

1 STATE OF MISSOURI
2 PUBLIC SERVICE COMMISSION
3 TRANSCRIPT OF PROCEEDINGS
4 Public Hearing
5 June 13, 2007
6 Kirkwood, Missouri
7 Volume 9
8 In the Matter of Missouri-American)
Water Company's Request for Authority to)
9 Implement a General Rate Increase for)Case No. WR-2007-0216
Water Service Provided in Missouri)
10 Service Areas)
11
12 COLLEEN M. DALE, Presiding REGULATORY LAW JUDGE
13 REPORTED BY:
14 JACQUELYN S. WILLIAMS, RPR, CCR, CSR (IL)
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A P P E A R A N C E S

John Reichart
727 Craig Road
St. Louis, Missouri 63141

Office of the Public Counsel
Post Office Box 2230
Jefferson City, Missouri 65102
By: Mr. Michael Dandino

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

2 JUDGE: We're on record. My name is Colleen Dale.
3 I'm the regulatory law judge with the Missouri Public
4 Service Commission. We are here this evening June 13,
5 2007 in the matter of Missouri-American Water Company's
6 request for authority to implement a general rate
7 increase for water service provided in Missouri, case
8 No. WR-2007-0216. I don't see my usual counsel
9 present. Is there anyone who wants to enter an
10 appearance?

11 MR. REICHART: Yes, Your Honor. Appearing on
12 behalf of Missouri-American Water Company, my name is
13 John Reichart. My address is 727 Craig Road, St.
14 Louis, Missouri 63141.

15 JUDGE: Thank you. As I indicated off the record,
16 there are no commissioners present at this local public
17 hearing. They were required that they go back to
18 Jefferson City this evening and so could not be in
19 attendance here tonight. Your remarks, however, are
20 being transcribed. The commissioners will read those.
21 They will be part of the official record in the case.

22 If you want to speak tonight, that's what we're here
23 for but if later you decide you want to make a comment in
24 this case, you can do so through our electronic filing
25 system and anybody who needs directions for how to navigate

1 that little system can get that from Craig Ocho. Any of us
2 can help you navigate that. If you're having trouble, the
3 information sheets that you have have an 800 number on
4 them. You're more than welcome to call that number and get
5 assistance. With that, I'll call our first witness who is
6 David Schilling and it's spelled S-C-H-I-L-L-I-N-G for the
7 record.

8 MR. SCHILLING: Yes, ma'am.

9 JUDGE: Thank you. Please raise your right hand.

10 (Wherein the witness was sworn in)

11 JUDGE: Please proceed.

12 MR. SCHILLING: And I do live at this address at
13 1665 Calais Court 63122. I'm again sad to see the
14 commissioners aren't here but you say they will hear
15 the transcript of this.

16 JUDGE: Yes.

17 MR. SCHILLING: Not wishing to bore you with
18 opinions, I have some facts here. I've brought along
19 some water bills. There's a curiosity here and first
20 thing as we've all received our June bill a couple of
21 weeks ago, there was presented to us by American-Water
22 Company the announcement that effective April 15, two
23 months ago that you, the Public Service Commission,
24 have already granted them an increase in the surcharge,
25 the infrastructure surcharge. So again, although you

1 all who handle these great difficult business facts
2 over many hours of time, you can divide things up.
3 Again, I hope it's recognized that we the customer, the
4 consumers, we see one dollar amount. So you've already
5 given them an increase in surcharge but that has
6 nothing to do with this rate increase because this
7 24 percent rate increase is about water usage and on
8 the water usage then again, I wish to hit a fact.

9 I have three bills here over my last yearly billing.
10 Well, three quarters of a billing cycle. The December 8th
11 of 2006, this was an estimated bill. They estimated for
12 our house and they came up with a gallon usage of 25,000
13 gallons of water. This is well over the average amount.
14 So the one curiosity is how do they go about estimating.
15 Their computer I believe has in it the past bills since
16 most of our bills hover around eight and 9,000. I'm
17 curious why it got up to 25,000. We paid that bill but it
18 is curious.

19 Now, the next bill after three months in March indeed
20 a refund. Well, it wasn't a refund. They simply
21 subtracted the amount and there was no charge for water
22 usage over that three month period. However, you will pay
23 for the infrastructure charge, etc. which is understandable
24 but my biggest curiosity is somehow there's a manipulation
25 of the numbers. They show you the meter readings on the

1 bills: The last actual, the present actual. Well, the
2 numbers decidedly change. It has been reviewed this
3 evening by American Water people and although they're
4 working on it, they haven't come up with an explanation.
5 They do say that no doubt the computer has got things
6 right. The oddity is this current June billing, that 599
7 meter reading that was an estimate in December shows up as
8 an actual.

9 Now, I would think in my simple logic since we already
10 paid up to that meter reading of 599 back in December,
11 there is a usage charge, water usage charge for this bill.
12 You can't go any higher than 599. We already paid that in
13 December, but I have been assured that this will be
14 explained and I'm no rocket scientist. Whatever degree I
15 have, my math and arithmetic is fairly good. This isn't
16 correct journal entries in the business side and no one can
17 comprehend the arithmetic. Why do you have usage charges.
18 It's a simple 100 cubic feet, 13 of them but over in the
19 column it's divided up into 5.17, 7.43 to get up to 13.
20 Certainly a computer can multiply by 13 and why do we have
21 two infrastructure charges.

22 Well, I am told the reason for two entries there is
23 because of this increase which you've already given them on
24 the infrastructure charge. For a month and a half it was
25 before April 15th. For a month and a half after you get

1 the charge.

2 The bills aren't easy. I have naturally called the
3 800 number. I spoke with a very friendly young lady in
4 Pensacola, Florida who immediately told me that
5 Missouri-American Water pay attention to the American
6 water, not necessarily the Missouri. I'm told that there
7 are 26 states that this company operates in. It's no small
8 company and Jefferson City is no small government. We're
9 just small customers. We're confused. It shouldn't be
10 this complicated and we do look to the commissioners.

11 Their job I believe is to oversee and provide the
12 checks and balances on what I would consider illegitimate
13 monopolies. You make them legitimate by watching their
14 operations. I believe our upsetness as customers is how
15 much we see on the profit side and how our rates continue
16 to go up in various categories.

17 On infrastructure charge we're paying and now it's the
18 other charge. This is not polite. It is confusing but
19 however, I guess this is the 21st century and perhaps it's
20 the best we can expect. That's all I have. If you have
21 any questions for me, I have the paperwork here of my bill.

22 JUDGE: I have a series of questions that one of
23 the commissioners asked me to please ask everyone who
24 testified. His first question is do you have any
25 issues with the quality of your water, the taste, the

1 smell?

2 MR. SCHILLING: I have compliments to our
3 Department of Natural Resources that is busy checking
4 the quality of this water at their plants. No, I have
5 no quarrel with the quality that I believe I've covered
6 on some of my civil servants with the Department of
7 Natural Resources.

8 JUDGE: Do you have outages?

9 MR. SCHILLING: No.

10 JUDGE: I think you've answered these other
11 questions because they all relate to billing.

12 MR. SCHILLING: My problems are with billing
13 increases and a country that says well for those
14 growing older, we'll try to hold the line on increases
15 not keeping up with your retirement checks. I don't
16 know that we ever see that.

17 JUDGE: Have you contacted our consumer services
18 department here last spring or recently concerning
19 this?

20 MR. SCHILLING: I contacted them concerning the
21 Ameren UE case where the Public Service Commission had
22 done thousands of hours of work to show that no
23 increase should be granted and then the commissioners
24 granted them an increase, albeit not as much as they
25 asked for. So yes, I have contacted the commission in

1 Jeff City. They do answer on Ameren UE but I've not
2 contacted them until tonight concerning American Water,
3 Missouri-American Water.

4 JUDGE: Would you kindly get with Craig back here
5 and make sure that you can have arrangements for copies
6 of your bills so that the commissioners can see what
7 we've been discussing here tonight?

8 MR. SCHILLING: Happily.

9 JUDGE: Thank you.

10 MR. SCHILLING: Thank you.

11 JUDGE: Our next witness is Al Ratermann. If you
12 will raise your right hand, please.

13 (Wherein the witness was sworn in)

14 JUDGE: Thank you. And would you spell your last
15 name for the court reporter, please.

16 MR. RATERMANN: Yes. Actually, it's Ratermann
17 pronounced Ratermann and that's R-A-T-E-R-M-A-N-N.
18 Goof evening, Judge Dale and thank you for the
19 opportunity to speak to you this evening. I'd like to
20 read a brief statement. I would like to speak to you
21 this evening at this public hearing as both a concerned
22 customer of Missouri-American Water Company, as an
23 employee of 15 and a half years of the company and as
24 the president of the Utility Workers Union of America
25 Local 335 of which I represent over 400 members who are

1 all employees of Missouri-American Water.

2 We work in all divisions of the company doing a wide
3 variety of highly skilled positions which provide a safe
4 product for our customers to drink. We treat the river
5 water, pump it throughout over 4,000 miles of pipeline. We
6 read the meters. We replace the water meters. We
7 maintain, install and repair the system. We have over 60
8 years of experience and expertise at the old St. Louis
9 County Water Company and now Missouri-American Water
10 Company.

11 I would like to strongly state that Missouri-American
12 Water Company is currently deficient in complying with the
13 staff of PSC's directive to file an amended report for
14 2006. Per the staff's instructions, the company has 20
15 days to comply. Missouri-American Water Company has
16 intentionally withheld from its 2006 annual report to the
17 commission on all salary information for all
18 Missouri-American employees. This is in direct violation
19 of the staff's directive.

20 I have copies of the company's annual reports dating
21 back to the mid '90s. The company has never before
22 withheld this information. In the 2006 report, they are
23 now claiming that this salary information is confidential.
24 I along with probably everyone else in this room is
25 wondering does the company have something that they're

1 trying to hide. Local 335 has the strong support of my
2 state senator, Timothy Green in addressing this issue to
3 you this evening. Unfortunately, Senator Green is out of
4 town or he would have appeared here himself this evening.
5 I believe that this issue should be taken under
6 consideration as the commission decides on this rate
7 increase request. Local 335 also has great concerns as to
8 the protection of our pension plan under the American Water
9 Company System.

10 As you know, RWE, the German utility the parent
11 corporation of American Water has decided to put American
12 Water up for sale. The company is in the process in the
13 necessary states to get regulatory approval to sell the
14 company through an initial public offering. I would also
15 like to state that American Water operates in 29 states.
16 Thank you for your time.

17 JUDGE: Thank you. I see that Mr. Dandino has
18 joined us. Would you like to enter an appearance?

19 MR. DANDINO: Yes, Your Honor. Thank you.
20 Michael Dandino, Law Office of the Public Counsel, Post
21 Office Box 2230, Jefferson City, Missouri 65102
22 representing the Office of Public Counsel and the
23 public and I apologize, Your Honor.

24 JUDGE: It's a very warm day and I'm given to
25 understand that 270 is a parking lot.

1 MR. DANDINO: Yes.

2 JUDGE: Our last witness is Wynn Chesney. Did I
3 get that right?

4 MR. CHESNEY: Uh-huh.

5 JUDGE: Good.

6 (Wherein the witness was sworn in)

7 JUDGE: Will you please spell your last name for
8 the court reporter.

9 MR. CHESNEY: C-H-E-S-N-E-Y.

10 JUDGE: Thank you.

11 MR. CHESNEY: Okay. First of all, I'd like to
12 compliment, we have no problems with service. As a
13 matter of fact, I'd like to compliment them again
14 because one winter when they were going to turn the
15 water off, they actually called us and told us so that
16 my neighbors and I were weren't halfway lathered up in
17 the shower and no water. So I really appreciate that.

18 Another thing I appreciate is Al's members out there
19 in zero degree weather digging down and fixing whatever is
20 broken. That's got to be an exemplary performance I think
21 for his members and the supervisor out there, the operating
22 supervisor. So we have no problems with that. In fact,
23 I'm even in favor of granting the water company an
24 increase. However, I don't think 24 percent is anywhere
25 close to what they really need and I certainly hope it will

1 not reach 24 percent.

2 So as a brand new retiree, almost a month, I can tell
3 you that nobody in this room pensions are going to go up
4 24 percent next year. That's for sure. And so we need to
5 stick close to the rate of inflation and not reach into the
6 20's for these increases. They need to prorate this as
7 opposed to getting it all in one year. I have no facts
8 like the other guys did. This is just my opinion.

9 JUDGE: So aside from that one outage when they
10 notified you, have you had other outages?

11 MR. CHESNEY: No, I don't think so.

12 JUDGE: And have you had any billing problems?

13 MR. CHESNEY: No.

14 JUDGE: Okay. Thank you.

15 MR. CHESNEY: Thank you.

16 JUDGE: Mr. Dandino, did you have any questions?

17 MR. DANDINO: I have no questions. Thank you,
18 Your Honor.

19 JUDGE: Is there anyone else here who would like
20 to speak? If you change your mind and would like to
21 make a public comment, as I indicated, this case number
22 is WR-2007-0216. I believe that's on your information
23 sheet. You can go to our web site. There's a place on
24 there where you can click to make a public comment.
25 You enter the case number and you can file a public

1 comment in that. Is there any other business before us
2 before I conclude? Seeing none, then we will be
3 adjourned. Off the record. Thank you.

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24

25

1	INDEX	
2	NAME	PAGE NO.
3	David Schilling	4
	Al Ratermann	9
4	Wynn Chesney	12
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		