from the 34th District, which is down in
7 Buchanan County, involving both St. Joseph and
8 Parkville.

9 I think we see here as the problem with
10 private ownership of a public monopoly utility.

11 And my constituent and I would expect the
12 Public Service Commission would be the buffer in
13 between that monopoly utility and our own
14 pocketbooks.

15 We should remember that the Missouri River
16 water is free to the company and that their
17 expenses are for accessing and pipe maintenance.

18 We do not expect to see a high level of
19 remuneration to the stockholders or to the
20 executives, and particularly would ask that the
21 Public Service Commission would look very
22 carefully at the multiple layers of ownership and
23 the amount of nonproduction cost that is to be
24 borne to the people in this rate increase.

25 Now, it was confusing to me when I got the

1 notice from the company about the rate increase,
2 because they wanted sewer increases.

3 And I called today, and seemed the city is
4 not planning a sewer increase. In St. Joseph, the
5 city maintains sewers and the water treatment.

6 Missouri American Water is only the
7 collect agent. I would assume that cost for sewer
8 increases involves other communities besides St.
9 Joseph.

10 When -- another concern is that when the
11 Missouri American Water Company developed offices
12 in St. Joseph, they chose the most expensive
13 place in the city for their executive offices
14 with full service to public.

15 I would point out the fact that the Public
16 Commission would bear in mind that there are many
17 poor and senior citizens on fixed incomes in St.
18 Joseph.

19 Ninety to a hundred percent of students of
20 our schools, that's one-third of our elementary
21 schools, are free and reduced lunches. And at
22 least another third, 50 to 70 percent, are also
23 on reduced and free lunch, which is an indication
24 of poverty level. And we have a large senior
25 citizen population.

1 Notwithstanding that, the school district
2 has a substantial water usage and will be
3 disadvantaged substantially by this increase.

4 My personal experience with the water
5 company was that since they installed their new
6 facility to avoid future Missouri River floods,
7 that the quality of the water decreased, partly
8 because of the treatment methods and partly
9 because of placing their well in an iron field.

10 So many people buy bottled water today at
11 costs of hundreds of dollars per year or have
12 individual triple osmosis treatment at the tap.

13 We do both of those things in my family,
14 using the Missouri American Water mainly for
15 cleaning.

16 Now, apparently it's a good idea, because
17 the pamphlet that I received from Missouri
18 American Water says that they can't guarantee
19 that cryptosporidium, a protozoa, will be removed
20 in their process.

21 I don't know whether this is being
22 truthful for the first time to people who've used
23 public water or -- but I would expect that a
24 protozoa should be removed by triple osmosis and
25 should be removed at the tap.

1 If they don't remove it and probably
2 continue to use that system, that I think is a
3 major public health concern since it can cause
4 intestinal disruption and can affect people who
5 are very ill.

6 And I don't know whether that's an issue
7 for the Public Service Commission, but it ought
8 to be an issue for somebody in the state.

9 My final hope, that the Commission will
10 represent the people of Missouri and not
11 represent the interests of the corporation.

12 Thank you very much. I conclude.

13 JUDGE DALE: Thank you, Mr. Mason.

14 Were your remarks written down?

15 MR. MASON: I have notes.

16 JUDGE DALE: I noted that there were times
17 when you -- when the transmission cut out.

18 I don't know if the court reporter was
19 able to get everything, so if you would be
20 willing to give your notes to Miss Baker so that
21 she can use those to supplement the transcript
22 when it comes in, that would be very helpful.

23 MR. MASON: I'll put in an address and type
24 it up.

25 JUDGE DALE: That would be wonderful. Thank

1 you.

2 Are there questions from the bench?

3 There are none. Thank you.

4 MS. BAKER: The first name is Dale, but the
5 last name I can't quite -- no, he is not going to
6 do comments, so we'll move on to Mark Vasto.

7 JUDGE DALE: Would you repeat your name
8 please?

9 MR. VASTO: Mark Vasto.

10

11 MARK VASTO (videocast)
12 called as a witness herein, being first duly
13 sworn, testified on his oath as follows:

14

15 JUDGE DALE: Please proceed.

16 MR. VASTO: Given the state of the economy,
17 the rising cost of living, particularly for
18 heating oil and motor fuel, Missouri American's
19 25 percent increase is completely out of line.

20 This private company's tactic is buy high
21 and settle for less.

22 Early tonight a person in Parkville asked
23 who owned Missouri American.

24 The answer is American Water, which is
25 headed in New Jersey, which reports to Thames

1 Water, which is headed in London, England, which
2 is owned by RWE AG, a German company.

3 The Public Service Commission's job is to
4 review the company for the next year. I'm curious
5 if our Missouri bureaucracy is going to be a
6 worldwide utility giant.

7 Missouri American says they need to recoup
8 money that they spent on our water system, and we
9 can understand that, but 25 percent, what other
10 company raises their prices this drastically and
11 expects to stay in business?

12 When RWE purchased American Water, the
13 water system became their asset. They planned on
14 making money by expanding into the American
15 market.

16 They paid too much for the company,
17 according to industry analysts, 36.5 percent more
18 than the company was worth, and they are now
19 selling the company.

20 They plan on selling the company through
21 an IPL on Wall Street. The expansion never took
22 place.

23 I would ask the Public Service Commission
24 to really look at this increase.

25 Are we really paying for either

1 improvements for the people or is Platte County
2 just shouldering a German CEO's mistake?

3 This is nothing more than a 25 percent tax
4 increase in Germany your representation in this
5 matter.

6 In Parkville we have about 40 people, and
7 I'm happy to see we have at least two
8 Commissioners there at least listening to our
9 statements.

10 At last, I implore this Commission to
11 reject this increase outright. Then after RWE
12 failed American Water, let Missouri American come
13 back with a more reasonable request.

14 Thank you.

15 JUDGE DALE: Thank you.

16 Questions from the bench?

17 COMMISSIONER MURRAY: I have no questions,
18 but I would like to point out that the other
19 Commissioners will have a transcript, and they
20 will also be able to read the comments that were
21 made tonight.

22 Thank you.

23 JUDGE DALE: Thank you, Mr. Vasto.

24 MS. BAKER: Next we have Debora Herbert.

25 No, okay.

1 The next person Karen Rapf.

2 All right. The next person on the list,
3 Nan McManus. No, all right.

4 Then the last person, Stephanie Boots.
5 Anyone? Oh, she's coming, I'm sorry.

6 MS. BOOTS: You may not be able to see me.

7 MR. OCHOA: Your Honor, we're having some
8 technical breakup in St. Joe, so you might want
9 to ask the witness to spell her name for the
10 court reporter.

11 MS. BOOTS: Spelled S-T-E-P-H-A-N-I-E, last
12 name is B-O-O-T-S, as in Sam.

13

14 STEPHANIE BOOTS (videocast)
15 called as a witness herein, being first duly
16 sworn, testified on her oath as follows:

17

18 JUDGE DALE: Thank you. Please proceed.

19 MS. BOOTS: Okay. I live in Ridgewood
20 Estates. And I have been a customer of American
21 Water Company for 38 years.

22 And since this new company has taken over,
23 my water service has gone downhill.

24 My water smells like sewage. I will not
25 cook with it. I have a filter on my refrigerator.

1 I take everything that I cook, I take the water
2 out of my refrigerator that is filtered and I use
3 it to cook with.

4 We had a sewage problem in our basement
5 and underneath the floor where all the water went
6 through to go to the sewer line, I kept smelling
7 sewage. And I kept telling my husband, I said,
8 there's something wrong.

9 And he kept telling me, there's no sewage,
10 until it started bubbling up from the -- down
11 where the big pipe comes up from downstairs.

12 And so we had someone come out and
13 jackhammer up the floor. The pipe was supposed to
14 be there; completely gone. There was no pipe
15 there anymore. The whole floor underneath our
16 home had raw sewage.

17 This is very hard for me to talk about
18 because we kept having to have people come out
19 and run, you know, a snake through it and clean
20 out the line.

21 And I kept telling my husband, I said, why
22 did the pipe disintegrate, it didn't in the yard,
23 it did under our floor.

24 We didn't put grease in it. I didn't use
25 drain cleaners. I clean my drains with vinegar.

1 Something's wrong with the water. It
2 doesn't smell right. It doesn't look right. I
3 don't even like to take a bath in it, if you want
4 to know the truth. And this is the way I feel.

5 And you're giving them more money. Do you
6 realize that if you approve this, then my water
7 bill is going to be over \$80.00 a month. And my
8 water is probably going to be \$20.00 of that.

9 And the biggest majority of it is going to
10 be sewer tax that we don't even have a treatment
11 plant that we're paying for.

12 They come out twice a year, sewer lines,
13 and the only reason I know, because they open --
14 I have a manhole in my driveway. They block my
15 driveway.

16 They don't come to the door and say we're
17 going to do this. They just take the manhole
18 cover off and water out the lines. They don't
19 say, do you have anywhere to go, ma'am.

20 So the last time they did it, I told them,
21 yank it out of there, I want to leave. I am not
22 going to put up with this anymore.

23 Our driveway sank into the ground. We had
24 them come out. We had our driveway replaced. Our
25 curb sank clear into the ground when we had the

1 driveway replaced. The curb was intact under the
2 ground two feet.

3 And I talked to the road district and they
4 told me, they said, it's the water company's
5 problem. So I had them come out.

6 They come to the door, and this is the
7 response to me, do you have something that we can
8 get to open the manhole.

9 And I said, this is your equipment, not
10 mine, you mean to tell me you can't -- you don't
11 have anything to open this.

12 This is the kind of service that we get in
13 our neighborhood.

14 And the bill just keeps going up and up
15 and up and up and we're not getting anything
16 else. We're not getting any more service for what
17 we're paying.

18 I talked to another lady in the
19 neighborhood. She has a sinkhole in her backyard.

20 Now, I think we need to call the press,
21 Fox 5 Call for Action, and come out, find out
22 what's going on in our neighborhood.

23 Try to tell me it was the way I pulled
24 into my driveway because my curb sunk. I said,
25 everyone on our street pulls in their driveway

1 the same way I do. I'm not crazy, you know. They
2 all pull in their driveway the same way I do
3 mine.

4 It's just a very bad company in my
5 opinion. There's people that's not going to be
6 able to eat if you approve this, because it's
7 going to be a burden.

8 And I think something needs to be done.
9 You need to look it over.

10 That's all I have to say.

11 JUDGE DALE: Thank you very much, Mrs.
12 Boots.

13 Are there questions from the bench?

14 COMMISSIONER MURRAY: I just have one
15 question.

16 Have you had your water tested?

17 MS. BOOTS: No, I haven't.

18 I won't use it. All I use it for is my
19 laundry.

20 JUDGE DALE: All right. Thank you.

21 There are no other questions from the
22 bench. Thank you.

23 Mr. Hummel is there. If you can please
24 speak with him directly about the water quality
25 issues that you have, he may be able to look into

1 it more closely.

2 Thanks again.

3 MS. BOOTS: I've dealt with them before,

4 they just give you lip service. They don't do

5 anything.

6 JUDGE DALE: Oh, he's not with them, he's

7 with us.

8 MS. BOOTS: I'm being honest. That's all

9 you get is lip service.

10 JUDGE DALE: Mr. Hummel --

11 MS. BOOTS: But it's not going to do any

12 good, because -- he can tell you. I'm sorry.

13 JUDGE DALE: Mr. Hummel works for the

14 Commission.

15 MS. BOOTS: Okay then, if he isn't with the

16 water company, I'll be glad to talk to him.

17 JUDGE DALE: Thank you.

18 MS. BAKER: That was the last name that we

19 had on the list here.

20 I'd like to open it up, if anyone else

21 would like to make comments.

22 One more person who would like to make a

23 comment.

24 MR. ELKER: Good evening, my name is Jerry

25 Elker.

1 JUDGE DALE: Spell your last name please.

2 MR. ELKER: E-L-K-E-R.

3 JUDGE DALE: Thank you.

4

5 JERRY ELKER (videocast)

6 called as a witness herein, being first duly

7 sworn, testified on his oath as follows:

8

9 JUDGE DALE: Thank you. Please proceed.

10 MR. ELKER: Couple of comments.

11 I'm fortunate enough to live in one of the

12 newer homes in Parkville.

13 I can agree with a lot of people here

14 tonight. There's a high particulate matter in the

15 water that we receive.

16 I change my filters on my system quite

17 often, only because of the high particulates.

18 I also have a question about why are water

19 rates and our sewer rates are going up as high as

20 they are when we're already one of the highest in

21 the area?

22 And I certainly agree with those that

23 looked up the facts.

24 I also have a question about a backflow

25 test on my water sprinkler system every year.

1 I, as a pharmacist, can come check your
2 medicine cabinets and brought up more with the
3 safety and health of the citizens of the State of
4 Missouri than a test at a rate of 35 or 40 or 50
5 dollars every year.

6 The service for Missouri American Water,
7 they send us a thing, your backflow is late,
8 we're going to shut your water off.

9 Call them up, you say, wait a minute, you
10 didn't send me a notice; oh, well, we made a
11 computer error.

12 And this is not the first time that's
13 happened too.

14 That's all I have to say. Thank you.

15 JUDGE DALE: Thank you, sir.

16 Are there questions from the bench?

17 COMMISSIONER MURRAY: No questions. Thank
18 you.

19 COMMISSIONER APPLING: I have no questions,
20 Judge, but thank you for coming in.

21 JUDGE DALE: Thank you.

22 Is there anyone else, either in Parkville
23 or St. Joe?

24 MR. OCHOA: No, your Honor.

25 MS. BAKER: No one else here in Parkville,

1 but I have one request for comments for Gordon,
2 if you would please put those into writing,
3 because there are people here who were not able
4 to hear, and they were very interested in it.

5 JUDGE DALE: The other one who cut out, and
6 I don't know if he's still there, Mr. Vasto, if
7 he has written remark, if he would please give
8 them to Miss Baker or Mr. Hummel.

9 MS. BAKER: He has left, but he did
10 indicate that he would send those in.

11 JUDGE DALE: Great, thank you.

12 Is there any further business before us?

13 Then with that, we will be adjourned and
14 off the record. Thank you all very much.

15

16 (Hearing concluded at 7:00 p.m.)

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C E R T I F I C A T E

STATE OF MISSOURI)
)
COUNTY OF BUCHANAN)

I, the undersigned Certified Court
Reporter of the State of Missouri, do hereby
certify that I appeared at the time and place
first hereinbefore set forth; that said
proceedings were taken before me and thereafter
transcribed into computer-aided transcription
under my direction and supervision; and I hereby
certify that the foregoing transcript of
proceedings is a full, true and correct
transcript of my shorthand notes.

I further certify that I am neither
counsel, nor related to any party to said action,
nor otherwise interested in the outcome thereof.

IN WITNESS WHEREOF, I have hereto set my
hand and affixed my seal this 27th Day of June,
2007.
