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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Prehearing

June 8, 2004
Jefferson City, Missouri
Volume 1

In the Matter of the Joint)
Application of Missouri-American)
Water Company and Cedar Hill)
Utility Company, Inc., for)Case No. SM-2004-0275
Authority for Missouri-American)
Water Company to Acquire Certain)
Assets of Cedar Hill Utility)
Company, Inc., and in Connection)
Therewith, Certain Other Related)
Transactions)

MORRIS L. WOODRUFF, Presiding
SENIOR REGULATORY LAW JUDGE

REPORTED BY: Monnie S. VanZant, CCR, CSR, RPR
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1 A P P E A R A N C E S

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21 For Cedar Hill Utility Company:

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

2 JUDGE WOODRUFF: All right. Good
3 afternoon, everyone. We're here for a
4 prehearing conference in Case No.
5 SM-2004-0275, which concerns the application of
6 Missouri American Water Company and Cedar Hill
7 Utility Company for authority for Missouri
8 American to acquire the assets of Cedar Hill.
9 And we'll begin by taking entries of appearance
10 begin withing Staff.

11 MR. SNODGRASS: Yes. Good afternoon,
12 Judge. My name is Cliff Snodgrass. I
13 represent the Staff of the Missouri Public
14 Service Commission today. My mailing address
15 is P.O. Box 360 here in Jefferson City Missouri
16 65102.

17 JUDGE WOODRUFF: All right. And for
18 Public Counsel?

19 MS. O'NEILL: Yes. Good afternoon.
20 Ruth O'Neill for the Office of the Public
21 Counsel. Our mail address is P.O. Box 2230,
22 Jefferson City, Missouri, 65102.

23 JUDGE WOODRUFF: Thank you. And for
24 Missouri American?

25 MS. PERKINS: Good afternoon. This

1 is Meredith Perkins. I represent Missouri
2 American Water Company. My address is 535
3 North New Ballas Road, St. Louis, Missouri
4 63141.

5 JUDGE WOODRUFF: And just so the
6 record is clear, Ms. Perkins is appearing today
7 by telephone. And for Cedar Hill Utility
8 Company?

9 MR. JOHNSON: Thank you, your Honor.
10 Mark Johnson of the law firm of Sonnenschein,
11 Nath & Rosenthal, 4520 Main Street, Suite 1100,
12 Kansas City, Missouri, 64111, appearing on
13 behalf of Cedar Hill Utility Company.

14 JUDGE WOODRUFF: All right. And Mr.
15 Johnson is also on the telephone. All right.
16 Well, the reason I asked for this conference is
17 that there is a -- an issue in dispute in this
18 case concerning the recovery of the acquisition
19 premium resulting from the sale of the company.
20 And I want to ask you today, first of all, is
21 there a need for the hearing? Or can the
22 parties give me a stipulation of facts and we
23 can decide this on the briefs? In other words,
24 are there any factual issues in dispute, or is
25 this just a legal dispute? Let me ask Staff

1 first.

2 MR. SNODGRASS: Well, I think that
3 our initial position in this case is that we're
4 not willing to defer the issue of the
5 acquisition premium to a later date until we
6 have some further discussions with the company.
7 And I think that's going to go forward perhaps
8 after -- after this meeting here with you
9 today, Judge, or prior to the end of the day.
10 That was sort of my understanding.

11 JUDGE WOODRUFF: Okay.

12 MR. SNODGRASS: The second issue that
13 Staff is concerned with in this case is while
14 we may not disagree with the company's position
15 that the ag. processing case can be
16 distinguished from the facts at hand in this
17 case, Staff's concern that agreeing with that
18 particular position may in some way be viewed
19 as a staff agreeing with the proposition that
20 only the moving party can determine the issues
21 by their pleadings or their application.
22 Staff's concerned that they might be hampered
23 in some way by raising any issues that it might
24 choose if it goes along with this idea in this
25 particular case. That would be Staff's

1 position at this point in time.

2 JUDGE WOODRUFF: Okay. These sound
3 like they're pretty much legal issues rather
4 than any sort of factual dispute.

5 MR. SNODGRAS: It does -- it does
6 sound that way, your Honor, yes.

7 JUDGE WOODRUFF: Okay. Let me ask
8 you, Ms. Perkins, for Missouri American, what's
9 your take on that? Are there any factual
10 issues in dispute here?

11 MS. PERKINS: I believe they probably
12 are legal issues and there are no factual
13 issues. That's correct.

14 JUDGE WOODRUFF: Okay. And same for
15 you, Mr. Johnson?

16 MR. JOHNSON: Yeah. I would agree.
17 I don't believe there's any dispute as to what
18 the amount of the premium would be, just how it
19 should be treated.

20 JUDGE WOODRUFF: Okay. And Public
21 Counsel?

22 MS. O'NEILL: Your Honor, I -- I tend
23 to agree. I think that the issue here is a
24 legal one. My office also is opposed to any
25 recovery acquisition premium, and we believe

1 that it would be appropriate for the Commission
2 to rule on that at this time. But I don't
3 think it's a factual issue. I think it's just
4 a question of interpretation of the law.

5 JUDGE WOODRUFF: Okay. Well, then,
6 perhaps we won't actually need to have an
7 evidentiary hearing. I would need -- if we try
8 and decide this solely on legal issues, I'm
9 going to need a factual background -- some sort
10 of stipulation of facts from the parties. I
11 know we have been reversed in the past By court
12 of Appeals, when we try and just issue an order
13 with legal issues only, and they say, Well,
14 what are the facts?

15 MR. SNODGRASS: I understand, Judge.

16 JUDGE WOODRUFF: If we don't have a
17 stipulation, I don't have any facts to tell the
18 Court. So what I'm going to do is ask you to
19 file a -- either a -- a report indicating what
20 you can do or as a -- or a proposed procedural
21 schedule by one week from today, which would be
22 June 15th. At that time, either tell me that
23 you're going to give me a stipulation of facts
24 and tell me when or give me a procedural
25 schedule leading to a hearing. Anything else

1 that anyone wants to bring up while we're on
2 the record?

3 MR. JOHNSON: Judge, this is Mark
4 Johnson.

5 JUDGE WOODRUFF: Yes, Mr. Johnson.

6 MR. JOHNSON: If the parties are able
7 to enter into a stipulation of facts, would you
8 also want us to propose a briefing schedule?

9 JUDGE WOODRUFF: Yes.

10 MR. JOHNSON: Okay.

11 MS. PERKINS: I just had a question,
12 this is Meredith Perkins, as a point of
13 clarification, because Missouri American's
14 response to staff recommendations were on three
15 points. And I understand that procedural
16 hearing was only with respect to the
17 acquisition premium. Should we be addressing
18 those two other issue as well?

19 JUDGE WOODRUFF: You'll have to
20 refresh my memory. What were the other issues?

21 MS. PERKINS: One of the issues was
22 whether -- I guess the recommendation was to
23 include Cedar Hill in the next rate case. And
24 the second issue -- the third issue, I guess,
25 was recording rate base on the book. And we

1 wanted clarification whether an adjustment
2 could be made to the rate base.

3 JUDGE WOODRUFF: I'm sorry. I
4 overlooked those. And, yes, you should deal
5 with all the issues that are out there.

6 MS. PERKINS: Okay. Thank you.

7 JUDGE WOODRUFF: Anything else while
8 we're still on the record? All right. Well,
9 with that, then, that will concludes the on the
10 record portion. We're off the record.

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