



**MSD Exhibit No. MSD 3A**  
2019 Rate Change Proceeding

**BRIAN L. HOELSCHER**

Direct Testimony

Metropolitan St. Louis Sewer District

March 4, 2019

## **Table of Contents**

	<u>Page</u>
Witness Background and Experience .....	1
Major Factors Affecting Rate Change Notice .....	2

**1 Witness Background and Experience**

**2 Q1. Please state your name, business address, and telephone number.**

3 A. Brian L. Hoelscher, 2350 Market Street, St. Louis, MO 63101, (314)768-6245,  
4 [blhoel@stlmsd.com](mailto:blhoel@stlmsd.com)

**5 Q2. What is your occupation?**

6 A. I am the Executive Director for the Metropolitan St. Louis Sewer District (District).

**7 Q3. How long have you been associated with the District?**

8 A. I have been with the District continuously since 1995.

**9 Q4. What is your professional experience?**

10 A. During my tenure with the District, I held various senior management level positions  
11 related to the execution of the District’s capital program and overall operation of the  
12 District including Manager and Assistant Director of the Construction Management  
13 Department, Assistant Director and Director of the Engineering Department, and since  
14 March 2013 have served as the Executive Director. Prior to joining the District I was the  
15 St. Louis Office Manager for the consulting engineering company of Consoer, Townsend,  
16 Envirodyne (CTE, now AECOM).

**17 Q5. What is your educational background?**

18 A. I am a graduate of Washington University in St. Louis with an undergraduate degree in  
19 Civil Engineering.

**20 Q6. Are you registered as a Professional Engineer?**

21 A. Yes, I am a registered Professional Engineer in the States of Missouri and Illinois.

22

23

1 **Major Factors Affecting Rate Change Notice**

2 **Q7. What is the focus of the Rate Change Proposal?**

3 A. The Rate Change Proposal recommends wastewater rate increases for the period of FY21  
4 through FY24. These increases are necessary to provide the revenue to perform  
5 operations, maintenance, and construction activities required to comply with the Clean  
6 Water Act (CWA) as well as other regulatory requirements.

7 **Q8. How do the wastewater rates for FY21 through FY24 proposed in this Rate Change**  
8 **Proposal compare to the rates for these same years that were projected or**  
9 **forecasted by the District in the last Wastewater Rate Change Proposal in 2015?**

10 A. As part of the last Wastewater Rate Change Proposal in 2015, which covered rates for  
11 FY17 through FY20, the District also provided projected or forecasted wastewater rates  
12 for FY21 through FY24. At that time, the District projected rate increases of  
13 approximately 10% during each year from FY21 through FY24 for the District’s average  
14 residential customer. However, due to steps the District has taken and other changes that  
15 have occurred since 2015, the rates proposed in this Rate Change Proposal for FY21  
16 through FY24 are significantly lower than what was projected.

17 **Q9. How much lower?**

18 A. Rather than the 10% annual increases forecasted in 2015, this Rate Change Proposal  
19 proposes to increase the wastewater charges for the District’s typical residential customer  
20 by just under 2% in FY21 and by just under 4% each year for FY22 through FY24.

21  
22  
23

1 **Q10. How was the District able to achieve these lower proposed wastewater rates?**

2 A. Through a combination of things, including a negative impact from potable water  
3 utilization less than that projected, which resulted in less revenue than anticipated, and  
4 positive impacts from (a) cost of financing less than that anticipated, (b) operational and  
5 maintenance expenses less than those anticipated, (c) capital program costs lower than  
6 anticipated, and (d) approval of an extension of the District's Consent Decree from 23  
7 years to 28 years. This information is also provided in the presentation given on March  
8 4, 2019, Exhibit MSD 57.

9  
10 **Q11. What impact do existing District labor agreements have on this Rate Change**  
11 **Proposal?**

12 A. They have no impact. The District negotiated all existing labor agreements so that they  
13 would end at the conclusion of the current approved wastewater rates, in June 2020.

14 **Q12. Does that conclude your prepared direct testimony in this matter?**

15 A. Yes it does.