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May 29, 2002

Hon. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Mo 65102

Attn: Filing Desk

Re: Environmental Utilities, LLC
WA-2002-65

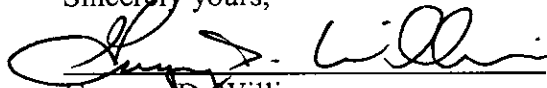
Dear Judge Roberts:

Please find enclosed for filing in the above referenced matter the original and 8 copies of the following:

1. Applicant's Response to Objections to Late Filed Exhibit 29.

If you have any questions concerning this matter, please do not hesitate to contact me. A copy has been mailed this date to all counsel of record.

Sincerely yours,


Gregory D. Williams

cc: Keith Krueger
M. Ruth O'Neill
Thomas Loraine

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the matter of the application of Environmental Utilities, LLC)
for permission, approval, and a certificate of convenience and)
necessity authorizing it to construct, install, own, operate,) Case No. WA-2002-65
control, manage and maintain a water system for the)
public located in unincorporated portions of Camden County,)
Missouri (Golden Glade Subdivision).)

**APPLICANT'S RESPONSE TO
OBJECTIONS TO LATE FILED EXHIBIT 29**

COMES NOW the Applicant and for its response to the objections filed herein by OPC,
Staff, and Intervenor to Late Filed Exhibit 29 states:

1. The Surrebuttal Testimony of Debra J. Williams admitted into evidence herein as Exhibit 2 specifically stated and requested on Page 4 thereof that the Applicant would file a statement of attorney's fees herein incurred as a late-filed exhibit with the last brief filed with the Commission. No party objected to the admission of Exhibit 2, nor did any party object to the request that attorney's fees herein incurred be late filed with the last brief submitted to the Commission. The objections are simply not timely. Had the same been raised as a Motion to Strike at the the time the pre-filed testimony was filed with the Commission, or even during the evidentiary hearing, the evidence contained in Exhibit 29, absent the time involved in preparing briefs, could have been submitted to the Commission in a different manner. By failing to timely object, the parties have waived any complaint as to the manner of submission of the legal fees incurred by the Applicant herein.
2. The information contained in Exhibit 29 is relevant and material to the issue of the amount of rate base to be approved initially herein for the Company, and all of the parties agreed that the Commission should decide that issue in this proceeding. Without the

information contained in Exhibit 29, the Commission would have solely the testimony of staff witness Merciel estimating the cost of obtaining a certificate at some \$17,000.

3. Staff in its objection seeks to subdivide the information contained in Exhibit 29 into “legal work” and “company management” and appears to argue that the portion of expenses they believe is attributable to management of the company should not be allowed into rate base. This argument fails because Account 302 is specifically designed for costs of obtaining regulatory approvals, and is not limited to attorney’s fees, but would reasonably include all costs incurred in obtaining regulatory approval. Staff’s attempt to exclude a portion of the costs incurred by attempting to re-categorize the same as attributable to management rather than legal work is a meaningless analysis, as the costs should be included in account 302 as attributable to costs incurred in obtaining a certificate of convenience and necessity in this proceeding.
4. OPC in its objection, in which Intervenor has joined, seeks to segregate out other specific costs as not pertaining directly to pleadings filed with the Commission. OPC in essence seeks to “second guess” legal counsel for the Applicant and to control and direct legal strategy in this case for the Applicant by excluding work that OPC does not believe was necessary. This also is an improper invasion into the attorney client relationship and should be disregarded by the Commission in making its determination of rate base. Companies appearing before the Commission are required to have an attorney to act on their behalf. Attorney’s cost money. The Commission cannot reasonably require a company to have an attorney and then dictate what legal efforts or strategies counsel may pursue. The Commission should not allow the OPC to dictate what legal strategy is appropriate for counsel to pursue.

WHEREFORE, the Applicant prays for an Order of the Commission over ruling the objections to Exhibit 29 and admitting the same into evidence.



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CERTIFICATE OF SERVICE

^{64th} 29 I, Gregory D. Williams, do hereby certify that a true copy of the foregoing was on this day of May, 2002, mailed, postage prepaid, to the following:

Mr. Thomas E. Loraine, Attorney at Law, 4075 Highway 54, Suite 300, Osage Beach, MO 65065; Keith Krueger, Assistant General Counsel, Missouri Public Service Commission, P.O. Box 360, Jefferson City, MO 65102; M. Ruth O'Neill, Office of Public Counsel, P.O. Box 7800, Jefferson City, MO 65102.



Gregory D. Williams