

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

Exh. 25

HEARING

March 25, 2002  
Jefferson City, Missouri  
Volume 4

In the Matter of the Application )  
of Environmental Utilities, LLC, )  
for Permission, Approval, and a )  
Certificate of Convenience and )  
Necessity Authorizing It to ) Case  
Construct, Install, Own, Operate, ) 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) )

**FILED**

APR 15 2002

*Missouri  
Public Service Commission*

BEFORE:

MORRIS L. WOODRUFF, Presiding,  
SENIOR REGULATORY LAW JUDGE.  
KELVIN SIMMONS, Chair,  
SHEILA LUMPE,  
BRYAN FORBIS,  
COMMISSIONERS.

ASSOCIATED COURT REPORTERS

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1 JUDGE WOODRUFF: All right. Let's go ahead  
2 and go back on the record. We're back from lunch and  
3 Mr. Johansen is still on the stand. And I believe it's  
4 Environmental Utilities turn to inquire.

5 MR. WILLIAMS: Thank you, Your Honor.

6 May I proceed?

7 JUDGE WOODRUFF: You may proceed.

8 CROSS-EXAMINATION BY MR. WILLIAMS:

9 Q. Mr. Johansen, I believe on cross-examination  
10 you were asked some questions about a page out of the  
11 annual report form from Osage Water Company that was --  
12 listed some assets, evaluations and that. Do you  
13 recall that?

14 A. Yes.

15 Q. Does that list of assets show the company's  
16 equity in those assets or simply the company's booked  
17 cost in those assets?

18 A. It initially I -- I believe on the page that  
19 we were talking about it shows the company's booked  
20 cost of the assets.

21 Q. And if the -- those assets had been  
22 contributed by others to the company, they would not  
23 show as equity and be included in rate base; is that  
24 correct?

25 A. That's correct.

1 Q. So some of the difference between what's shown  
2 as book cost and what's shown on the rate base analysis  
3 would have to do with what was contributed capital; is  
4 that right it?

5 A. That's one of the things that certainly would  
6 effect it, yes.

7 Q. And you weren't given those pages out of the  
8 annual report that would show contributions or anything  
9 like that?

10 A. The only ones that -- the only page that was  
11 attached to the exhibit this morning was W-5, which, I  
12 believe, is the full cost plant service.

13 Q. Okay. Now, Mr. Johansen, in some of the  
14 pre-filed testimony for witnesses that have not yet  
15 testified there are some allegations that you are  
16 biased in this proceeding. Do you recall reading that  
17 pre-filed testimony?

18 A. Yes.

19 Q. Mr. Johansen, that seemed to have to do with  
20 your involvement as a consultant for Osage Water  
21 Company prior to your employment with the Commission;  
22 is that correct?

23 A. Yes.

24 Q. And to -- it had to do with Osage Water  
25 Company not paying you some money that was owed; is

1 that correct?

2 A. Yes.

3 Q. Now, so the record is clear, are you biased in  
4 favor or against the principles of the applicant in  
5 this case, Environmental Utilities, based on your  
6 involvement as a consultant for Osage Water Company  
7 prior to the time that you became employed by this  
8 Commission?

9 A. No.

10 Q. Are you biased either in favor or against the  
11 principles of Environmental Utilities based on your  
12 participation in case before the Commission involving  
13 Osage Water Company or other issues between Osage Water  
14 Company and the Staff of the Commission?

15 A. Well, I don't think biased would be the right  
16 word, but I think it certainly does have an impact on  
17 the Staff's overall view of things.

18 Q. And what impact is that?

19 A. Well, I think when you're -- when you're  
20 looking at one of the issues of the -- the applicant's  
21 general qualifications. I -- I think history of  
22 participants in both companies certainly comes into  
23 play. And I think that's the basis for some of the  
24 Staff's stated concerns regarding the applicant in this  
25 case.

1 Q. Would that be because the company has  
2 generally or has from time to time not agreed with  
3 Staff's position in different cases?

4 A. That would be -- that would be one item.  
5 I -- I think actually the -- more of the history would  
6 have to do with compliance issues versus disagreements  
7 on positions.

8 Q. Okay. And would you agree with me that the  
9 manager of Environmental Utilities, Debra Williams, has  
10 not participated in Osage Water Company's management  
11 prior to last summer?

12 A. That's correct.

13 Q. And so you don't have any history of that  
14 management?

15 A. Not as much as we do with other people, that's  
16 correct.

17 Q. And Mr. Mitchell you had extensive history  
18 with?

19 A. Yes.

20 MR. WILLIAMS: I don't think I have any  
21 further questions.

22 JUDGE WOODRUFF: Thank you. Then we'll come  
23 up to questions from the Bench.

24 Commissioner Lumpe?

25 QUESTIONS BY COMMISSIONER LUMPE: