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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

IN THE MATTER OF UNION ELECTRIC COMPANY d/b/a AMERENUE'S
TARIFFS TO INCREASE ITS ANNUAL REVENUES FOR ELECTRIC
SERVICE

Case No. ER-2008-0318

TRANSCRIPT OF PROCEEDINGS

LOCAL PUBLIC HEARING

JEFFERSON CITY AND
KIRKSVILLE, MISSOURI (VIA VIDEOCONFERENCE)

VOLUME 7

SEPTEMBER 15, 2008

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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS

Local Public Hearing
September 15, 2008
Jefferson City and
Kirksville, Missouri (via videoconference)
Jefferson City, Missouri

Volume 7

In the Matter of Union Electric Company)
d/b/a AmerenUE's Tariffs to Increase its) Case No.
Annual Revenues for Electric Service.) ER-2008-0318

MORRIS WOODRUFF, Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE
KEVIN GUNN (VIA WEB CAST)
COMMISSIONER.

REPORTED BY:
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1 P R O C E E D I N G S

2 JUDGE WOODRUFF: Good evening everyone.

3 Welcome to the local public hearing this evening.

4 This is local public hearing, Case
5 No. ER-2008-0318, which concerns AmerenUE's request for a
6 rate increase.

7 As you can see, I don't have any
8 commissioners with me here this evening, but this hearing
9 is being recorded both through the transcriptionist right
10 here, the court reporter, as well as it's being recorded
11 through the web cast.

12 We're doing two hearings tonight, one here
13 in Jefferson City and the other is taking place in
14 Kirksville, which is being through the remote satellite
15 transmission up there.

16 And basically I'm here to listen to what you
17 have to say, and I'll ask people to come up and testify on
18 the order based on what they signed up on the sign-up
19 sheet here.

20 And I was under the impression that there
21 was a witness -- one witness in Kirksville who wants to be
22 able to testify first because he has to go to class.
23 We'll let him testify and then we'll go through the list
24 of people here in Jefferson City.

25 When you're ready to testify here in

1 Jefferson City, I'll call you up here to the -- to come up
2 to the podium to speak. That way we can all hear you.
3 And I'll swear you in just like you see on television.

4 And when we're done, we may have questions
5 for you from myself or from the other -- from the
6 attorneys who represent the parties here.

7 And I might also add that Commissioner Gunn
8 is not able to be with us here this evening, but to my
9 left is Cherlyn Voss, who is his personal assistant, and
10 he is watching through the web cast from home and he may
11 have questions that he'll relay through Ms. Voss.

12 To start off then we'll ask for entries of
13 appearance, beginning with the Company.

14 MR. LOWERY: Thank you, Your Honor.

15 My name is James Lowery. I'm with the law
16 firm of Smith Lewis LLP, P. O. Box 918, Columbia, Missouri
17 65205, and I represent Union Electric Company.

18 JUDGE WOODRUFF: And for the Staff.

19 MS. KLIETHERMES: Thank you, Judge.

20 For the Staff, Sarah Kliethermes, Governor
21 Office Building, Suite 800, 200 Madison Street,
22 P. O. Box 360, Jefferson City, Missouri 65102.

23 JUDGE WOODRUFF: And for the Office of
24 Public Counsel.

25 MR. MILLS: On behalf of the Office of the

1 Public Counsel and the public, my name is Lewis Mills. My
2 address is Post Office Box 2230, Jefferson City, Missouri
3 65102.

4 JUDGE WOODRUFF: Thank you all very much.

5 All right then. We'll call the first
6 witness, and we'll go up to Kirksville first.

7 MS. DOERHOFF: Judge, I have Kevin Lay ready
8 to testify.

9 JUDGE WOODRUFF: All right. Thank you.

10 Good evening, sir. Could you tell us your
11 name for the record, please?

12 We can't hear you.

13 MR. LAY: Kevin Lay.

14 JUDGE WOODRUFF: Kevin Lay. Is that spelled
15 L-a-y?

16 MR. LAY: Yes, it is.

17 JUDGE WOODRUFF: All right. Thank you.

18 Please raise your right hand.

19 (Witness sworn/affirmed.)

20 JUDGE WOODRUFF: Thank you.

21 And where do you live, sir?

22 MR. LAY: 1116 South Ann, Kirksville,
23 Missouri.

24 JUDGE WOODRUFF: All right. Thank you.

25 And what would you like to tell us?

1 MR. LAY: I understand that everybody needs
2 to get a rate increase for the cost of living and
3 everything, but you guys have to understand that people in
4 small, rural towns like us don't have as much money as the
5 bigger towns like Kansas City and St. Louis.

6 So it may not seem like much to you guys or
7 to everybody in the bigger cities. It is a lot for us.

8 That's the only -- biggest thing -- I want
9 to maybe not get as much of an increase, but, I mean, half
10 of that if possible, so that way it doesn't affect us so
11 dramatically, because you guys aren't the only ones asking
12 for rate increases. Everybody is.

13 JUDGE WOODRUFF: Thank you.

14 Anything else you want to add?

15 MR. LAY: No. That's it.

16 JUDGE WOODRUFF: Any other parties have
17 questions for Mr. Lay?

18 MR. LOWERY: No questions.

19 MR. MILLS: No questions.

20 JUDGE WOODRUFF: Okay. There is no
21 questions here.

22 Thank you, Mr. Lay.

23 MR. LAY: Thank you, sir.

24 JUDGE WOODRUFF: All right. Then we'll come
25 back down here to Jefferson City.

1 The first name on my list here is Elise
2 Crain.

3 Good evening, Ms. Crain.

4 If you'd please raise your right hand.

5 (Witness sworn/affirmed.)

6 JUDGE WOODRUFF: Thank you.

7 MS. CRAIN: My name is Elise Crain. I live
8 in Ozark.

9 Do I need to move this?

10 MR. DANIEL SMITH: Allow me, ma'am.

11 MS. CRAIN: Thank you.

12 I am the Chair of the Missouri Utilities
13 Shareholders Association, which is a fairly new
14 association. Utility companies work on their -- you know,
15 do whatever they do. The investor-owned utilities are
16 mostly small people like me, or such as I, not big
17 shareholders, not run of the world, but we've invested in
18 investor-owned utilities because we expect dividends.

19 So we want that to be a balance. And I want
20 to commend you all for inviting us to make -- to speak,
21 because a lot of people are increasing their rates, as
22 Mr. Lay said, but utility companies are about the only
23 people who have to ask for that.

24 And I think we've proven how important it
25 is. You know, everything we do has either a delivery

1 charge or some kind of assessment.

2 So on behalf of the shareholders, we
3 appreciate Ameren's research. We appreciate their
4 service, and we want to be able to switch that light and
5 have it come on. And the community where I live didn't
6 have power yesterday because of the storm. So we like to
7 flip on that switch.

8 Thank you.

9 JUDGE WOODRUFF: Are you also an Ameren
10 customer?

11 MS. CRAIN: I am not. I'm an Empire
12 customer. My brother who was out of power was a coop
13 customer.

14 Thank you.

15 MR. WOODRUFF: Just a minute.

16 Let me ask if any of the parties have any
17 questions for Ms. Crain.

18 MR. LOWERY: No questions.

19 MR. MILL: No questions here.

20 JUDGE WOODRUFF: I don't have any other
21 questions.

22 MS. CRAIN: Thank you for your time.

23 JUDGE WOODRUFF: Let me ask a question of
24 Kirksville.

25 MS. DOERHOFF: Go ahead.

1 JUDGE WOODRUFF: Has Mr. Lay left already?

2 MS. DOERHOFF: Yes, he has.

3 JUDGE WOODRUFF: Okay.

4 MS. DOERHOFF: I do have another witness
5 here though.

6 JUDGE WOODRUFF: Okay. Let's go ahead and
7 let's get the next witness from Kirksville then.

8 MS. DOERHOFF: All right. Thank you.

9 JUDGE WOODRUFF: Good evening, sir. Could
10 you tell us your name?

11 MR. TOLLENAAR: Dan Tollenaar.

12 JUDGE WOODRUFF: Could you spell your last
13 name?

14 MR. TOLLENAAR: T-o-l-l-e-n-a-a-r.

15 JUDGE WOODRUFF: Okay. Mr. Tollenaar, would
16 you please raise your right hand.

17 (Witness sworn/affirmed.)

18 JUDGE WOODRUFF: All right. And what's your
19 address, sir?

20 MR. TOLLENAAR: 508 South Halliburton
21 Street, Apartment C, Kirksville, Missouri.

22 JUDGE WOODRUFF: Thank you.

23 And are you an Ameren customer?

24 MR. TOLLENAAR: Yes.

25 JUDGE WOODRUFF: What would you like to tell

1 us?

2 MR. TOLLENAAR: Well, I'm on -- like Mr. Lay
3 has said, that you-all have to pay your bills. We have to
4 pay our bills as well.

5 I am on a fixed income, and even being
6 with -- on Ameren, a budget billing for an apartment, I
7 feel like I'm -- I have to pay quite a little bit.

8 I don't use all of my appliances every day.
9 I don't use the air conditioner or whatnot every day,
10 especially now that it's getting cooler.

11 And with other utility companies, such as
12 the gas companies, most likely going to be saying that gas
13 is going to be raising, it makes it hard. It makes it
14 hard on a person that is on a fixed income to pay the
15 bills, especially if (inaudible).

16 THE COURT REPORTER: Especially what?

17 JUDGE WOODRUFF: I'm sorry, sir. The court
18 reporter is having a hard time hearing you, if you could
19 speak up a little bit.

20 MR. TOLLENAAR: It would be nice to see a
21 little reprieve on some of that. It's called I'm not left
22 over with much of anything by the end of the month.

23 It's just that, you know, ones of us that
24 are on a monthly income and that's all we get, it makes it
25 hard. Especially with the winter coming up, it's going to

1 make it hard.

2 JUDGE WOODRUFF: Thank you.

3 Anything else you'd like to add, sir?

4 MR. TOLLENAAR: I don't think so. Thank
5 you.

6 JUDGE WOODRUFF: All right.

7 Do any of the parties have any questions of
8 this witness?

9 MR. MILLS: No questions.

10 JUDGE WOODRUFF: All right. Commissioner
11 Gunn I believe has a question.

12 MS. VOSS: I'm sorry. Can you hear me okay?

13 MR. TOLLENAAR: Yes.

14 MS. VOSS: I just had a question about the
15 quality of service you were receiving from Ameren. Do you
16 have any concerns or issues with the service?

17 MR. TOLLENAAR: Not in specifics, no. It's
18 just -- I just feel like I'm being -- probably being
19 charged more than I need to be.

20 I live in a small four-room apartment. I
21 basically use three rooms, and I get billed \$45 a month on
22 it.

23 A little over a month ago I received my
24 bill, and they wanted to raise it 5 or \$6 more per month.
25 \$51 for a four-room apartment. Come on now. That's --

1 that's really questionable in my eyes. That's as much as
2 what my parents pay for their three-bedroom house.
3 Something is wrong.

4 MS. VOSS: Thank you very much.

5 No further questions.

6 JUDGE WOODRUFF: Sir, do you have gas
7 service from Ameren also?

8 MR. TOLLENAAR: No, I do not.

9 JUDGE WOODRUFF: Okay. Just electric?

10 MR. TOLLENAAR: Yes, just the electric. I
11 have gas service from ATMOS.

12 JUDGE WOODRUFF: Okay. Well, thank you,
13 sir.

14 Mr. Tollenaar, the court reporter has asked
15 you to spell the name of the street you live on.

16 MR. TOLLENAAR: H-a-l-l-i-b-u-r-t-o-n.

17 THE COURT REPORTER: And that was apartment
18 what?

19 JUDGE WOODRUFF: What apartment number?

20 MR. TOLLENAAR: Apartment C.

21 JUDGE WOODRUFF: Thank you.

22 That's all, sir.

23 MR. TOLLENAAR: Thank you.

24 JUDGE WOODRUFF: We'll come back to
25 Jefferson City then for the next witness, which is John

1 Houlehan.

2 If you could tell us your name.

3 MR. HOULEHAN: John Houlehan. I live in
4 Kansas City, Missouri.

5 Can everybody hear me?

6 JUDGE WOODRUFF: Can you spell your last
7 name for us, please?

8 MR. HOULEHAN: Sure. H-o-u-l-e-h-a-n.

9 JUDGE WOODRUFF: All right. If you'd please
10 raise your right hand.

11 (Witness sworn/affirmed.)

12 JUDGE WOODRUFF: All right. And what would
13 you like to tell us?

14 MR. HOULEHAN: Well, I'm, along with Elise,
15 part of the Missouri Utility Shareholders Association.
16 Both she and I are two representatives from Empire
17 District.

18 And one of the purposes of the organization
19 is to educate as many people as we can about what the
20 shareholder has at stake in all of this, because I think
21 utility stocks are much, much better than if we bought
22 stock in Merrill Lynch or Lehman Brothers.

23 And we -- a lot of us -- and I hate to use
24 this term because it includes me -- elderly, use this as
25 income. Because I know myself and my own pension with

1 Delta Airlines has become less and less than what it was.

2 And in our business, utility business,
3 everything we buy costs, wire, insulators, coal. Some of
4 the annual reports I like to get say it costs more to move
5 the coal than the coal is worth.

6 So I think what our job at the Missouri
7 Utility Shareholders Association is to let as many people
8 know as we can what our point of view about things are,
9 because we're all not very rich and living in big, huge
10 houses and have big, expensive cars. I can give you my
11 word on that.

12 JUDGE WOODRUFF: All right. Anything else,
13 sir?

14 MR. HOULEHAN: No, sir. I think that does
15 it.

16 JUDGE WOODRUFF: Do any of the parties have
17 questions for this witness?

18 MR. LOWERY: No questions.

19 MR. MILLS: Just so the record is clear,
20 sir, are you a customer of Ameren?

21 MR. HOULEHAN: No, sir, I'm not. I live in
22 Kansas City.

23 JUDGE WOODRUFF: All right. And I don't
24 have any questions for you, so you can step down.

25 Thank you.

1 The next name on the list here from
2 Jefferson City is Patricia Ritchie.

3 Would you tell us your name and spell your
4 last name for us?

5 MS. RITCHIE: Patricia Ritchie, last name
6 spelled R-i-t-c-h-i-e.

7 JUDGE WOODRUFF: And where do you live?

8 MS. RITCHIE: Address 23600 South Missouri
9 River View Drive, Hartsburg 65039.

10 JUDGE WOODRUFF: If you'd please raise your
11 right hand.

12 (Witness sworn/affirmed.)

13 JUDGE WOODRUFF: What would you like to tell
14 us?

15 MS. RITCHIE: Um, I'd like to address some
16 of the issues of being an Ameren customer.

17 We live in that funny part of Southern
18 Boone County where you're an Ameren customer and you have
19 a Jeff City phone number but, you know, the mailing
20 address is Hartsburg, and it kind of fits in an unusual
21 category.

22 And I have to say I was disappointed when my
23 husband and I made a commitment to a ground source heat
24 pump, and our neighbors that are on Boone Electric
25 Cooperative, they would be getting a \$3,000 rebate for the

1 system, and Ameren has no incentive whatsoever for a
2 ground source heat pump.

3 I do have to say in the process, I was
4 absolutely delighted to see the propane tank gone, and I
5 certainly appreciate having all of my utilities regulated
6 by the PSC. I really felt gouged as a propane customer,
7 and we will be free of that.

8 The week before last we had the wells
9 drilled for a ground source heat pump, and last week they
10 dug the trench from the wells to the house. And this week
11 we're eagerly awaiting installation of our 30 SEER water
12 furnace, and this is going to cost us about \$18,000.

13 And we've arranged our financing, you know,
14 got our three estimates and have tried to be generally
15 good -- good consumers.

16 With what -- with that \$3,000 that a Boone
17 Electric Cooperative customer would get, that just happens
18 to be the amount that my husband and I -- we're sure we
19 can at least pay that amount in our first year, as far as
20 budgeting.

21 I have to look at that, and I have to say,
22 this could be -- that \$3,000 for a lot of people could
23 be -- could determine whether or not, you know, they do
24 something like a ground source heat pump and make that
25 initial investment.

1 What I notice in looking through, you know,
2 things that Ameren does, you know, I can look at -- it
3 seems to me that their H-- the HVAC contractor, is that
4 they will get some kind of rebate for our -- I think the
5 30 SEER is the highest efficiency available, and it looks
6 like other -- like there are incentives for landlords.

7 But for the 40 to 45 percent of the people
8 that will be bearing the burden of this rate increase,
9 which is of the three categories the largest, it doesn't
10 seem like something -- anything really significant there.

11 And some things to me -- I can understand it
12 might be beneficial that -- you know, that Pure power
13 allows residential customers to voluntarily pay --
14 voluntarily pay an additional 1.5 cents per kilowatt hour.

15 I think it's a valid question to ask, okay,
16 how much does it cost Ameren to gather all this money that
17 we -- that we customers, probably residential customers,
18 you know, largely pay and then, you know, to pass it on.
19 It doesn't seem like a whole heck of a lot.

20 And when I look through the fact sheets, it
21 seems to me that there is a whole lot of, you know, just
22 general educational things of energy efficiency that you
23 can find -- find any number of places.

24 I don't see a whole lot for residential
25 customers where the rubber hits the road so to speak, that

1 it doesn't -- you know, I think the Public Service
2 Commission needs to look at, you know, what -- you know,
3 how much will it really cost and will it really benefit
4 residential customers. The things with the thermostats,
5 that's all well and good, but it just doesn't seem very
6 substantial.

7 And I have to acknowledge that Boone
8 Electric Cooperative customers, they do pay a higher rate
9 than with Ameren, but I have to ask myself, if a nonprofit
10 can offer that kind of significant rebate that can
11 determine whether or not a consumer can make that kind of
12 upgrade, you know, I have to say, you know, let's really
13 assess what -- what is Ameren really offering the
14 residential customer.

15 JUDGE WOODRUFF: Do you know how much energy
16 can be saved through the use of a heat pump?

17 MS. RITCHIE: Oh, as much as 70 percent.
18 And I'm assuming that that is as opposed to, like, to
19 propane.

20 And when the HVAC contractor that we're
21 going with gave us the estimate, he actually used a price
22 per gallon less than what we paid our last fill-up of --
23 of this past winter.

24 And so, you know, you'd never know what --
25 it seems like the propane prices, I think I've seen them

1 maybe as low as 79 cents a gallon and now it's, like,
2 three times that, and you know, just to -- just, you know,
3 to have that technology available, to me it seems -- you
4 know, it seems like something that I think a lot of
5 residential customers would do.

6 I just -- you know, I'd like to see a
7 breakdown of, you know, what is really substantial and
8 what's not.

9 You know, I just don't really think that you
10 can credit Ameren for doing a whole heck of a lot,
11 despite, you know, passing on money, you know, from
12 voluntary payers to, you know, another entity.

13 JUDGE WOODRUFF: I'm sorry to ask you all
14 these questions. I'm just curious more about the heat
15 pump.

16 Do you know how much space is required to
17 set up a heat pump system? Would this be something doable
18 inside a city?

19 MS. RITCHIE: It would be doable inside a
20 city, but I -- we're on a narrow tract. It's about ten
21 acres. But, you know, there's -- we have, like, a yard
22 that's -- probably about a nice-size yard in town, between
23 the distance between our house and the road.

24 And I have to say, when I came home and saw
25 the three wells drilled, they were a lot bigger and uglier

1 than I anticipated, and, you know, I sort of wish that I
2 could see, you know, a picture of that.

3 But I would think -- but, see, we've got --
4 just going down our driveway. Yeah, it -- it could be
5 done in town, yeah.

6 I mean, we're talking seriously unaesthetic.
7 Each well was probably -- well, each well created about --
8 probably about a 15-foot-wide diameter, you know, of sheer
9 ugliness. And I'm really glad we didn't lose a lot,
10 except gravel from our driveway

11 JUDGE WOODRUFF: Okay. Do any of the
12 parties have questions for Ms. Ritchie?

13 Go ahead.

14 MS. VOSS: Hi. I have a question.

15 You talked about how the coops have a
16 slightly -- the local coop you believe has a slightly
17 higher rate. Is this -- can you hear me okay?

18 Would you support a slightly higher monthly
19 rate on the electric bill to support programs like that,
20 that 5 extra dollars a month?

21 MS. RITCHIE: Yes, I would, because I feel
22 that the -- the ground -- that that technology, it's at a
23 place where it is budgetable. And, yeah, I would say so.

24 MS. VOSS: Thank you. That's the only
25 question.

1 JUDGE WOODRUFF: You can step down. Thank
2 you.

3 The next name on the list is Al Mueller.

4 Mr. Mueller, you're up.

5 Good evening, sir.

6 Tell us your name, please.

7 MR. MUELLER: Al Mueller.

8 JUDGE WOODRUFF: Can you spell the last
9 name?

10 MR. MUELLER: M-u-e-l-l-e-r.

11 JUDGE WOODRUFF: And what is your address?

12 MR. MUELLER: Pardon me?

13 JUDGE WOODRUFF: Your address?

14 MR. MUELLER: 1205 Elmerine,
15 E-l-m-e-r-i-n-e.

16 JUDGE WOODRUFF: Thank you.

17 If you'd please raise your right hand to
18 swear you in.

19 (Witness sworn/affirmed.)

20 JUDGE WOODRUFF: What would you like to tell
21 us?

22 MR. MUELLER: The first thing I'd like to
23 express to the Commission in the overall consideration of
24 this rate case, that they consider the possibilities of
25 any energy conservation programs, along with any rate

1 increases, and that I would suggest that they look at the
2 various promotional rates for businesses and homes off
3 peak usage, some type of an incentive, time-of-day rates.

4 The last time I looked at them it was --
5 they weren't very much of an incentive to -- to try and
6 use off-peak power, which especially in the summertime
7 with peak loads would solve some of the demand problems
8 that the utilities have.

9 The other thing is -- I'm not sure but the
10 cost of -- if I was to have a wind generator or some
11 process where I could sell power back to Union Electric,
12 I'm not sure what they use as the price, but -- I don't
13 know whether it's been adjusted or not or whether it was
14 the avoided cost. I don't know what they -- there was
15 legislation passed that fixed that in statute, but I'm not
16 sure it's ever been adjusted, and I don't know what -- if
17 anybody knows what that amount is.

18 The last time I knew it was, like, 1.9 cents
19 a kilowatt hour, and that was ridiculous because the costs
20 have gone up a lot more than that.

21 But there is a lot of things that could be
22 done with the rate design to encourage more conservation.

23 On the Commission's Report and Order for
24 putting in the rate -- putting the Callaway -- the
25 original Callaway plant into rate base, I urge the

1 Commission to look at that Report and Order and follow up
2 on some of the -- there were incentives there, plus there
3 was some significant amount of money set aside for Union
4 Electric, I believe, at that time, to promote some energy
5 conservation programs.

6 Whether they did it or not I don't know, and
7 I think that's something that the Commission might want to
8 look at or see what -- what was in that Report and Order
9 and whether there is any followup on that amount and
10 what -- what actually the program was.

11 And I know they're doing a lot of
12 conservation programs now, and I think it's a good idea.

13 I just want to stress that, once again,
14 whatever -- whatever the buy-back for -- or whatever we
15 can come up with incentives to sell UE power or Ameren
16 power, I'd like to see that that -- that amount be
17 adjusted more equitable.

18 The other thing, I favor the Staff's
19 elimination of incentives and compensation and restrictive
20 stock plans, pay plan. That just -- that seems to me like
21 the good old boy: You scratch my back; I'll scratch your
22 back. And Boone Pickens wrote a book about that
23 situation.

24 And some of the incentives -- it's amazing
25 some companies can go belly up and they still have to pay

1 incentives. But the incentives should -- if there are
2 incentives, they should be tied directly to what benefits
3 the consumer, as well as the company.

4 I'd like to say that I'm a stockholder in
5 Union Electric, so I'm not -- I'm talking on both sides of
6 the fence here, but I'm mainly concerned that we have
7 safe, reliable power at a reasonable cost and that we
8 don't fall in the traps of some of the other utility
9 companies on the East and West Coast.

10 The fuel adjustment, it's my understanding
11 Staff and Public Counsel has recommended against the fuel
12 adjustment clause, and I'm not familiar enough to
13 understand how that works or whether or not the Commission
14 regulates the power generation end of this company.

15 Do they have any jurisdiction over the
16 generation of the power as far as the main power plants?

17 JUDGE WOODRUFF: I can't answer your
18 question, but you can certainly talk with counsel for
19 Ameren after the hearing.

20 MR. MUELLER: Well, that brings back the old
21 story of when AT&T was the giant, Ma Bell, where they
22 could charge -- AT&T would be a separate entity but
23 Western Electric would charge Southwestern Bell \$14, for
24 instance, to repair a telephone part that only cost them
25 maybe 2 bucks to repair.

1 As a result, Southwestern bell had to pay
2 high -- high amounts of money to Western Electric, which
3 was a nonregulated entity. And so Western Electric made
4 all kinds of money, meanwhile Southwestern Bell was paying
5 to get that phone repaired at a high, exorbitant cost.

6 As a result, Southwestern Bell could go in
7 under the regulated utility and say we need money and a
8 rate increase because it costs us \$14 to fix this phone.

9 But they don't know the \$14 goes to Western
10 Electric, which is all under the umbrella of AT&T. So
11 it's playing off one subdivision or one -- one part of the
12 company off of the other.

13 And I'm not sure how UE is now structured
14 with owning the Illinois Power, et cetera, and how that's
15 all split out and costed out.

16 But I'd hate -- I'd like -- you know, I
17 don't want to see Ameren buying power from some of the
18 subsidiaries without the subsidiaries really sharpening
19 their pencil and getting their best deal on coal and fuel
20 costs and transportation costs.

21 That's about all I have to say.

22 JUDGE WOODRUFF: Okay.

23 Does Commissioner Gunn have questions for
24 Mr. Mueller?

25 MS. VOSS: No. But Commissioner Gunn would

1 like me to thank you for testifying as a former Public
2 Service Commission member.

3 MR. MUELLER: Thank you. It's unfortunate
4 nobody is here.

5 JUDGE WOODRUFF: Do any of the parties have
6 questions for Mr. Mueller?

7 MR. MILLS: No, Your Honor. Thank you.

8 JUDGE WOODRUFF: You may step down. Thank
9 you.

10 MR. MUELLER: Okay. Thank you very much.

11 JUDGE WOODRUFF: Mr. Mueller was the last
12 name on the list here.

13 Would anyone else like to testify?

14 MR. ALLEN: Yes, I would.

15 JUDGE WOODRUFF: Come on forward.

16 Good evening, sir. What's your name?

17 MR. ALLEN: My name is Richard Allen. It's
18 A-l-l-e-n.

19 JUDGE WOODRUFF: And what's your address?

20 MR. ALLEN: It's 1420 Wilmor -- that's
21 W-i-l-m-o-r -- Drive, and it's Jefferson City 65101.

22 JUDGE WOODRUFF: All right. If you'd please
23 raise your right hand, I'll swear you in.

24 (Witness sworn/affirmed.)

25 JUDGE WOODRUFF: Thank you.

1 What would you like to tell us?

2 MR. ALLEN: I'd like to speak about the fuel
3 adjustment clause.

4 JUDGE WOODRUFF: Okay.

5 MR. ALLEN: And let me preface this by
6 saying I've worked with many power companies over my --
7 over the years in my capacity with the Department of
8 Natural Resources.

9 I've worked both with Ameren. I've worked
10 with Aquila. I've worked with Empire District. And I
11 know a lot about how the utility companies work and how
12 they buy fuel and things like that.

13 So I have a good background in this, and I
14 know a little bit about what I'm about to say here.

15 The fuel adjustment clause is a very bad
16 idea, and I'm glad the Public Service Commission has
17 recommended denying that.

18 Any big power company worth its salt
19 negotiates multi-year contracts with coal companies for
20 their fuel. I mean, the basic fuel for power plants is
21 coal. Coal has gone up, but it hasn't skyrocketed like
22 gasoline, and then they negotiate long-term contracts
23 where they have a set price.

24 So they should know how much they're going
25 to pay. They shouldn't need an adjustment clause.

1 Now, of course, those contracts will
2 eventually expire and they have to negotiate new ones.

3 But the thing is, when you have a good
4 knowledge of how much you're going to have to pay, the
5 only variable then is how much you're going to use.

6 If you know how much per ton you're paying,
7 you don't need a full adjustment clause, unless for some
8 reason you have to use a lot more and maybe you have to
9 buy it at a little higher price, but that's usually not
10 the case.

11 Also, I notice in addition to fuel -- and,
12 of course, they only mention this a tiny bit. It's also
13 for purchased power cost.

14 And that is extremely alarming for anybody
15 who can remember Enron. Do you remember Enron? Do you
16 remember what they did? Do you remember how they -- when
17 the power companies felt like they needed more power due
18 maybe it was a real hot day or a real cold day and they
19 needed a little bit more power. They'd go out on the
20 market and buy it.

21 Enron would jack up the price. They didn't
22 care how much it was. And the power company sometimes
23 would have to buy it.

24 Of course, power companies should be able to
25 shop around even when they're in that situation and try to

1 get a good deal.

2 But what I don't want is for a power company
3 to say, look, it doesn't matter how much we pay. We can
4 pay through the nose because we're going to pass it on to
5 our customers. That's not right.

6 But that's what you're looking at if you
7 have a fuel adjustment clause both in the price of coal
8 and in the price of purchase power.

9 Because they -- you know, where is the
10 incentive? It doesn't matter if they pay through the nose
11 and pay huge prices if they can pass it on to their
12 customers.

13 That's not right. That's not right.

14 This also would open the opportunity for
15 corruption. Let's say you have a fuel and power buyer who
16 decides, well, I'll pay more. I can maybe get a kickback
17 from the coal company or whoever, somebody in the Enron
18 like thing. I'm not saying that would happen but the
19 temptation would be there.

20 I want the fuel buyers, I want the power
21 buyers to negotiate the best deals they can, and that's
22 the way it currently is on the open market.

23 I know fuel buyers of power companies, and I
24 know what they do. I don't want to remove their incentive
25 for negotiating well and finding good long-term contracts,

1 which results in lower power costs to us, the consumer.

2 It's the way it works now. It works well.

3 And I don't want something that will end up being a huge
4 part of your utility bill.

5 You think it may just be a little bit.

6 Believe me, I predict if it ever gets approved, it will
7 become a significant part of your utility bill.

8 Oh, yeah. We had to buy more. Oh, yeah.

9 Also, it says increase or decrease. Are you
10 kidding? When are you ever going to see a decrease? Do
11 you really expect that? It's not going to happen.

12 So I am here opposed very vehemently to this
13 fuel adjustment clause. I'm not going to say anything
14 about their rate increase request. If the auditors feel
15 they need a rate increase, that's fine with me. But I
16 want to know what I'm paying, and I don't want -- I don't
17 like surprises and I don't like corruption.

18 JUDGE WOODRUFF: Thank you, sir.

19 Does Commissioner Gunn have questions?

20 MS. VOSS: Yes. If Congress imposes strict
21 carbon restrictions in the next year, forcing utilities to
22 move toward clean coal or more natural gas, would you
23 support a fuel adjustment clause in that type of a
24 scenario?

25 MR. ALLEN: That's a big if.

1 But the companies -- the power companies
2 still have their contracts, and, of course, when they
3 negotiate new ones, it could -- it could have a big impact
4 on that.

5 But I don't see how that would impact their
6 current contracts. Usually these things are faded in over
7 time, the requirement for the clean coal. I've seen a lot
8 of ideas out there, and it moves forward in various
9 stages, like there is so many -- you have so much percent
10 by a certain year and this and that.

11 So there is a timeframe where utilities
12 could have some warning before it all drops on them. So,
13 no, I think I'd still be opposed to it.

14 MS. VOSS: Would your position be the same
15 if there was a sharing of those increased costs between
16 the shareholders and the ratepayers?

17 MR. ALLEN: No, I think I'll still be
18 opposed on the ground that it would provide an opportunity
19 for corruption, because I don't always trust human nature.
20 I see the greed in people. So sorry.

21 MS. VOSS: Just asking the question.

22 MR. ALLEN: Just look at the gas stations in
23 the Gulf, have spiked it to 6, 7 bucks a gallon. There is
24 greed out there. So . . .

25 MS. VOSS: That's all I have right now.

1 JUDGE WOODRUFF: All right. Thank you.
2 Any questions from the parties for this
3 witness?

4 MR. MILLS: No questions, Your Honor.

5 MR. LOWERY: No questions.

6 JUDGE WOODRUFF: Thank you, Mr. Allen.

7 MR. ALLEN: Thank you.

8 MR. WOODRUFF: Is there anyone else here in
9 Jefferson City who would like to testify?

10 I don't see any hands going up out there.

11 Is there anyone up in Kirksville? Has
12 anyone arrived in Kirksville that wants to testify?

13 MS. DOERHOFF: Judge, no, there is not, but
14 I do want to recognize State Representative Rebecca
15 McClanahan is here and just let you know that she is
16 present.

17 JUDGE WOODRUFF: Would she like to say
18 anything?

19 MS. DOERHOFF: Yes, she is going to up come
20 up and say something now. Thank you.

21 JUDGE WOODRUFF: Good evening.

22 Could you tell us your name?

23 REPRESENTATIVE MCCLANAHAN: Sure, Rebecca
24 McClanahan.

25 JUDGE WOODRUFF: Could you spell the last

1 name?

2 REPRESENTATIVE MCCLANAHAN:

3 M-c-C-l-a-n-a-h-a-n.

4 JUDGE WOODRUFF: Ms. McClanahan, I'll give
5 you two options here. One, I can swear you in as a
6 witness and have you testify or if you just want to say a
7 few words, you can do that.

8 REPRESENTATIVE MCCLANAHAN: If I may just
9 say a few words.

10 JUDGE WOODRUFF: Go right ahead.

11 REPRESENTATIVE MCCLANAHAN: I am primarily
12 here this evening to learn as much as I can about this
13 process.

14 I'm in my first term as a State
15 representative, so I'm interested in this process and
16 doing everything I can to learn as much as I can about the
17 process.

18 So I've actually just been sitting here
19 studying my lesson while I've been listening to the
20 testimony this evening.

21 And I see that part of the goal is to
22 increase renewable sources of energy, and I'm very pleased
23 to see that and hope that we can increase that at an even
24 more rapid rate. I think it's in all of our interest to
25 do that.

1 So I'm pleased to see that that's a goal,
2 and I certainly think we need to do that even more than we
3 are. So I at least appreciate that as a goal.

4 JUDGE WOODRUFF: Thank you, Representative
5 McClanahan.

6 REPRESENTATIVE MCCLANAHAN: Thank you for
7 the opportunity to be here. I appreciate that.

8 JUDGE WOODRUFF: You're welcome.

9 Does Commissioner Gunn --

10 MS. VOSS: No, not a question.

11 JUDGE WOODRUFF: Okay. Does anyone else
12 wish to testify?

13 MS. DOERHOFF: We have no one in Kirksville.

14 JUDGE WOODRUFF: Commissioner Gunn I believe
15 wanted to relay some final thoughts.

16 MS. VOSS: Yes. He was sorry that he wasn't
17 able to attend this evening both to the people here in
18 Jefferson City and the people in Kirksville, but he's
19 actually watched the whole hearing live on the web cast
20 and has been relaying his questions through me.

21 And he wanted me to thank you very much for
22 taking the time out of your busy lives to come down and
23 provide information and for some people to gain
24 information about the process and what's going on and
25 thank everyone for appearing this evening.

1 Thank you.

2 JUDGE WOODRUFF: Thank you.

3 With that then we are adjourned. Thank you
4 for coming.

5 WHEREUPON, the on-the-record portion of the
6 local public hearing was concluded.

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