In the Matter of:

Carl R. Mills Trust Certificate of Convenience and Necessity

WA-2018-0370

November 08, 2018



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WA-2018-0370

1	STATE OF MISSOURI
2	PUBLIC SERVICE COMMISSION
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4	TRANSCRIPT OF PROCEEDINGS
5	
6	Prehearing Conference
7	November 8, 2018
8	Jefferson City, Missouri
9	Volume 1
10	
11	
12	In the Matter of Carl R. Mills Trust)
13	Certificate of Convenience and) Necessity Authorizing it to Install,) File No. WA-2018-0370
14	Own, Acquire, Construct, Operate,) Control, Manage and Maintain Water)
15	Systems in Carriage Oaks Estates)
16	
17	JOHN T. CLARK, Presiding
18	REGULATORY LAW JUDGE
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25	REPORTED BY: Stephanie Allen Prewitt, CCR No. 746

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1	JUDGE CLARK: Today is November 8, 2018, and it is
2	1:30 p.m. We are in Room 305 of the Governor Office Building.
3	The Commission has set aside this time for a procedural
4	conference in the case captioned as In The Matter of Carl R.
5	Mills Trust Certificate of Convenience and Necessity
б	Authorizing it to Install, Own, Acquire, Construct, Operate,
7	Control, Manage, and Maintain Water Systems in the Carriage
8	Oaks Estates Subdivision. It doesn't say subdivision, but
9	it's basically an application for a certificate of necessity,
10	File Number WA-2018-0370.
11	My name's John Clark. I'm the Regulatory Law
12	Judge in this matter. I'm going to begin by asking the
13	attorneys to enter their appearance, starting with the
14	attorney for Carl Mills.
15	MR. WADE: Thanks, Judge. Bryan Wade and Whitney
16	Smith for Mr. Mills.
17	JUDGE CLARK: Thank you. For the Commission's
18	staff?
19	MS. KLAUS: Alexandra Klaus on behalf of staff,
20	and the reporter has my information.
21	JUDGE CLARK: Thank you. On behalf of the Office
22	of the Public Counsel?
23	MR. SMITH: John Clizer and Ryan Smith on behalf
24	of the Office of Public Counsel, and the court reporter has
25	been provided with our information.

JUDGE CLARK: Thank you. And on behalf of the 1 2 intervenors? MR. HAMILTON: Tom Hamilton on behalf of 3 Mr. Morgan, the Gravers, the Phipps, and Mr. Lott. I think 4 5 Mr. Morgan and possibly some of the other intervenors are 6 there in person. 7 JUDGE CLARK: I believe so, and I believe you stated today that Mr. Finkenbinder and Ms. Bryant are 8 unavailable at this point? 9 10 MR. HAMILTON: They are both in separate hearings, 11 yes, your Honor. I entered my appearance earlier this 12 morning. 13 JUDGE CLARK: Okay. Thank you. Have I missed 14 anyone? I see no hands. 15 Are there any preliminary matters that I need to 16 take up? Staff counsel? 17 MS. KLAUS: None from staff, Judge. 18 JUDGE CLARK: Office of Public Counsel? 19 MR. SMITH: Nothing, Judge. 20 JUDGE CLARK: Counsel for Mr. Mills? MR. WADE: No, Judge. 21 22 JUDGE CLARK: Anything on behalf of the 23 intervenors? MR. HAMILTON: No, Judge, not that I'm aware of. 24 25 JUDGE CLARK: Okay. I guess here's where I am

with this. I've had an opportunity to look at this. 1 Staff 2 filed their recommendation, which left me with a few questions. I'm just going to ask everybody to kind of go 3 around and tell me where they stand at this point, and I've 4 got a few questions for staff about the recommendation. 5 6 It appeared to me in reading the recommendation --7 and perhaps you can clarify this for me. I didn't understand from the recommendation whether Mr. Mills could not or would 8 9 not provide further information that was requested. 10 MS. KLAUS: I think your question is the same 11 question that I would have, Judge, and it might be helpful to 12 -- to consider whether another round of DR might be helpful. My hunch is no, but there are additional issues that were 13 14 raised with the response to staff's recommendation, where 15 staff does have some additional questions and would be looking 16 to do some follow-up in terms of service concerns that some of 17 the customers do have. 18 Additionally, we have had an opportunity to speak 19 with OPC and have identified some other questions that they 20 have that staff would also like to run to ground. 21 JUDGE CLARK: Okay. Then OPC can next tell me 22 their position. 23 MR. SMITH: Well, we can't necessarily answer 24 whether or not Mr. Mills was unable or unwilling to provide 25 more information.

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JUDGE CLARK: I'm asking for the Office of Public 1 2 Counsel's position at this point as to the CCN. 3 MR. SMITH: I would say generally we're supportive, I think. We could use a couple more rounds of DRs, but may 4 5 not -- I don't know necessarily we have anything to ask. 6 JUDGE CLARK: Okay. Mr. Wade? 7 MR. WADE: Yeah, this is Bryan Wade. I didn't 8 hear the staff counsel's answer or all of it. Is there some 9 other position they're taking that they're not recommending 10 the certificate at this point? 11 MS. KLAUS: Hi, Mr. Wade. I'm moving a little 12 closer to the phone. 13 MR. WADE: Okay. MS. KLAUS: First, I personally cannot answer the 14 15 question as to being unwilling or unable. I just -- I don't 16 know. 17 MR. WADE: Well, the staff filed, I thought, a 18 recommendation to approve the certificate. I can tell you 19 it's difficult to respond to an unwilling or unable question 20 because I don't know what the question in particular is. I 21 know there were some challenges. 22 JUDGE CLARK: The question was asked by me, and 23 the question was that I noticed in the recommendation that and 24 it was unclear to me whether Mr. Mills was unwilling to provide information, whether he couldn't provide the 25

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1 information that was being requested by staff or whether he 2 wouldn't provide the information that was being requested by 3 staff. That was my question.

MR. WADE: Okay. I have no knowledge of Mr. Mills being unwilling to provide any information. What my understanding was because he had been operating this system for over 20 years, and there was information concerning the cost of construction and some early costs of operation that he did not have complete information in that regard. That's what I understood.

I don't recall anyone saying -- Jacob or anyone else suggesting to us that he was uncooperative. It was that he did not have the information available to him, and whatever information he had, he did give to the staff. That's what I was told.

16 JUDGE CLARK: And that was the clarification I was 17 asking for.

MR. WADE: Okay.

JUDGE CLARK: There was a motion for extension that indicated there were some problems getting the information, and then there was a line in the subsequent recommendation that left me with that question. So what you're telling me is that was information that he could not provide?

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MR. WADE: That's correct. We couldn't say

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1 whether it existed at one time or not, but he didn't have
2 access to it at the time, and we think it's just because of
3 the lengthy passage of time and the inability to obtain that
4 specific information requested.

5 JUDGE CLARK: Okay. And, well, why don't we move 6 on to the intervenors. What's the intervenors' position? I 7 think I know generally what it is from their suggestions in 8 opposition.

9 MR. HAMILTON: I think it's pretty much, Judge, 10 laid out in our objections. For all the reasons that are set 11 forth in our objections, we don't think -- there's health and 12 safety issues. There's issues as to the conflation of costs 13 for the sewer versus the water, which has now been separated 14 out following the PSC hearing.

We're worried about a succession plan. There's no succession plan were something to happen to Mr. Mills. There's, you know, various issues with the quality of the water, everything from sediment to iron to pumps being burned out.

It's not somebody that is in our opinion and as set forth in our objections adequately positioned to operate a water system for this community.

JUDGE CLARK: Now, these suggestions that were filed in opposition, was that your intent just to file that for the Commission to consider or are you planning to request

an evidentiary hearing? 1 2 MR. HAMILTON: I think our understanding and plan had always been, yes, that there would be an evidentiary 3 hearing that was going to be set by the Court. 4 JUDGE CLARK: Well, there isn't really one unless 5 6 one's requested. 7 Okay. Well, then we would -- we'll MR. HAMILTON: 8 make a request now, and we can submit a formal written request 9 following this hearing. JUDGE CLARK: Okay. If you could submit something 10 11 in writing, that would be helpful. Although I kind of assumed 12 that this might be the direction that this was heading, it 13 wasn't at this point in time. 14 I think that answers all of my questions. With 15 that in mind, I'm going to say essentially two things. I 16 don't know where we are -- the suggestion at this point of 17 staff is that we grant the certificate of convenience and 18 necessity and allow Mr. Mills to operate for a year to 19 establish some baseline costs is my understanding. 20 MS. KLAUS: My understanding, too, Judge. 21 JUDGE CLARK: And we're -- putting the previous 22 complaint aside, a certificate of convenience and necessity 23 really is the beginning of this, and I'm just going to note 24 this, that their -- that where you're dealing with smaller 25 systems, it can be problematic sometimes to get off the ground

1	in terms of getting established with regulation.
2	Now, assuming that there is going to and I've
3	been told that I'm going to receive a request for evidentiary
4	hearing what I'm going to ask the parties to do for at
5	least as long as the phone bridge is open is I gave a copy of
6	the adjudication calendar through April to staff counsel. If
7	the parties can use the phone bridge and see if they can work
8	out some tentative dates in regard to in regard to setting
9	procedural schedule.
10	At the procedural schedule, I'd like all the usual
11	all the usual filings. I'd also like to be sure that in
12	there there is if there are any agreed-to facts, I'd like
13	any stipulation of agreed-to facts and a date with those well
14	before the hearing so that we're not readdressing those.
15	How long do the parties think they would need to
16	come up with a procedural schedule?
17	MR. WADE: Judge, this is Bryan Wade. I'm a
18	little unclear as to what we are going to have an evidentiary
19	hearing about. Is it will there be a pleading filed by the
20	intervenors identifying the issues they propose to litigate or
21	are we operating off the Suggestions in Opposition to Staff
22	Counsel's Recommendations?
23	JUDGE CLARK: I am right now operating off the
24	oppositions to staff counsel's recommendations. I'm assuming
25	any request for a hearing will further flesh that out.

1 MR. WADE: Okay. 2 JUDGE CLARK: They've told me there's a hearing. Rather than wait, schedule another procedural conference, and 3 at that point schedule a hearing, I'd like to go ahead and at 4 5 least set a procedural schedule so that we're at least rolling 6 in a direction. If at any time along the way this happens to 7 work out and no hearing is necessary, that's an ideal situation, but if not, I don't want to be appearing to be 8 9 heading towards a resolution and then finding ourselves having 10 to set a procedural schedule down the road. 11 MR. WADE: Okay. 12 JUDGE CLARK: So you're correct that I'm setting 13 -- I'm asking to set a procedural schedule towards an evidentiary hearing for which we do not at this time have 14 15 fleshed-out issues. What I do know is that this is very 16 shortly going to be a contested case because the intervenors 17 have indicated that they are contesting it. 18 Okay. With that in mind, I'm going to ask the 19 parties if there's anything else the Commission needs to take 20 up at this time, starting with Mr. Mills. 21 MR. WADE: Not that I am aware of. 22 JUDGE CLARK: Staff counsel? 23 MS. KLAUS: Quick clarification, if I may, Judge? 24 JUDGE CLARK: And if would you speak into the 25 phone, please.

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MS. KLAUS: You're looking at prefiled testimony 1 2 in this case, all three rounds? JUDGE CLARK: Yes. 3 MS. KLAUS: And because there are multiple 4 5 parties, rebuttal -- you expect the applicant to file direct 6 and then all parties may respond to that? JUDGE CLARK: That would make sense. 7 8 MS. KLAUS: And then the applicant may file 9 surrebuttal? 10 JUDGE CLARK: I am fine with that. If there is a 11 reason that another party wants to file some sort of direct 12 testimony, they can file a request to do so. 13 MS. KLAUS: Thank you, Judge. MR. SMITH: Judge, Public Counsel might suggest 14 15 maybe that we talk after this and propose a procedural 16 schedule maybe or a status update maybe within a week of today for your consideration. I don't know if the other parties 17 18 would want more time or less time, but that's initially what I 19 thought might be a good next step. 20 JUDGE CLARK: I'm not opposed to that. Generally 21 what I do is I ask for a date for the procedural schedule to 22 be due by, which is usually one to two weeks, and if it's not 23 done by then, any party can file a request for additional time 24 and I'm generally not opposed to that. 25 MR. SMITH: Thank you, Judge.

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JUDGE CLARK: So why don't we set -- is next 1 2 Thursday going to be too soon? MR. SMITH: Not for us. 3 MS. KLAUS: Not for us as long as everybody has 4 5 time to discuss after --6 MR. SMITH: Right. 7 MS. KLAUS: -- we are on this call. 8 JUDGE CLARK: Okay. And that is the 15th, I 9 believe. Let's make the procedural schedule due on November the 15th. If the procedural schedule's unable to be filed by 10 11 that time, if staff would file a request for additional time, 12 that would be good. Okay. I think I left off with the Office of 13 14 Public Counsel. Are there any other matters that the Office 15 of Public Counsel want to bring up? 16 MR. SMITH: No, Judge. 17 JUDGE CLARK: And, Mr. Hamilton, are there any 18 other matters on behalf of the intervenors you want me to 19 bring up at this time? 20 MR. HAMILTON: Judge, just logistically, is that proposed procedural schedule going to be circulated by OPC or 21 22 who is kind of taking the lead on that? 23 MR. CLIZER: We would be discussing that right after this, and then --24 25 JUDGE CLARK: What would happen is you're on a

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conference phone right now, and after the hearing, it will be moved down to the conference table. That will give you all an opportunity to kind of flesh out a procedural schedule with dates that work for all of you. MR. HAMILTON: Okay. Very good. Thank you, Judge. JUDGE CLARK: Anything else? Mr. Hamilton? MR. HAMILTON: No, nothing else, your Honor. JUDGE CLARK: Okay. If there are no other matters that need to be addressed by the Commission at this time, I am going to adjourn this hearing and we will go off the record and I will leave the room. (The hearing was adjourned at 1:45 p.m.)

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4	I, Stephanie Prewitt, CCR No. 746, within the State of
5	Missouri do hereby certify that I appeared and reported all
6	testimony and statements made on the record at the Prehearing
7	Conference in this matter in Jefferson City, Missouri, on
8	November 8, 2018; that I am neither counsel for, related to,
9	nor employed by any of the parties to the action in which this
10	hearing was taken; and further, that I am not a relative or
11	employee of any attorney or counsel employed by the parties
12	thereto, nor financially or otherwise interested in the
13	outcome of the matter.
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16	Kent · D. : H
17	Stephanie Prewitt, CCR
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