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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of Aquila, Inc.)
d/b/a Aquila Networks - L&P and)
Aquila Networks - MPS to) Case No. GR-2004-0072
Implement a General Rate Increase)
In Electricity.

PREHEARING CONFERENCE
Volume 1
Wednesday, September 10, 2003
Governor Office Building
200 Madison Street
Jefferson City, Missouri 65101

VICKY RUTH, presiding,
SENIOR REGULATORY LAW JUDGE

REPORTED BY:

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APPEARANCES:

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P R O C E E D I N G S

JUDGE RUTH: Good afternoon.

We are here for a prehearing conference in Case No. GR-2004-0072 regarding Aquila's request for a natural gas rate increase.

My name is Vicky Ruth, and I'm the regulatory law judge assigned to this case.

Today's date is September 10th, and it is about five minutes after 1:00.

I'd like to begin by taking entries of appearance.

And, Aquila, can we start with you?

MR. COOPER: Dean L. Cooper, the law firm of Brydon, Swearingen & England, P.C., P.O. Box 456, Jefferson City, Missouri 65102, appearing on behalf of Aquila, Inc., doing business as Aquila Networks - MPS and Aquila Networks - L&P.

JUDGE RUTH: Thank you.
Public Counsel.

MR. MICHEEL: Douglas E. Micheel, appearing on behalf of the Office of the Public Counsel and the public, P. O. Box 7800, Jefferson City, Missouri, 65102-7800.

JUDGE RUTH: Thank you.
And Sedalia Industrial Users.

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MR. CONRAD: Yes, Judge Ruth.

On behalf of Sedalia Industrial Energy Users' Association, Stuart W. Conrad of the law firm of Finnegan, Conrad and Peterson, 1209 Penn Tower Office Center, 3100 Broadway, Kansas City, Missouri.

JUDGE RUTH: Thank you.

And also present we have Mr. Comley.

MR. COMLEY: Yes, ma'am.

Your Honor, appearing on behalf of the potential intervenor City of Kansas City, let the record reflect the appearance of Mark Comley with Newman, Comley & Ruth, 601 Monroe Street, Jefferson City, Missouri 65101.

JUDGE RUTH: Thank you.

And is it Ms. Woods?

MS. WOODS: Yes.

Shelley A. Woods, Assistant Attorney General, Post Office Box 899, Jefferson City, Missouri 65102, appearing on behalf of the Missouri Department of Natural Resources, intervenor in this matter.

JUDGE RUTH: Thank you.

And is someone here for Cornerstone?

No.

Okay. And I still do not see anyone from Staff at this time.

1 MR. CONRAD: Your Honor, Mr. Micheel and I will
2 endeavor to represent the interest of the public here,
3 along with the abled assistance of the Attorney General.

4 JUDGE RUTH: Okay.

5 If Staff comes in, I will try and make a note
6 that they are present. I imagine they are just running a
7 few minutes behind and hopefully should be here soon.

8 Okay. To begin with, I just want to mention
9 that the Commission issued an order this morning. It was
10 faxed to the parties, but you may not have seen it. It's
11 an Order Granting Applications to Intervene.

12 I have lots of copies. I'll set them up here
13 if you want to come and get them.

14 It granted the intervention of the Sedalia
15 Industrial Energy Users' Association, Cornerstone Energy
16 and the Missouri Department of Natural Resources.

17 It did not address the application to intervene
18 the City of Kansas City. That will be addressed in a
19 separate order.

20 I would like to note, however, that the
21 Commission had issued an order earlier in the week
22 directing that any response to Aquila's objection to
23 Kansas City's intervention be filed by noon today.

24 MR. COMLEY: And it was filed at about ten
25 until 11:00.

1 JUDGE RUTH: Because I have not yet seen it.
2 Did you file that in paper copy?

3 MR. COMLEY: Yes, we did.

4 JUDGE RUTH: I have a feeling that it hasn't
5 been scanned on yet because it wasn't on the EFIS system
6 at about five until 1:00. So I'll make sure that I get a
7 copy of that later.

8 During the prehearing conference, if you feel a
9 need to recap, that I'll give you an opportunity, and if
10 we need some responses, we'll address that too.

11 Okay.

12 This early prehearing conference was scheduled
13 to allow the parties to meet and discuss the issues,
14 perhaps even resolving some of them.

15 In addition, it's to give the parties an
16 opportunity to work on a proposed procedural schedule,
17 which currently the Commission has directed that it be
18 filed no later than September 15th.

19 I understand that there are some issues with
20 hearing dates, and if the parties feel that that date
21 needs to be extended, I'll need someone to file a motion
22 to that effect. Otherwise, I'll expect to receive a
23 proposed procedural schedule by the 15th.

24 The case is currently scheduled for hearing
25 from January 20th through 23rd of 2004 and the 26th

1 through 30th, with a true-up hearing set, if necessary,
2 for February 3 to 4.

3 The Sedalia Industrial Energy Users'
4 Association has filed a request for the hearing to be
5 rescheduled. That motion, however, also asks that the
6 Commission not rule on it until after the pre-- this
7 early prehearing conference. So the Commission has not
8 yet ruled on it.

9 I had hoped that the Aquila electric and steam
10 case might free up some dates for this hearing, and it's
11 my understanding that the proposed procedural schedule
12 that the parties filed for that case did free up the week
13 of February 17th through 20th.

14 Ideally, I would have liked for it to have
15 freed up some dates in March. I think that would be
16 better. But I understand at this point that's what the
17 parties have proposed.

18 Judge Jones is assigned to that case, and he
19 has not ruled on the parties' motion, but it looks like
20 that might be a week that would be available.

21 I understand that is not a lot later, but it is
22 an option for the party to keep in mind, and that's
23 February 17th through 20th.

24 Now I'd like to mention that there has been
25 some interest in scheduling a hearing as late as the

1 beginning of March, and you're free to file whatever
2 proposed procedural schedule you want and propose any
3 changes, but I don't expect that the Commission will
4 approve any proposed procedural schedule that has a
5 hearing ending any later than May.

6 So if it begins in March, it would probably
7 have to end in March. But I, of course, can only guess
8 what the Commissioners will do. You're free to file
9 whatever you want.

10 I did also want to mention that the Commission
11 is considering holding local public hearings for this
12 case in conjunction with the local public hearings in the
13 electric and steam cases.

14 The proposed procedural schedule for those
15 cases, I believe, suggested December 2nd and 3rd as
16 possible dates. You might want to keep that in mind for
17 this case.

18 Mr. Micheel.

19 MR. MICHEEL: Essentially, though, the service
20 territories are not contiguous for some of the electric
21 operations as it relates in the gas operations.

22 JUDGE RUTH: And I might be wrong, but I
23 thought there was some overlap.

24 MR. MICHEEL: Well --

25 MR. COOPER: I think that's --

1 MR. MICHEEL: Raytown, they don't serve in
2 Raytown, gas in Raytown, Missouri. And they don't serve
3 gas in St. Joseph, Missouri. That's all Missouri Gas
4 Energy.

5 In looking at the proposed schedule, that's the
6 two local public hearings for the electric case.

7 MR. COOPER: Although I think St. Joe might be
8 a central location for some of those properties that are
9 up in that area, but I think Mr. Micheel's point is well-
10 taken.

11 JUDGE RUTH: The Commissioners have expressed
12 that interest to see if they could be done jointly, but
13 you might want to point that out --

14 MR. MICHEEL: We will do so.

15 JUDGE RUTH: -- in the proposed procedural
16 schedule if it's not going to work to have them jointly,
17 because that idea has been tossed around.

18 And the last thing I want to mention about the
19 proposed procedural schedule is a request that the last
20 thing that you file -- that you propose to file, whether
21 it's a reconciliation of issues or whatever, be filed
22 approximately one week before the hearing starts.

23 And that is simply because the Commissioners
24 always have a prehearing briefing agenda before the
25 hearing begins. So they like to have everything in front

1 of them when they have their last agenda session to talk
2 about it.

3 Sometimes that doesn't work out, but that's a
4 request I'll make, if you can keep that in mind.

5 Even if something is filed on Wednesday, it
6 might not go into the memo that the RLJ prepares, but at
7 least the memo would have it before their Thursday agenda
8 meeting before the hearing were to start on Monday, as
9 how it might fall out.

10 Are there any additional matters that need to
11 be addressed at this time?

12 I don't see any -- I will note that several
13 minutes ago Staff's attorney came in, and I didn't break
14 at that time.

15 It would be a good time for you to give your
16 entry of appearance.

17 MR. SCHWARZ: Tim Schwarz, P. O. Box 360,
18 Jefferson City, Missouri, appearing for the Staff of the
19 Missouri Public Service Commission.

20 JUDGE RUTH: I asked if there were any other
21 issues, and I am not seeing any.

22 MR. CONRAD: I'm just looking for the first
23 time, Your Honor, at the Order Granting Applications to
24 Intervene.

25 It strikes me that perhaps it is well for me to

1 mention, that in your footnote one --

2 JUDGE RUTH: Yes.

3 MR. CONRAD: -- you have correctly listed the
4 current members of the intervention group, but I did want
5 to call to your attention, as well as to others, if it's
6 necessary, that two of those listed, EnerSys, Inc., the
7 second line of the footnote, and ThyssenKrupp Stahl
8 Company, both do business in Warrensburg, Missouri.

9 Stahl also has a Kingsville location.

10 But those two companies, although they are
11 members of the intervention group, are not served by this
12 utility for their gas needs, but by Missouri Gas Energy,
13 Warrensburg.

14 And I mentioned that in our application.

15 JUDGE RUTH: Yes. Your application was quite
16 clear on that. I decided not to go into the details on
17 this.

18 MR. CONRAD: Well, that's fine. I just didn't
19 want somebody to be misled, you know.

20 JUDGE RUTH: And I'll also mention that when I
21 issued this, I was aware that the normal ten-day period
22 for filing objections to at least one of the applications
23 to intervene, I believe DNR's, the ten days had not yet
24 run. I wanted to go ahead and issue this to facilitate
25 today's prehearing conference.

1 If some party still has an objection to and
2 requests for intervention and the ten days has not run,
3 you may still file something and the order could be
4 addressed or amended as necessary.

5 Anything further? Okay.

6 I did bring down a copy of the Commissioners'
7 hearing calendar, if that is of any assistance. You're
8 free to look at it when you're looking at dates, but I'd
9 appreciate it, when you finish, if you would either give
10 it to Jo Ann or somebody, take it upstairs, so it's not
11 laying down, because it also has -- my name is on it.

12 And it lists the hearings. And then I penciled
13 out one set of dates in March where the Commissioners are
14 not available, and I noted that, which is why March 8th
15 through the 10th, that wasn't scheduled for any Aquila
16 case. It's because several, if not most, of the
17 Commissioners are going to be gone.

18 Otherwise, the Commission's hearings and
19 prehearing conferences are all listed on here.

20 And as you know, if something is listed in 305,
21 then 310 is still available, but we can't have two actual
22 hearings going on. We can have a prehearing conference
23 and a hearing but not two evidentiary hearings.

24 So here is this.

25 There is copies of the intervention, or order

1 granting intervention, if you want.

2 And that will conclude the on-the-record
3 portion of the prehearing conference.

4 We'll go off the record.

5 WHEREUPON, the on-the-record portion of the
6 Prehearing Conference was concluded.

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