

1 STATE OF MISSOURI  
2 PUBLIC SERVICE COMMISSION  
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6 TRANSCRIPT OF PROCEEDINGS  
7 Prehearing Conference  
8 December 21, 2005  
9 Jefferson City, Missouri  
Volume 1

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12 In the Matter of Hickory Hills )  
Water & Sewer Co.'s Request for a ) Case No. SR-2006-0249  
13 Small Company Rate Increase )

14 In the Matter of Hickory Hills )  
Water & Sewer Co.'s Request for a ) Case No. WR-2006-0250  
15 Small Company Rate Increase )

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STEVEN C. REED, Presiding,  
18 REGULATORY LAW JUDGE.

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

2 JUDGE REED: Okay. We're here for two  
3 cases today for a prehearing conference that I've asked  
4 for. Those cases are WR-2006-0250, an application of  
5 Hickory Hills Water & Sewer Company for a small company  
6 rate increase, and also SR-2006-0249, application of  
7 Hickory Hills Water & Sewer Company for a small company  
8 rate increase.

9 My name is Steve Reed. I'm the Regulatory  
10 Law Judge who's been assigned to hear these two cases.  
11 They're not consolidated, but they're running the same  
12 course at present.

13 I think what we need to do is get entries  
14 of appearances first. From Hickory Hills, correct? Could  
15 you give us your name?

16 MR. CLIFFORD: Randy Clifford, P.O. 297,  
17 Tipton, Missouri.

18 JUDGE REED: And Staff?

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

22 JUDGE REED: And Public Counsel?

23 MR. WHEATLEY: My name is Mark Wheatley.  
24 Our address is Post Office Box 2230, Jefferson City,  
25 Missouri 65102, representing the Office of the Public

1 Counsel and the public.

2 JUDGE REED: Thank you. Today's hearing  
3 may be a little bit unusual, but I wanted to get us  
4 together to talk about a couple things if we could. The  
5 primary reason that I wanted to get everybody together is  
6 because I wanted to see if at this point currently the  
7 Office of Public Counsel was going to request a local  
8 public hearing.

9 You may not know yet. I realize that you  
10 have 20 days from the date that the filing was made to ask  
11 for a public hearing, but the -- I would calculate that to  
12 run about January 1st. I think that's a Saturday. So we  
13 may be looking at January 3rd if you took the full 20  
14 days.

15 The tariff effective date is February 1st,  
16 2006, and I have a concern about January filling up on the  
17 Commission's calendar. There are already three local  
18 public hearings scheduled, and so we may need to do  
19 another one. And I was hoping that if we could know now,  
20 it would make it easier to schedule and get everybody's  
21 schedule together.

22 MR. WHEATLEY: Yes, Judge, on behalf of  
23 Public Counsel, we've already decided that we will be  
24 making a request for a local public hearing, and we've  
25 notified Staff of that also.

1 JUDGE REED: Well, if it's all right with  
2 you, Mr. Wheatley, what I'd like to do is consider that a  
3 request on the record. And so when I issue an Order after  
4 this hearing, it will reflect that Public Counsel has, in  
5 fact, requested a public hearing.

6 MR. WHEATLEY: That's fine.

7 JUDGE REED: Makes sense. Okay. Thank  
8 you. Whenever I issued the initial Order in this case, I  
9 mentioned in that Order that the company would need to  
10 notify the customers about the filings, about the rate  
11 increase and the agreement with Staff, and also would need  
12 to notify the customers of the date and place for the  
13 local public hearing.

14 What I hoped to do was consolidate those  
15 two notices so that the company wouldn't have to send out  
16 two of them. So that's the other reason that we're here,  
17 to sort of put everything together.

18 What I want to do next is get with the  
19 Commission and talk about dates when we would have this  
20 local public hearing. Now, the customers are all in  
21 California; is that right? Is that close enough so that  
22 we could have the public hearing here? I'd like you each  
23 to comment on that if you would. Is it 25, 30 miles, or  
24 is it too far? Mr. Clifford?

25 MR. CLIFFORD: 35 miles from Tipton, so

1 it's approximately 25 miles.

2 JUDGE REED: How many customers are there?

3 MR. CLIFFORD: Currently, there are 48  
4 customers.

5 JUDGE REED: 48. Is this a subdivision?

6 MR. CLIFFORD: Yes, two small subdivisions  
7 together.

8 JUDGE REED: Are they new or older, can you  
9 tell me?

10 MR. CLIFFORD: No. The original was in the  
11 early 1970s, and the latest homes to be built were in the  
12 late 1990s.

13 JUDGE REED: Okay. Public Counsel,  
14 Mr. Wheatley, do you have any -- what do you think about  
15 asking people to drive over here?

16 MR. WHEATLEY: Our office would prefer that  
17 the public hearing be held in California just because  
18 that's where the customers reside and would be more  
19 convenient for them.

20 JUDGE REED: That's the county seat for  
21 Moniteau County, correct? So I would think there's plenty  
22 of facilities there.

23 MR. KRUEGER: Your Honor, the Staff would  
24 also support that. I think convenience of the customers,  
25 that's more important.

1 JUDGE REED: All right. I'm going to take  
2 that to the Commission as well as some potential dates  
3 that we might set this. We currently are looking at  
4 public hearings in other venues in other cases January  
5 11th and 12th probably, and then another one January 18th.  
6 Some of those public hearings are significant distances  
7 away.

8 What I was looking at in this case is  
9 potentially that first week of January, maybe January 5th,  
10 or it might even need to be a Friday night, January 6th.  
11 Does anybody see problems with that? Speak up if you do.

12 MR. KRUEGER: I could probably attend  
13 either one of those. The 6th would actually be a little  
14 more convenient for me.

15 JUDGE REED: Has the Commission -- I'm  
16 sorry. Mr. Wheatley?

17 MR. WHEATLEY: I was just going to comment  
18 on the ability to notify the customers of the hearing,  
19 whether we would have sufficient time to do that.

20 JUDGE REED: That's a good point as well.  
21 I know that you gentlemen have been here for some time  
22 with the Commission, or maybe you haven't, but there  
23 have -- are there occasions where we have Friday public  
24 hearings, Mr. Krueger?

25 MR. KRUEGER: I don't recall any.

1 JUDGE REED: Really? Okay. What about the  
2 second full week of January, does anybody here see some  
3 significant conflict with any dates there that week?

4 MR. CLIFFORD: The end of the week.

5 JUDGE REED: The end of the week would be a  
6 problem?

7 MR. CLIFFORD: Yes.

8 JUDGE REED: Like Thursday/Friday you mean?

9 MR. CLIFFORD: Yes.

10 MR. WHEATLEY: Judge, is that the week that  
11 includes the 11th?

12 JUDGE REED: Yes, it does. There may be  
13 two public hearings going on that week already.

14 MR. WHEATLEY: Because I believe I will be  
15 involved in the Empire local public hearing, which is  
16 perhaps one of those cases.

17 JUDGE REED: Yes. Okay. Potentially  
18 January 10th or 9th, I think, which is a Monday. That's  
19 Monday, Tuesday, 9th and 10th. The following week, the  
20 16th, the Monday, is Martin Luther King, Jr. Day. The  
21 17th may be available. The Aquila rate case is going on  
22 for most of January or the last half of January. So  
23 whenever we choose it in the last part of January, it's  
24 going to cause some problems. We can still get it done,  
25 I'm sure.



1                   So potentially January 17th. January 18th,  
2     the Commission has a local public hearing in, I think it's  
3     Insbrook, Missouri, something like that, and then  
4     potentially January 19th or January 20th, which are  
5     Thursday and Friday of that week. Do you guys see any  
6     problems with those two?

7                   MR. KRUEGER: I don't.

8                   JUDGE REED: Mr. Wheatley?

9                   MR. WHEATLEY: I don't. Again, I'd be  
10    interested in how we're going to notify the customers.  
11    Will there be a bill cycle going through then?

12                  JUDGE REED: Mr. Clifford, do you -- it's  
13    48 customers. They need to be notified about the rate  
14    case and the agreement anyway. So what I'd propose is  
15    that we couple that with the notice of public hearing once  
16    we get it set, and I would hope that we could issue an  
17    Order probably by early next week, after Christmas of  
18    course.

19                  So, Mr. Clifford, if you were asked to  
20    notify your customers during the week of the week after  
21    Christmas, could you just send a separate mailing with all  
22    that information to the 48 customers?

23                  MR. CLIFFORD: Yes. Our normal billing  
24    will be mailed December 31st, January 2nd.

25                  JUDGE REED: And that goes to everybody?

1                   MR. CLIFFORD: Yes. We can include it in  
2 normal mail or we can do it separate.

3                   JUDGE REED: It would be good if we could  
4 do it with the normal mailing.

5                   MR. KRUEGER: Your Honor?

6                   JUDGE REED: Yes.

7                   MR. KRUEGER: The Staff is willing to  
8 assist Mr. Clifford in drafting up the notice if that  
9 would --

10                  JUDGE REED: That would be great.

11                  MR. KRUEGER: -- facilitate matters. And  
12 the other point I had was, I think the Aquila hearing was  
13 scheduled to begin on the 9th, but I heard in agenda  
14 yesterday that it's not going to start on that date. I  
15 don't know what date it's finally going to start, but I  
16 think we'd be -- from our point of view, I think it would  
17 be preferable to do it before that begins, if possible,  
18 but allowing sufficient time for the delivery of notice  
19 and so forth. I think maybe the 17th might be good from  
20 those regards.

21                  JUDGE REED: Yes, and I'll check with the  
22 Commissioners and see what we can figure out with that,  
23 with regard to that, too.

24                  What I propose to do is establish a date  
25 for the local public hearing, then I will issue an Order

1     telling the company to send out notice of the rate case  
2     and the agreement, and Staff will help you with that  
3     notice, the notice of public hearing as well, so that they  
4     all go out together. And maybe we can do this when your  
5     normal billing goes out, the end of December, correct?

6                     MR. CLIFFORD: Yes.

7                     JUDGE REED: And set up -- of course, I've  
8     got to find a place in California and make sure that we  
9     have a place available.

10                    MR. CLIFFORD: The company held a public  
11    hearing to discuss needed improvements back in August at  
12    the City Hall. Some of the Staff attended the meeting.  
13    They might be able to tell you whether that would be  
14    adequate for this meeting. If not, the library is across  
15    the street. The library has a public meeting room. I  
16    looked into it, and it would hold 80 people or something  
17    like that.

18                    JUDGE REED: Okay. That's good to know.

19    Thank you.

20                    MR. CLIFFORD: The City Hall contact would  
21    be the city clerk, Brian Scrivener.

22                    JUDGE REED: What's the name again?

23                    MR. CLIFFORD: Brian Scrivener.

24                    JUDGE REED: Okay. Anything else,

25    Mr. Wheatley?

1                   MR. WHEATLEY: We have one question, and  
2 I'm not sure whether or not you were prepared for this,  
3 but we were -- the Staff work papers have been provided to  
4 Public Counsel, as they normally are in these types of  
5 cases. We were wanting to know if that would also be  
6 considered a release to the public, whether those audit  
7 results could be released to the public. I don't know if  
8 Staff has a position on that or not.

9                   MR. KRUEGER: Could Mr. Johansen address  
10 that?

11                  JUDGE REED: That would be fine.

12                  MR. JOHANSEN: I'm Dale Johansen. I'm the  
13 manager of the water and sewer department for the  
14 Commission here.

15                  The Staff normally makes a filing in the  
16 case file a few days ahead of the local public hearing  
17 that will include some of the information at least  
18 regarding our audit results. It will include a review of  
19 the company's current revenues, a review of the revenues  
20 under the proposed rates, as well as the income statement  
21 showing how the revenue requirement was derived.

22                  The notice that we normally send, that the  
23 companies normally send regarding the disposition  
24 agreement or local public hearing advises the customers  
25 how to access that information in the case file through

1 EFIS.

2                   So that the full set of work papers, what  
3 we call the EMS run is normally not provided until after  
4 the local public hearing as a part of the Staff's  
5 recommendation, and the reason for that is because there  
6 may be issues that come up during the local public hearing  
7 that would result in changes to the audit results, and we  
8 don't want -- we don't want to confuse the case file with  
9 significant sets of work papers, more than one set of the  
10 full work papers.

11                   But the basic information regarding the  
12 results will be available to the public prior to the local  
13 public hearing.

14                   JUDGE REED: Okay. Thank you,  
15 Mr. Johansen. Mr. Wheatley, does that answer your  
16 question?

17                   MR. ROBERTSON: My name is Ted Robertson.  
18 I'm with the Office of Public Counsel. I'm an accountant.

19                   I understand what Dale said, but basically  
20 what we're looking at here is a very small system of 48,  
21 49 customers. And our thinking, now, we don't want to  
22 give out any information that's confidential. We  
23 certainly don't want to do that. But it's such a small  
24 system, and the people there are actively involved in  
25 what's going on. They formed a committee. They're

1 concerned with what's going on with the system, not just  
2 with the audit. It's got some other situations related to  
3 DNR.

4 Our thinking was, if we're going to have a  
5 public hearing, we would like the people to be as much  
6 informed as possible about what's going on, so that if a  
7 few days before the public hearing occurred we could get  
8 this information to them, they could have time to look  
9 through it, develop any questions they might have, and  
10 then when they get to the public hearing be able to  
11 discuss it more fully. That's all we were looking for.

12 So what I was wanting to do with the work  
13 papers -- and in most situations work papers are  
14 confidential. I mean, they're work product. But this is  
15 such a small company, and I don't know of anything that's  
16 highly confidential, and so basically what we were just  
17 trying to do was give them as much detail as we possibly  
18 could so they could look at what's going on, what the  
19 company's asking for, what the situation is going on with  
20 the company, and then they could respond or make comments  
21 at the public hearing in a rational way.

22 That's all we're looking for. We're not  
23 trying to blind side anybody or anything like that. We're  
24 just trying to give the consumers as much information  
25 beforehand so when they get to the public hearing, they're

1 not just fumbling. They can actually discuss the specific  
2 issues in detail, and if they have questions, the  
3 questions could be explained.

4 JUDGE REED: Mr. Krueger, do you see the  
5 information that they're after as being confidential and  
6 not subject to public disclosure?

7 MR. KRUEGER: I do. The income statement  
8 lists every expense category, and so that would be  
9 available to the ratepayers, so they would be able to see  
10 that and evaluate that, and the additional detail I think  
11 probably is not necessary.

12 JUDGE REED: Okay. Well, I think what  
13 we'll have to do for today is leave it like this.  
14 Mr. Wheatley, if there is additional information that you  
15 believe that you're entitled to, file a motion to that  
16 effect with some supporting authority. If Staff could  
17 respond to that. Once it's filed I'll set probably a  
18 shortened time period within which to respond, and we'll  
19 resolve it that way. All right?

20 MR. WHEATLEY: Very good.

21 JUDGE REED: Anything else?

22 MR. KRUEGER: Not from Staff, your Honor.

23 JUDGE REED: Mr. Clifford?

24 MR. CLIFFORD: No.

25 JUDGE REED: Thank you for being here.

1 Appreciate it. Okay. That's it. Thanks.

2 WHEREUPON, the recorded portion of the  
3 prehearing conference was concluded.

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