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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS
Pre-hearing Conference
April 16, 2008
Jefferson City, Missouri
Volume 1

In the Matter of The Joint)
Application of Stoddard)
County Sewer Co., Inc.,)
R.D. Sewer Co., L.L.C.)
And The Staff of The)
Missouri Public Service) Case No.SO-2008-0289
Commission For An)
Order Authorizing Stoddard)
County to Transfer Its)
Assets To R.D. Sewer,)
L.L.C., And For An Interim)
Rate Increase)

HAROLD STEARLEY, Presiding,
REGULATORY LAW JUDGE

REPORTED BY:
PAMELA FICK, RMR, RPR, CCR #447, CSR
MIDWEST LITIGATION SERVICES

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APPEARANCES:

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FOR: Staff of the Missouri Public
Service Commission.

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

2 JUDGE STEARLEY: All right. We're on
3 the record. Today is Wednesday, April 16th, 2008,
4 and we are here for a prehearing conference in the
5 matter of the joint application of Stoddard County
6 Sewer Company, Incorporated, R.D. Sewer Company, LLC,
7 and Staff of the Missouri Public Service Commission
8 for an order authorizing Stoddard County Sewer
9 Company, Incorporated, to transfer its assets to R.D.
10 Sewer Company, LLC and for an interim rate increase,
11 Case No. SO-2008-0289.

12 My name is Harold Stearley and I'm the
13 presiding officer this morning. Our court reporter
14 this morning is Pam Fick. And we'll begin by taking
15 entries of appearance, beginning with Staff of the
16 Missouri Public Service Commission.

17 MR. KRUEGER: Keith R. Krueger for the
18 Staff of the Missouri Public Service Commission. My
19 address is P.O. Box 360, Jefferson City, Missouri
20 65102.

21 JUDGE STEARLEY: And for Stoddard County
22 Sewer Company.

23 MR. HOLDEN: Well, your Honor, I
24 represent R.D. Sewer, Stephen W. Holden, P.O. Box
25 633, Dexter, Missouri 63841.

1 JUDGE STEARLEY: Is your name also on
2 the joint application as representing Stoddard County
3 as well?

4 MR. HOLDEN: That may be, your Honor.
5 That is a defunct corporation so I guess I represent
6 a -- a remaining shareholder in that corporation.

7 JUDGE STEARLEY: Okay. Very good. And
8 thank you very much, Mr. Holden. And the Office of
9 the Public Counsel.

10 MS. BAKER: Christina Baker, P.O. Box
11 2230, Jefferson City, Missouri 65102, appearing on
12 behalf of the Office of the Public Counsel and the
13 ratepayers.

14 JUDGE STEARLEY: We have a little bit of
15 an unusual procedural posture in this case, so things
16 are kind of being handled in a little bit different
17 way. The Commission would like to have a hearing in
18 this at the earliest possible time and has
19 tentatively set a date for July 1st and 2nd.

20 The hearing can just be live testimony.
21 There's no need for prefiled testimony in this
22 matter. And at the Chairman's request, we've already
23 set a local public hearing for June 4th at Dexter
24 High School. And although we won't be having
25 prefiled testimony, the Commission would still like a

1 list of issues and witnesses to be filed at the
2 remainder of the procedural schedule which we've kind
3 of dictated to the parties this time.

4 In terms of providing notice on the
5 hearings, I believe the order setting the prehearing
6 conference asks for a proposed notice to be filed at
7 that same time, April 23rd.

8 In terms of practical matters, how soon
9 could notice be sent to the customers, whether by
10 billing insert or other matter? Is there a billing
11 cycle coming up for the month of May?

12 MR. HOLDEN: I believe there is for the
13 month of May, your Honor.

14 JUDGE STEARLEY: Okay. Would having a
15 billing insert in any way pose a cost-prohibitive
16 type problem for the company in notifying these
17 customers?

18 MR. HOLDEN: I think that their billing
19 currently is via postcard, so basically I guess what
20 it will involve is a little bit of increased expense,
21 but I certainly don't think it would be sufficient to
22 classify as prohibitive.

23 JUDGE STEARLEY: Okay. Can you tell me
24 when the May billing cycle is?

25 MR. HOLDEN: Judge, I do not -- I do not

1 have that information readily available.

2 JUDGE STEARLEY: Okay.

3 MR. HOLDEN: I'll need to contact the
4 client to see when those are going out.

5 JUDGE STEARLEY: Okay. I'd like to be
6 sure that the customers get at least two weeks
7 notice.

8 MR. HOLDEN: I think that can be
9 accomplished even if we had to do a special mailing.

10 JUDGE STEARLEY: All right. Very good.
11 The Commission has found a location and reserved it
12 in Dexter at the high school auditorium.

13 MR. HOLDEN: High school auditorium?

14 JUDGE STEARLEY: Yes. And we're going
15 to be setting that up for video conferencing and web
16 casting, although the Chairman does plan to appear in
17 person for this one.

18 MR. HOLDEN: Does or does not?

19 JUDGE STEARLEY: He does.

20 MR. HOLDEN: Okay.

21 JUDGE STEARLEY: There was some mention
22 in the application of some security agreements with
23 Clinton Enterprises.

24 MR. HOLDEN: Yes, your Honor.

25 JUDGE STEARLEY: Okay.

1 MR. HOLDEN: There was an unauthorized
2 pledge of the collateral of the district owned by
3 Stoddard County Sewer Company made to Clinton
4 Materials, and I think this occurred back in the mid
5 to late '90s. To my knowledge it had nothing or very
6 little to do with improvements to the district
7 itself, and apparently one of the prior owners who is
8 now deceased felt that he could pledge as additional
9 collateral for debts that he created with that
10 company on other projects.

11 JUDGE STEARLEY: All right. Can those
12 documents be produced for the Commission?

13 MR. HOLDEN: Yes, some of them can. I
14 don't know -- I believe all of them can. I don't
15 know if anyone -- I don't know if we've had any
16 communication yet from Pete Burns or Steve Taylor out
17 of Sikeston, but at one time at least a few years ago
18 they represented Clinton Materials and furnished that
19 to me when this issue came up once before, so I think
20 I probably can get back into the old file and have
21 those documents. If not, they can be obtained.

22 JUDGE STEARLEY: Okay.

23 MR. KRUEGER: I did talk with Mr. Burns,
24 oh, two or three months ago and generally discussed
25 what we were contemplating doing and mentioned the

1 requirements of obtaining Commission approval for
2 mortgage of utility property. I just discussed it
3 generally with him, and so I'm sure that he is aware
4 of it and would probably be able to help.

5 JUDGE STEARLEY: Okay. When the
6 Commission issued notice in this matter, it sent
7 notice to Clinton Enterprises at the address
8 provided, last known address. There's been no
9 attempt to intervene on their part, but I think the
10 Commission would actually prefer to examine those
11 documents in making its decision in this matter, and
12 they can be filed as highly confidential documents.
13 They don't have to be public at this point.

14 Going back to the notice regarding the
15 hearings, I've just thrown together kind of our
16 boilerplate type notice. It has the information for
17 the high school on there. The parties are free to
18 adapt that in any matter they wish, but I would like
19 to have whatever your proposed draft of the notice
20 would be filed by next week along with the procedural
21 schedule.

22 And why don't we pick a deadline of,
23 say, May 1st for getting the security agreements that
24 were executed that Clinton Enterprises filed.

25 MR. HOLDEN: Judge, I think that can be

1 accomplished. If not, I'll communicate with the
2 parties.

3 JUDGE STEARLEY: Okay. The Commission
4 at this time is going to solicit outside experts to
5 give an independent assessment of the company.
6 Tentatively -- and we're not sure how that will play
7 out time-wise, but tentatively we hope to have that
8 timely so we can have a report from those individuals
9 by mid June for all other parties to review. Should
10 that not be accomplished, though, the Commission can
11 postpone the tentative hearing dates set to be sure
12 there's a chance to get this data and have an
13 opportunity to review it, so that's kind of currently
14 where we stand with this.

15 Are there any other matters we need to
16 take up this morning?

17 MR. KRUEGER: I thought I understood you
18 said that the list of witnesses and issues was to be
19 filed with the procedural schedule? Did you say
20 that?

21 JUDGE STEARLEY: Well, a date, a date.

22 MR. KRUEGER: Oh, the procedural
23 schedule will include a date for filing.

24 JUDGE STEARLEY: Yes.

25 MR. KRUEGER: Okay.

1 JUDGE STEARLEY: Sorry about the
2 confusion.

3 MR. KRUEGER: Do you know when we will
4 know who these experts are?

5 JUDGE STEARLEY: I have delegated the
6 bidding process and the hiring of the experts to
7 Judge Lane, and as soon as that is completed, we'll
8 have him file some type of notice in the case.

9 MR. KRUEGER: But you anticipate that
10 the first opportunity we'll have to communicate with
11 them or see what their conclusions are is at the time
12 that they file their report in approximately mid
13 June?

14 JUDGE STEARLEY: That would be -- yeah,
15 that would be tentatively what I would think. We're
16 hoping to solicit bids for those no later than next
17 week and hope to have people obtained within a two-
18 to four-week period. I don't know if that's an
19 overly optimistic estimate or not. I guess we'll
20 find out.

21 MR. ROBERTSON: I notice the rates that
22 are being proposed, they're recommending two
23 different rates, one for houses, one for apartments.
24 It varies.

25 JUDGE STEARLEY: That's why I passed

1 that out to you today.

2 MR. HOLDEN: I'm sorry. I could not
3 hear that last comment.

4 JUDGE STEARLEY: Mr. Robertson from the
5 Office of Public Counsel was looking at the draft
6 notice that I handed out which I handed out purposely
7 so you-all could recommend your proposed changes, and
8 he made a notation regarding my comments on the
9 notice regarding the proposed interim rate increase
10 which is not complete, so I'm assuming the parties
11 will have that completed for me correctly by the
12 23rd.

13 MR. KRUEGER: We can revise the notice
14 as necessary.

15 JUDGE STEARLEY: Okay. Anything else we
16 need to bring up for the on-the-record portion of the
17 prehearing conference?

18 MR. KRUEGER: Not from Staff.

19 MS. BAKER: No.

20 JUDGE STEARLEY: Okay. The parties are
21 certainly free to use the room for discussion. This
22 room is reserved by Staff for some activities at ten
23 o'clock, though, so I'm hoping that will be more than
24 sufficient time for anything else you would want to
25 discuss this morning.

1 Okay. Well, hearing no other matters,
2 at this time we'll conclude the on-the-record portion
3 of the prehearing conference. And thank you all.

4 MR. KRUEGER: Thank you, Judge.

5 MR. HOLDEN: Thank you, Judge.

6 (WHEREUPON, the recorded portion of the
7 prehearing conference was concluded.)

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