

Mark P. Johnson
816.460.2424
mjohnson@sonnenschein.com

4520 Main Street
Suite 1100
Kansas City, MO 64111
816.460.2400
816.531.7545 fax
www.sonnenschein.com

Chicago
Kansas City
Los Angeles
New York
San Francisco
Short Hills, N.J.
St. Louis
Washington, D.C.
West Palm Beach

June 1, 2004

Via Federal Express

Mr. Dale H. Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, Missouri 65101

RE: Case No. SM-2004-0275

FILED⁴

JUN 02 2004

Missouri Public
Service Commission

Dear Mr. Roberts:

Please find enclosed the original and nine copies of the Statement of Cedar Hill Utility Company In Support of Missouri-American Water Company's Proposal Concerning Acquisition Premium. By copy of this letter, I have served a copy of the Statement upon all parties of record. Please return a filed-stamped copy of the Statement to me in the enclosed return envelope provided.

If you have any questions, please give me a call.

Very truly yours,

Mark Johnson/rgr

Mark P. Johnson

MPJ/rgr

Enclosures

cc: Cliff W. Snodgrass, Esq. (w/enclosure)
Ruth O'Neill (w/enclosure)
Dean L. Cooper, Esq. (w/enclosure)

FILED⁴

JUN 02 2004

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Missouri Public
Service Commission

In the Matter of the Joint Application of)
Missouri-American Water Company and)
Cedar Hill Utility Company, Inc., for)
Authority for Missouri-American Water)
Company to Acquire Certain Assets of)
Cedar Hill Utility Company, Inc., and, in)
Connection Therewith, Certain Other)
Related Transactions.)

Case No. SM-2004-0275

STATEMENT OF CEDAR HILL UTILITY COMPANY IN SUPPORT OF MISSOURI-
AMERICAN WATER COMPANY'S PROPOSAL CONCERNING ACQUISITION
PREMIUM

Comes now Applicant Cedar Hill Utility Company ("Cedar Hill"), by its undersigned counsel, and expresses its support for the proposal of Missouri-American Water Company ("Missouri-American) to postpone any decision concerning the treatment of any acquisition premium until the Commission deals with Missouri-American's next rate case proposal. In support of this statement, Cedar Hill states the following:

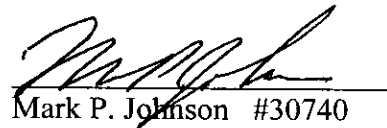
1. On May 17, 2004, Missouri-American responded to Staff's proposal that, inter alia, suggested that the Commission should condition approval of the proposed acquisition on Missouri-American's agreement not to seek recovery of any acquisition premium in its rates. Missouri-American noted that in the context of the acquisition and this Case, it is making no proposal to increase rates to recover the premium, distinguishing this Case from the situation presented in State ex rel. Ag Processing, Inc. v. Public Service Commission, 120 S.W.3d 732 (Mo. 2003). Missouri-American suggests that it is premature to consider Staff's proposal, and indicates that it would be willing to deal with the issue in the context of its next rate case.

2. Cedar Hill agrees with and supports Missouri-American's proposal. The proposal is a sensible solution to the issue which Staff feels must be decided, at some point: whether and to what extent the acquisition premium may be included in the rate base. As Missouri-American

is not proposing to include the acquisition premium in the rate base at this time, Staff's proposal presents an academic and hypothetical question. Given the Commission's limited resources, it should decide this question at the appropriate time, which is not in the context of this Case.

Wherefore, Cedar Hills expresses its support for the proposal of Missouri-American concerning Staff's suggested condition relating to treatment of the acquisition premium

Respectfully submitted,



Mark P. Johnson #30740

Karen M. Jordon

Sonnenschein Nath & Rosenthal

4520 Main Street

Suite 1100

Kansas City, MO 64111

816/460-2400

816/531-7545

mjohnson@sonnenschein.com

ATTORNEYS FOR CEDAR HILL
UTILITY COMPANY

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served this 5th day of June, 2004, by United States mail, first class, postage prepaid, on the following:

Cliff E. Snodgrass, Esq.
Office of the General Counsel
Missouri Public Service Commission
Governor Office Building, 8th Floor
Jefferson City, MO 65101

Ms. Ruth O'Neill
Office of the Public Counsel
Governor Office Building, 6th Floor
Jefferson City, MO 65101

Dean L. Cooper, Esq.
Brydon, Swearingen & England P.C.
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102

