

MGE Action Plan

December 20, 1996, Paul Blankenship provided list of new help screens being installed for Call Center employees (started 12-4-96). These help screens were developed to help Call Center employees provide consistent and accurate responses. Next month, Craig Layman will learn how to update the help screens on a regular basis.

December 23, 1996, Staff received a facsimile from Paul Blankenship advising that MGE's Information Technologies Department has determined that the project requested to improve the billing statement by identifying the transferred balances differently will be delayed until March 1997. Currently, these amounts show as a previous balance. This project was originally planned to be completed on December 31, 1996. This delay is due to the work load and the March 1997 date should be considered a soft date.

January 17, 1997, Janet Rethman-Huber advised that MGE is planning a pilot program for Saturday collections. This would be accomplished with contract collectors and they would work the same hours that the phone center is open which is from 8:00 a.m. to 2:00 p.m. They will attempt collection only, not discontinue service. These orders may be rescheduled for the following week. MGE will keep statistics about the success of the Saturday collection efforts. Staff questioned and expressed concern about multiple collection trip charges.

January 17, 1997, Janet Rethman-Huber advised that eight (8) Phone Center part-time employees that have been in training are scheduled to be working on the phones independently as of January 20, 1997. MGE lost two (2) of the ten (10) they originally have and hope to replace them. This will increase MGE's Saturday Staff from nine (9) to eighteen (18).

January 17, 1997, Janet Rethman-Huber advised that MGE started billing the franchise fee adjustment on January 13, 1997.

January 17, 1997, Janet Rethman-Huber advised that MGE has been running television ads advising customers of the higher cost of gas as well as how to stay warm in severe weather. She provided the narrative by fax.

January 31, 1997, Janet Rethman-Huber reported that MGE will start Saturday collection efforts tomorrow, February 1, 1997 in Kansas City only. MGE does charge \$8.00 for each trip.

February 7, 1997, Janet Rethman-Huber reported results of Saturday collection efforts on February 1, 1997. Out of 188 possible orders, 34 didn't go out, 54 were not worked, 97 notes left, and 3 resulted in collections totaling \$876.79. Janet commented that MGE will try this a couple of more Saturdays.

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February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that MGE is committed to keeping Staff advised as changes occur in customer service. Ms. Rethman-Huber described a pilot program which started January 12, 1998 referred to as the Early Intervention Program. MGE entered into a contract with Credit World which involves a courtesy call to an MGE customer after the 96-hour notice has been mailed. A predictive dialer is used and the customer is advised that they should contact MGE in order to prevent any interruption of service. This has increased the call activity relating to short term agreement. As of last week, MGE had 17,000 short term agreements. Credit World has only 2 days to make the call and they have experienced a 60% contact success rate. MGE is referring 1,700 accounts per day and established a control group of 10% of the accounts. Doug Micheel asked about Utility Recovery Services. We were advised that MGE filed Utility Recovery Services as a fictitious name with the Secretary of State about 3 years ago, and a letter from Utility Recovery Services became system generated about 2 years ago in an attempt to collect an unpaid final bill. The letter is generated about 4 weeks after the final bill is issued and prior to charging the amount off and sending to an outside collector.

Credit and Collections

1. MGE will develop a credit authorization process that will minimize the amount of time customers must wait for service to be initiated. And
2. MGE will ensure that service is denied to a customer only in those circumstances where the facts dictate that service be denied.

Action Taken: November 4, 1996, implemented Credit Check List. MGE is only checking now by contacting other utilities. If Social Security Number doesn't match or is reported for a deceased individual, will ask for identification. If there is still a question, will send an inspector to the premises. Paul Blankenship's advice to MGE's representatives is, "If you can't prove it in Court, don't do it"

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported completed No. 1 in November 1996. Status report states that MGE strives to ensure that this practice is adhered to. Staff shared the number of customer complaints it had received since FY 94 regarding MGE refusing service and we agreed this item should remain open in view of the number of complaints.

3. MGE will restructure its collection process so as to advise customers of problems and provide sufficient time for the problems to be resolved before service is disconnected.

Action Taken: November 4, 1996, Paul Blankenship provided via the facsimile revised procedures relating to the Cold Weather Rule and collection practices.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber provided a status report which states that MGE provides 96 Hour Notice of interruption of service; we knock at door and attempt to collect or resolve issues; and we have most

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recently implemented Early Intervention Calling; where we attempt to contact the customer by telephone prior to interruption. All of these are in an effort to allow the customer to pay or to inform us of problems we may have caused or contributed to. We agreed to leave this item open because the Early Intervention Program is a pilot program.

4. MGE will ensure that contract collectors receive appropriate training in debt collection, wear uniforms, have identification and are clearly identified to customers as MGE's collection service.

Action Taken: November 15, 1996, Paul Blankenship advised that information would be provided via the facsimile next week.

November 25, 1996, received in mail the training schedule for Bermex collectors and meter readers.

December 4, 1996, Paul Blankenship advised that MGE is still negotiating its attempts to obtain magnetic placards for Bermex (contract collectors) vehicles.

December 10, 1996, Paul Blankenship indicated that he would provide via the facsimile the background check performed by Bermex on their collectors.

December 20, 1996, received the employment investigation procedures used by Bermex.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in December 1996. The magnetic signs were obtained in December before Christmas but did not have the exact date.

Billing

1. Consumption in excess of the normal level on bills based upon an actual meter read following more than one month of estimated bills will be allocated over the months involved to place the consumption in the month in which it most likely occurred.

Action Taken: November 15, 1996, Paul Blankenship advised that MGE is reading meters so this has improved.

December 4, 1996, Paul Blankenship advised that he is not where he wants to be on this issue. He commented that he did have some things in place.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in December 1996. Staff never received any explanation for the method or procedures MGE implemented to allocate usage. This item is not closed and Staff requested method used by MGE.

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2. MGE will make every reasonable effort to ensure that orders received in the billing unit are processed within 24 hours of their receipt.

Action Taken: November 15, 1996, Paul Blankenship advised that MGE is much more current. As of November 11, 1996, MGE had less than 1,000 orders on hand which is less than one day's work. He is still working on getting orders from the field faster.

December 4, 1996, Paul Blankenship advised that MGE has had 1,000 to 2,000 orders in busy times compared to over 12,000 last year. MGE is maintaining it at between 1,000 and 2,000 orders.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in the second half of 1997. Referenced Monthly Service Order Report provided monthly (with report filed in GO-95-177). Ms. Rethman-Huber provided a copy of the February report through February 21.

Remittance Processing

1. MGE will improve its processing of customer payments by using a courier service for all major pay stations.

Action Taken: October 1996, implemented in Kansas City Metro. On-lining payments made at drop boxes at MGE's facilities (service centers) at Lee's Summit, North Plant, Joplin, St. Joseph and Monett.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in October 1996.

2. MGE will closely monitor the performance of the bank that is handling remittance processing, and ensure that the bank is processing payments in a timely and efficient manner.

Action Taken: November 15, 1996, Paul Blankenship advised that this has improved drastically. MGE started spot checking in September. MGE is now doing audits and allowing five (5) full days before applying the late pay charge.

December 4, 1996, Paul Blankenship advised that on November 21, 1996, MGE did a walk-in audit of the bank's remittance processing. November 22, 1996, Paul, Rick Rodgers and Andy met with the bank's senior management. MGE wants the bank to know that it intends to measure and evaluate the remittance processing function being performed by the bank. MGE's goal is for 95% of all remittances being processed same day and remaining next day. MGE extended window for LPC from 3 to 5 days, hoping this would eliminate a lot of the complaints.

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December 10, 1996, Paul Blankenship advised that MGE is closely monitoring the Bank's remittance processing. MGE performed the last audit on November 27, 1996 of drop box and P. O. Box remittances and 100% of the payments were applied that day. The audit performed on December 5, 1996 has not yet been completed. MGE has established these standards; 95% must be posted same day and 5% the 2nd day which allows for rejects. Mr. Sullivan, VP of Bank sent Mr. Blankenship a letter which he will share with us. Mr. Blankenship is going to close this item but will continue to perform these unannounced audits on a weekly basis until he is comfortable and will then perform the audits monthly. The bank will also fax MGE information about its weekly performance.

December 20, 1996, Paul Blankenship advised that the December 1996 audit results show 99% accurate. One account was applied late because the customer was paying on 2 accounts. MGE will continue to monitor the remittance processing.

February 7, 1997, Janet Rethman-Huber reported that she hopes to have an update on the remittance processing next month.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that this was completed in October 1996. MGE changed banks (UMB) in August 1997. Treasury reports they have continued to do a sampling of payments daily; and track them from date of receipt through post date; to ensure that payments are being posted timely. This item is to remain open. Staff requested standards established since changing banks.

3. MGE will study the feasibility of using on-line technology for customer payments made at pay stations.

Action Taken: November 15, 1996, Paul Blankenship advised that MGE's financial staff is looking at Southwestern Bell Telephone Company's system (PAMS). MGE management will have to approve it because of the cost.

December 4, 1996, Paul Blankenship advised that the On-line posting feasibility study began November 21, 1996. MGE's senior financial analyst (Andy) is conducting the study and will be considering the services offered by Southwestern Bell Telephone Company, APF and First Data Corporation. All of these vendors own the technology and can interface with MGE equipment. MGE will be considering (1) cost, (2) type of interface with MGE mainframe and (3) current configurations with existing pay station service. On-line posting, if immediate, will have to negotiate with the union. MGE would like to move "fast-forward" on this but looking at months to get this in place. MGE is meeting with Southwestern Bell Telephone Company next week.

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December 10, 1996, Paul Blankenship advised that MGE met with John Baker and Francis Starbuch with Southwestern Bell Telephone Company from Houston who provided a demonstration of its on-line system. SWB offers three (3) different batch times for daily posting. MGE has to check for proper interface and will consider the economics. A representative of APF is providing MGE a demonstration of its system this week. MGE expects a decision on this matter within 90-120 days.

December 20, 1996, Paul Blankenship advised that APF gave a presentation of its system on December 11, 1996. MGE should complete its feasibility study within 120 days. Mr. Blankenship believes Southwestern Bell Telephone Company will be recommended. Southwestern Bell applies payments 3 times daily.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber advised that in the summer of 1997 MGE made a selection to proceed with SWB for more timely receipt of payments. SWB would allow posting of payments received at pay stations twice daily. MGE was notified that SWB made a strategic decision to not accept any new customers. In the fall of 1997, MGE started to interview other vendors; and found most cost prohibitive. Recently, in 1998, MGE met with First Tech; who has the potential of meeting MGE's needs at a reasonable price compared to MGE's current costs. MGE has an internal team who that is currently in the negotiation and review process.

Other Issues and Concerns

1. MGE will take the initiative to update its registered customer list. Customers will be made aware of the registered customer list through a combination of newspaper ads, bill stuffers, and other means as determined appropriate by the Community Leadership Department.

Action Taken: November 8, 1996, Paul Blankenship provided drafts of a revised Registration Form. Mr. Blankenship included a draft form intended for newspaper ads and inserts.

November 15, 1996, Staff provided feedback on the proposed drafts.

November 22, 1996, Paul Blankenship provided MGE's Cold Weather Rule Information Inserts that were mailed to all customers between October 14 and November 12, 1996 and the insert mailed to customers who are noticed for possible disconnects between November 1 and March 31, 1996.

November 27, 1996, Paul Blankenship provided a list of the agencies provided the Registration Forms.

December 4, 1996, Paul Blankenship advised that all agencies now have the new registration forms for elderly and handicapped customers. Paul will get with

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Greg Baker regarding the newspaper ads. MGE developed bill stuffers to be used next year. Staff asked that MGE monitor and report the effect of this effort.

December 10, 1996, Paul Blankenship advised that MGE is starting to run the newspaper ads on the registration program. Currently, MGE has 148 registered customers and will use this number as a benchmark. First phase of this issue is in place.

December 20, 1996, Paul Blankenship advised that the newspaper ads are continuing.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in December 1996. Bill insert mailed in the Spring of 1997. Ms. Czaplewski stated that many customers interpret the program to mean they receive a discounted or free service and that any future correspondence has to be closely reviewed for clarification. Staff requested the current number of MGE's registered customers.

2. MGE will require officer approval before service can be discontinued to a registered customer.

Action Taken: Effective November 6, 1996, the following procedures were put in place for registered customers:

1. As Nonpay shut off orders are reviewed, the accounts which indicate that there is a Registered Customer in the household, will be placed aside. They will not be sent to the field for shut off of service.

2. The Account Services Department will review these accounts to determine if these orders are to be sent to the field for Collection Only.

3. No Registered Customer will be shut off for nonpayment during the period of November 1 to March 31.

4. If extenuating circumstances dictate that a Registered Customer should be shut off for nonpayment of his account, the account will again be reviewed by the Account Services department for credit issues, and then reviewed by a Customer Advisor as to the health (or other) issues in the household. If a recommendation is made to shut the customer off, the account will be forwarded to an Officer of the Company before any action is taken. Once the Officer gives his final approval, the customer will be notified as prescribed by 3.09 A; B; and C of the General Terms and Conditions for Gas Service, sheet R-27.

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List of Officers of MGE (11-6-96)

1. Clowe, Tom - President & CEO
2. Baker, Greg - VP, Community Leadership
3. Gillmore, Dennis - VP, Customer & Regulatory Relations
4. Nelson, Carlon - VP, Operations
5. Ziegler, Brad - VP, Human Resources, Administration & Legal Services

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in November 1996. Staff requested an updated list of officers.

3. MGE will develop a new door hang card that fully informs customers with indoor meters as to their options in providing the Company the opportunity to read the meter.

Action Taken: November 15, 1996, Paul Blankenship advised that MGE began to develop the new door hang card on November 11, 1996.

December 4, 1996, Paul Blankenship provided via facsimile drafts of the door hangers MGE proposes to use to obtain access to meters for readings. These drafts were provided to MGE's Field Services at the same time they were being provided to Staff. The door hanger has not been proposed to replace any letter but to serve as an additional notification. MGE is considering two door hanger drafts, 1) to be left each time they go out, and 2) after the 3rd estimate. I reminded Paul that notification after the 3rd consecutive estimate was an issue in the Complaint Case (GC-97-33). Staff did comment that the drafts did not include any information about appointment readings. Paul responded that he is still working on this with Al Carrol and hopes to have something established within 30 days, or an alternative. Paul commented that he thought 10 appointments a day was reasonable.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that this item was not completed; and with the implementation of the AMR project in early 1997; a decision was made to table this item. The completion of AMR project in 1998 should totally eliminate the need for the card. Ms. Rethman-Huber advised MGE sends letter to the customer. Staff requested a copy of the letter currently used by MGE

4. MGE will review changes to collection letters and other normal customer correspondence with Staff prior to implementing the changes.

Action Taken: None

February 24, 1998, Karen Czaplewski and Janet Rethman-

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Huber reported that MGE continues to strive to do this. MGE will provide the screen print MGE sends to customers confirming CWR pay agreement.

5. MGE will open a customer service office in Kansas City no later than the spring of 1997. The nature of the services to be offered will be communicated to the Staff as soon as the plans for this office are completed.

Action Taken: November 15, 1996, Paul Blankenship advised that he has been working on this issue and hopes to review with Tom Clowe next week.

December 4, 1996, Paul Blankenship advised that MGE has a location selected but no lease. It would be on Main Street with parking and accessibility by public transportation. MGE management has approved this and it is now being considered by asset committee (Southern Union). This location would be safer and more convenient than the 63rd and Troost location. Target date is April 1, 1997.

December 20, 1996, Paul Blankenship advised that the original location was purchased by another party, however, another location has been selected on Main Street which is on the public transportation route.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported this completed in April 1997. The Public Business Office offers "One Stop Shopping," with a Customer Advisor, four Customer Service Representatives (CSRs) and a Supervisor officed there. Additionally, there are positions available for two additional CSRs should the need arise during busy periods. There is a drop box for payments and CSRs accept payments in person, take orders for service, handle inquiries, etc.

6. MGE will ensure that no outside meters are estimated under normal circumstances.

Action Taken: November 15, 1996, Paul Blankenship reported that this is in place under normal circumstances. MGE contracted with Bermex.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that MGE has ensured this is a standard operating procedure. Meter reading statistics are communicated throughout the company weekly. Note: There are two reports that are used internally by Meter Reading. Ms. Czaplewski was unable to obtain these in order to bring copies to meeting today, but Carlon Nelson provided samples of both to Mr. Wimberley within the past week.

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7. MGE's contract meter readers will receive proper training, wear uniforms and have identification.

Action Taken: November 25, 1996, Paul Blankenship provided information regarding the training schedule and training material for Bermex collectors and meter reading.

January 31, 1997, Staff advised Janet Rethman-Huber of its concern with the number of complaints it has received showing meters misread. She commented that they are aware of this and that three (3) meter readers were let go this month. I advised Janet Rethman-Huber that we would be interested in any statistics being maintained regarding the meter reading errors and the disciplinary action being taken by Bermex. She asked that I put our requests in writing.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that this was completed in December 1996.

8. MGE will offer meter reading appointments to customers with indoor meters.

Action Taken: Working on it but no specific action reported.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that MGE does this but they were not certain of the exact date it was implemented; but know they have since the summer of 1997. Staff requested the action taken and the procedures implemented by MGE.

9. All completed service orders will be returned to the billing unit for processing no later than the day after the order is worked.

Action Taken: November 15, 1996, Paul Blankenship reported he was working on this with the field.

December 4, 1996, Paul Blankenship reported this is still open but MGE doing much better.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that this was completed in the second half of 1997 and referenced Item No. 2 under Billing. Staff requested the procedures implemented by MGE.

10. When the Company has an indication of consumption on an inactive meter, a trouble report will be made, and the matter will be investigated.

Action Taken: November 15, 1996, Paul Blankenship reported that MGE,

MGE Action Plan

by getting orders in and processing them immediately it takes care of this. MGE is following up now. Paul believed the backlog created this problem.

December 4, 1996, Paul Blankenship reported that MGE is still working on this issue.

February 24, 1998, Karen Czaplewski and Janet Rethman-Huber reported that this was completed in the second half of 1997. One Customer Service Representative (CSR) works these accounts. Prior to issuing a trouble order the CSR attempts to contact the most recent telephone number on file for that premise. CSR calculates the consumption and total amount due. In some cases, CSR is able to reach the customer and work out arrangements. If not, the trouble order is issued. When the trouble order is worked, the service person is instructed to knock at the door and to inform customer of issue and amount due. If arrangements can be worked out, they contact CSR immediately. Staff requested the complete procedures implemented by MGE.

COPY

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Exhibit No.:
Issues: Customer Service
Witness: C. Thomas Clowe
Sponsoring Party: Missouri Gas Energy
Case No.: GR-98-140, et al.

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-98-140, et al.

REBUTTAL TESTIMONY OF

C. THOMAS CLOWE

Jefferson City, Missouri

April 23, 1998

Apr 23 1998

REBUTTAL TESTIMONY

OF C. THOMAS CLOWE

CASE NO. GR-98-140

April 23, 1998

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS ?**

2 A. My name is C. Thomas Clowe, and my business address is 3420 Broadway, Kansas
3 City, Missouri 64111.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am the President and Chief Operating Officer of Missouri Gas Energy ("MGE"), a
7 division of Southern Union Company.

8

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I have a B.A. degree in business administration, with an emphasis on marketing, from
11 the University of Texas, and have completed several graduate level management
12 courses at Harvard Business School.

13

14 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

15 A. I have been in my present position since September 1995.

16

1 The majority of my business management experience has been obtained through
2 thirty-eight years of working at all levels in the transportation industry. My last
3 position in that industry was with Central Freight Lines, Inc., where from 1990 to
4 1995 I served as Chairman of the Board, President, and Chief Operating Officer.
5 Prior to accepting the position with Central Freight, I served as the first Executive
6 Director and Chief Operating Officer in the 97-year history of the Railroad
7 Commission of Texas. In this position, I reported directly to three statewide elected
8 commissioners and was responsible for all regulatory divisions and the administrative
9 services division.

10

11 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

12 A. I will respond to portions of the direct testimony of Staff witness Janet K. Hoerschgen
13 and in so doing explain some of the customer service initiatives ongoing at Missouri
14 Gas Energy and reiterate the emphasis that MGE has placed, and will continue to
15 place, on quality customer service.

16

17 **Q. STAFF WITNESS HOERSCHGEN ALLEGES THAT MGE HAS FAILED TO**
18 **MEET CUSTOMER SERVICE COMMITMENTS MADE TO THE**
19 **COMMISSION, INCLUDING THE ATTAINMENT OF CALL CENTER**
20 **PERFORMANCE GOALS SET OUT IN THE "CUSTOMER SERVICE**
21 **ACTION PLAN" AND "OUT-LACLEDING LACLEDE". PLEASE**
22 **COMMENT.**

1 A. Staff witness Hoerschgen's frustration is understandable given the volume of activity
2 that occurred during and as a result of the winter of 1996-1997. I certainly would not
3 dispute that MGE's performance during that period of time was less than acceptable.
4 However, I am proud of the way that MGE handled that extremely difficult situation
5 and objective analysis of customer service performance since that time shows that
6 substantial performance improvements have indeed taken place. Although MGE has
7 room for further improvement, as does any organization, I am confident that the
8 groundwork has been laid to ensure that such improvement actually comes to pass.

9
10 Q. MR. CLOWE, IS IT FAIR TO SAY THAT 1997 WAS A CHALLENGING
11 YEAR FOR MISSOURI GAS ENERGY?

12 A. Absolutely. In reality the challenge began in the latter part of 1996 when it became
13 apparent that natural gas prices were rapidly escalating and had the potential to reach
14 record or near-record levels. In addition, the weather in MGE's service territory
15 during late 1996 and early 1997 was quite cold. As a consequence of these two
16 factors, our customers experienced gas bills considerably higher than usual.
17 Unfortunately, MGE compounded this already difficult situation by rendering
18 inaccurate billings to a number of customers during the November 1996 through
19 February 1997 time frame. The high gas costs, cold weather and billing issues, when
20 coupled with the substantial coverage that was given the situation by the media, led
21 many of our customers to question their billings. As a consequence of all of these

1 factors, our call center (as well as the Commission's Consumer Services Department)
2 was inundated with telephone calls.
3

4 **Q. WHY ARE THE EVENTS OF THE WINTER OF 1996-1997 RELEVANT TO**
5 **DETERMINING WHETHER MGE HAS HONORED COMMITMENTS IT**
6 **HAS MADE TO THE COMMISSION?**

7 A. As the winter of 1996-1997 unfolded, it became apparent that MGE's priorities had to
8 be adjusted to meet the challenges presented. Investigation of the cause of past
9 billing errors, their accurate correction and prevention of future billing errors became
10 the imperative objectives to achieve as quickly as possible. MGE acted aggressively
11 and decisively as it attempted to communicate with affected customers. Call center
12 performance statistics and "out-Lacleding Laclede", while important, were not as
13 immediately critical as quickly and effectively resolving the issues that arose during
14 the winter of 1996-1997.
15

16 **Q. DOES MGE STILL INTEND TO ACHIEVE THE CALL CENTER**
17 **PERFORMANCE GOALS SET OUT IN THE "CUSTOMER SERVICE**
18 **ACTION PLAN"?**

19 A. Yes.
20
21
22

1 Q. HAVE MGE'S CALL CENTER PERFORMANCE STATISTICS IMPROVED
2 SINCE JUNE OF 1997?

3 A. Yes. For the months of July 1997 through the present, our abandoned call rate (ACR)
4 is approximately 10% and our average speed of answer (ASA) is 75 seconds.
5 Although these results do not yet meet the long term goals set out in the "Customer
6 Service Action Plan", they show demonstrable and substantial improvement over
7 prior years' performance. For example, the ACR for July 1996 through April 1997
8 was approximately 20% and the ASA was 201 seconds. For July 1995 through April
9 1996, MGE's ACR was approximately 17% and the ASA was 85 seconds.

10
11 Q. ARE YOU SATISFIED WITH THE PERFORMANCE OF MGE'S CALL
12 CENTER?

13 A. Although I am pleased with the progress that has been made to date, performance of
14 MGE's call center must be further improved. The goal at MGE is to be among the
15 top call center performers nationally, which is why we have set a long term goal of
16 achieving an ACR of 5%. We are well on our way toward achieving that goal.

17
18 Q. WHAT DID YOU MEAN BY THE STATEMENT THAT MGE WOULD
19 "OUT-LACLEDE LACLEDE"?

20 A. The Commission's Staff has in the past, and in this case also, pointed to Laclede Gas
21 Company as the model gas utility in Missouri as far as customer service. By stating

1 that MGE would "out-Laclede Laclede", I intended to convey MGE's commitment to
2 quality customer service. That commitment remains among MGE's highest priorities.

3
4 **Q. CAN YOU POINT TO OTHER CUSTOMER SERVICE AREAS IN WHICH**
5 **MGE HAS UNDERTAKEN SUBSTANTIAL WORK SINCE THE TIME OF**
6 **THE LAST RATE CASE HEARINGS?**

7 **A.** We have continually evaluated and implemented programs designed to assist our
8 customers. For example, in 1997 MGE initiated "Relief Now", an extended (up to 30
9 months) interest-free payment plan to help customers continue gas service and cope
10 with the high gas bills left over from the winter of 1996-1997. On April 1, 1997,
11 MGE opened a public business office at 39th and Main in Kansas City, where
12 customers can meet face-to-face with MGE customer service representatives. Also in
13 1997, MGE deferred disconnecting customers for non-payment of gas bills until mid-
14 May and then, at the request of then-Chairman Zobrist, until July. (See Schedules 1,
15 2 and 3). MGE also sought and obtained Commission approval in 1997 to provide
16 lump sum bill credits to customers of sizable refunds that had been obtained at the
17 federal level. In an effort to communicate directly with our customers, MGE initiated
18 a "customer outreach program" by holding numerous meetings both at MGE's offices
19 and in neighborhood locations throughout its service territory. These meetings enable
20 MGE to receive input directly from customers regarding what they value in their
21 relationship with the gas company and should help MGE achieve its goal of being a
22 superior customer service performer.

1

2 Q. MR. CLOWE, IS MGE COMMITTED TO ACHIEVING CUSTOMER
3 SERVICE PERFORMANCE LEVEL IMPROVEMENTS IN THE FUTURE
4 SIMILAR TO THOSE WHICH HAVE BEEN ACHIEVED IN THE PAST
5 YEAR?

6 A. Yes. Although we have shown substantial improvement in customer service levels
7 over the past year, we understand that the results of MGE's customer service
8 improvement initiatives can only be fully realized over time.

9

10 Q. MR. CLOWE, THE COMMISSION'S STAFF AND THE PUBLIC COUNSEL
11 HAVE RECOMMENDED, RESPECTIVELY, THAT 50% AND 75% OF THE
12 PUBLIC AFFAIRS AND COMMUNITY RELATIONS DEPARTMENT BE
13 DISALLOWED FROM MGE'S REVENUE REQUIREMENT. DO YOU
14 HAVE ANY GENERAL COMMENTS REGARDING THESE PROPOSALS?

15 A. Yes. By these proposals, the Staff and Public Counsel either fail to recognize, or
16 simply ignore, the direct benefits provided by the personnel in this department in the
17 form of customer service, customer communication, communication with
18 representatives of the various political subdivisions in which MGE provides service
19 and other functions necessary to effectively operate a large business with hundreds of
20 thousands of customers. As then-Chairman Zobrist publicly acknowledged last year
21 through correspondence sent to me and released to the media at his press conference,
22 effective customer communication is critical to the successful operation of an

1 enterprise such as MGE. (See Schedule 1). MGE has endeavored to communicate
2 effectively with its customers and the Public Affairs and Community Relations
3 Department plays a vital role in doing so. Disallowance from rate recovery of such
4 substantial percentages of the entire Public Affairs and Community Relations
5 Department as suggested by the Staff and Public Counsel would send an unequivocal
6 message that customer communication is not important in the provision of gas service
7 and is a function that MGE should abandon.

8
9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 **A.** Yes, at this time.



Commissioners

KARL ZOURIST
Chair

KENNETH McCLURE

DUNCAN E. KINCHELOE

HAROLD CRUMPTON

M. DIANNE DRAINER
Vice Chair

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
573-526-5695 (TT)

April 3, 1997

CECIL I. WRIGHT
Executive SecretarySAM GOLDAMMER
Director, Utility OperationsGORDON L. PERSINGER
Director, Policy & PlanningKENNETH J. RADEMAN
Director, Utility ServicesDONNA M. PRENGER
Director, AdministrationDALE HARDY ROBERTS
Chief Administrative Law JudgeSTEVEN DOTTHEIM
Acting General CounselMr. C. Thomas Clowe
President, Missouri Gas Energy
3420 Broadway
Kansas City, Missouri 64111-2404

Dear Mr. Clowe:

In light of the continuing efforts which the Staff of the Public Service Commission is exerting to identify and solve the various problems at Missouri Gas Energy, I would like to bring several matters to your attention which I believe require immediate action:

1. Customers Whose Bills Contain both Undercharges and Overcharges.

I have been advised that MGE has not forgiven the undercharges of those customers who were also overbilled during other billing cycles of the four months under scrutiny (November 1996 - February 1997). This is in contrast to the customers who were only underbilled. I understand that MGE has forgiven their underbills.

As a matter of equity and fairness, not to mention good business practice, MGE should reconsider this decision and forgive *all* underbills caused by the company's erroneous billing practices. I note in media reports that Western Resources' KPL Gas Service division has implemented this policy under these same circumstances.

2. Forgiving Non-Prorated Portions of January-February bills.

Under the periodic "purchased gas adjustment" tariff or PGA, the changes in the wholesale price of natural gas that MGE passes on to its customers frequently occur in the middle of a billing cycle. The PGA tariff permits MGE to charge the customer for all gas consumed during a billing period at the new price, even if that change occurs toward the end of the cycle.

Mr. C. Thomas Clowe
Missouri Gas Energy
April 3, 1997
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The issue of whether new PGA prices should be prorated to insure that customers pay for the gas they use at the price which mirrors the price that companies pay for that gas is now before the Commission in several pending cases, and I cannot comment further.

However, I do urge MGE to forgive those portions of the January and February invoices that were not prorated which appear to have greatly inflated many consumers' bills.

3. Customer Service Representatives.

Although MGE has pledged to hire a number of new customer service representatives and install additional telephone lines, I am informed that none have been hired to date. Your phone lines continue to be clogged.

The Commission's Customer Services Department has received more calls pertaining to MGE in the last 30 days -- 1,349 -- than it received during the entire last fiscal year pertaining to any other utility in the state. Consumers who call our toll free number complain that they have never been able to reach MGE.

Because your parent company also owns a local natural gas distribution company in Texas, I encourage you to seek the temporary transfer of at least 10 consumer specialists from Southern Union Gas Company to assist MGE at this critical time.

4. Customer Disconnections.

I understand that MGE will shortly announce an extended payment plan called "Relief Now." However, I also understand that MGE has tentatively decided to begin disconnecting service to delinquent customers who do not fulfill the plan's requirements on or about Monday, May 12. This decision must be reconsidered.

I suspect that many of these customers have become delinquent for reasons beyond their control, including (a) inaccurate or nonexistent meter readings by MGE; (b) estimated meter readings that bore no relationship to the customer's historical use; (c) errors in MGE billing software and other billing practices; and (d) the unprecedented and dramatic price increases in the unregulated wholesale natural gas markets this past winter.

Beginning to disconnect these customers on May 12 would send an unacceptable message to consumers that MGE has failed to recognize its role in causing these delinquencies. A

Mr. C. Thomas Clowe
Missouri Gas Energy
April 3, 1997
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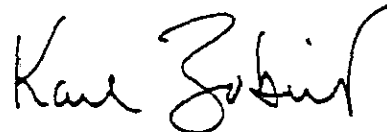
moratorium on disconnections until at least mid-summer should be considered.

5. Consumer Communication and Education.

I urge you and other MGE representatives to communicate with the public about the issues that face your company, as well as the natural gas industry. MGE has done a poor job in advising the public about the causes and extent of the problems it is facing. While MGE has improved its communications with the Staff of the Commission, MGE's efforts to regain the confidence of its customers have been dismal.

Some of the problems facing MGE also face other local gas companies from the Southwest through the Midwest to New England. Other problems are internal to MGE alone. Whether you choose to communicate through public meetings, press conferences, or public service announcements is your decision. You must move quickly to restore whatever goodwill MGE possessed before this turn of events and assure the public that MGE will do its utmost to serve the public interest.

Very truly yours,



Karl Zobrist, Chairman

cc: Commissioner Kenneth McClure
Commissioner Harold Crumpton
Vice Chair M. Dianne Drainer
Mr. Cecil I. Wright, Executive Secretary
Ms. Martha Hogerty, Office of the Public Counsel



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5501

C. TOM CLOWE, JR.

PRESIDENT &
CHIEF OPERATING OFFICER

April 4, 1997

The Honorable Karl Zobrist
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Dear Chairman Zobrist:

Thank you for your letter of April 3 in which you address several matters which you state require immediate action. After reviewing your requirements, we are prepared to move forward in pursuit of your objectives.

1. Customers Whose Bills Contain Both Undercharges and Overcharges.

MGE will forgive each underbilling of residential bills issued from November 1996 through February 1997. Preliminary calculations show this action will result in refunds to about 3,400 customers totaling approximately \$20,000. Those figures indicate that less than one percent of our customers will receive these refunds, and the average refund will be about six dollars, although some will be higher and some will be lower.

2. Forgiving Non-Prorated Portions of January-February Bills.

MGE shares your objective in mitigating the effects of high wholesale gas prices on consumers. A properly designed and lawfully enforceable methodology will achieve that purpose.

You urge MGE to take action to forgive those portions of the January and February invoices that were not prorated. Recomputing customers' bills that were properly issued in compliance with our tariff raises a number of concerns. We are not certain which bills would be recomputed, how they would be recomputed, whether that is technically feasible, and what the overall impact might be on both the customer and the Company. In addition, MGE's current tariff does not permit the proration of PGA charges, and MGE is required by the Public Service Commission law to abide by that tariff.

MGE shares your concern about the hardship our customers experienced due to skyrocketing wholesale gas prices in January and February. Although proration of PGA charges generally spreads the effect of the charge over two billing periods, thereby mitigating the apparent impact of high gas prices, it does not eliminate this impact. In addition, proration actually produces higher customer bills than non-proration in circumstances when the PGA is declining from one billing period to the next, as it did in February.

We have apprised your staff of our willingness to explore prorating PGA charges in an appropriate manner beginning July 1 of this year. In addition, we are willing to discuss the practical and legal details underlying proration of past PGA charges billed to certain customers.

3. Customer Service Representatives.

The events of this past winter have increased the number of calls to our customer service center by over 40,000 calls a month since December, an unprecedented increase that has overwhelmed the resources immediately available to us to handle them. We deeply regret the fact that our phone lines continue to be clogged, and your suggestion that we access resources from Southern Union is one we are taking prompt action on to answer more customer calls.

Shortly after announcing our billing problems, we extended our call center hours and used additional personnel from another department to man the phones, which added over 200 hours a week of phone duty in the call center. In response to your letter, we have decided to hire not 10, but 25 new people in the call center, and 9 of those 25 have already accepted employment. These new hires need training and will provide a longer-term solution to this problem.

With regard to getting help from Southern Union Company, MGE will utilize facilities, equipment, and personnel available in the Texas call center to help us answer more calls. We have started to make the technological adjustments which, when completed, will allow us to re-route certain calls to our Texas call center. Rather than bringing representatives from Texas to Missouri, we believe we can bring more immediate relief and greater productivity to the Kansas City call center by rerouting calls to the Texas call center.

These measures should help. However, we must be forthright in stating that the need to train new employees so they can provide competent, professional service makes it difficult to apply a "quick fix" to responding to the huge increase in call volumes we are experiencing. We will continue to explore any and all short-term options.

4. Customer Disconnections.

MGE will further postpone disconnections of service to delinquent customers to July 1, 1997. MGE originally stopped disconnections in early January recognizing the hardship high gas commodity prices would have on our customers.

Due to the extreme spikes in wholesale gas prices this winter, many gas bills severely strained the budgets of families, the elderly, people on fixed incomes, even customers who previously had never had difficulty paying their gas bill. To assist our customers through these hardships and help them stay current, we created the "Relief Now" emergency program on February 9 to stretch out the payment of these large bills over a dramatically extended period.

"Relief Now" provides that we begin contacting customers with past due accounts during April 1997. If the customer accepts this program, only 1/24 of their outstanding balance would be due within 30 days. We continue to believe most customers will embrace this good-faith effort by the company to provide a flexible and reasonable approach to paying off past-due amounts.

Mr. Karl Zobrist
April 4, 1997
Page 3

For customers who have made no attempt to pay any portion of their outstanding balance, even after being offered a "Relief Now" assistance plan, sending a disconnect notice may prompt at least a partial payment toward the past due balance. History has proven that the longer a balance remains outstanding, the less likely the account will ever get collected.

MGE is currently experiencing unprecedented levels of delinquent accounts. Failure to collect on these aging accounts will cause MGE significant economic loss.

5. Consumer Communication and Education.

We wholeheartedly agree that a need exists for the communication of accurate information to the public about the issues facing MGE and the natural gas industry. We intend to expand our efforts to educate the public in the weeks and months ahead about the events of this winter, their causes, and what can be done to avoid a recurrence in the future. Our customers deserve more accurate information than they are currently receiving, and we fully intend to follow your advice to better serve the public interest.

When wholesale gas prices began to skyrocket earlier this winter, MGE acted to expand public communications. In stark contrast to other utilities, MGE began to air television ads, appear on numerous television and radio newscasts, and hold press conferences and town hall meetings to explain to the public high gas prices, and communicate the "Relief Now" initiatives we were making to help customers cope with hardship.

Those educational efforts were meeting with success when we discovered the billing errors. Intense attention from the media and the public ensued, and since then we have concentrated our resources and efforts on correcting the errors. Frankly, media coverage has overwhelmed our attempts to communicate directly with customers, and much of that coverage has led to confusion among our customers about the primary cause of high gas bills, the nature of the billing errors, and related issues.

In closing, MGE appreciates your keen interest in improving our level of service to the public, and takes seriously its responsibility to resolve these issues. Your input is valuable, and we will continue to seek it as we move forward to correct these problems and implement long-term solutions.

Sincerely,



cc: Commissioner Kenneth McClure
Commissioner Harold Crumpton
Vice Chair M. Dianne Drainer
Mr. Cecil I. Wright, Executive Secretary
Ms. Martha Hogerty, Office of the Public Counsel



MISSOURI GAS ENERGY

3420 Broadway • Kansas City, MO • 64111-2404 • (816) 360-5501

C. TOM CLOWE, JR.
PRESIDENT &
CHIEF OPERATING OFFICER

FILE COPY

June 5, 1997

The Honorable Karl Zobrist
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Dear Chairman Zobrist:

Since my letter to you of April 4, Missouri Gas Energy (MGE) has continued to move forward aggressively on a number of fronts to resolve the billing and customer service issues we encountered during the past heating season. We appreciate your keen interest in our efforts to correct these problems, and I want to bring you up to date on the progress MGE is making toward that end.

1. Correcting Billing Errors

MGE issued refunds and forgave underbillings to customers affected by a billing error in the cost of gas between November 1 and February 28. Customers received a letter of apology from me, a statement explaining each billing error, and a refund with interest where appropriate. This initiative commenced for residential customers by April 1 as promised by MGE, and began for commercial accounts shortly thereafter.

The billing review is ongoing and will extend to bills issued since February 1994. When appropriate, we continue to make the needed billing adjustments to customers' accounts while auditing those corrections and the methodologies used to calculate them. This effort has proceeded in a constructive and cooperative manner with PSC staff and our auditors, Coopers and Lybrand, and continues today to ensure timely and accurate corrections to billing errors.

2. Long-Term Solutions: Process Improvement in Billing and Customer Service

Immediately after discovering the billing errors, MGE held a press conference and announced the formation of a joint Southern Union/MGE Task Force called the "BASIC Team" to spearhead correction of the errors and improvement of billing processes. The team reports to Ron Endres, Executive Vice President and CFO of Southern Union Company, and Tom Clowe, President and COO of MGE, and it is named "BASIC" to underscore our rededication to high quality performance in the fundamentals of our business--billing and customer service. The BASIC Team has done an outstanding job to date in working expeditiously to correct the short-term errors and identify some of the critical processes in need of revision.

... n 507 Schedule 3

Schedule KKB-8
Page 16 of 19

The Honorable Karl Zobrist

June 5, 1997

Page 2

MGE has retained the services of Theodore Barry and Associates (TBA) Management Consultants, a nationally respected firm that is on-site and working with the BASIC Team over the summer months to develop the long-term fixes we will apply to our systems. TBA is well-equipped with the expertise and experience MGE seeks as we redesign our billing and account service processes to achieve maximum reliability. TBA will play an important role in helping us transform the appropriate processes before the next heating season.

In addition, MGE is forming a customer advisory group that will review the changes forthcoming from the work of the BASIC Team and TBA. This group will provide MGE with an important customer perspective in the months ahead, and provide useful insights into how we can best improve our billing system for customers.

3. Customer Service Improvements

On April 1, MGE opened a new Customer Service Center at 39th and Main in Kansas City where ratepayers can receive personalized, one-on-one service to their accounts. Kansas City area customers were notified of this new service via bill inserts, newspaper advertisements, and telephone referrals from MGE customer service representatives.

In addition, we continue to bolster the telephone capabilities of MGE's Customer Service Department with new training, staff, and resources. Seven new representatives are completing training and will be answering customer calls in about a week. Another 20 positions have been added to the department and those employees are currently in training. We will continue to improve customer service training, performance standards, and call volume capabilities with the goal of achieving quality service levels comparable to the industry's best.

Also, we are working closely with our colleagues at the Texas call center and Southwestern Bell to complete the technological changes required to enable MGE to transfer customer calls to the Texas call center in emergency situations. We expect this phone networking capability between the two call centers to be operational in July. This advancement should provide a solid level of protection should unforeseen high call volumes again overwhelm our local resources in the future.

4. Relief Now Helping Thousands of Customers Cope with High Bills

You are aware that in response to sharp price spikes in the commodity cost of gas, MGE created the "Relief Now" emergency program in February to assist our customers. Under Relief Now, MGE is financing the repayment of millions of dollars in past due amounts over a two-year period (up to 30 months in some cases), and providing level pay and Cold Weather agreements to customers regardless of previous credit history. Combined with other elements of Relief Now, we

The Honorable Karl Zobrist

June 5, 1997

Page 3

believe it is the most generous, budget-friendly payment program offered by any gas company in the nation, one that provides uninterrupted year-round gas service by providing customers with more manageable monthly payment obligations.

To date, over 50,000 MGE customers have been offered the opportunity to enroll in Relief Now, and over 10,000 have responded positively that they intend to enroll. This has been accomplished through proactive outreach to these customers. Since early April, MGE has been writing and calling customers in payment arrears to notify them of Relief Now and enroll them in the program. The program itself has been advertised to the public via newspaper ads, 60-second radio ads, and billing inserts. Those customers failing to respond are being contacted again by letter and/or by phone and encouraged to make some type of pay arrangement before service disconnections resume. Thousands of customers have enrolled in Relief Now to date, and we are greatly encouraged by the very positive responses we have received from customers who have truly appreciated the assistance provided by the program. We will continue to keep you updated on Relief Now.

5. Public Education and Outreach

MGE is preparing to begin a new program to provide in-person explanations and education to customers who have been affected by a billing error or other customer service issues. This program of direct outreach to aggrieved customers will provide scheduled daytime opportunities to visit our facilities personally and talk with us about issues like high gas prices, billing errors, customer service, etc. MGE will also provide another opportunity to discuss and learn about these issues when we hold evening town hall meetings at locations convenient to customers' homes or businesses. We expect this program to begin this month and continue throughout the summer and possibly into the fall. MGE's employees are delighted to have this chance to serve our customers in a personal and unique way, and I will keep you updated as the program progresses.

We are also keenly aware of the need to reach out beyond aggrieved customers to all ratepayers who need and deserve better information about this past winter's developments. This will be a longer-term effort involving paid media advertising, community events, so-called "free media" news coverage, public service announcements, safety programs, and special educational meetings on an on-going basis. While this effort has already begun, it will expand considerably once MGE's process improvements are in place and we are prepared for the next heating season.

6. Automated Meter Reading Moves Ahead

MGE is also moving forward aggressively on the installation of our new Automated Meter Reading (AMR) system. Currently, we are ahead of our planned installation schedule, and we

The Honorable Karl Zobrist


June 5, 1997

Page 4

continue to keep all departments working together to address AMR issues that arise and cut across departmental boundaries. We are communicating with customers whose meters will have to be read on a new date because of the need to rearrange our meter reading routes to implement AMR. We will also provide further educational materials to customers about the AMR system itself as it is installed. We hope to accomplish this large and complicated task with minimal disruption to our customers.

Again, thank you for interest in the action MGE is taking to improve its business practices and prepare for next winter. We are very pleased with the progress we have made to date, and very optimistic about the future. If you have any questions or comments about these matters, please do not hesitate to contact me at any time.

Sincerely,



cc: Commissioner Diane Drainer-MPSC
Commissioner Harold Crumpton-MPSC
Cecil Wright - MPSC
Martha Hogerty - OPC

Exhibit No.: **FILE COPY**

Issues: Policy

Witness: Steven W. Cattron

Sponsoring Party: Missouri Gas Energy

Case No.: GR-2001-292

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2001-292

DIRECT TESTIMONY OF

STEVEN W. CATTRON

Jefferson City, Missouri

November 7, 2000

**DIRECT TESTIMONY
OF STEVEN W. CATTRON**

CASE NO. GR-2001-292

NOVEMBER, 2000

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Steven W. Cattron, and my business address is 3420 Broadway, Kansas
3 City, Missouri 64111.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am the President and Chief Operating Officer of Missouri Gas Energy ("MGE"), a
7 division of Southern Union Company.

8
9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I graduated from the University of Missouri-Kansas City with a B.B.A. and I have an
11 M.B.A from Rockhurst College.

12

13 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

14 A. I have been in my present position since June 1998.

15

16 The majority of my business management experience has been obtained through over
17 twenty years of involvement in the utility industry. My career began as a utility
18 auditor for this Commission. I then transitioned to a utility consultant with Troup,

1 Kehoe, Whiteaker & Kent and held various positions while employed with Kansas
2 City Power & Light Company for nearly sixteen years.
3

4 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

5 A. I will explain the fundamental business model I continue to implement at MGE. In
6 the course of this explanation I will reiterate the emphasis that MGE has placed, and
7 will continue to place, on quality customer service and try to bring forward specific
8 examples of how MGE is seeking to implement this business model.
9

10 Finally, I will provide an overall perspective on the rate making process that MGE
11 has experienced historically, as well as suggestions for improvement of that process
12 now and in the future. In so doing, I will address certain critical policy issues that I
13 believe the Commission itself should address in setting rates for natural gas local
14 distribution companies in general, and MGE in particular.
15

16 **1. MGE IS COMMITTED TO BEING A LOW-COST PROVIDER OF QUALITY**
17 **CUSTOMER SERVICES**
18

19 **Q. PLEASE EXPLAIN THE FUNDAMENTAL BUSINESS STRATEGY YOU**
20 **ARE CONTINUING TO IMPLEMENT AT MGE.**

21 A. Our fundamental business strategy is to be a low-cost provider of quality customer
22 services. When I began my work at MGE in June of 1998, this overall direction was
23 already in place. Implementing this strategy requires a balance of cost management
24 and quality customer service.

1

2 Q. WHAT GUIDING PRINCIPLES DO YOU USE IN FURTHERANCE OF
3 MGE'S FUNDAMENTAL BUSINESS STRATEGY OF BEING A LOW-COST
4 PROVIDER OF QUALITY CUSTOMER SERVICES?

5 A. Safety is our first priority. Although natural gas is a safe product when contained, it
6 is a combustible commodity and can be hazardous if not contained. We are well
7 aware of this and therefore take very seriously the need to safeguard our customers
8 and employees as well as the public generally. We also emphasize safety throughout
9 the business in everyday activities like driving vehicles, lifting objects, etc.

10

11 For a business to be a lasting success, its management must successfully balance the
12 interests of three key constituencies: employees, customers and shareholders. We try
13 to keep this fact in mind whenever we make decisions.

14

15 My personal belief is that shareholders are not likely to be satisfied if customers are
16 not pleased, and that customers are not likely to be satisfied if employees are not
17 satisfied. Therefore, MGE places heavy emphasis on employee and customer
18 satisfaction.

19

1 Q. CAN YOU PROVIDE EXAMPLES OF HOW MGE HAS EMPHASIZED
2 EMPLOYEE SATISFACTION?

3 A. We continue to build upon our relationship with our employees through a
4 "partnership" process, pursuant to which we have regular periodic meetings to
5 address issues of mutual concern and help build a more efficient and effective
6 company.

7
8 We also devote substantial efforts to ensuring that we communicate effectively with
9 employees. The MGE senior management team conducts "all-employee" meetings
10 four times a year throughout our service territory. We have also instituted what we
11 call our "leadership forum," during which virtually all employees with supervisory
12 responsibilities are provided with in-depth information around critical company
13 activities so they may provide effective responses to questions from the employees
14 who report to them.

15
16 One of the first significant accomplishments MGE achieved during my tenure was the
17 execution, well in advance of the expiration date of the then-current contract, of a
18 five-year contract with our labor unions. We accomplished this contract through our
19 "partnership" without resorting to the traditional bargaining process.

20
21 We also conduct annual employee surveys that provide us with feedback in this area.

22

1 Q. HOW DO YOU RATE MGE'S EMPLOYEE SATISFACTION EFFORTS?

2 A. Overall, I think we have done a pretty good job and the employee surveys seem to
3 back this up. Nevertheless, we have not been entirely successful. We also know that
4 the passage of time is accompanied by new challenges. In order to meet these
5 challenges successfully, we need employees who understand where we are going and
6 believe in that direction. Thus, MGE will continue to place a heavy emphasis on
7 employee communication and satisfaction.

8
9 Q. CAN YOU PROVIDE EXAMPLES OF HOW MGE HAS EMPHASIZED
10 CUSTOMER SATISFACTION?

11 A. MGE's customer satisfaction efforts were well under way upon my arrival in June of
12 1998. Those efforts have continued through all of my two-and-one-half years tenure.
13 We encourage our employees to work with the "mind of a customer and the pride of
14 an owner," and most of them are doing so. We are continually striving to make it
15 easy for our customers to do business with MGE. As shown more specifically in the
16 direct testimony of MGE witness Karen M. Czaplewski, MGE has achieved superior
17 customer service performance levels. In addition, as explained in more detail below,
18 MGE has achieved this superior performance in a very cost-effective fashion.

19
20 The Company's role in the negotiation and approval of the Fixed Commodity Price
21 PGA, the first of its kind in Missouri, is an indication of our belief that price stability
22 is something that our customers desire. It is my sincere hope that factors will permit
23 the implementation of the Fixed Commodity Price PGA some time in the near future,

1 so that we can deliver true stability in the cost of gas to our customers. As explained
2 in the direct testimony of MGE witness F. Jay Cummings, the rate design we have
3 proposed in this case for non-gas rate elements would bring further price stability to
4 our customers.

5
6 Similar to our belief that employees both desire and need effective communications,
7 MGE emphasizes effective customer communications. When the possibility of high
8 gas prices became apparent this summer, MGE began to communicate early and often
9 about the issue with its customers. We promoted ABC ("average bill calculation")
10 participation and emphasized simple energy conservation measures. Most recently,
11 MGE hosted an "Energy Forum" to discuss the high gas cost issue, and possible
12 responsive actions, with numerous affected entities (including community action
13 agencies, and state and local officials).

14
15 **Q. DO YOU HAVE ANY INFORMATION SHOWING HOW MGE'S COSTS**
16 **COMPARE TO OTHER REASONABLY COMPARABLE NATURAL GAS**
17 **LOCAL DISTRIBUTION COMPANIES IN MISSOURI?**

18 **A.** Based on information contained in annual reports filed with the Commission, it
19 appears that, in comparison to other Missouri LDCs, MGE provides service in a
20 considerably more cost-effective fashion. The following chart shows annual
21 operation and maintenance cost per customer for the years 1998 and 1999 for MGE,
22 Laclede Gas Company, AmerenUE (natural gas operations) and Missouri Public
23 Service (natural gas operations):

1		<u>MGE</u>	<u>Laclede</u>	<u>AmerenUE</u>	<u>MoPub</u>
2	1998	\$104.52	\$163.71	\$167.82	\$185.21
3	1999	\$103.20	\$159.74	\$167.01	\$180.30

4 In addition, annual residential bill comparisons of these four companies on the basis
5 of margin rates (monthly customer charge plus volumetric rates) in effect as of the
6 time of this testimony shows that MGE is considerably lower-priced than these
7 companies. This is shown in the following chart:

8		<u>MGE</u>	<u>Laclede</u>	<u>AmerenUE</u>	<u>MoPub</u>
9		\$218.04	\$283.42	\$305.03	\$330.94

10 Even if the Commission approves 100% of the rate increase requested by MGE in this
11 proceeding, MGE's residential annual bill (excluding the PGA and applicable taxes)
12 of \$280.59 (on the basis of 1,000 Ccf usage) will continue to be lower than these
13 other Missouri companies.

14

15 **Q. AS AN EXPERT IN THE AREA OF UTILITIES, WOULD YOU CONSIDER**
16 **IT REASONABLE TO RELY ON THE FOREGOING INFORMATION FOR**
17 **THE PURPOSE OF COMPARING MGE'S COSTS AND PRICES TO OTHER**
18 **MISSOURI COMPANIES?**

19 **A. Yes.**

1

2 Q. IN ITS ORDER IN CASE NO. GR-98-140, THE COMMISSION FOUND
3 THAT MGE HAD NOT YET FULLY COMPLIED WITH COMMITMENTS
4 MADE IN ITS PRIOR RATE CASE (NO. GR-96-285) AND REMINDED THE
5 PARTIES THAT SUCH COMMITMENTS REMAIN IN EFFECT UNTIL
6 SUCH TIME AS AN ORDER RELIEVING MGE OF SUCH COMMITMENTS
7 IS ISSUED. ARE YOU AWARE OF THIS STATEMENT?

8 A. Yes. I take very seriously all commitments made by MGE to the Commission. It is
9 my intention that MGE live up to each and every such commitment. As more
10 specifically reported in the direct testimony of MGE witness Karen M. Czaplewski, it
11 is my belief that, except for not yet reaching the ASA ("average speed of answer")
12 goal of 45 seconds, MGE has fulfilled all of the commitments it has made to the
13 Commission.

14

15 We continue to implement the Commission-approved Safety Line Replacement
16 Program and in fact just recently (by the end of October 2000) completed the
17 replacement of the last of what have come to be known as "ten-year" service lines
18 under that program. In 1999, we received approval to accelerate completion of
19 replacement of "twenty-year" service lines from 2009 to 2004. We are on track for
20 completion of the cast iron portion of this program on time by year-end 2000 and we
21 continue to work with the Commission's safety staff on how to proceed in the future.

22

23

1 Q. MR. CATTRON, IS MGE COMMITTED TO ACHIEVING CUSTOMER
2 SERVICE PERFORMANCE LEVELS IN THE FUTURE SIMILAR TO
3 THOSE WHICH HAVE BEEN ACHIEVED IN THE PAST YEAR?

4 A. Yes. But the Commission needs to put the service quality improvements MGE has
5 achieved over the past few years in context. While the warm weather we experienced
6 in our service territory in FY98, FY99 and FY00 hurt MGE's financial performance
7 and achieved returns, that same warm weather helped almost all of its customer
8 service performance statistics. Typically, warm weather translates into lower gas
9 bills, which in turn usually translates into fewer customer contacts. Wholesale gas
10 prices were also relatively low during this period of time (July 1997-June 2000).

11

12 Furthermore, achieving quality customer service is one thing and maintaining that
13 achievement is another. So while we are committed to providing superior service
14 quality, we are also committed to providing service at a reasonable cost to the
15 customer. At the same time, our shareholders are entitled to a reasonable opportunity
16 to achieve the return authorized by the Commission. The bottom line is that service
17 quality will have to be balanced with cost and earnings considerations. I firmly
18 believe that the Commission needs to demonstrate the value it places on service
19 quality by fairly compensating MGE for the substantial achievements it has made in
20 this area and by providing the opportunity to realize financial benefits for maintaining
21 or improving upon these achievements.

22

1 Q. CAN YOU PROVIDE EXAMPLES OF HOW MGE HAS EMPHASIZED
2 SHAREHOLDER SATISFACTION?

3 A. The filing of this rate case is an example of the emphasis MGE places on shareholder
4 satisfaction. The filing of a general rate case, while necessary and a part of doing
5 business, is not something we take lightly. It is an expensive and time consuming
6 process that diverts substantial management attention away from the company's
7 primary mission, which is to provide safe and reliable gas service to its customers.
8 Nevertheless, without sufficient earnings, the company will be in no position to
9 provide the quality of service our customers expect and deserve. Therefore, MGE has
10 decided to file this rate case.

11

12 3. RATE MAKING PRACTICE, POLICY AND IMPACTS

13 Q. WHAT IS YOUR UNDERSTANDING OF THE OVERALL OBJECTIVE OF
14 THE RATE MAKING PROCESS AND THE ROLE AND RESPONSIBILITY
15 OF THE COMMISSION?

16 A. Although it can be said many different ways, my understanding is that rates should be
17 set so as to provide the Company with a reasonable opportunity to achieve its
18 authorized return. The authorized return itself must be sufficient to compensate the
19 Company's shareholders for the risk they bear while enabling the Company to attract
20 capital on reasonable terms. The Commission's responsibility is to balance the
21 multitude of competing interests that arise through this process (e.g., enhanced service
22 levels vs. lower rates; small customer interests vs. large customer interests; customer
23 interests vs. shareholder interests; etc.) and set rates which are just and reasonable.

1

2 Q. MR. CATTRON, HAS MGE EVER ACHIEVED ITS AUTHORIZED
3 RETURN?

4 A. No, I don't believe so.

5

6 Q. CAN YOU EXPLAIN WHY MGE HAS NEVER ACHIEVED ITS
7 COMMISSION-AUTHORIZED RETURN?

8 A. First, although unanticipated expenditures do crop up from time to time which impair
9 achieved returns, the incidence of such events is relatively infrequent in MGE's
10 history. Overall, I believe MGE has effectively managed its operations and
11 maintenance ("O&M") expenses, which have effectively been "flat" for several years
12 now, while at the same time achieving superior service quality for our customers.
13 Effective management of O&M expenses serves the dual interests of customers
14 (through rates lower than they would otherwise experience) and shareholders (through
15 reduced earnings erosion).

16

17 In a nutshell, MGE has never achieved its authorized return primarily because of the
18 way in which its rates have been set in the past. In particular, rate design decisions in
19 our last two rate cases have exposed the Company's returns to greater variability due
20 to weather. Compounding this increased weather risk is the Commission's
21 normalization of weather based on the thirty-year period ending 1990 as opposed to a
22 shorter period of time ending more contemporaneously to the period when rates set
23 will be in effect. Returns are further reduced due to the fact that the Commission also

1 routinely disallows from the rate setting equation certain costs deemed by the
2 Commission to be "unnecessary for the provision of gas service" but which, in reality,
3 the Company has no choice but to expend. My Company's experience also indicates
4 that while the Commission is willing to administer punishment for what it deems to
5 be inappropriate conduct, it is at the same time hesitant to administer rewards for
6 what it deems to be positive conduct. In my opinion, the foregoing add up to a
7 regulatory environment in which customer and shareholder interests are not fairly
8 balanced and the Company is left with no reasonable opportunity to achieve its
9 authorized return.

10
11 **Q. PLEASE ELABORATE ON YOUR POINT ABOUT RATE DESIGN.**

12 A. Since January of 1997, the Commission has authorized revenue increases for MGE of
13 more than \$20 million. Virtually all of those revenue increases (the exception being a
14 \$2 increase to the SGS customer charge in the 1997 case) were placed on volumetric
15 rate components. Our current residential customer charge of \$9.05 was fixed in 1993
16 and, as of the date of this filing, has not changed for more than seven years. Because
17 volumetric rates are subject to variation in relation to weather, the percentage of
18 MGE's revenues at risk based on weather has increased substantially since 1993.
19 This increased financial risk has not been recognized by the Commission in its
20 authorized equity returns, for the Commission has reduced the equity returns
21 authorized for MGE in every rate case since 1993.

1 Q. PLEASE ELABORATE ON YOUR POINT ABOUT WEATHER
2 NORMALIZATION.

3 A. My understanding is that the Commission has consistently adopted the Staff's
4 recommendation to normalize the weather impact on billing determinants (and, hence,
5 revenues) through the use of the most recent NOAA-adjusted thirty-year period
6 available. For MGE's last two rate cases, this period has been 1961-1990. Because
7 no more recent NOAA-adjusted data is available, we expect the Staff to recommend
8 the same thirty-year normal in this case. Unfortunately for MGE's shareholders, this
9 "normal" has not often been achieved in MGE's service territory. For example, in
10 only four of the last fifteen years have the heating degree days ("HDD") actually
11 experienced in Kansas City been equal to or in excess of the number of HDD
12 produced by the Staff's thirty-year normalization methodology.

13

14 Until the Commission uses a measure of "normal" weather that more closely
15 approximates actual experience, it is doubtful that MGE will ever have a reasonable
16 opportunity to achieve its authorized return.

17

18 Q. PLEASE ELABORATE ON YOUR POINT ABOUT "TRADITIONAL"
19 DISALLOWANCES.

20 A. The Commission routinely excludes from the rate setting equation costs actually
21 incurred by the Company on the Commission's belief that such costs are not necessary
22 for the provision of gas service. Examples include costs associated with legislative
23 activities at both the state and municipal level, dues and donations, advertising costs,

1 Community Relations and Public Affairs staffing. These adjustments have been
2 made without any apparent regard, or appreciation, for the fact, shown earlier in this
3 testimony, that MGE's overall cost structure (as measured by annual operations and
4 maintenance expense per customer and average residential margin rates) is well below
5 that of the State's other larger LDC's (Laclede, AmerenUE and Utilicorp). This is a
6 clear indication of efficiency that ought to be encouraged by rewards, not
7 discouraged. Furthermore, the notion that such activities are not a necessary part of
8 operating a utility is fundamentally at odds with reality. MGE serves nearly 160
9 municipalities. We must communicate effectively with the officials in those cities,
10 which requires that MGE personnel know those people and visit them on a regular
11 basis. We must also communicate effectively with our customers. In addition, it is
12 simply unreasonable for the Commission to believe that a company of the size,
13 geographic scope and complexity of MGE should ignore the legislative process.

14
15 **Q. PLEASE ELABORATE ON YOUR POINT ABOUT THE COMMISSION'S**
16 **WILLINGNESS TO PUNISH CONDUCT IT DEEMS INAPPROPRIATE**
17 **WHILE IT IS APPARENTLY RELUCTANT TO REWARD POSITIVE**
18 **CONDUCT.**

19 **A.** The Office of the Public Counsel and the Commission's Staff are quick to
20 recommend--and the Commission in the past has been nearly as quick to administer--
21 punishment for what is deemed to be inappropriate conduct (examples include the
22 downward return on equity adjustment on account of customer service concerns in
23 Case No. GR-96-285; complaints regarding billing issues in 1996 and 1997;

1 complaints regarding gas safety incidents; disallowance of billing improvement costs
2 in Case No. GR-98-140; disallowance of allegedly "imprudent" gas supply
3 expenditures). MGE could perceive fairness in this approach if the converse was also
4 true, that rewards would be recommended by OPC and the Commission's Staff--and
5 adopted by the Commission--for positive conduct. When was the last time the
6 Commission's Staff or the Office of the Public Counsel recommended that
7 Commission adopt an upward rate of return adjustment on account of superior quality
8 customer service and/or superior overall efficiency? This case presents the
9 Commission with an opportunity to bring such balance to the regulatory process. As
10 shown in the direct testimony of MGE witness Karen M. Czaplewski, MGE's
11 customer service is superior in comparison to other Missouri companies. In addition,
12 as shown earlier in this testimony, MGE is a very cost-effective.

13
14 **Q. DO OTHER FACTORS INTERFERE WITH MGE'S ABILITY TO ACHIEVE**
15 **ITS AUTHORIZED RETURN?**

16 **A.** Yes. MGE's Safety Line Replacement Program requires annual capital expenditures
17 of more than \$15 million annually. This investment is required for MGE to comply
18 with Commission rules and orders and does not generate additional revenues. In
19 addition, MGE is required to relocate facilities every year to accommodate public
20 improvement projects by municipalities and other governmental entities. These
21 capital expenditures amount to \$4 to \$5 million annually, are not reimbursed by the
22 governmental entity requiring the facilities relocation and generate no additional
23 revenues.

1

2 **Q. DO YOU HAVE ANY RECOMMENDATIONS FOR THE COMMISSION?**

3 A. Yes. The Commission needs to take a fresh look at the way in which it sets rates for
4 natural gas local distribution companies in general, and MGE in particular. Simply
5 taking a "business as usual" approach will not work. In particular, the Commission
6 needs to moderate the financial risk MGE experiences due to weather by reducing the
7 proportion of MGE's revenue stream that varies on the basis of weather. The
8 Commission should also think long and hard before it adopts the Staff's thirty-year
9 weather normal (based on the years 1961-1990) over the company's recommended
10 twenty-year normal (based on the years 1981-2000). The Commission also needs to
11 reconsider whether all of its "traditional" disallowances make sense in today's
12 environment. Finally, the Commission needs to bring symmetry to its treatment of
13 MGE by showing a willingness to reward positive conduct, through adoption of an
14 upward rate of return adjustment and approval of the Customer Service
15 Effectiveness/Gas Safety Program Experimental Incentive Plan.

16

17 **4. SUMMARY OF TESTIMONY**

18 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

19 A. This rate case is not simply an exercise in determining MGE's authorized revenue
20 requirement. MGE is entitled to a reasonable opportunity to achieve that authorized
21 return. MGE's achieved returns over the past three years have shown that unless the
22 Commission materially alters the manner in which it sets and designs rates, MGE will

1 have no reasonable opportunity to achieve its Commission-authorized return. In
2 particular, MGE asks the Commission to:

- 3 1. Reduce the variability of MGE's revenue streams due to weather fluctuations
4 by adopting MGE's improved rate design;
5
- 6 2. Adopt a more realistic approach to measuring "normal" weather by use of data
7 based on a twenty-year period ending in 1999 instead of the Staff's usual
8 approach of using data based on a thirty-year period ending in 1990;
9
- 10 3. Reconsider the "traditional" disallowances that are in reality essential
11 functions for a company such as MGE and therefore necessary costs of doing
12 business; and
13
- 14 4. Show willingness to reward positive conduct by adjusting rate of return
15 upward for management efficiency and superior customer service quality and
16 adopting the Customer Service Effectiveness/Gas Safety Program
17 Experimental Incentive Plan.
18
19

20 In addition, I have reiterated the Company's intent, and my personal commitment, to
21 achieving superior levels of customer service quality at a reasonable cost to customers
22 while achieving compensatory returns for the shareholder.
23

24 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

25 **A.** Yes, at this time.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's
Tariff Sheets Designed to Increase Rates
for Gas Service in the Company's Missouri
Service Area.

Case No. GR-2001-292

AFFIDAVIT OF STEVEN W. CATTRON

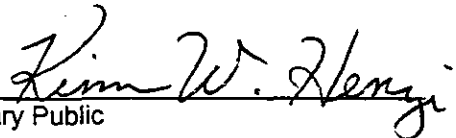
STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss.

Steven W. Cattron, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



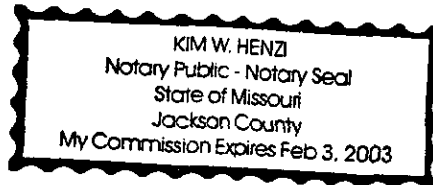
STEVEN W. CATTRON

Subscribed and sworn to before me this 6th day of November 2000.



Notary Public

My Commission Expires: _____



SCHEDULE KKB-10
HAS BEEN DEEMED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY.

Missouri Public Service Commission**Respond Data Request**

Data Request No.	0146
Company Name	Missouri Gas Energy-Investor(Gas)
Case/Tracking No.	GR-2004-0209
Date Requested	01/27/2004
Issue	Quality of Service - Customer Service
Requested From	Kimm Henzi
Requested By	Deborah Bernsen
Brief Description	Call Center objectives
Description	Company developed objectives for the performance of the call center for years 2002, 2003 and 2004. Please include a description of how these were developed and how frequently they are reviewed and revised.
Response	Please refer to the attached PDF file.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **GR-2004-0209** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Missouri Gas Energy-Investor(Gas)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Missouri Gas Energy-Investor(Gas)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security :	Public
Rationale :	NA

With Proprietary and Highly Confidential Data Requests a Protective Order must be on file.



MISSOURI GAS ENERGY

MISSOURI GAS ENERGY

FISCAL YEAR 2003

DEPARTMENTAL GOALS

—CALL CENTER ANALYST

All goals support the company's values: quality, financial strength, efficient.

OBJECTIVE – Optimize the use of our staff forecasting and scheduling system (TCS) – 30%

GOAL – Schedule TCS consultants to come to MGE and assist with programming – by October 2002

MEASURE – Consultants on site

GOAL – Make proposal using TCS for four/ten hour day shifts by September 2002

MEASURE – Proposal completion

GOAL – Establish seasonal staffing proposals to include part-time and full-time needs

MEASURE – Proposal completion

OBJECTIVE – Achieve 100% of proposed utilization of the Witness System – 30%

GOAL – Propose complete utilization of Witness in FY03 stages

MEASURE – Completion of all FY03 stages

GOAL – Assist with administrative training within 90 days after attending training sessions

MEASURE – Training completion

OBJECTIVE – IVR upgrade project coordinator/Operator – 25%

GOAL – Establish a project time line to include all work activities and provide weekly status reports.

MEASURE –Completion of documentation

GOAL – Facilitate installation with all internal and external stakeholders

MEASURE – Successful installation and operation

OBJECTIVE – Meet Abandoned Rate – ACR=8.50% and ASA=75 seconds – 15%

GOAL – Daily, Weekly and Monthly reports from ACD Max, TCS and RTA within 48 hours – monthly projection roll up to yearly, monthly

MEASURE –Completion of documentation



MISSOURI GAS ENERGY

MISSOURI GAS ENERGY

FISCAL YEAR 2003-2004

DEPARTMENTAL GOALS

- CUSTOMER SERVICE SUPERVISORS

OBJECTIVE – Improve the quality of Customer Service –

GOAL – Monitoring two calls per consultant per month

MEASURE – Monthly evaluation reports

GOAL – Provide and document coaching and counseling of consultants – monthly basis

MEASURE – Documentation of coaching sessions

GOAL – Submit consultants training needs to the Training Department – within 48 – 72 hours for program development

MEASURE – Trainers addressing issues—Schedule sessions with Trainers—supervisor will keep a log of whom they send.

GOAL—Provide feedback on Performance Standards

MEASURE—Through weekly, monthly stats

GOAL—Expand supervisors' knowledge of the Community's activities and concerns.

MEASURE—Attend at least one meeting with Customer Advisor

OBJECTIVE – Improve Performance through Efficiency –

GOAL – Achieve ACR of 8.5% and ASA of 75 Secs. By monitoring ACR and ASA and respond as necessary

MEASURE – Daily, Weekly and Monthly review of TCS and RTA

GOAL – Maximize the use of the M.E.N.T.O.R. Program –Use of daily, monthly by December 2003

MEASURE –daily and monthly reports

OBJECTIVE – Improve Performance through Efficiency – CONT'D-

GOAL – Team is to achieve the average performance of the entire

department for three consecutive months.

MEASURE – Review of monthly reports

GOAL – Create and analyze statistical information regarding specific call types looking for areas to improve productivity and performance on monthly basis.

**MEASURE – Knowledge of statistics and need for changes
Document-Improvements on process Log-track improvement.**

**GOAL-- Assist Account and Billing Services with workload
During non-peak call times**

**MEASURE—Prepare and maintain a schedule and do
weekly report to Supervisor and Manager
of the Department**

OBJECTIVE – Team Building –

**GOAL – Provide quarterly activities for department
BASED ON PERFORMANCE STANDARDS**

MEASURE – Carrying out of activities

OBJECTIVE – Process Improvement –

**GOAL – Work with other supervisors/consultants to identify and improve
three processes that either enhance the quality of our customer
service or improves our financial strength.**

- 1. Process identification**
- 2. Proposal created/ presented**
- 3. Process improvement implemented**

MEASURE – Completion of process

OBJECTIVE – Process Improvement – Cont'd

GOAL—Optimize the use of all Technical Equipment

MEASURE—Attend training and refresher classes on

**Team manager
Website
M.E.N.T.O.R. Program
TCS/RTA
IVR**



MISSOURI GAS ENERGY

FISCAL YEAR 2003-2004

DEPARTMENTAL GOALS

TRAINERS & QUALITY ASSURANCE ANALYST

All goals support the company's values: quality, financial strength, fun, efficient and innovative.

OBJECTIVE – Continuous development of all Customer Service Staff –

GOAL – Successfully train all new hires in class

MEASURE – Completed monitoring forms after training

GOAL – Identify and develop employee's training needs – within one week of notification

MEASURE – Completed monitoring forms after training occurs

GOAL – Document employee's training and results – within one week of Completion

MEASURE – Completed documentation

OBJECTIVE – Improve two processes that will enhance the level of service we provide our customer –

GOAL – Identify two key processes within training class that could be improved on – by end of second quarter of FY04

MEASURE – Completed documentation

GOAL – Learn and develop training materials for specific desk jobs
In Account And Billing Services

MEASURE – Completed documentation

GOAL – Training of consultants on new process – within one month
Website
All new Technical Equipment

MEASURE – Completed documentation

GOAL – Track benefit – evaluation within 30 days after sessions

MEASURE – Completed documentation

OBJECTIVE – Trainers assist with QA responsibilities –

GOAL – Utilize E Quality Systems to track monitoring, by individuals and teams on monthly basis

MEASURE – Completed documentation

Goal—Increase productivity through monitoring two calls per Consultant

Measure— Monthly reports

OBJECTIVE – Maintain Review and update support systems –

**GOAL – Update Info Genie – all updates in within 96 hours.
Update the Training Region
Learn and understand HTML**

MEASURE – Completed updated information

GOAL – Conduct on-going training – within 60 days after development.

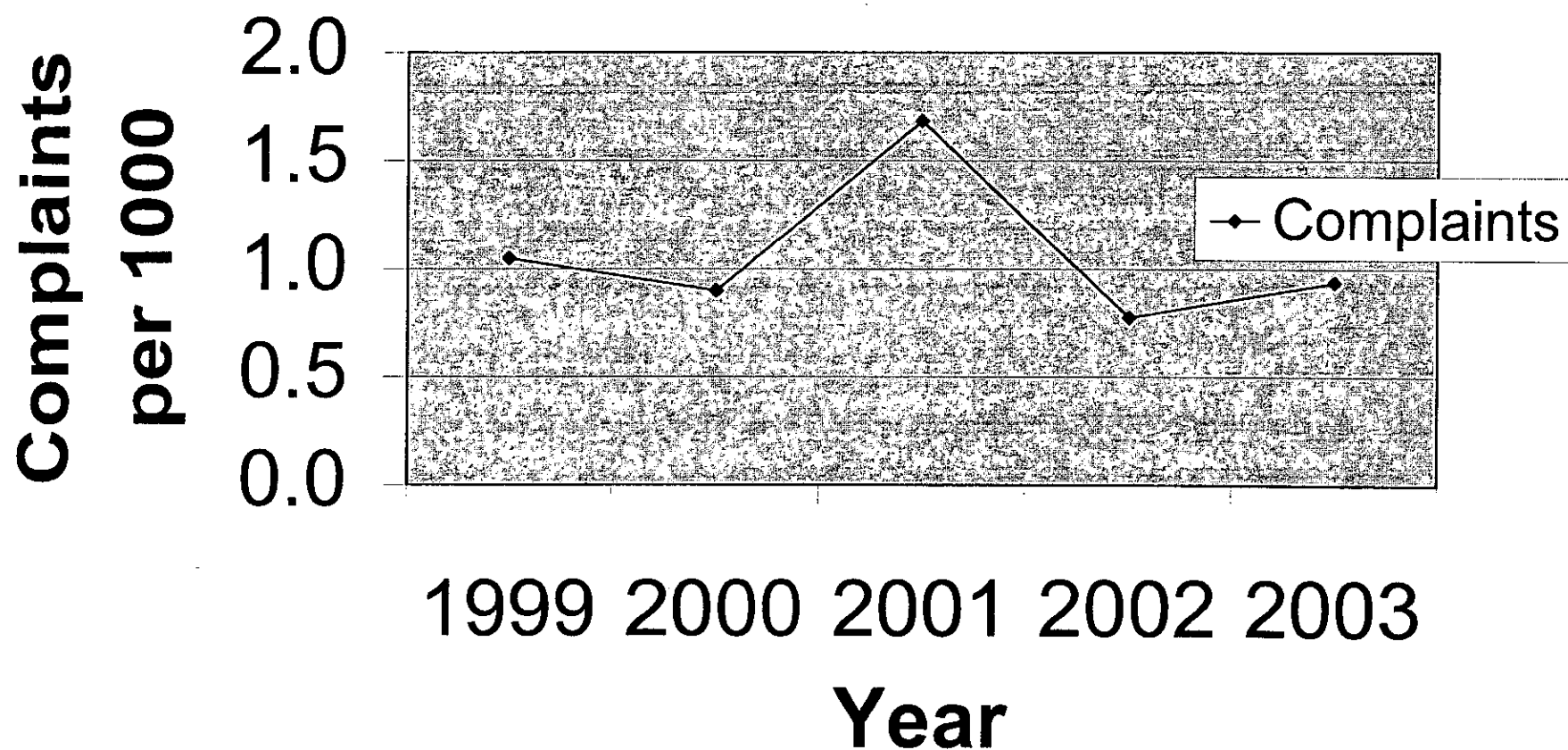
MEASURE – Completed documentation

OBJECTIVE—Will assist with training in other Departments as needed

**GOAL—Develop and train within 3 months of Request
Field Operations/Train the Trainer
Customer Service Soft Skills
CSS-When needed
Human Resources**

MEASURE—Completed documentation

Commission Complaints/Inquiries from MGE customers



Micheel, Doug

FILE COPY

From: Harrison, Kathy
Sent: Monday, April 19, 2004 10:31 AM
To: Micheel, Doug
Subject: FW: MGE billing practices

-----Original Message-----

From: Enkeli@aol.com [mailto:Enkeli@aol.com]
Sent: Monday, April 19, 2004 10:20 AM
To: mopco@ded.mo.gov
Subject: MGE billing practices

Office of Public Counsel:

I'm having a problem with MGE.

I moved from an apartment into a small house I'd purchased in October of 2002 and called MGE to have gas service turned on. I've paid my bills monthly since then. At some point early on and unbeknownst to me, the meter apparently stopped working.

I'm disabled, so I have no means of checking the meter, even if it had occurred to me to do so. I've always been accustomed to paying low gas bills, having lived in apartments, and I've always been exceedingly careful about regulating my thermostat to minimize costs. I've been getting low bills for my entire adult life, so I didn't realize it if I was being underbilled by MGE for gas service.

Then one morning about a month ago, an MGE employee pounded on my door and told me he was going to replace my gas meter. Last Friday I received a bill from MGE for \$965.48.

It's not right that I should be charged for gas usage they failed to measure because they failed to monitor their equipment. I don't believe I used that much gas, and if I did, I certainly would have stopped, had I known how much I was being billed. I live on disability checks, and I can't afford this. Do I have any recourse?

Thanks in advance for any assistance you can offer.

Best regards,
Robin K. Reed
(816) 361-0696

FILE COPY

March 18, 2004
203 Kimberly Drive
Belton, MO 64012-1861

Mr. John Coffman, Public Counsel
Governor Office Bldg., Suite 650
200 Madison Street
P.O. Box 7800
Jefferson City, MO 65102-7800

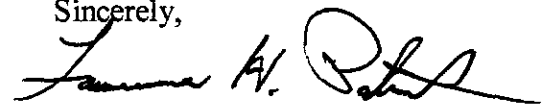
Mr. Coffman:

I reviewed the customer charge data in the consumer guides section of the Missouri Office of the Public Counsel's web site. There I found that Missouri Gas Energy's customer charge of \$10.05 per month is second only to the Laclede Gas Company's customer charge.

As Public Counsel to represent consumers of public utilities before the Missouri Public Service Commission and the courts I am asking you to deny Missouri Gas Energy's request to increase their non-gas rate of \$6.52 coming up for public hearings.

Thank you!

Sincerely,



Lawrence H. Patrick

Micheel, Doug

From: Harrison, Kathy
Sent: Wednesday, April 28, 2004 4:51 PM
To: Micheel, Doug
Subject: FW: ISRS-PUBLIC HEARINGS

 FILE COPY

-----Original Message-----

From: Lane, Charlotte [mailto:Charlotte.Lane@ssa.gov]
Sent: Wednesday, April 28, 2004 12:46 PM
To: 'mopco@ded.mo.gov'
Subject: ISRS-PUBLIC HEARINGS

I WILL BE UNABLE TO ATTEND THE HEARINGS, BUT I WANT THIS FORWARDED TO THE APPROPRIATE PARTIES AS THE FOLLOWING IS WHAT I WOULD SAY IF I WERE TO ATTEND.

I REALLY THINK IT WAS "SNEAKY" THE WAY THE GAS COMPANY INFORMED THE PUBLIC BY PUTTING THE INSERT IN WITH THE CUSTOMERS BILL. MOST PEOPLE ARE ONLY CONCERNED WITH HOW MUCH THEIR BILL IS AND TRASH THE REST. NONE OF MY CO-WORKERS KNEW WHAT I WAS TALKING ABOUT WHEN I ASKED THEIR OPINION.

SECONDLY, WHY SHOULD THE CUSTOMER PAY FOR SOMETHING THAT "YOU" ARE REQUIRED TO DO BY LAW TO CONTINUE TO PROVIDE SERVICE? EVERYTIME YOU LOOK AROUND THE GAS COMPANY IS RAISING THE RATE. THEN THEY HAVE THE NERVE TO SAY THEY HAVE THE RIGHT TO REQUEST AN INCREASE UP TO 3 TIMES A YEAR.

EVERYTIME WE HAVE A MILD WINTER, THE GAS COMPANY CLAIMS THEY'RE SHORT OF FUNDS AND NEED TO INCREASE THE RATE. IT SEEMS LIKE IT'S A LOSING BATTLE. WE HAVE A NICE WINTER, THEY LOSE MONEY, THEN THEY RAISE THE RATE. COULD IT BE THAT GOD IS TRYING TO TELL YOU SOMETHING. EVERYTIME HE GIVES US A BREAK, YOU GUYS TACK ON A RATE INCREASE.

HOW CAN YOU JUSTIFY SUCH A HORRIFIC INCREASE WHEN THE WORKING MIDDLE CLASS CAN'T GET A DECENT RAISE ON THEIR JOBS.

IT IS SO UNFAIR THAT WE HAVE TO PAY FOR SOMETHING YOU HAVE TO DO ACCORDING TO LAW. AFTER YOU RECOUP THE MONEY FOR IT, WILL THE RATE GO BACK DOWN, NO. IT WILL CONTINUE TO RISE. THEN YOU HAVE THE NERVE TO SAY TO THROW IN SOME STATEMENT THAT IT WILL ACCOMMODATE PUBLIC IMPROVEMENT PROJECTS SUCH AS ROAD-WIDENINGS. WE'RE THE ONES PAYING FOR THE ROAD-WIDENINGS BY WAY OF SOME OTHER "OBSCURE" TAX SOMEBODY SOMEWHERE HAS TACKED ON.

IT IS SO UNFAIR, DON'T YOU PEOPLE HAVE TO PAY THE SAME RATE, OR DO YOU GET A CUT TOO?

THANK YOU

CHARLOTTE LANE

FILE COPY**Micheel, Doug**

From: Harrison, Kathy
Sent: Wednesday, April 28, 2004 9:58 AM
To: Micheel, Doug
Subject: FW: rate increase

-----Original Message-----

From: Carol Anderson [mailto:canders1869@earthlink.net]
Sent: Wednesday, April 28, 2004 9:56 AM
To: mopco@ded.mo.gov
Subject: rate increase

Dear MGE and Office of the Public Counsel,

I know that it will make no difference whether I send this email or not send it. I oppose the rate increase that is before the Public Service Commission. Prices just keep going up and up for the natural gas within MGE. I have a home and a business and this will just about kill any profit that would like to get this year. I am having a hard time understanding why these increases are needed and the service doesn't seem to get any better. The poor low income people just don't have a chance in today's economy the way things keep increasing, except the pay checks. What was the percentage for raises within your company???? I work for the government and ours was 2.3. I bet yours was more than that. And with my other job I haven't gotten a raise since they hired me two years ago. To bad we can't go before the Missouri Public Service Commission and ask for our raises!!!!!!!!!!

I figured that you couldn't get a rate increase because you have already had your two for the year so now you can get this increase to cover the other increase you can't get. I am unsure whether my business is a large volume or just a small or large general account. But if it is a large volume this will probably put me out of business. This increase is just a little much to try and pass onto my customer.

I would just like to know when is it going to stop, I think each company needs to take a look at what is being spent within the company that needs to be eliminated. I would love to complete a process analysis within your organization and help you stream line your organization.

Thank you for listening.

Carol Anderson
9101 Holmes
Kansas City, Mo.
Account number 9815311784

Micheel, Doug

From: Harrison, Kathy
Sent: Friday, April 23, 2004 7:50 AM
To: Micheel, Doug
Subject: FW: April 28, 2004 Hearings in Blue Springs/KCMO

FILE COPY

-----Original Message-----

From: Preston Conner [mailto:napte@yahoo.com]
Sent: Thursday, April 22, 2004 7:35 PM
To: mopco@ded.mo.gov
Cc: napte@yahoo.com
Subject: April 28, 2004 Hearings in Blue Springs/KCMO

Dear Staff:

I would ideally like to comment before the commission at the Blue Springs hearing on Wednesday afternoon, April 28th, but since we are short staffed at work I may only be barely able to speak before the group Wednesday evening downtown. I'm driving from Olathe, Kansas from work. Can a space be reserved at both? My comments are short. If I didn't have such a tight schedule then Blue Springs would be fine. Please advise or comment. I appreciate the opportunity to address the commission. Thanks.

-Preston Conner
Kansas City, MO
(816) 241-0013
napte@yahoo.com

Do you Yahoo!?

Yahoo! Photos: High-quality 4x6 digital prints for 25¢
http://photos.yahoo.com/ph/print_splash

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, April 22, 2004 11:21 AM
To: Micheel, Doug
Subject: FW: MGE's request for 45 million rate increase.

 **FILE COPY**

-----Original Message-----

From: betty ryan [mailto:bryan@tiadon.com]
Sent: Thursday, April 22, 2004 8:52 AM
To: mopco@ded.mo.gov
Subject: re: MGE's request for 45 million rate increase.

I strongly protest MGE's proposed rate increase. I am a retired person on a fixed income and have reached the point at which I am not sure how I will be able to heat my home. We shut off most of our house and closed vents in the closed portion and still had by far the highest gas bill we have ever had in the 30 years we have lived in this dwelling. This in spite of the fact that we had a warmer than average winter this past heating season. I don't happen to believe that it costs MGE any more so sell natural gas during cold weather than it does during warm weather. It appears that they use cold weather as an opportunity to rip their customers off. That might be acceptable if they weren't a monopoly. The only way I could get around their immoral business practices would be to install a completely different heating system, which I do not have the resources to do.

I sincerely hope that Missouri Public Service Commission will take a dim view of this proposed rate increase.

Richard Ryan
194 S. KK Hwy.
Lamar, Missouri 64759
1-417-681-0346

Micheel, Doug

From: Harrison, Kathy
Sent: Wednesday, April 21, 2004 7:30 AM
To: Micheel, Doug
Subject: FW: Missouri Gas Energy Rate Increase

 **FILE COPY**

-----Original Message-----

From: Cambee [mailto:cambee56@comcast.net]
Sent: Tuesday, April 20, 2004 7:43 PM
To: mgerates@mgemail.com; mopco@ded.mo.gov
Subject: Missouri Gas Energy Rate Increase

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I would like to get more information on where this money is going. I tried looking on the website but did not see anything that indicated a pending rate increase.

IR17;d also like to know why everyone is getting an increase with the exception of the Large General Service. Who is this Large General Service and why am I paying for their price reduction?

In addition why do I get two notices that MGE is getting an increase? One indicates that the increase will be 6.52 (average) more per month and they are getting additional monies (ISRS) that appear to be for the same types of maintenance/operating costs.

You can email me the information at cambee56@comcast.net or you can send me a link to the information on the web.

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, April 19, 2004 7:41 AM
To: Micheel, Doug
Subject: FW: gas bill

 **FILE COPY**

-----Original Message-----

From: viki kiger [mailto:vikikiger@yahoo.com]
Sent: Saturday, April 17, 2004 12:25 PM
To: mopco@ded.mo.gov
Subject: gas bill

to whom it may concern: I am a dis abled person i have a house in holden i have fought the gas company on my bill all year . it went from 200 last year to 1,100.88 now i know that gas is high but this too much . I FEEL SOME THING SHOULD BE DONE TO KEEP THEM FROM RAISING OUR PRICES SO HIGH AS IT I AMAY NOT HAVE HEAT NEXTED YEAR AT ALL AND

MY HOME NEEDS GAS TO HAET . VICKY HENRY
801 SOUTH MARKET

816 850 2027

HOLDEN, MO . 64040

ACT:6202579311

mge

Do you Yahoo!?

Yahoo! Tax Center - File online by April 15th

Micheel, Doug

From: Harrison, Kathy
Sent: Friday, April 16, 2004 9:34 AM
To: Micheel, Doug
Subject: FW: Notice of Local Public Hearings for a supplier rate increase

FILE COPY

-----Original Message-----

From: Sharon J (Latham) Easley [mailto:SHERRYJE@peoplepc.com]
Sent: Friday, April 16, 2004 2:42 AM
To: mopco@ded.mo.gov
Subject: Notice of Local Public Hearings for a supplier rate increase

I'm not able to attend this particular hearing but I wanted to submit this email in protest to the MGE being granted non-gas cost revenues.

My husband and I did not get a cost of living nor any increase on our paychecks due to the signs of the times. Yet, our companies recorded record earnings. Figure that out.... Why is it with gas prices sky rocketing (nearly unaffordable for many people to heat their homes) is it that MGE can be granted an increase for operating and maintenance costs. We all our making sacrifices at this time. In my opinion ... until gas prices start coming down (try buying fuel more reasonable like Kansas does) I think it is very unfair to the consumer to bear more of the load...especially with people out of work and those that are working not getting in pay increases.

Sharon Easley

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, April 15, 2004 7:34 AM
To: Micheel, Doug
Subject: FW: OPPOSED TO RATE VINCREASE

FILE COPY

-----Original Message-----

From: cherylbestvater [mailto:cherylbestvater@mail.planetkc.com]
Sent: Thursday, April 15, 2004 6:12 AM
To: mopco@ded.mo.gov
Subject: OPPOSED TO RATE VINCREASE

I AM OPPOSED TO ANY INCREASE IN MY MONTHLEY BILL.
MGE NEEDS TO BE ACCOUNTABLE FOR RUNNING ITS COMPANY IN THE OPERATING & MAINTENANCE COSTS
ASSOCIATED WITH IT!
Cheryl Bestvater
8411 Springvalley Rd
Belton, MO. 64012
cherylbestvater@planetkc.com

From: Cheryl Bestvater

Micheel, Doug

From: Harrison, Kathy
Sent: Tuesday, April 13, 2004 9:16 AM
To: Micheel, Doug
Subject: FW: Gas Price Increase

 **FILE COPY**

-----Original Message-----

From: arlene richmond [mailto:richmonda@earthlink.net]
Sent: Monday, April 12, 2004 11:00 PM
To: mopco@ded.mo.gov
Subject: Gas Price Increase

To Whom it Concerns:

I received an insert in my gas bill that stated that there might be another rate increase on our gas bill. There are hearings here in the K.C. area on April 28th.

I don't know if this will do a bit of good, but I am writing as a very concerned consumer that just cannot keep paying the gas bill. My gas bill started out at about \$34.00 each month & then it increased to \$66.00. Now, when I opened this months bill for April, it was \$71.00. That may not seem like a lot compared to some people's gas bills, but for a single woman trying to support myself, it's just too much to bear. I have other utility bills to pay, not to mention my house payment, insurance, etc. My house is very tiny. There is no way that I should have been charged this much. I called to complain at MGE, but they said they reviewed the bill every so often & said that my gas usage went up. I don't believe that, when my house is such a small two bedroom house with a tiny bathroom, no basement, a tiny living room & a kitchen. This needs to be looked into. I knew it would not do any good to call the local gas company here (MGE), but I tried. Because my gas bi! ll has just gone up, I pray that you will not raise it again with this hearing. I, as others like me, just cannot afford this. No matter whether gas prices have gone up or not, something needs to be done instead of increasing our gas prices thru our homes.

Please do not raise our gas prices again. Thank you.

arlene richmond
richmonda@earthlink.net
Why Wait? Move to EarthLink.

Micheel, Doug

From: Harrison, Kathy

Sent: Tuesday, April 13, 2004 9:15 AM

To: Micheel, Doug

Subject: FW: Rate hikes

FILE COPY

-----Original Message-----

From: HOWARD DEMOTT III [mailto:HCDEMOTT@peoplepc.com]

Sent: Tuesday, April 13, 2004 7:52 AM

To: mopco@ded.mo.gov

Subject: Rate hikes

To the Commissioners:

MGE is requesting an average residential rate hike of \$6.52 per month. My retirement does not go up by that amount and with all the other increases, it just doesn't stretch that far. A new fee was just added to replace equipment mandated by the government and now they want to add more non-gas costs. The bill is already more "other costs including taxes" than it is gas costs.

I personally oppose this additional rate increase
become more efficient. Do with less.....lower executive pay....find alternative resources that will safely
maintain systems at lower cost.....don't duplicate services.....less duplicate paperwork.....worker smarter

Sincerely,
BA DeMott

Micheel, Doug

From: Jacob Turk [JTURK1@kc.rr.com]
Sent: Saturday, April 10, 2004 9:51 AM
To: MGERates@MGEmail.com; mopco@ded.mo.gov
Subject: Gas Rate Increase

 FILE COPY

I want more information about the rate increase - specifically, what is driving this increase and what will the money be spent on?

Donna Turk
Lee's Summit, MO

Micheel, Doug

 FILE COPY

From: RAYMOND MARLATT [roadrunners11@prodigy.net]
Sent: Saturday, April 10, 2004 5:24 PM
To: mopco@ded.mo.gov
Cc: MGErates@MGEemail.com
Subject: Rate increase

Dear Sir,

MGE request for this huge increase in their operating and maintenance costs should never be allowed or required. An increase of this magnitude would suggest extremely poor management and poor fiscal policies. An increase of this magnitude must be rejected. This increase should be looked at as an amount needed for a complete year. The Public Service Commission must step up and do their job here and protect the public from this increase.

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, April 08, 2004 9:36 AM
To: Micheel, Doug
Subject: FW: Increase non-gas cost revenues

 **FILE COPY**

-----Original Message-----

From: Guinto, Molly, HSA [mailto:Molly.Guinto@jocogov.org]
Sent: Thursday, April 08, 2004 9:36 AM
To: MGErates@MGEmail.com; mopco@ded.mo.gov
Subject: Increase non-gas cost revenues

To whom it may concern:

I received a notification of local public hearings regarding the increase of non-gas cost revenues. A monthly increase of \$6.52 for residential customers per month seems like a high increase. Over 1 years time this equals a \$78.24 overall increase to the customer. To be honest, the rising cost of natural gas prices has already created a crunch to our family's budget. That situation does not appear to be changing anytime soon. At this time, I oppose this increase.

Feel free to email me information for review to validate this increase.

Sincerely,

M. Guinto
 Kansas City Resident

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, April 08, 2004 8:40 AM
To: Micheel, Doug
Subject: FW: Proposed customer increase in MGE non-gas prices

FILE COPY

-----Original Message-----

From: Andy Poppen [mailto:andy_gerard@yahoo.com]
Sent: Thursday, April 08, 2004 8:39 AM
To: mgerates@mgemail.com; mopco@ded.mo.gov
Subject: Proposed customer increase in MGE non-gas prices

Hello,

My name is Andy Poppen, I live in the northern section of KC, MO. I've noticed in my latest bill from MGE that they are seeking permission to raise the price of non-gas prices to their customers. I see that the expected increase is about \$6.52/month for residential customers. My comment on this is two-fold: 1) this seems to be a large increase and, 2) the increase does not seem equitable. An increase of \$6.52/month is \$78.24/yr, which is hard to "shallow" considering that other taxes around us are going up as well. For example the KC sales tax just went up .875%. Your proposed hike seems to come at a bad time. We (the residents) are having a difficult time shallowing all the new rate hikes and tax increases around us. In addition to your non-gas hike, you also mentioned in the same bill that you are going to add another new charge to our bill- something called ICSC or ICRS (whatever it was called). This is just making a bad situation worse. If MGE really needs this extra revenue, why can't they ask for a smaller amount from us which makes it easier for us to shallow at this time. As I said, we have 3 increases coming all within about 6 months of each other: the added sales tax, your new ICSC charge and now this non-gas charge. Has MGE considered cutting some of their internal costs to off-set the non-gas charges? Has MGE considered making their operations or employees more efficient? Has MGE analyzed their organization and looked at ways to stop or reduce wastes? Could MGE negotiate with the City and have them eliminate the "Franchise fee" which would make the \$6.52 a net increase of only \$.86/month to residential customers. I'm sure the citizens would approve of that. My 2nd item was about inequality. I see that residential folks will pay \$6.52/month more and "large general service" customers will realize a reduction of \$4.58/month. Is this fair and reasonable? What about giving them a zero increase/decrease and increasing residential non-gas prices by say \$1/month? That would be much easier for us to shallow. Bottom line here is: I disagree with the MGE proposal to increase our residential non-gas costs by \$6.52/month and I have offered alternate solutions above.

Thanks for listening.

=====
Andy Poppen

Do you Yahoo!?
Yahoo! Small Business \$15K Web Design Giveaway
http://promotions.yahoo.com/design_giveaway/

Micheel, Doug

From: Harrison, Kathy
Sent: Wednesday, March 31, 2004 8:56 AM
To: Micheel, Doug
Subject: FW: rate increase with MGE

A stamp that reads "FILE COPY" with a small icon of a file folder to the left.

-----Original Message-----

From: Anna House [mailto:Anna.House@coxhealth.com]
Sent: Wednesday, March 31, 2004 8:54 AM
To: mopco@ded.mo.gov
Subject: rate increase with MGE

Below is a copy of an email I have forwarded to MGERates@MGEmail.com. I am not sure you can answer my questions but I did want it to be known to you that I have sent it to them. These rate increases from MGE are at the point where I am not sure if I can handle them any more. When I replace major appliances, they will not be gas operated if I can help it. I am at the point of needing a new furnace and if at all possible it will not be gas powered. I know I am just one little account but I don't see how anyone can afford many more price increases from MGE.

I simply can not believe we are expected to shoulder another price increase in our monthly bills. The last winter has been an especially difficult burden in trying to pay the gas bills in spite of a mild winter. I just don't know how we, who have a low income to begin with, can handle much more of this. In the hopes that this email will even be read and considered, I have a few questions. I'm sorry I can not take time off from work on Tuesday, April 27 and drive all the way to Joplin to attend the meeting. As a result I would like to ask some questions.

1. Is the ISRS fee a totally new concept dreamed up by MGE as a reason to simply validate more income?
2. When was it approved?
3. Was it something that had to be approved by the state or federal government?
4. Has there ever been a charge put on our bills before the \$.47 effective on 4/1/04 for non-revenue producing costs?
5. If previous charges have been made, where in our bill was it placed?
6. In your stating that this extra fee will reduce the frequency of expensive general rate cases in the future, does that mean that the ISRS increases will be at your discretion to increase at will?

I understand it takes alot of money to operate a huge utility like this, but we, as the consumer, need you to step back and understand that people on low incomes can not handle any more increases. I have tried very hard in the past to conserve my use of utilities but to no avail. It does me no good because you keep raising the rates anyway. My income gets smaller and smaller each month because of these increases. I would suggest that you, as a utility, tighten your belts and try to squeeze your budgets as tight as you can to make ends meet like I have to. I am sure you could find areas to cut back in.


Anna E House
Materials Management

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03/31/2004

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, April 05, 2004 2:11 PM
To: Micheel, Doug
Subject: FW: MGE Rate increase

 FILE COPY

-----Original Message-----

From: Kenton Moody [mailto:kmoody@laccoffice.org]
Sent: Monday, April 05, 2004 2:06 PM
To: mopco@ded.mo.gov
Subject: MGE Rate increase

To Whom it May Concern:

I would like to express concern over the case to increase rates for natural gas by Missouri Gas Energy. I wish there was a closer venue in which to express personal opinion. Joplin is too far to go and lose a day's work.

We already pay dearly for gas service. This month, for instance, more than 25% of our bill consists of fees. We pay a \$10.05 fee for being a customer, whether or not we use gas. That means for about five months out of the year, when we don't use our furnace, we're still paying that fee. That charge is for maintaining their facilities and records. This is something that should be included in the price of gas. If you use gas, you pay to upkeep it. If I turn off my electricity, I'm not charged for having a line run to my home.

We also pay an energy charge as well. That as well should be included in the gas charge, not as a separate fee.

All efforts to keep gas charges at a minimum are useless with fees that don't change. I ask you to please refuse this attempted rate increase and question the current rates already in place. Unfortunately, we don't have a choice in our city. With a monopoly, should come some responsibility.

Thanks for your consideration.

Kenton L. Moody
1204 W. Merlin Dr.
Ozark, MO 65721
417-581-0276

Micheel, Doug

From: Harrison, Kathy
Sent: Tuesday, March 30, 2004 7:34 AM
To: Micheel, Doug
Subject: FW: MGE's Request for Rate Increases (Decrease)

 **FILE COPY**

-----Original Message-----

From: Terry Hillman [mailto:hillmant@sbcglobal.net]
Sent: Monday, March 29, 2004 5:35 PM
To: mopco@ded.mo.gov
Subject: MGE's Request for Rate Increases (Decrease)

-->

March 29, 2004

Office of the Public Counsel

Re: MGE Rate Increase Request

To Whom It May Concern:

We are unable to make it to the April 28, 2004, public hearing on Missouri Gas Energies' (MGE) request for a non-gas rate increase (decrease). We respectfully request that you deny the \$6.52 increase for residential service. We are retired, are on a fixed income, and like most retired couples can tolerate only mild inflationary increases. The increase the MGE is requesting is way out of sync with the real inflation rate as measured by the Consumer Price Index. It appears that MGE might be trying to cover cost increases caused in part by poor management practices by increasing non-gas rates on the group of customers with the least ability to launch an organized lobby against the increase.

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03/30/2004

Jeannette & Terry Hillman

6100 N. Gladstone Lane

Gladstone, MO 64119

(816) 455-2156

Micheel, Doug

From: Harrison, Kathy
Sent: Wednesday, March 31, 2004 7:37 AM
To: Micheel, Doug
Subject: FW: comments on natural gas increase

 FILE COPY

-----Original Message-----

From: scottmakel@att.net [mailto:scottmakel@att.net]
Sent: Tuesday, March 30, 2004 8:02 PM
To: MGERates@MGEmail.com
Cc: mopco@ded.mo.gov
Subject: comments on natural gas increase

My name is Scott Deckard. I live in Ozark, MO. I have a wife and two children. I was actually planning on emailing before I received the rate increase notice. I just moved into a new home I built back in October. This new home I built is of the highest efficiency- with foam insulated walls, 30% more attic insulation, wet cellulose blown crawl space, top of the market LOW-E windows, a vent free fireplace, and a high efficiency furnace and water heater. We also have a programmable thermostat and I am very conservative with our heat usage. Even with all of this I was astounded at my natural gas bills this winter. I was even more astounded when I compared my bill to a City Utilities customer in Springfield, whom I work with. MGE pga/cog rate is .75056. City Utilities pga/cog rate is .5082. This is 50% higher than City Utilities! To me this is an outrage. We live less than 3 miles from the city limits of Springfield, and even though we just built the home we thought!

we would live in forever, we are already considering selling, to get away from MGE. And now you are asking for yet another increase? Unbelievable. City Utilities has 1/10th of the customer base MGE has, and yet they somehow operate on a budget 50% less. Where is our money going? I thought it an interesting note on the rate increase notice I received from MGE.... Rates from this case are not expected to take effect until October, 2004. How convenient is that? Just in time for next winter.

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, April 01, 2004 1:36 PM
To: Micheel, Doug
Subject: FW: Rate Increase Ripoff

 **FILE COPY**

-----Original Message-----

From: Slickbob55@aol.com [mailto:Slickbob55@aol.com]
Sent: Thursday, April 01, 2004 12:37 PM
To: mopco@ded.mo.gov
Subject: Rate Increase Ripoff

To Who Ever Cares,

My non-gas cost on last month's bill was \$10.05. Now you want they want (residential) increase of \$6.52. That's a 65% increase. I think that is ridiculous and greedy. The economy is still down, haven't had a raise in 3 years, my wife 4 years, but I'm sure MGE bigshots feel they need a raise and since The Public Service Commission pretty much gives them what they want, I'm sure you will grant their request and like all companies these days ripoff the consumer and working class.

signed,
Feedup

 **FILE COPY**

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, March 29, 2004 7:46 AM
To: Micheel, Doug
Subject: FW: MGE RATE INCREASE

-----Original Message-----

From: The Campbells [mailto:frank@mo-net.com]
Sent: Sunday, March 28, 2004 10:14 AM
To: mopco@ded.mo.gov
Subject: MGE RATE INCREASE

To who it may concern

I wanted to comment on MGE's proposed rate increase for operating revenue. They are proposing to raise rates from \$10.05 a month to \$16.57 which amounts to a 65% rate increase I cannot believe their operating expenses have increased anywhere near this amount. When I contacted MGE about this increase and asked to have the increase explained, I was told they did not have to explain it, and if you approve it, all I can do is pay it! Where I am employed, we must find ways to operate more efficiently to offset cost increases instead of just passing them along. I would propose MGE look at their operation to see where efficiency could be improved and costs reduced. It is not uncommon to see two or three of their trucks parked, and four people watching one person work. This increase seems exorbitant to me and I urge you to vote NO!

Thank you for your time.
Frank Campbell
Cassville MO.

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, March 29, 2004 8:34 AM
To: Micheel, Doug
Subject: FW: Local Public Hearing - Natural Gas Rates

 **FILE COPY**

-----Original Message-----

From: aksmith@awginc.com [mailto:aksmith@awginc.com]
Sent: Monday, March 29, 2004 7:48 AM
To: MGErates@MGEmail.com; mopco@ded.mo.gov
Subject: Local Public Hearing - Natural Gas Rates

I would like to voice my opinion regarding the increase in natural gas rates taking effect April 2004. I, being a single-parent, can not afford to have a substantial rate increase especially during the cold weather months. I have a hard enough time trying to pay normal rates along with the rest of my monthly utility bills. I don't see how I will be able to continue to pay on a monthly basis if the rates are to continue to increase throughout the year. Over the last couple of months, I have noticed an increase in rate charges (i.e. franchise fees, service charges) and I have not seen any differences in my service to justify the rate charges. I work in a wholesale environment and if you plan to increase charges not set forth by The Public Service Commissions, but by the wholesale supplier, then that only tells me this rate increase is strictly profit driven (give or take a few system changes). If the rates are not regulated by The Public Service Commission then how am I to know, being a on-time paying customer, that the charges are not going to increase to their maximum capacity (what ever they may be). What type of reassurance can be given to me that I will not be paying outrageous amounts on a monthly basis to heat my home and cook my food and keep my family healthy? I do not live in a wealthy neighborhood, nor can I afford to have expensive luxuries, but soon I fear that I will not be able to afford necessities to keep my family alive.

Sincerely,

Anna K. Smith
725 Prospect Avenue
Kansas City, MO 64124

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please destroy and notify the sender by return mail.

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Micheel, Doug

From: Harrison, Kathy
Sent: Monday, March 29, 2004 7:46 AM
To: Micheel, Doug
Subject: FW: MGE rate case hearings

 **FILE COPY**

-----Original Message-----

From: CJ10401@wmconnect.com [mailto:CJ10401@wmconnect.com]
Sent: Saturday, March 27, 2004 9:06 AM
To: mopco@ded.mo.gov
Subject: Fwd: MGE rate case hearings

I have sent the following email to MGE concerning the rate increase hearings. None of these hearings will be held in a time or place that I can attend. I want the Office of Public Council to consider me, the everyday person, when making their decision on this increase. Thank you for your time. MGE customer in Nixa

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, March 29, 2004 9:22 AM
To: Micheel, Doug
Subject: FW: MGE RATE INCREASE

 **FILE COPY**

-----Original Message-----

From: PHIL HODGES [mailto:phodges@CI.EXCELSIOR-SPRINGS.MO.US]
Sent: Monday, March 29, 2004 9:23 AM
To: MOPCO@DED.MO.GOV
Subject: MGE RATE INCREASE

In regards to the Missouri Gas Energy (MGE) rate increase for non-gas cost.

I strongly oppose a rate increase for operation and maintenance cost.

My question would be, what has occurred that would increase these expenses by \$44.8 million per year?

Has money not been set aside to cover these expenses?

How the the Missouri Public Service Commisson expect people who have lost their jobs and are struggling to make ends meet now going to pay for this increase?

In these very hard economic times MGE should tighten their belts as all of their consumers have been forced to do.

My latest bill already reflects a new charge for Infrastructure System Replacement Surcharge. Infrastructure replacement funds should have been set aside in the past. What has happened to all of the money I have paid in the past 50 years. Individuals have to set aside and budget for future needs, MGE should have been doing the same.

Again I strongly oppose any additional rate increases.

Phillip M. Hodges
2104 Rhonda Rd.
Excelsior Springs, Mo. 64024

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, March 29, 2004 9:56 AM
To: Micheel, Doug
Subject: FW: Natural gas rate increase

-----Original Message-----

From: Garrison, Sue F [mailto:sue.garrison@fasco.com]
Sent: Monday, March 29, 2004 10:06 AM
To: mopco@ded.mo.gov
Subject: Natural gas rate increase

I just received a notice with my gas bill from Missouri Gas Energy, that they are requesting a very large non-gas increase. My notice also indicated that I could call MGE to make a comment and I was told by MGE that they didn't have to explain this increase and if it was approved I had no recourse but to pay the increase. I will not be able to attend this meeting and I also believe that this increase is ridiculous. I noticed that it is only the residential user that would get the increase and the larger volume users would get a decrease in costs!!! In practically all businesses costs are being cut not increased and as I have no choice but to get my natural gas from MEG, myself and all those that would be included in this increase are at the mercy of MEG. Please do not agree to this absorbent increase.

Thank you,
Sue Garrison
901 Hickory ST
Cassville, MO 65625

Micheel, Doug

From: Harrison, Kathy
Sent: Monday, March 29, 2004 7:47 AM
To: Micheel, Doug
Subject: FW: MGE non-gas rate increase proposal

 **FILE COPY**

-----Original Message-----

From: Lee Cantrell [mailto:leecan@sofnet.com]
Sent: Friday, March 26, 2004 11:48 AM
To: mopco@ded.mo.gov
Cc: MGErates@MGEmail.com
Subject: MGE non-gas rate increase proposal

March 26, 2004

Dear Public Service Commission,

I am taking this opportunity to comment concerning the request by MGE to increase non-gas cost revenues by raising the monthly customer charges as indicated in your recent mailing "Notice of Local Public Hearing."

It is my understanding that MGE is asking for an increase of nearly sixty-one percent (61%) in the non-gas rate for residential users. Current "Customer Charge" is \$10.05 according to my Feb/Mar 2004 billing. The "Energy Charge" for this bill was \$14.51 (down \$3.88 from the same period in 2003). If these two figures are combined to formulate the non-gas charges then the increase is only twenty-seven percent (27%). Still a significant increase since national inflation is running less than three percent (3%) and fixed income families, even those with retirement incomes or Social Security checks are fixed to the national rate increase.

This MGE non-gas increase is proposed on top of a very significant increase in natural gas costs over the last year. MGE raised the price of metered gas a whopping thirty-nine percent (39%) in 2004. Example: Costs per cubic foot in Feb/Mar 2003: .54044, Costs for the same cubic foot in Feb/Mar 2004: .75056. I acknowledge your disclaimer concerning the lack of ability to "regulate wholesale supplier rates," but that does not limit your ability to lookout for the welfare of Missourians through the Federal Government. If adequate pressure is brought to bear, these prices also can be controlled.

I will add in closing that a significant amount of existing gas bills (roughly 30 %) are suppose to be used by MGE for the purposes of "operations and maintenance." If this increase is granted these cost will greatly exceed the 30-40% of the total monthly natural gas bill as stated in your flyer.

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03/29/2004

Therefore, I request that the Missouri Public Service Commission deny the increase, or, at least significantly reduce it to a reasonable level.

Thank you,

Lee and Mary Cantrell

leecan@sofnet.com

Micheel, Doug

From: Harrison, Kathy
Sent: Tuesday, March 23, 2004 7:42 AM
To: Micheel, Doug
Subject: FW: gas rate increase

 **FILE COPY**

-----Original Message-----

From: Louise448@aol.com [mailto:Louise448@aol.com]
Sent: Monday, March 22, 2004 8:46 PM
To: mopco@ded.mo.gov
Subject: gas rate increase

I received a notice in my gas bill this month for a proposed rate increase. last months bill was 367 this months bill was 261. i work and am away from home 12 hours a day. the thermostat is turned down to below 70 degrees. it is cold in my house. and still you want to INCREASE my gas bill? Who do you think you are? Is there no stopping place? with the prices of food, medicine, electric, water, rent, and now a RATE INCREASE PROPOSAL? it may not seem like much to you, but to some of us, it is a lot. just my opinion. thanks for considering it. louise stanford, webb city, missouri.

Micheel, Doug

 FILE COPY

From: Darryl Dixon [ddixon@mo-net.com]
Sent: Sunday, March 21, 2004 1:20 PM
To: mopco@mail.state.mo.us

This is in regards to MGE filing for non gas revenues increase.

My gosh- what do they want, blood. My bill has more than doubled and they want an increase. The fuel I put in my car hasn't even doubled from last year. I believe they just want more money to line their pockets. God forbid that they don't make enough just because the employees don't have to pay for health benefits or they make three times as much as I do does not mean they have the right to price gouge.

I am hoping this is the last year I have to heat with natural gas because if it isn't then I will have to freeze to death next year. My heating bills are \$200 a month and my thermostat is set at 62-65 degrees. I have good insulation and newer windows and this didn't even help.

I hope you all tell MGE to shove it where the light doesn't shine because they don't need it.

Pamela Dixon

Micheel, Doug

From: Veehoff2@aol.com
Sent: Sunday, March 21, 2004 9:12 PM
To: mopco@ded.mo.gov
Cc: MGErates@MGEmail.com
Subject: Gas rate increases

 **FILE COPY**

I recently received notification of proposed natural gas rate increases. I am urging you do reject these proposed increases. The amount, I believe, is exhorbiant and would place an undue burden on low income citizens as well as those living on fixed incomes. Increasing the gas costs will hurt the citizens of this state while helping nobody other than the utility corporation. Joseph L. Veehoff, Ozark Missouri.

Micheel, Doug

From: Harrison, Kathy
Sent: Friday, March 19, 2004 3:21 PM
To: Micheel, Doug
Subject: FW: proposed rate increase

 FILE COPY

-----Original Message-----

From: mozanne@juno.com [mailto:mozanne@juno.com]
Sent: Friday, March 19, 2004 3:15 PM
To: MGErates@MGEEmail.com
Cc: mopco@ded.mo.gov
Subject: proposed rate increase

The flap on the gas bill envelope says "People serving customers". The rate increase you propose looks more like "soaking" customers. You need an additional \$44.8 MILLION a year?!?! That's quite a raise wouldn't you say? We have spent the winter in a too cool house wearing layers of clothes in an attempt to keep the bills at a manageable level. Now we will be paying an additional \$6.52 per month and won't feel any warmer for it. We live on a fixed income and it will only stretch so far. This same week we hear the electric company will raise rates too (not that you care). Please for the sake of the little guy trying to survive reconsider such a large increase.

Leroy and Marcia Ozanne
1605 Beau Dr.
Raymore, MO 64083

Micheel, Doug

From: Harrison, Kathy
Sent: Friday, March 19, 2004 7:36 AM
To: Micheel, Doug
Subject: FW: Missouri Gas Enery (MGE) Rate Increase

 **FILE COPY**

-----Original Message-----

From: rdloon@msn.com [mailto:rdloon@msn.com]
Sent: Thursday, March 18, 2004 8:28 PM
To: mopco@mail.state.mo.us
Subject: Missouri Gas Enery (MGE) Rate Increase

Greetings,

I am writing in reference to the proposed non-gas operating expense pass through to MGE customers. I strongly urge you to NOT allow this increase to be added to residential customers. Not only have we been excessively burdened by the increase in gas rates we are now facing the potential cost of subsidising operation costs that MGE has control over. Like any family, MGE must control it's spending and live within it's means. I have no other choice for a gas provider. It is unfair for the residential customer to pay for MGE's controllable expenses. Please do not allow MGE to add these fees to residential bills. Once this fee is passed on there is NOT incentive for MGE to reduce operational expenses.

THANKS

310 Apple Valley Parkway
Belton, MO 64012
816.318.1702

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, March 18, 2004 7:42 AM
To: Micheel, Doug
Subject: FW: MGE Rate Increase

 **FILE COPY**

-----Original Message-----

From: Rob Stitt [mailto:robstitt@earthlink.net]
Sent: Thursday, March 18, 2004 12:51 AM
To: mopco@ded.mo.gov
Cc: pscinfo@psc.mo.gov
Subject: MGE Rate Increase

I am appalled by the enormous magnitude of the rate increase sought by Missouri Gas Energy (MGE).

According to my latest statement, I paid about \$10.00 in "customer charges".

MGE appears to be requesting an increase of \$6.52 in those charges.

I can't imagine why they should be allowed a 65% increase in their non-gas charges and, therefore, I oppose allowing them an increase of that magnitude.

...Robert L. Stitt
600 W 107th St Apt 208
Kansas City, MO 64114-5927

(816) 941-2384

robstitt@acm.org

Micheel, Doug

From: Harrison, Kathy
Sent: Thursday, March 18, 2004 7:42 AM
To: Micheel, Doug
Subject: FW: MGE natural gas rate increase

 **FILE COPY**

-----Original Message-----

From: Janice Marr [mailto:jemarr@planetkc.com]
Sent: Wednesday, March 17, 2004 5:27 PM
To: mopco@mail.state.mo.us
Subject: MGE natural gas rate increase

I, as well as many others, definitely object to MGE seeking to increase non-gas cost revenues. We have had enough increases over the years, with gas prices now skyrocketing higher than ever before. Evidently someone is getting rich, or should I say, richer, at consumers' expense.

Pamela Levetzow

From: Bill Rayburn [brayburn@nazdar.com]
Sent: Tuesday, March 30, 2004 7:35 AM
To: MGE Rates
Subject: RE: Information

I can be reached at 913-422-1888 ext. 2702 from 6:30am to 2:30pm most weekdays.

-----Original Message-----

From: MGE Rates [mailto:mgerates@MgeMail.com]
Sent: Monday, March 29, 2004 7:49 PM
To: Bill Rayburn
Subject: RE: Information

Mr. Rayburn, I would be happy to answer any questions you may have but it might be easier by phone. If you will send your phone number and the best time of day to call, I would be happy to do that.

-----Original Message-----

From: Bill Rayburn [mailto:brayburn@nazdar.com]
Sent: Friday, March 26, 2004 11:46 AM
To: mgerates@mgemail.com
Subject: Information

I am requesting additional information regarding the non-gas cost revenue increase recently filed by MGE. Also, is there information about the wholesale supplier rates and who controls them.

Thank you,
 Bill Rayburn
brayburn@nazdar.com

Pamela Levetzow

From: Michael Wollard [mikey@epsi.net]
Sent: Tuesday, March 30, 2004 10:04 AM
To: MGErates@MGEemail.com
Subject: Excelsior Springs,MO.

Hello, I was wondering if the gas rates in the Excelsior Springs,MO. area will be going up in price again. and if so why is this?
Thank you.

Pamela Levetzow

From: Mikey [mikey@epsi.net]
Sent: Friday, April 09, 2004 7:11 PM
To: 'MGE Rates'
Subject: RE: Please reply

Thank you for your reply
Sincerely

From: MGE Rates [mailto:mgerates@MgeMail.com]
Sent: Friday, April 09, 2004 1:55 PM
To: 'Mikey'
Subject: RE: Please reply

My apologies, I thought I had responded. Yes, the insert you received is for all MGE customers which includes customers like yourself in Excelsior Springs. However, the rate increase has to first be approved by the Missouri Public Service Commission and the earliest date that it would affect customers is October 2004. Thanks for your question.

-----Original Message-----

From: Mikey [mailto:mikey@epsi.net]
Sent: Wednesday, April 07, 2004 8:52 AM
To: MGERates@MGEEmail.com
Subject: Please reply

Yes, I sent an email over 2 weeks ago about gas prices around the Excelsior Springs, Mo. District. The message asked if natural gas prices were going to rise this year. I would like to have a response, please. Thank you for your time.

Pamela Levetzow

From: CJ10401@wmconnect.com
Sent: Saturday, March 27, 2004 9:00 AM
To: MGErates@MGEmail.com
Subject: MGE rate case hearings

To whom it may concern:

Something is happening that you are just a part of, but I can't keep letting it go by without a word or two. I will be getting on top of my soap box. Don't take it personal, just get a cup of coffee and take a few minutes to hear it from one of the everyday people.

Your company is requesting rate increases that don't sound like much when you say \$6.52 per month, but that is \$78.24 per year from my pocket. The county just raised property tax rates to help the fire department. That is estimated to be \$100 more out of my pocket this year. The city is trying to raise rates for the schools and it will probably pass and could mean as much as another \$100 out of my pocket this year. The year started with my health insurance company raising rates that will amount to \$700 more out of my pocket this year. Gasoline rates are so high, I am not even sure how much it is going to amount to this year.

I did get a raise at the first of the year but it only amounts to \$624 per year (before taxes). So let me do the math for you:

Yearly Estimated Increased Outflow = \$978.24

Yearly known Increased Inflow = \$624.00

Guess what, I don't have another \$350 this year to spend on everyone's increases. Why can't everyone learn to live within their means? I have to. When times get tough I can't just go out and raise my rates for my pay. I have to wait another year for a raise and I am sure it won't cover everyone else's needs again like it won't cover them this year.

When these increases occur folks like me who do live check to check have to drop something out of the equation. It is usually healthy food, dentists, doctors or medicine. These are the things I have learned to call luxuries, because it is a necessity to heat your home and buy gas to drive to and from work. It is a necessity to keep that roof over your head unless you want to live in the street.

I don't have luxuries like cable or satellite TV. I don't go out to the movies or dinner. I don't go out and party. I buy my clothes at garage sales and thrift stores.

I just wanted someone to know that you need to look at your customers as people, not numbers. You need to realize that while it may not sound like much to your company and its decision makers, \$75.00 can be a lot to everyday people like me.

Thank you for listening... Have a nice day. MGE customer in Nixa

Pamela Levetzow

From: candonodak [candonodak@gbronline.com]
Sent: Monday, April 26, 2004 10:38 AM
To: MGErates@MGEEmail.com
Cc: mopco@ded.mo.gov
Subject: missouri gas energy rate increase

Having lived in many different states, Nebraska being the last, we find the cost and services provided by the public utilities in Missouri to be outrageous. Bad service, nasty employees—the water department is the worst—and far too expensive. Now they want a residential rate increase of \$6.25 just to push their paper? Non-gas costs are THEIR costs for doing THEIR business. Their bottom line should not be made on the backs of the captive customers. Please deny this rate increase.

Thank you,

Helen Swartz

4/26/2004

Schedule KKB-14
Page 5 of 15

Pamela Levetzow

From: Tina Campbell [mrs_cambeii@yahoo.com]
Sent: Saturday, April 24, 2004 10:12 AM
To: mgerates@MgeMail.com
Subject: Re: FW: Missouri Gas Energy Rate Increase

Thank you for your quick response. You can contact me at 816-252-1466 on Wednesday, 4/28/2004. Or after 4:00pm on Monday, Tuesday or Friday. I would rather talk to you when I am at my home because it is hard to catch me in the office.

Tina Campbell
816-252-1466

> -----Original Message-----

> From: MGE Rates [mailto:mgerates@MgeMail.com]
> Sent: Wednesday, April 21, 2004 4:28 PM
> To: 'Cambee56@comcast.net'
> Subject: RE: Missouri Gas Energy Rate Increase

>
> Rather than try to explain this via e-mail, i would
> be happy to give you
> a call. What phone number and day of the week or
> time of day works best
> for you?
> Pam

> -----Original Message-----

> From: Cambee [mailto:cambee56@comcast.net]
> Sent: Tuesday, April 20, 2004 7:43 PM
> To: mgerates@mgemail.com; mopco@ded.mo.gov
> Subject: Missouri Gas Energy Rate Increase
> I would like to get more information on where this
> money is going. I
> tried looking on the website but did not see
> anything that indicated a
> pending rate increase.

>
> I'd also like to know why everyone is getting an
> increase with the
> exception of the Large General Service. Who is this
> Large General
> Service and why am I paying for their price
> reduction?

>
> In addition why do I get two notices that MGE is
> getting an increase?
> One indicates that the increase will be 6.52
> (average) more per month
> and they are getting additional monies (ISRS) that
> appear to be for the
> same types of maintenance/operating costs.

>
> You can email me the information at
> cambee56@comcast.net or you can send
> me a link to the information on the web.

>

Pamela Levetzow

From: Paul Shaw [upcmdtpas@sbcglobal.net]

Sent: Monday, April 12, 2004 4:22 PM

To: MGERates@MGEEmail.Com

Subject: Rate Increase

Greetings ~ I am retired with a fixed income. The Monthly rate increase is too much. The inflation rate is very low right now. This rate increase should not be needed at this time. Therefore I am against the increase.

Sincerely,

Paul A. Shaw
5624 Ash
Raytown MO 64133

Paul A. Shaw

Pamela Levetzow

From: charles smith [cnh2002@inter-linc.net]
Sent: Thursday, April 01, 2004 11:25 AM
To: MGErates@MGEmail.com
Subject: Increasing Gas Rates

Of course, you realize, that if the rates continue to increase; your good reliable customers will find alternate heating methods and then, without all of your good reliable customers, where will you be???? No customers, no business. Think about it. We certainly will change our method of heating if these prices continue to go up; though it would be a good thing for your company and for your customers, if you would consider alternate ways to serve your customers without continually increasing rates. Sincerely, Charles L. and Helen M. Smith, Nixa, Mo.

Pamela Levetzow

From: Kurt & Ellen Junger [kjungers@kc.rr.com]
Sent: Tuesday, March 30, 2004 8:45 PM
To: MGERates@MGEmail.com
Subject: Rate Increase

To Whom This May Concern,

Please send me all information pertaining to the justification of your proposed rate increase.

Thank you,

Kurt Junger
206 E.67th St.
Kansas City, MO, 64113-2443

Pamela Levetzow

From: Sharksteak [sharksteak51@yahoo.com]
Sent: Tuesday, March 30, 2004 6:20 PM
To: MGErates@MGEmail.com
Subject: Request For Information

I would like to secure some additional information in preparation for the local public hearings in Joplin on April 27th. I would like to know the following information:

1. When were non-gas costs last increased and what was the amount of rate increase at that time (by class)?
2. What is the current average billing for non-gas coverage (by class)?
3. What is the current average gas usage (by class)?
4. Since the last non-gas increase, has the number of users requesting assistance in paying their gas bills increased or decreased? By how much?
5. What is the reasoning behind decreasing the "large general service" class while increasing the other three?

I appreciate your time and assistance.

Best Regards

sharksteak51@yahoo.com

Do you Yahoo!?

Yahoo! Finance Tax Center - File online. File on time.
<http://taxes.yahoo.com/filing.html>

Pamela Levetzow

From: BROCK [bfultz@casstel.net]
Sent: Saturday, March 27, 2004 3:15 PM
To: MGErates@MGEEmail.com
Subject: COMMENT ON THE GAS RAISE

I JUST WANT TO SAY THAT IT SUCKS AND YOU HAVE NO RIGHT TO KEEP DOING THAT TO THE CUSTOMERS. STUDIES HAVE SHOWN THAT MORE THAN 30% OF MGE CUSTOMERS HAVE TO SEEK ASSISTANCE TO PAY FOR YOUR BILLS. AND YOU SET HERE AND WANT TO RAISE THE RATE OF GAS AGAIN. IT IS NOT THAT HARD TO CONVERT TO ELECTRIC. JUST BECAUSE THE CEO'S AND THE OTHER BIG WIGS WANT MORE MONEY. I DO PLAN ON SHOWING UP AT THE MEETINGS AND I AM GONNA EUDGE PEOPLE TO CONVERT TO ELECTRIC. YOU WILL LOSE SO MUCH MONEY AND YOU WILL BE BEGGING PEOPLE TO COME BACK. I SEE NO OTHER GAS COMPANY WANTING TO RAISE THE COST OF GAS. ONLY YOU. OUT OF ALL MY BILLS GUESS WHICH ONE IS THE HIGHEST. IF YOU GUESSED YOURS, YOU ARE CORRECT. THE MORE GREED IN THE COMPANY THE FASTER YOU WILL BE OUT OF BUSINESS. I WILL MAKE SURE OF THAT AND ALSO I THINK THE IRS NEEDS TO BE CONTACTED. AND SEE WHY YOU HAVE TO RAISE THE COST OF GAS IF YOU HAVE NO MONEY. I WANT YOUR FEED BACK ON THIS. SO EMAIL ME A BFULTZ@CASSTEL.NET. TRUST ME IF YOU RAISE THE GAS I WILL HAVE YOU PULL MY METER. ONCE AGAIN I THINK IT IS SELFISH AND I WILL NOT HESITATE TO DISCONTINUE MY SERVICE FROM SUCH A FUCKED UP COMPANY.

HATEFULLY YOURS

BROCK FULTZ

Pamela Levetzow

From: Stephen Strait [sds@fastfreedom.net]

Sent: Friday, March 26, 2004 12:46 PM

To: MGErates@MGEemail.com

Subject: rate increase

As a person with disability I am opposed to any new rate increases. Your company, the electric company, and water company keep increasing your rates. Apparently without taking those on extremely tight budgeted incomes as myself into consideration. Due to your increases I am currently down to only being able to eat one meal a day, and not very good ones at that. If you think that disability will make up for your raises by their yearly cost of living raises you are sadly mistaken. This year I reacieved an increase of \$12.00 a month, which due to the increases in the utilities I still come out behind. And believe me the jerk in the White House could not give a damn, because he is all for you and could care less if disabled people die off or not.

Pamela Levetzow

From: LEATHMUS@aol.com
Sent: Thursday, March 25, 2004 1:18 PM
To: mgerates@mgemail.com; mopco@ded.mo.gov
Subject: proposed rate hike

To whom it may concern,

Please find ways to streamline your procedures or hold the line on executive salaries, thus cutting costs. I recently paid over \$280 to heat my home for one month, and that's with storm windows all around, keeping my thermostat at 68 or below all winter, and having an electric clothes dryer. Gas costs are way out of line with other utility costs, and it seems that its price has risen much faster than inflation in general. Like the proverbial frog in the kettle illustration, the heat is being turned up ever so gradually, and it's really getting uncomfortable. Please take a look at what you're paying your execs, and ask yourself if it's right to make them fabulously rich at the expense of the general population--who don't have a choice when it comes to natural gas suppliers. Please don't go through with this rate increase.

Sincerely,

Lyndell Leatherman

Pamela Levetzow

From: cteach189@netzero.net
Sent: Thursday, March 25, 2004 9:59 AM
To: MGERates@MGEmail.com; mopca@ded.mo.gov
Subject: NON GAS RATE INCREASE

The gas rate went from .39 to .72 and rising. This is a request NOT to raise the non gas costs. I am a retire lady living on social social and the customer charge, energy fee, and franchise fees = \$20 of my \$56 bill--TERRIBLE. Again DO NOT RAISE NON GAS RATES. The \$56 is a charge for occasion heating in the a.m. and a gas hot water heater only. thanks customer 3198531293

Pamela Levetzow

From: tshalz@hearst.com
Sent: Friday, March 19, 2004 7:24 PM
To: MGErates@MGEmail.com
Subject: rate increase

I'm not thrilled with an increase in rates anytime, but why such a sharp increase? If you need to increase the rate do smaller increase requests. You'll have a lot better chance of the rate increase to go through.

\$6.52/month is about 5 months worth for me in non winter months for a total year.

Thank you.

Tom Shalz.

I'm not thrilled with an increase in rates anytime, but why such a sharp increase? If you need to increase the rate do smaller increase requests. You'll have a lot better chance of the rate increase to go through.

\$6.52/month is about 5 months worth for me in non winter months for a total year.

Thank you.

Tom Shalz.

=====
This e-mail message is intended only for the personal use of the recipient(s) named above. If you are not an intended recipient, you may not review, copy or distribute this message.

If you have received this communication in error, please notify the Hearst Information Services HelpDesk (helpdesk@hearst.com) immediately by e-mail and delete the original message.
=====

SCHEDULE KKB-15
HAS BEEN DEEMED
HIGHLY CONFIDENTIAL
IN ITS ENTIRETY.

ENVIRONMENTAL LIABILITY AGREEMENT

ENVIRONMENTAL LIABILITY AGREEMENT (the "Agreement"), dated as of January 31, 1994 between WESTERN RESOURCES, INC., a Kansas corporation ("Seller") and SOUTHERN UNION COMPANY, a Delaware corporation ("Buyer").

WHEREAS, Seller and Buyer have entered into an Agreement for Purchase of Assets dated as of July 9, 1993, (the "Asset Purchase Agreement"), in which this Agreement is incorporated by reference pursuant to Article XIII of the Asset Purchase Agreement; and

WHEREAS, Buyer and Seller desire to provide a framework for the liability of the parties for Environmental Claims and for the sharing of Environmental Costs;

NOW, THEREFORE, in consideration thereof and of the respective covenants, representations and warranties herein contained, the parties agree as follows:

Article 1. ASSUMPTION OF LIABILITY. Except as hereinafter provided, Buyer hereby (a) assumes and agrees to be responsible for all Environmental Claims now pending or that may hereafter arise with respect to the Assets and the Business and (b) agrees to pay, perform and discharge, as and when due and payable, all Environmental Costs with respect to such Environmental Claims. Buyer hereby agrees, except as herein provided, to indemnify and hold Seller harmless from and against all Environmental Claims and Environmental Costs which Buyer has assumed or agreed to be responsible for pursuant to this Article 1. The procedures set

forth in Section 12.02 of the Asset Purchase Agreement concerning recovery of costs for matters subject to indemnification are incorporated herein by reference and made a part hereof, and Seller and Buyer agree to comply with the procedures set forth in said Section 12.02 in making any claim relating to indemnification. For the purposes of Buyer's assumption of liability, agreement to pay, perform and discharge and to indemnify set forth in this Article 1, Article 2(c)(v) and Article 2(d) only, the term "Environmental Claim" shall include, in addition to those claims which are included within such term as defined in the Asset Purchase Agreement, any and all such claims and other matters hereafter arising which are based in whole or in part upon (A) any amendment or modification which occurs after the Closing Date of any Environmental Law which is extant on the Closing Date; (B) any law, statute, ordinance, rule, regulation, order or determination of any governmental authority or agency enacted or adopted after the Closing Date which would, if such law, statute, ordinance, rule, regulation, order or determination were in effect on the Closing Date, be an Environmental Law; or (C) any change in interpretation of any Environmental Law after the Closing Date by any court or by any governmental agencies having authority to enforce such Environmental Law.

Article 2. DEFINITION OF COVERED MATTERS. (a) Definition. As used herein, the term "Covered Matters" shall mean and refer to all Environmental Claims and Environmental Costs related to the Assets or the Business which (i) arise out of or are based upon

Environmental Laws, and (ii) are not included in Assumed Liabilities.

(b) Newly Discovered Matters. Covered Matters that are discovered by Buyer prior to the date which is two (2) years following the date of this Agreement shall be subject to the cost sharing provisions contained herein. All Covered Matters discovered by Buyer more than two (2) years following the date of this Agreement shall be the sole responsibility of Buyer.

(c) Shared Liability. (i) Insurance First Line of Recovery. Seller shall undertake, at its sole expense, to conduct an Environmental Insurance Archaeology Survey ("Survey") for all Plants and other locations identified on Schedule 6.18 of the Asset Purchase Agreement within thirty (30) days of the Closing Date and promptly thereafter provide Buyer with the results of the Survey. To the extent that Seller may lawfully do so without adversely affecting the insurance coverage disclosed by the Survey, Seller hereby agrees that the insurance coverage disclosed by that Survey shall constitute the first line of recovery. For any Covered Matter discovered by Buyer after Closing, Buyer shall as promptly as possible after the discovery of such Covered Matter provide notice of such discovery, together with all factual information and copies of all notices, environmental assessments, reports and other information, to Seller's Environmental Services Department so as to allow Seller to provide prompt and timely notice to the appropriate insurance carrier or carriers identified in the Survey. The parties thereafter agree to cooperate in the filing and prosecution of

claims with the appropriate insurance carrier(s) in a manner that the parties mutually agree so as to expeditiously prosecute such claims. Amounts recovered from such insurance carrier(s) from the prosecution of such claims shall, after allowance for Seller's post closing outside legal fees and other reasonable out of pocket expenses, be paid to Buyer. In the event insurance recovery is protracted, the parties shall accelerate the shared cost provisions of subparagraphs (c)(ii) through (v), crediting subsequent insurance or PRP contributions to the parties as their interests appear in subparagraphs (iv) and (v).

(ii) Potentially Responsible Party First Line of Recovery.

In those instances where other Potentially Responsible Parties (PRPs) are identified for purposes of cost sharing in the remediation of any site, amounts recovered from such PRPs shall, after allowance for Buyer and Seller's post closing outside legal fees and other reasonable out of pocket expenses, be paid to Buyer and credited against the cost incurred with respect to such required remediation. In the event PRP recovery is protracted, the parties shall accelerate the sharing of cost as provided for in subparagraphs (c)(iii) through (v) hereof, crediting subsequent insurance or PRP contributions to the parties as their interests appear in subparagraphs (iv) and (v). If Seller and Buyer agree to so accelerate the sharing of costs, then Seller shall, prior to the application of any subsequent insurance proceeds or PRP contributions, be entitled to receive reimbursement of amounts advanced under subparagraph (c)(v) for post-closing costs incurred

in connection with Covered Matters as provided herein pursuant to said subparagraph.

(iii) Recovery of Remediation Costs through Regulated Cost of Service. In addition to seeking the relief contemplated under subparagraphs (c)(i) or (ii), Buyer shall request from the appropriate regulatory agency having jurisdiction in the state where any remediation site is located for authority to include the cost incurred by Buyer in connection with the remediation of such site, above that recovered under subparagraphs (c)(i) or (ii), in its applicable rates or other charges for service. Notwithstanding anything to the contrary contained in this Agreement, Buyer shall retain complete discretion as to the timing of any filings with the appropriate regulatory agencies and may seek to recover such amount in rates either before or after the recovery of any amounts pursuant to any other provision of this agreement. Buyer shall be deemed to have recovered in its applicable rates or other charges for service an amount equal to the greater of (A) the amount actually authorized for inclusion in Buyer's applicable rate or other charges for service reflected in tariffs, or (B) the amount which would be recovered if Buyer would have been authorized to include in its applicable rate or other charges for service reflected in tariffs an amount which would have been authorized for such inclusion if Buyer's request for inclusion had been accorded the treatment accorded similar expenditures under similar facts and circumstances by the applicable regulatory agency.

(iv) Buyer's Initial Sole Liability Amount. Upon exhaustion

of relief contemplated under subparagraphs (c)(i), (ii) and (iii), Buyer shall thereafter be solely liable (as between Seller and Buyer) for the payment of costs incurred by Buyer or Seller in connection with Covered Matters in excess of the amounts received by Buyer under subparagraphs (c)(i), (ii) and (iii) in the aggregate amount of Three Million Dollars (\$3,000,000.00), without regard to the number of claims concerning Covered Matters required to reach said amount.

(v). Buyer/Seller Shared Liability Amount. Upon exhaustion of relief contemplated under subparagraphs (c)(i) through (iv), Buyer and Seller shall share equally in payment of costs incurred by Buyer in connection with Covered Matters in excess of the amounts received by Buyer under subparagraphs (c)(i) through (iii) (or paid by Buyer under subparagraph (c)(iv)) to a maximum aggregate amount of Fifteen Million Dollars (\$15,000,000.00), without regard to the number of claims concerning Covered Matters required to reach said amount. Notwithstanding anything to the contrary herein, Seller's total liability for Covered Matters shall be limited to the amount of Seven Million Five Hundred Thousand Dollars (\$7,500,000.00), and Buyer shall indemnify and hold Seller harmless with respect to all claims, costs, demands and liabilities with respect to all other Covered Matters.

(d) Limitation on Seller's Liability. Seller's liability under Subparagraph (c) above shall terminate upon that date (the "Termination Date") which is fifteen (15) years after the Closing Date. From and after the Termination Date, Seller shall have no

further obligations or responsibilities with respect to all other Covered Matters.

(e) Costs Incurred by Buyer and Seller. For the purposes of this Agreement, Seller and Buyer agree that the costs incurred by Buyer or Seller with respect to Covered Matters for which the other party is liable pursuant to Subparagraph (c) above shall include only costs and expenses actually paid to unrelated third parties, and in no event shall Buyer or Seller be responsible for nor shall either party receive credit for (i) pre-closing costs or expenses, or (ii) any costs or expenses paid with respect to any of either party's employees or any of either party's overhead. Each party hereby agrees to use its best reasonable efforts to control costs incurred for which the other party may be responsible and shall provide such other party with quarterly reports of costs incurred.

(f) Duty to Consult. Buyer and Seller shall at all times consult with and keep each other apprised of all activities and costs incurred in connection with Covered Matters, and Buyer and Seller shall indemnify and hold the other party harmless from any unreasonable expense incurred. Each party shall apprise the other party of those respective activities on a quarterly interval on all active Covered Matters.

(g) Standstill Agreement. In the event either Buyer or Seller is notified that they or either of them is asked to respond as a Potentially Responsible Party ("PRP") under any federal, state or local law or regulation with regard to a Covered Matter, the party receiving such notice shall notify the other party of the receipt

of such notice, and shall deliver a copy of all notices and documents received, within ten (10) business days after receipt. With regard to Covered Matters, Buyer and Seller each covenant and agree not to sue the other or attempt in any manner to avoid responsibility as a PRP by seeking or attempting to shift or allocate responsibility to the other. Buyer and Seller agree to cooperate in the identification of all other PRPs for purposes of participation, remediation cost sharing and liability to regulatory agencies.

Article 3. MISCELLANEOUS. (a) Dispute Resolution. No party to this Agreement shall be entitled to take legal action with respect to any dispute relating hereto until it has complied in good faith with the following alternative dispute resolution procedures, provided however, this Article shall not apply to the extent it is deemed necessary to take legal action immediately to preserve a party's adequate remedy.

(1) Negotiation. The parties shall attempt promptly and in good faith to resolve any dispute arising out of or relating to this Agreement, through negotiations between representatives who have authority to settle the controversy. Any party may give the other party written notice of any such dispute not resolved in the normal course of such negotiations. Within twenty (20) days after delivery of the notice, representatives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange information and to attempt to resolve the dispute, until the parties conclude that the

dispute cannot be resolved through unassisted negotiation. Negotiations extending sixty (60) days after notice shall be deemed at an impasse, unless otherwise agreed by the parties.

If a negotiator for a party hereto intends to be accompanied at a meeting by an attorney, the other negotiator(s) shall be given at least ten (10) business days' notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this Article are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal and state Rules of Evidence.

(11) ADR Procedure. If a dispute with more than \$100,000.00 at issue has not been resolved within sixty (60) days of the disputing party's notice, a party wishing resolution of the dispute ("Claimant") shall initiate assisted Alternative Dispute Resolution (ADR) proceedings as described in this Article. Once the Claimant has notified the other ("Respondent") of a desire to initiate ADR proceedings, the proceedings shall be governed as follows: By mutual agreement, the parties shall select the ADR method they wish to use. That ADR method may include arbitration, mediation, mini-trial, or any other method which best suits the circumstances of the dispute. The parties shall agree in writing to the chosen ADR method and the procedural rules to be followed within thirty (30) days after receipt of notice of intent to initiate ADR proceedings. To the extent the parties are unable to agree on procedural rules in whole or in part, the current Center for Public Resources (CPR) Model Procedure for Mediation of Business Disputes, CPR Model Mini-

trial Procedure, or CPR Commercial Arbitration Rules--whichever applies to the chosen ADR method--shall control, to the extent such rules are consistent with the provisions of this Article. If the parties are unable to agree on an ADR method, the method shall be arbitration.

The parties shall select a single neutral third party (a "Neutral") to preside over the ADR proceedings, by the following procedure: Within fifteen (15) days after an ADR method is established, the Claimant shall submit a list of five (5) acceptable Neutrals to the Respondent. Each Neutral listed shall be sufficiently qualified, including demonstrated neutrality, experience and competence regarding the subject matter of the dispute. A Neutral shall be deemed to have adequate experience if an attorney or former judge. None of the Neutrals may be present or former employees, attorneys, or agents of either party. The list shall supply information about each Neutral, including address, and relevant background and experience (including education, employment history and prior ADR assignments). Within fifteen (15) days after receiving the Claimant's list of Neutrals, the Respondent shall select one Neutral from the list, if at least one individual on the list is acceptable to the Respondent. If none on the list are acceptable to the Respondent, the Respondent shall submit a list of five (5) Neutrals, together with the above background information, to the Claimant. Each of the Neutrals shall meet the conditions stated above regarding the Claimant's Neutrals. Within fifteen (15) days after receiving the

Respondent's list of Neutrals, the Claimant shall select one Neutral, if at least one individual on the list is acceptable to the Respondent. If none on the list are acceptable to the Claimant, then the parties shall request assistance from the Center for Public Resources, Inc., to select a Neutral.

The ADR proceeding shall take place within thirty (30) days after the Neutral has been selected. The Neutral shall issue a written decision within thirty (30) days after the ADR proceeding is complete. Each party shall be responsible for an equal share of the costs of the ADR proceeding. The parties agree that any applicable statute of limitations shall be tolled during the pendency of the ADR proceedings, and no legal action may be brought in connection with this agreement during the pendency of an ADR proceeding.

The Neutral's written decision shall become final and binding on the parties, unless a party objects in writing within thirty (30) days of receipt of the decision. The objecting party may then file a lawsuit in any court allowed by this Contract. The Neutral's written decision and the record of the proceeding shall be admissible in the objecting party's lawsuit.

(b) Incorporation By Reference. This Agreement constitutes a part of the Asset Purchase Agreement dated July 9, 1993 between the parties.

(c) Savings Provision. This Agreement, and the terms, provisions, covenants and agreements contained herein, shall

survive the Closing.

(d) Defined Terms. All terms used herein as defined terms and not defined herein shall have the meaning set forth in the Asset Purchase Agreement.

Article 4. WARRANTIES AND REPRESENTATIONS CONTAINED IN THE ASSET PURCHASE AGREEMENT. Notwithstanding any provision that may be contained in this Agreement or the Asset Purchase Agreement to the contrary, the terms and the conditions of this Agreement shall not affect, or in any way limit, any claim for an Indemnifiable Loss that Buyer may have arising out of any breach of the Seller's warranties and representations contained in the Asset Purchase Agreement, including, but not limited to Section 6.18 thereof, and notwithstanding the provisions of Article XII, Loss in the event of a breach of the warranties and representations contained in Section 6.18 in the same manner as provided for other Indemnifiable Losses under Article XII of the Asset Purchase Agreement.

IN WITNESS WHEREOF, The parties hereto have duly executed this Agreement as of the date first above written.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

SOUTHERN UNION COMPANY

By: 

Name: R. S. Enders

Title: S. v. p.

WESTERN RESOURCES, INC.

By: 

Name: JOHN E. ROSENBERG

Title: EXEC. VICE - PRESIDENT

GENERAL COUNSEL

DR 0009.2

A CD with electronic files providing background information drawn from public records has been placed in the MPSC staff workroom at MGE's offices. In addition, MGE provides the following information:

1. **WITH REFERENCE TO THE AGREEMENT FOR PURCHASE OF ASSETS AND ENVIRONMENTAL LIABILITY AGREEMENT BETWEEN SOUTHERN UNION CO. AND WESTERN RESOURCES INC., WHAT AGREEMENTS WERE MADE FOR THE LIABILITY OF THE MGP SITES? PLEASE PROVIDE A COPY OF THESE AGREEMENTS.**

Answer: Copy provided under seal.

2. **WHAT COSTS ARE ASSOCIATED WITH THE MGP SITES AND WHAT IS THE COMPANIES ESTIMATE OF ITS LIABILITY?**

Answer: A schedule detailing both corporate and MGE costs is provided under seal. The Company does not have a current estimate of its future liability.

3. **HOW MANY MGP SITES OR LOCATIONS IS THE COMPANY RESPONSIBLE FOR AND/OR OWN?**

Answer: A list of potential sites is provided under seal.

4. **WHAT DETERMINATIONS HAVE BEEN MADE TO WHETHER MGE HAS ANY LIABILITY FOR THESE SITES?**

Answer: No final determinations have been made. Such determinations are typically made through the litigation or settlement process in the event remediation is necessary at a given site. If MGE is held responsible for a given site, MGE will pursue recovery from available potentially responsible parties, insurance proceeds or Western Resources, Inc.

5. **HOW MUCH OF THE MGP FACILITIES OR DISTRIBUTION SYSTEM IS STILL IN USE TODAY?**

Answer: MGP facilities are no longer in use. No determination has been made as to whether or not facilities used to distribute manufactured gas are used today to distribute natural gas.

6. **DOES MGE OR WESTERN RESOURCES HAVE INSURANCE THAT WILL COVER PARTIAL OR COMPLETE RECOVERY FOR THESE EXPENDITURES?**

Answer: MGE does not have current property or liability policies that will fully or partially cover past or future expenditures at the sites. MGE shares historical coverage with Western Resources relating to the sites formerly owned and/or operated by The Gas Service Company. This coverage is being investigated. To date, no carriers have agreed to fully defend and indemnify MGE for its potential future liabilities related to any of the sites. Partial recoveries have been received, but it is uncertain whether any future payments will be made by any insurance companies.

7. **WHAT IS THE TOTAL AMOUNT OF EXPENSE ACCRUED AND AMOUNT OF CASH PAID OUT BY THE COMPANY FOR THE MGP ENVIRONMENTAL CLEANUP SINCE 1994?**

Answer: Since 1994, MGE has been able to utilize the \$3 million environmental liability reserve created through purchase accounting in 1994 and various environmental insurance recoveries, to cover any outside expenditures related to MGP environmental cleanup. Cash paid out by the Company for MGE Manufactured Gas Plant environmental cleanup from 1994 to June 30, 2003 has approximated \$5,273,000. These costs relate to assessment, remediation, permits, legal, waste, communications, monitoring, survey and other miscellaneous items.

TIME MANAGEMENT
Public Affairs and Community Relations

NAME _____

PAY PERIOD ENDING _____

[illegible]

TIME MANAGEMENT
Public Affairs and Community Relations

Definitions

Communication - Public Policy

This includes communication activities related to public policy development. PAC related activities are included here. Specific projects to which significant time is devoted may be listed separately on the time sheets.

Communication - Customer Related

This includes bill inserts, pamphlets, etc. promoting safety and other informational type material. This also includes civic meetings related to Company memberships in the various organizations throughout the MGE service territory.

Communication - MGE Internal

This includes all internal communications with employees informing them of the various activities in which the Company is involved, news related messages, regulatory related information, etc.

Communication - Media Related

This includes all dealings with the media, be it print or air. It also includes press releases and other Company related announcements.

Telecommunications

This includes the functions related to monitoring of cell phones, pagers, and all other communication related equipment used by MGE employees.

Industry Research

This includes the monitoring of other companies within the natural gas distribution industry, monitoring of regulatory agencies, the monitoring of all utility related news worthy items, etc.

Special Projects

This includes various MGE work related team projects such as the Weather Related Turn-On Team, etc. Specific projects to which significant time is devoted may be listed separately on the time sheets.