



**Metropolitan St. Louis
Sewer District**

2350 Market Street
St. Louis, MO 63103

REMARKS

RATE COMMISSION TOUR OF BISSELL POINT WASTEWATER TREATMENT PLANT

FRIDAY, JUNE 3, 2011

Good morning. My name is Len Toenjes, chair of the MSD Rate Commission. I am here today to talk about the Rate Commission's role in the setting of MSD's rates. I have prepared remarks that I will make and afterward I will take your questions. Please understand that I can only answer questions about the Rate Commission. Questions beyond the Rate Commission's scope of authority, I will refer to MSD staff.

In November 2000, St. Louis area voters approved the creation of a Rate Commission for MSD. This body - made up of 15 member organizations - was created to give the public a voice in MSD's rate setting process. Prior to that time, there was no formal way for the public to voice its opinion on the setting of rates.

A few weeks ago, MSD staff presented to the Rate Commission a proposal for wastewater rate increases starting in 2012 and going through 2015. The details of this proposal are in the packets shared with you earlier. While it is too early for the Commission to make comments on the proposal itself, I can speak to how we will be going about reviewing the proposal and our philosophy in doing so.

First, the Rate Commission is an organization independent from MSD staff and the board of trustees. While the board appoints member organizations to the Commission through a public selection process, once appointed, the commission acts on its own, with its own resources. The general guidelines under which we operate are set out in MSD's voter approved charter. Each member organization appoints an individual to act as its representative on the Commission. The Commission itself is representative of the MSD's customer base. From the Missouri Coalition for the Environment, to League of Women Voters, to the West County of Chamber of Commerce, to the Associated General Contractors, the 15 organizations on the Commission represent customers from all walks of life.

Second, MSD's charter lays out the criteria for evaluating proposed rates. The criteria are:

- One, rates must be consistent with all laws;
- Two, rates must enhance the ability of MSD to provide adequate sewer and drainage systems;
- Three, rates must not violate any bond covenants or debt obligations;
- Four, rates must not impair MSD's ability to comply with Federal or State regulations;
- Five, that rates must be fair and reasonable for all classes of customers.

Third, the work that the Rate Commission does is not unimportant by any stretch of the imagination and the public must – allow to me repeat, the public must – take every interest in our work. Over the next several decades, MSD has said it will spend \$6 billion on its collection and treatment system. This is a significant investment in our region’s infrastructure that will impact generations to come. The public has a right to know the justifications for the rate increases that will fund this investment. As part of the Rate Commission process, there will be numerous public hearings in the coming months. We encourage the general public to attend these meetings and weigh in with their opinions. For its part, the Rate Commission has its own experts and resources, and will hold MSD staff accountable for what they propose. However, at the end of the day, these are public monies and the public’s voice must be heard.

In closing, the facility which we have toured today is but a small example of the vast collection and treatment system that MSD operates. MSD has the fourth largest collection system in the United States, right behind Los Angeles, California. It has seven large treatment plants that collectively handle 330 million gallons of wastewater per day. And this system has its challenges – both from a basic maintenance and operations standpoint and from a regulatory standpoint. To properly function, MSD must be properly funded. But MSD must not be given valuable public funds without due diligence and oversight. That, in part, is why the Rate Commission exists. We will hold MSD staff accountable for this proposal and work to ensure that each and every dollar they are asking for is justified.

Thank you. I will now take your questions.