

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS

PUBLIC HEARINGS
JANUARY 4, 2007
CAPE GIRARDEAU AND DEXTER, MISSOURI
VOLUME 5

In the Matter of Union Electric Company d/b/a
AmerenUE for Authority to File Tariffs Increasing
Rates for Electric Service provided to Customers
In the Company's Missouri Service Area

In the Matter of Union Electric Company d/b/a
AmerenUE for Authority to File Tariffs Increasing
Rates for Natural Gas Service Provided to Customers

In the Company's Missouri Service Area

Case Nos. ER-2007-0002

GR-2007-0003

NANCY DIPPELL, Presiding

DEPUTY CHIEF REGULATORY

LAW JUDGE

JEFF DAVIS, Chairman,

CONNIE MURRAY,

STEVE GAW,

ROBERT M. CLAYTON, III,

LINWARD "LIN" APPLING,

COMMISSIONERS

1 REGULATORY LAW JUDGE DIPPELL: We'll go
2 ahead and go on the record. This is case numbers
3 ER-2007-0002 and GR-2007-0003. Good evening. It's
4 Thursday, January 4th, 2007, and the Missouri Public
5 Service Commission has set this time for a local hearing
6 at which -- in which Ameren seeks to implement a rate
7 increase for its electric and gas services. This
8 hearing is being held as a joint hearing in two
9 locations, joining via videoconference with myself and
10 Commissioners in Jefferson City.

11 I'd like to thank Southeast Missouri State
12 University and the Dexter Armory for the use of their
13 facilities. And in addition, this hearing is being
14 broadcast over the internet.

15 The Missouri Public Service Commission
16 regulates the rates charged by investor owned utility
17 companies in Missouri to ensure that those rates are
18 just and reasonable. The Commission also regulates the
19 quality of service and safety of operations and the
20 safety of the operations of investor owned utilities.
21 The commission is made up of five commissioners and two
22 of those commissioners are here with me today.
23 Commissioner Murray and Commissioner Appling are here in
24 Jefferson City.

25 My name is Nancy Dippell, and I'm the

1 regulatory law judge that is assigned to preside over
2 tonight's hearing. Also, with me here in Jefferson City
3 are staff counsel Steve Dottheim, counsel for the
4 company, Jim Fischer, and some of our information
5 technology staff. In Dexter, we have -- I think many of
6 you have already met. We have staff members Tom Onhoff
7 and Gaye Fred. And in Cape Girardeau, we have Kevin
8 Kelly and Lena Mantel and the advisor to Chairman Davis,
9 Doug Heely, is also there. Mr. Mills, at which location
10 are you?

11 MR. MILLS: I'm in Cape Girardeau.

12 REGULATORY LAW JUDGE DIPPELL: Thank you,
13 Mr. Mills is the public counsel and he represents the
14 public before the Commission.

15 This is an official hearing with the
16 Missouri Public Service Commission and the statements
17 and testimony of the witnesses will be recorded by a
18 court reporter and will be given under oath or
19 affirmation. Not all of the commissioners were able to
20 be here this evening, but all of them will have an
21 opportunity and will read the comments that the
22 witnesses make in those transcripts.

23 Although the purpose of this hearing tonight
24 is to hear from you on the subject of proposed
25 increases, if you have recent storm-related service

1 issues, that testimony will also be taken this evening.
2 And we certainly want to hear about your service-related
3 issues as part of the rate case.

4 Tonight is your opportunity to testify, and
5 your remarks become part of the official record. If
6 you're unable to testify tonight for any reason, there
7 are some flyers to pick up that the staff members
8 brought with them. The flyers have a space for you to
9 enter your comments and to include both -- and then it
10 includes both the Commission's mailing address, the
11 website address and our fax number. You can fill out
12 the form tonight and give it to one of our staff members
13 or fill them out later and mail or fax them to us. You
14 can also enter your comments directly by going to the
15 Commission's website at www.tsc.mo.gov, and if you have
16 any questions, you may reach the Commission staff at
17 (573) 751-3234 or the office of the public counsel at
18 (573) 751-4857. What we receive tonight in writing or
19 through the Commission's website, all the testimony will
20 be made part of the official record in the appropriate
21 case. If you have any comments concerning the rate
22 increase, request for electric service, I believe the
23 forms have been color coordinated, you can take a green
24 form. And if you have questions or comments about the
25 natural gas service take a blue form. You may also

1 provide comments in both cases.

2 For the witnesses who wish to testify live,
3 there's been sign-up sheets provided there and those of
4 you that have signed up, I will call the name of each
5 witness signed up. I'll try to take them in order, and
6 I'll alternate between sites as going from taking one
7 witness in Cape Girardeau and one in Dexter and then
8 back to one in Cape Girardeau. After we've gone through
9 all the people that have signed up and there are others
10 who wish to speak, I'll give you an opportunity to sign
11 up at that time. So that we have time to get every --
12 we'll be here until everyone who wants to testify has
13 had an opportunity, but so that everyone may have the
14 opportunity, I will ask you to try keep your comments
15 brief. And if you want to just stand up and testify
16 that you agree with somebody else's comments, that is
17 perfectly acceptable.

18 When your name is called, please come
19 forward and stand or sit -- there's a witness table I
20 believe in the Dexter area and kind of a podium there in
21 Cape. If you'd come forward and speak into that
22 microphone. I'll ask you a few -- I'll first swear you
23 in, and I'll ask you a few preliminary questions such as
24 your name and address and then you'll be able to make
25 your comments. There may be some questions after your

1 comments from the attorneys or one of the commissioners
2 or from myself, and so I'll ask you to please remain at
3 the witness stand until you're excused.

4 Like I say, we'll end when everyone that
5 wants to speak has had an opportunity to do so. And
6 with that, I think we'll begin first by letting the
7 attorneys make their official entries of appearance.
8 Let's begin here in Jefferson City with the staff.

9 MR. DOTTHEIM: Steven Dottheim, Post Office
10 Box 360, Jefferson City, Missouri 65102, appearing on
11 behalf of the staff of the Missouri Public Service
12 Commission.

13 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer.

14 MR. FISCHER: On behalf of Union Electric in
15 the case, I'm Jim Fischer with the law firm of Fischer
16 and Dority, P.C., 101 Madison Street, Suite 400,
17 Jefferson City, Missouri 65101.

18 REGULATORY LAW JUDGE DIPPELL: Mr. Mills.

19 MR. MILLS: Appearing on behalf of the
20 office of public counsel of the public, my name is Louis
21 Mills. And my address is Post Office Box 2230,
22 Jefferson City, Missouri 65102. Thank you.

23 REGULATORY LAW JUDGE DIPPELL: And are there
24 any other attorneys present that wish to make an entry
25 of appearance for one of the parties in this case?

1 Okay. Seeing none, then are there any opening remarks
2 from the Commissioners? Okay.

3 COMMISSIONER APPLING: This is Lin Appling
4 in Jefferson City, and my colleague, Connie Murray. We
5 just thank everyone for coming out and we appreciate and
6 look forward to your comments.

7 REGULATORY LAW JUDGE DIPPELL: Thank you.
8 We begin with the first witness in Cape Girardeau.

9 MR. KELLY: Judge, the first witness on our
10 list here is Scott Meyer.

11 REGULATORY LAW JUDGE DIPPELL: Good evening,
12 Mr. Meyer. Could you please raise your right hand?

13 (Witness sworn.)

14 REGULATORY LAW JUDGE DIPPELL: Thank you.
15 If you'd state your name and spell it for the court
16 reporter and give us your address.

17 MR. MEYER: It's Scott Meyer, S-c-o-t-t,
18 M-e-y-e-r. I'm at One University Plaza, Cape Girardeau,
19 Missouri 63701, representing Southeast Missouri State
20 University.

21 REGULATORY LAW JUDGE DIPPELL: And are you
22 yourself a customer of AmerenUE?

23 MR. MEYER: I'm representing the University,
24 who is a customer.

25 REGULATORY LAW JUDGE DIPPELL: Okay. And is

1 that gas or electric or both?

2 MR. MEYER: Both. Both.

3 REGULATORY LAW JUDGE DIPPELL: Okay. Thank
4 you. Go ahead with your comments.

5 MR. MEYER: Thank you, and welcome everyone
6 to Southeast Missouri State University. Our president,
7 Dr. Dobbins, sends his regards. He is not able to be
8 here tonight due to a previous commitment. We
9 appreciate the opportunity to testify concerning the
10 proposed rate increase before the Missouri Public
11 Service Commission. The Commission's charge to review
12 rate increases requested by publicly held companies
13 serving as utilities is a very difficult task. The
14 balance between free enterprise and public good is one
15 that takes wisdom to maintain. We understand that you
16 must consider the requirement the utility companies make
17 a profit and requirement that they have the resources to
18 make needed investments, while at the same time taking
19 into account the concerns of the company's customers.

20 We are here today to testify about the
21 direct and indirect impacts of the proposed increase to
22 the University, which is one of those customers affected
23 by the proposed increase.

24 Southeast Missouri State University
25 currently operates a coal-fired, coal-generating plant

1 that uses the steam produced for our heating and for
2 some of our cooling to also turn a turbine and produce
3 electricity for the campus. Due to peak demands and
4 maintenance of our power plant, we cannot produce all of
5 the electricity needed for the entire campus, so we
6 still buy a large amount of energy from Ameren. In the
7 fiscal year 2006, we spent \$761,000 for electricity and
8 \$246,000 for natural gas produced by Ameren. We
9 still -- we have also tried to reduce our demand -- our
10 demand load of the campus by investing in coal
11 generation operation and through the use of
12 energy-saving fixtures, occupancy detectors and HVAC
13 control systems that allow us to diversify the load and
14 only heat and cool the areas that are scheduled to be
15 used. We really do try to be good stewards of the
16 energy resources and of the student taxpayer dollars.

17 We have one graph that just shows in the red
18 color is what we purchased, the energy that we
19 purchased, and the blue is the electricity that we
20 produced. So while we produce a large amount of energy,
21 electricity, we also purchase a lot.

22 Our first challenge in the rate increase is
23 one that is kind of unique. It's unique to the
24 institution of higher education. It is also unique --
25 as far as we know, only one other customer has what is

1 known as Rider E on our bill. Rider E establishes a
2 minimum bill that we pay each month as a, quote,
3 stand-by rate. Because we produce a substantial amount
4 of electricity, which keeps us from adding to Ameren's
5 peak load, Rider E establishes a minimum billing that we
6 are required to pay each month regardless of whether we
7 use any energy or not. This causes the University to
8 buy that energy from Ameren each month as we don't want
9 to just purchase energy that we don't use, and it makes
10 us able to save the most amount of money. But the
11 University does this to minimize what we pay for energy.

12 However, if we were not subject to Rider
13 E, we could produce energy in the most efficient way,
14 creating the lowest possible level of emissions, at the
15 same time reduce the load on Ameren. Under the current
16 proposal by Ameren, the rate increase for the Rider E
17 portion of our billings will be 49 percent. That's a
18 large amount.

19 And so on average if this rate increase becomes
20 effective, we will reduce the use of our generating
21 capacity and simultaneously pay a significantly higher
22 amount of energy we purchase from Ameren. We produced a
23 graph that we will leave behind that shows each month
24 that we end up buying in most months the minimum amount.
25 If we were able to not have the Rider E, then we could

1 produce the most energy efficient way and again help
2 with Ameren's load. So we believe that it's just good
3 public policy to do so.

4 To remove Rider E from the University's
5 Ameren billing will allow flexibility to help with the
6 peak load, work efficiently and be more environmentally
7 friendly and conserve energy for anyone. We are not
8 asking to avoid paying for energy that we use, but
9 merely to be able to choose when it is best for the
10 University to produce its own without having a Rider E
11 make many of those decisions for us.

12 It seems that at a time when the development
13 of energy independence is so important, especially at a
14 University, our goal is to get the goal shared by all
15 and the Rider E policy is really designed to promote
16 dependence upon the utility as a standby source of
17 power. This policy is also punitive in its approach
18 because any one time spike can reset the minimum charge
19 for the following year, even though the usage may never
20 again reach that level. Furthermore, our recent
21 experience with Ameren is that we have sometimes been
22 disconnected from the service during storms because of
23 lightning and falling tree limbs. So in effect, the
24 standby source of power can be unreliable.

25 Aside from the Rider E, the rest of the

1 proposed rate increase is still a great concern. The
2 overall electric increase to the University is estimated
3 by Ameren numbers at 26 percent, an additional \$197,000
4 annually. We also plan on opening a new river campus
5 next fall, which will have an energy load that we
6 projected to be in the \$400,000 range. A 26 percent
7 increase on that would be another \$100,000. Thus, the
8 proposed increase would cost the University
9 approximately \$300,000, if approved.

10 Then how does this affect the University?
11 More important, who does it affect? Southeast has
12 endured recent cuts of state appropriations with a
13 series of internal budget cuts. These cuts required us
14 to reduce four degree programs and many faculty and
15 staff. While we continue to look for ways to reduce
16 costs, further cuts in the University expenditures are
17 not likely to be of the magnitude necessary to
18 compensate for a proposed increase in the electric
19 costs. The only available alternative is to increase
20 student fees, which would conflict with the efforts of
21 the Southeast Board of Regents and the administration to
22 keep Southeast one of the most affordable universities
23 in the Midwest. This goal is particularly important in
24 Southeast Missouri because of the historic levels of
25 poverty and economic disadvantage in the region. An

1 increase of 1.70 per credit hour would be necessary to
2 cover the \$300,000 increase. This would equate to over
3 \$50 per year and add approximately \$200 to the cost of a
4 four-year degree. This might be the difference in some
5 students going to college or not. You see, this is more
6 about profit, operating costs and investments and
7 shareholders, it is also about students trying to find
8 access to an affordable higher education opportunity.

9 We suggest that Ameren should choose to
10 reach out to universities and their students by setting
11 their rate of increase at the same level as the increase
12 for residential customers. This is appropriate because
13 we have over 2500 students residing on campus consuming
14 Ameren's product. We further recommend that the Rider E
15 rate be removed from the rate structure of all college
16 campuses and that a program be put in place to encourage
17 research and implementation of alternative energy
18 sources on college campuses. Thank you for your time,
19 and once again, we wish you a pleasant stay on our
20 campus.

21 REGULATORY LAW JUDGE DIPPELL: Thank you,
22 Mr. Meyer. You had two graphs there.

23 MR. MEYER: Yes.

24 REGULATORY LAW JUDGE DIPPELL: Would you
25 like to put both of those into the record?

1 MR. MEYER: Yes.

2 REGULATORY LAW JUDGE DIPPELL: I will make
3 that first pie graph that you held up as Exhibit 1 and
4 mark the second graph of the minimum amounts per month
5 as Exhibit 2, and if you would just give those to the
6 court reporter so they can be attached to the
7 transcripts. Are there any questions for Mr. Meyer from
8 Commissioner Murray?

9 COMMISSIONER MURRAY: Thank you. Thank you,
10 Mr. Meyer. I just have a question regarding the Rider
11 E. Did you say there is only one other customer to your
12 knowledge that is on the Rider E?

13 MR. MEYER: To our knowledge, there was only
14 one. We had asked at one time.

15 COMMISSIONER MURRAY: And it appears that
16 what you're saying is that Rider E acts as a
17 disincentive for the efficient use of energy?

18 MR. MEYER: For us, yes.

19 COMMISSIONER MURRAY: Okay. So in addition
20 to not wanting the increase that's proposed in Rider E,
21 you are asking that that particular rider just be
22 removed; is that correct?

23 MR. MEYER: That's correct.

24 COMMISSIONER MURRAY: Okay. Thank you very
25 much for your testimony.

1 Mr. Meyer, for your testimony. Let's go to our first
2 witness at the Dexter hearing.

3 MS. FRED: Judge, our first witness in
4 Dexter is Bruce McClintock.

5 REGULATORY LAW JUDGE DIPPELL: Thank you.
6 Could you raise your right hand, please?

7 (Witness sworn.)

8 REGULATORY LAW JUDGE DIPPELL: Can you spell
9 your name for the court reporter and give us your
10 address.

11 MR. MCCLINTOCK: Yes, ma'am. My name is
12 Bruce, B-r-u-c-e, McClintock, M-c-C-l-i-n-t-o-c-k. I
13 live at 15597 County Road 624, Dexter, Missouri. Zip
14 code 63841.

15 REGULATORY LAW JUDGE DIPPELL: And are you
16 an AmerenUE gas or electric customer?

17 MR. MCCLINTOCK: Yes, ma'am. I'm a customer
18 for gas and electric.

19 REGULATORY LAW JUDGE DIPPELL: Thank you.
20 Go ahead with your comments, please.

21 MR. MCCLINTOCK: I want to thank the Public
22 Service Commission for the opportunity to give my
23 opinion tonight and hope they do a commendable job in
24 the review of this request of AmerenUE. My concern is
25 this. I'm 74 years old. My wife and I are both

1 retired. We live in a rural area of Dexter. I have
2 tried to follow the information published both in the
3 news media and other media about the request and the
4 purpose of it, the details of it, and certainly, a
5 business, a stockholders business, must make a
6 reasonable return on an investment. However, it
7 concerns me that being retired and my wife and I both
8 being cancer survivors that I think the company should
9 look for alternatives like we have to look for
10 alternatives to buy our medications to maintain our
11 standard of living. The staff of your Commission has
12 studied this situation carefully. There's a wide
13 discrepancy between the AmerenUE information and the
14 staff's information about the resolution of how much
15 they should be granted. The company is wanting 12 and
16 more percent, which is an exorbitant amount, considering
17 the economics and so forth of the area in which we live
18 in, the manner in which we have to maintain our way of
19 life or our standard of living.

20 The staff has recommended a more reasonable
21 amount of nine to nine plus, which is probably within
22 the region of what the company needs to operate. I
23 think certainly they can look for alternatives. They
24 can sell the excess electricity they can generate to
25 other sources to generate more revenue, to offset the

1 money they need to operate. They can look at
2 alternative methods of the generation of electricity.
3 We all have to do that to maintain a way of life. It
4 concerns me, concerns me and my friends and associates
5 in this rural area of how we survive with the constant
6 increase of -- six dollars isn't a great deal maybe, but
7 for some it adds up over a period of time. I appreciate
8 the opportunity to express my views and opinions. I'll
9 be glad to respond to any questions.

10 REGULATORY LAW JUDGE DIPPELL: Thank you,
11 sir. Commissioner Murray?

12 COMMISSIONER MURRAY: I don't, but thank
13 you, Mr. McClintock, for being here.

14 REGULATORY LAW JUDGE DIPPELL: Commissioner
15 Appling, did you have questions?

16 COMMISSIONER APPLING: Bruce, I don't have
17 any questions tonight, but I was remembering John Wayne
18 playing in a movie called the McClintocks. You're no
19 kin to him, are you?

20 MR. MCCLINTOCK: No. It was an interesting
21 movie, but he fought a lot of combat films and so forth
22 and I'm a Korean veteran, and I never served on a
23 battleship or on the front line with John Wayne. Thank
24 you very much and have a good evening.

25 REGULATORY LAW JUDGE DIPPELL: Thank you.

1 Are there any other questions for Mr. McClintock?

2 MR. MILLS: I have no questions. Thank you.

3 REGULATORY LAW JUDGE DIPPELL: Are there any
4 questions by counsel here in Jefferson City?

5 MR. DOTTHEIM: No questions.

6 MR. FISCHER: No questions.

7 REGULATORY LAW JUDGE DIPPELL: And thank
8 you. Who is your next witness in Cape Girardeau? Thank
9 you, Mr. McClintock, you may be excused.

10 MR. KELLY: Bill. Bill Hinckley.

11 REGULATORY LAW JUDGE DIPPELL: Would you
12 please raise your right hand, sir?

13 (Witness sworn.)

14 REGULATORY LAW JUDGE DIPPELL: Thank you.
15 If you could spell your name and give us your address.

16 MR. HINCKLEY: Bill Hinckley,
17 H-i-n-c-k-l-e-y. My address is 1560 Lexington Avenue in
18 Cape Girardeau, 63701. I'm speaking on behalf of
19 Biokyowa, Incorporated.

20 REGULATORY LAW JUDGE DIPPELL: I'm sorry.
21 What was the corporation?

22 MR. HINCKLEY: Biokyowa, B-i-o-k-y-o-w-a.

23 REGULATORY LAW JUDGE DIPPELL: And is that
24 corporation a customer of Ameren?

25 MR. HINCKLEY: It is. It is an electric

1 customer of Ameren.

2 REGULATORY LAW JUDGE DIPPELL: Okay. And
3 thank you. Please go ahead with your comments.

4 MR. HINCKLEY: Members of the Public Service
5 Commission, thank you very much for an opportunity to
6 speak to you. My name is Bill Hinckley. I'm plant
7 manager at the Biokyowa facility. We are located here
8 in Cape Girardeau, and we manufacture various kinds of
9 amino acids that are sold in the United States and in
10 the global market. We were the first major Japanese
11 company to build a manufacturing plant in the state of
12 Missouri.

13 I am here today to speak out not only
14 against the proposed Ameren electrical rate increase,
15 but also against their request for a fuel surcharge.
16 Biokyowa has sold electricity under the large primary
17 service rate. Our annual electric bill is over 1.8
18 million dollars. Under the proposed rate increase, we
19 would have to pay another \$800,000, which amounts to
20 over 43 percent in an increase just in our electric
21 bill. I do not know how anyone, other than the guy who
22 was asking for it, could claim that a 43 percent
23 increase is reasonable. There are some people who even
24 say that we shouldn't worry, that we just pass the
25 increased cost onto our customers. Let me publicly

1 state that that is not the case for a company that
2 competes in a global market or even the US market. I
3 don't believe that most Missouri companies can do that
4 in whatever market they are in. Like almost all of the
5 businesses affected, Biokyowa will simply be forced to
6 eat that increased cost.

7 As I understand it, the actual request for
8 this increase is based on some numbers and assumptions
9 made by Ameren that are -- that are seriously disputed
10 by some people. Expert testimony given recently to the
11 PSC that is already on record clearly asserts that
12 Ameren's rate increase is inflated in many important
13 respects, including the following. Some of these claims
14 are as follows: AmerenUE has artificially increased the
15 level of its depreciation expense to unreasonable
16 assumptions. AmerenUE requests for a 12 percent return
17 on equity is far too high for a regulated utility and it
18 is excessive and inappropriate. One expert's testimony
19 presents data in a strong argument that a fair ROE for
20 Ameren is 9.8. Another sets it at 9.25 percent.
21 AmerenUE has unreasonably asserted reduced profits for
22 electricity it sells in the wholesale market, thereby
23 reducing benefits consumers should obtain from all such
24 off service sales.

25 Ameren has requested a fuel surcharge

1 adjustment without showing any financial need for such
2 an adjustment. When you approve the fuel adjustment
3 clause rule, I understood that your intention was to
4 carefully consider each individual request by a utility
5 that applies for a surcharge adjustment. Can you
6 honestly state that AmerenUE has provided adequate
7 justification for this request? And now we must further
8 consider the complaint made by your own staff against
9 AmerenUE for over earnings to the tune of somewhere
10 between 136,000,000 and \$168,000,000, a staggering sum
11 when viewed in light of Ameren's request for a
12 \$360,000,000 increase. The sheer effrontery of this
13 requested rate increase would be comical were it not for
14 the severe economic damage it would cost industry and
15 small businesses in Missouri.

16 And if we were to mention to effrontery, I
17 must include the blazon example of effrontery displayed
18 in the Ameren 17-page reply to Chairman Davis regarding
19 improving system reliability. And I quote from a part
20 of their cover letter in referring to how they're
21 financing such system improvements. Quote, we will need
22 to engage in a constructive dialogue with the Commission
23 and other entities on innovative ways to make sure these
24 resources are available and are appropriately funded.
25 In the same spirit as your request to reconsider all

1 alternatives to improve reliability, we should consider
2 all options for financing them. This might include
3 special riders, recovery of construction work in
4 progress, forward looking rate base adjustments with
5 annual tune-ups, cost sharing with state and local
6 government bodies, location specific/customer specific
7 rate allocation, base rate socialization and other
8 innovative financing means, end quote.

9 So it would appear that what Ameren wants is
10 someone else other than themselves to pay for improving
11 their system reliability. The rated increase of 24
12 percent for small general, 20 percent for large general,
13 24 percent for small primary and 43 percent for large
14 primary should not be agreed to by the PSC without
15 careful and serious consideration. One single company
16 is asking for you to approve massive increases in the
17 price of their product to all of their businesses and
18 industrial customers. Approval of this increase at the
19 level requested will have serious negative economic
20 impacts on those customers of AmerenUE. Enough
21 testimony has been given by credible and expert
22 witnesses, including your own staff, that refutes
23 Ameren's justification for the extreme level of
24 requested increases. Certainly, it should give you
25 reason for pausing and giving serious consideration to

1 this matter. The State of Missouri struggled to balance
2 its budget these past few years because of an economic
3 downturn in reduced revenues. In some instances, your
4 decision may affect the financial future of many
5 Missouri companies and how you decide this matter is
6 critical not only to them, but to the State of Missouri.
7 Your responsibility is to both the utility and its
8 customers. I ask you to seriously consider all of the
9 testimony in determining what is a truly fair and just
10 level for AmerenUE and its customers. Thank you for
11 your time and attention.

12 REGULATORY LAW JUDGE DIPPELL: Thank you,
13 Mr. Hinckley. I just wanted to clarify something for
14 the record. You quoted from a response of the Ameren to
15 Commissioner Davis.

16 MR. HINCKLEY: Yes, ma'am.

17 REGULATORY LAW JUDGE DIPPELL: I believe
18 that document is in this record also, but could you give
19 us the date of that response if you have it.

20 MR. HINCKLEY: I cannot tell you that. It
21 was off of a website, which is available, which is part
22 of the response.

23 REGULATORY LAW JUDGE DIPPELL: I believe
24 it's in the record in this docket, so I appreciate that.
25 Commissioner Appling or Commissioner Murray, did you

1 have questions?

2 COMMISSIONER MURRAY: I don't.

3 REGULATORY LAW JUDGE DIPPELL: Okay.

4 Commissioner Appling, do you have questions?

5 COMMISSIONER APPLING: No questions. Just
6 to say thank you for coming out, sir. I appreciate your
7 comments.

8 REGULATORY LAW JUDGE DIPPELL: Mr. Mills,
9 did you have any questions for this witness?

10 MR. MILLS: No questions.

11 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

12 MR. DOTTHEIM: No questions.

13 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

14 MR. FISCHER: I don't have any questions.

15 REGULATORY LAW JUDGE DIPPELL: Thank you,
16 Mr. Hinckley. Who is our next witness in Dexter?

17 MS. FRED: Judge, we have Donn Beighley here
18 in Dexter.

19 REGULATORY LAW JUDGE DIPPELL: Thank you.

20 (Witness sworn.)

21 REGULATORY LAW JUDGE DIPPELL: If you could
22 spell your name and give us your address.

23 MR. BEIGHLEY: My name is Donn Beighley,
24 D-o-n-n, B-e-i-g-h-l-e-y. I reside at 14632 County Road
25 616, Dexter, Missouri 63841.

1 REGULATORY LAW JUDGE DIPPELL: And can you
2 tell us are you an AmerenUE customer?

3 MR. BEIGHLEY: Yes, I am a customer of
4 AmerenUE.

5 REGULATORY LAW JUDGE DIPPELL: You have
6 electric or gas or both?

7 MR. BEIGHLEY: Only electric.

8 REGULATORY LAW JUDGE DIPPELL: Thank you.
9 Go ahead with your comments, please.

10 MR. BEIGHLEY: I'll keep them very brief.
11 What I want to address are there are some of the outages
12 that we experience in our area. During some of the
13 storms that we've had over the last couple of years and
14 even within the last year after AmerenUE has made
15 repairs even in my yard, we continue to have outages of
16 three or four hours. Whereas, we have neighbors who are
17 on one of the cooperative systems who very seldom, if
18 ever, have their electricity go down. And this is a
19 concern of ours, because I can look just across the
20 street and see people that do have electricity.

21 The other thing I wanted to comment on is
22 yes, there is an increase and I'm not as up on it as a
23 lot of these other people, but the question to be raised
24 is, is there a better way to increase this, make it
25 gradually, because there are people on fixed incomes and

1 they can work it into their budgets better than just a
2 lump sum being added onto the new billing. And that's
3 all I have.

4 REGULATORY LAW JUDGE DIPPELL: Thank you,
5 Mr. Beighley, let me just ask you a couple of things.
6 How long have you been an Ameren customer?

7 MR. BEIGHLEY: For seven years.

8 REGULATORY LAW JUDGE DIPPELL: And have the
9 outages that you've experienced over that period of time
10 or has it been consistent?

11 MR. BEIGHLEY: Well, can you elaborate on
12 your question, please?

13 REGULATORY LAW JUDGE DIPPELL: I guess I am
14 wondering about the frequency of the outages and has it
15 always been several outages or has that increased?

16 MR. BEIGHLEY: It we can usually count on
17 two -- we used to be four or five outages a year. We
18 are down to probably two or three now. But you can
19 pretty much count on two to three every year. And as I
20 say, they're usually for multiple hours.

21 REGULATORY LAW JUDGE DIPPELL: Okay. Thank
22 you. Commissioner Murray, did you have any questions?

23 COMMISSIONER MURRAY: I don't, but thank you
24 for your testimony.

25 REGULATORY LAW JUDGE DIPPELL: Commissioner

1 Appling?

2 COMMISSIONER APPLING: No questions. Thank
3 you.

4 REGULATORY LAW JUDGE DIPPELL: Mr. Mills,
5 did you have any questions?

6 MR. MILLS: I have no questions. Thank you.

7 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

8 MR. DOTTHEIM: No questions.

9 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

10 MR. FISCHER: No questions.

11 REGULATORY LAW JUDGE DIPPELL: Thank you,
12 Mr. Beighley, you may be excused. We appreciate your
13 comments.

14 MR. BEIGHLEY: Thank you for your time.

15 REGULATORY LAW JUDGE DIPPELL: Who is your
16 next witness in Cape Girardeau?

17 MR. KELLY: It would be Patrick Bira.

18 (Witness sworn.)

19 REGULATORY LAW JUDGE DIPPELL: If you could
20 spell your name and give us your address.

21 MR. BIRA: Patrick Bira, B-i-r-a,
22 representing Southeast Missouri Hospital, 1701 Lacy
23 Street, Cape Girardeau, Missouri 63701.

24 REGULATORY LAW JUDGE DIPPELL: And I assume
25 the hospital is a customer of Ameren.

1 MR. BIRA: For both electric and gas, yes.

2 REGULATORY LAW JUDGE DIPPELL: Okay. Please
3 go ahead with your comments.

4 MR. BIRA: We thank you very much for the
5 opportunity to speak this evening and present our
6 concerns. My comments are very brief to allow others to
7 speak this evening and some of our concerns have already
8 been articulated by some of the other speakers.

9 First, we just want to acknowledge the
10 dependence of a community hospital on reliable, quality
11 supply of electricity in order to operate and serve the
12 patients and the families that we serve. We have
13 experienced very reliable service from AmerenUE in the
14 past, and we appreciate that service. It is imperative
15 for us in order to continue our healthcare services to
16 the community and to the region.

17 We appear this evening simply to share what
18 we understand the impact of the electric bill to be in
19 particular. While the total Ameren bill for 2007 for
20 our institution with gas and electric combined is
21 approximately \$2,575,000, we are more concerned
22 specifically with the electricity issue. As a small
23 primary classification user, our electric bill for 2007
24 is estimated to run approximately \$1,141,000. At the
25 proposed rate of 24 percent increase for our

1 classification, the additional expense is estimated to
2 be approximately \$273,000 per year on our electric
3 expenses alone.

4 We repeat our intent to support viable
5 adjustments by AmerenUE as we wish them to be a viable
6 service to the community, but we certainly also wish to
7 express and share the financial impact to our
8 institution and ask for reconsideration of the current
9 proposal that you have before you. That concludes my
10 comments. And we, again, appreciate the opportunity to
11 speak this evening.

12 REGULATORY LAW JUDGE DIPPELL: Thank you,
13 Mr. Bira, are there any questions from Commissioner
14 Murray?

15 COMMISSIONER MURRAY: Thank you for your
16 comments. And you are not experiencing any reliability
17 problems with your service; is that correct?

18 MR. BIRA: In general, no ma'am, that's
19 correct.

20 COMMISSIONER MURRAY: Thank you very much.

21 REGULATORY LAW JUDGE DIPPELL: Commissioner
22 Appling?

23 COMMISSIONER APPLING: This is Lin Appling.
24 What is your backup system for your hospital?

25 MR. BIRA: We have several emergency

1 generators that are tested on a very regular basis.
2 Those are always very reliable for our services should
3 there be an outage, but we do have the ability to have
4 those electric generators service the hospital.

5 COMMISSIONER APPLING: Again, thank you very
6 much for coming and I appreciate your comments. Thank
7 you.

8 REGULATORY LAW JUDGE DIPPELL: Mr. Mills, do
9 you have questions?

10 MR. MILLS: I do not. Thank you.

11 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

12 MR. DOTTHEIM: No questions.

13 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer.

14 MR. FISCHER: No. Thank you.

15 REGULATORY LAW JUDGE DIPPELL: Thank you,
16 Mr. Bira, for your comments. You may be excused. Who
17 is your next witness in Dexter?

18 MS. FRED: It is Carolyn Johnson.

19 MS. JOHNSON: I'd like to turn the chair
20 because you can't testify to a company rip off. Where
21 should I sit where they can see and people hear me?

22 REGULATORY LAW JUDGE DIPPELL: We can see
23 you there. Could you please raise your right hand,
24 ma'am?

25 (Witness sworn.)

1 REGULATORY LAW JUDGE DIPPELL: Could you
2 please spell your name and give us your address?

3 MS. JOHNSON: My name is Carolyn Nichols
4 Johnson. It's C-a-r-o-l-y-n, N-i-c-h-o-l-s, Johnson,
5 generic Johnson, J-o-h-n-s-o-n. I live at 320 Rannell
6 Street. That's R-a-n-n-e-l-l. Dexter, Missouri 63841.
7 I am a --

8 REGULATORY LAW JUDGE DIPPELL: Are you a
9 customer of Ameren?

10 MS. JOHNSON: I am for both gas and
11 electric.

12 REGULATORY LAW JUDGE DIPPELL: Thank you.
13 Please give us your comments.

14 MS. JOHNSON: Okay. Thank you for having us
15 here today. I would like to start out and say that
16 while we appreciate the opportunity to testify, we would
17 urge you in the future to be -- have hearings in person.
18 The setup down here is so that people are looking at a
19 concrete brick wall with a projected picture. I have
20 testified at hundreds, maybe even several thousands of
21 hearings and I've never seen a setup quite like this.
22 It would be prudent, I think, for the Commission in the
23 future to think about serving people in the out state
24 areas down here with real live taking testimony,
25 connecting with the people, being accountable. And I

1 would ask that you consider that in the future very
2 strongly. It's rather intimidating to try to look at a
3 wall and testify, besides not having people here to look
4 at you in the eye.

5 I have grew up in Dexter and then I left and
6 lived in Colorado for almost 40 years, and now I've
7 retired and come back. During my career, I worked a lot
8 on coal and energy issues for nonprofit environmental
9 groups. Through that, I got into rates, energy sources
10 of all kinds, and I was rather stunned in moving back
11 here a year ago after being in very snowy Colorado as
12 you all know from the recent news. We have outages
13 here, small outages sometimes very short duration, but
14 we have them very constantly. It's easy to see your
15 computer flicks off while you are working on it or your
16 microwave you have to go set the blinking number or your
17 VCR or whatever you have. When I have called Ameren to
18 find out what is going on or when we might get power
19 back, we get a recording. I get a recording that says
20 -- and it's obviously out of your headquarters office --
21 that says, "We are working to restore power in your area
22 as quickly as possible." And that tells you absolutely
23 nothing if you've got plans. I mean, all the
24 relationships that I've had people who work for Ameren
25 here locally have been very positive and they've been

1 very good, but they're not controlling things.

2 One of the issues that has come up here with
3 questions for the hearing and I think they are locked in
4 people's minds is why are -- why are we having to even
5 address a rate increase? We have a company that has
6 done these numerous outages. They're not evidently
7 investing in any way that we see into the infrastructure
8 in delivering better. We have a transformer down the
9 alley that seems to pop out with every storm and that's
10 just locally. And then the poor people in St. Louis and
11 in Illinois have done a great deal. Well, the argument
12 by Ameren, as far as I can figure out, is that they want
13 more greater return. They want more profit. And
14 they're basing that on that their average crisis of
15 electricity -- and I'm going to talk mostly about
16 electricity -- is below -- their cost that they're
17 charging customers is below national average. Well,
18 folks, it should be below the national average because
19 they're paying far less for the coal that they're
20 burning, which is over 85 percent of the power that
21 Ameren sells. They're paying far less than other parts
22 of the country. That is a false comparison to say that
23 the average cost here is not as high as other places
24 therefore they deserve more. It's not true. They are
25 paying far less.

1 I dug up information, which is easily
2 available to anybody, from the Energy Information
3 Administration today. It's called The Average Price of
4 Coal. That's US Energy Information Administration,
5 which is part of the US Department of Energy. The
6 Average Price of Coal Delivered by Census, Division and
7 State. So they've got the country divided into ten
8 regions. The lowest cost region is in the -- it's
9 called the west north central, which is Missouri. But
10 let's look at what some of the other places pay. It's
11 dollars per ton of coal. New England, \$65.39 per ton of
12 coal. That's their average cost over that whole region.
13 The middle Atlantic, which would include New York and
14 Pennsylvania -- Pennsylvania is a big coal producing
15 state and probably supplies a lot of the coal into New
16 Jersey and New York, but they pay \$51.97. And you know,
17 if you mess around and look at some of the others, even
18 the mountain states, which is Colorado, Utah, Wyoming,
19 and big coal producers out there, Mexico, they're paying
20 \$23.30 per ton. What do we pay here in Missouri? Far
21 less. We pay \$17.86 per ton. That's why they're not
22 getting -- that's why the average cost should be lower.
23 And they should -- it should stay lower because the
24 costs to Ameren are much less.

25 Now, there's a certain thing that, you know,

1 we all think we endorse and that's called capitalism.
2 And under capitalism, you make a profit if you take a
3 risk and invest in something. But what Ameren has is
4 really a form of socialism. They'd like to say they're
5 capitalists and they want some profits, but they're not
6 taking very many risks. They're a monopoly. You don't
7 have a choice if you're in their area to be their
8 customer. If you live on Ozark Border property you can
9 be Ozark Border. The only other way you can do is if
10 you generate your own and some people do that. But
11 Ameren has got it built in. They don't even have to
12 come out and compete for us as customers. They don't
13 have to advertise to us, so that cost is gone from what
14 they make. So here we are, you know. We have to use
15 them. They're guaranteed a return under the state
16 regulatory laws under the Public Service Commission. So
17 they don't even have to compete on that. And obviously,
18 they're not competing on service because it has not been
19 good overall.

20 Moreover, a lot of the statements here are
21 that the co-ops have half the cost of Ameren and that's
22 probably true. I don't know that for a fact, but others
23 have testified to that. But what Ameren is now
24 wanting -- and they do do a lot of advertising under
25 Ameren, which is also a cost and other things and, you

1 know, the question was asked by Mr. Taylor, Kirby
2 Taylor, what the top six officials of the company make
3 and you did not hear an answer. I find it a little
4 strange that Mr. Fischer is representing the company
5 would not have that information off the top of his head.
6 He should know that, and he should get it to people, and
7 we're not talking just about bonuses. We're talking
8 about salary plus bonuses, and they all get big
9 performance bonuses.

10 So what Ameren is asking is for a 20 to 30
11 percent increase -- 33 percent increase because they've
12 got a range 9.75 to 12 percent that they want in
13 guaranteed return. What a great system. So there's
14 social -- it's socialism in a sense because they're
15 turning the cost of their profits that they'd like to
16 make, but perhaps have not earned, back on the rate
17 payers for their stockholders. Well, people that hold
18 stock -- and I happen to own some stock, although not in
19 Ameren, can choose which companies perform and pick that
20 according as to what you want to invest in. And when
21 companies perform poorly they go into, we hope, other
22 investments. That's the -- that's what the marketplace
23 or what capitalism does. It rewards those who do well
24 and take the risks and succeed and there's some
25 punishment for those that don't. Ameren is asking for

1 no punishment.

2 I'd like to close with two thoughts. One,
3 we need to have a lot more energy alternatives than what
4 Ameren puts out. And I think some people have testified
5 to that, and I hope a lot more do. We need bio fuels.
6 We need solar. We need wind, and we need a lot more of
7 it, and some energy conservation. It would be nice to
8 see a utility take a much more aggressive stance on
9 that, but I suppose they think they're cutting their
10 income by doing so, or perhaps they just don't get
11 around to it. I don't know.

12 The last thought I'd like to leave is the
13 Taum Sauk. That was a black blotch that will cost and
14 has cost us in future generations a beautiful and
15 precious public park in our state. And I notice that
16 Mr. Fischer, Ameren's lawyer, has consistently referred
17 to Taum Sauk as an incident, which sort of sounds like
18 he's stretching, you know. It's not an incident. It is
19 a disaster and it should rest on them. And I don't
20 think people are going to be very forgiving because they
21 did not maintain their facilities and it was
22 deliberately so. If you've read the papers, you've seen
23 the e-mails, within the company that leaked out.
24 Punishment is in the works but certainly no rate raise
25 now. Thank you very much.

1 REGULATORY LAW JUDGE DIPPELL: Thank you,
2 Ms. Nichols-Johnson. Let me just ask you a couple of
3 questions. How long have you been back in Dexter since
4 you retired?

5 MS. JOHNSON: I've been back here a little
6 over a year. I came back a lot on visits before that.

7 REGULATORY LAW JUDGE DIPPELL: Can you tell
8 me how often the power outages that you mentioned occur?

9 MS. JOHNSON: Last summer they were
10 averaging two to three a week. Some were very brief.
11 Several were for several hours. One was overnight. I
12 don't know what the frequency would be if you averaged
13 it over a year. It seems to be much cleaner power in
14 the winter here. Maybe because we haven't had much
15 winter, but in the summer it was terrible. Summer and
16 fall.

17 REGULATORY LAW JUDGE DIPPELL: You had some
18 papers there that you were referring to. Did you have
19 anything that you wanted to offer as an exhibit to put
20 in the record?

21 MS. JOHNSON: Sure, why don't I give you
22 this table out of the Energy Information Administration,
23 which I pulled off of the web, and you can -- this is
24 the average price of coal delivered in use by census
25 division.

1 REGULATORY LAW JUDGE DIPPELL: All right.
2 I'm going to mark that as Exhibit 3 and I'll ask you if
3 you can leave that with Mrs. Fred. She will bring that
4 to me and it will be attached to the transcript.
5 Commissioner Murray, do you have any questions?

6 COMMISSIONER MURRAY: No. But thank you,
7 ma'am.

8 REGULATORY LAW JUDGE DIPPELL: Commissioner
9 Appling?

10 COMMISSIONER APPLING: No questions, Judge.

11 REGULATORY LAW JUDGE DIPPELL: Mr. Mills?

12 MR. MILLS: I don't have any questions, but
13 the witness did mention that one of the people there in
14 Dexter didn't get an answer to a question about
15 executive compensation during the question and answer
16 session. I have that information back at my office. I
17 don't have it here with me. If that witness would like
18 to get ahold of me, my address is in both the -- at the
19 back of the yellow handout and the green handout, direct
20 telephone number. And you all can contact me for that
21 information if you want to, thank you.

22 MS. JOHNSON: If I could suggest something,
23 is since the question has been asked and not answered,
24 and I think everyone here kind of wanted to know the
25 answers. I see a lot of heads shaking. That it be --

1 maybe you take it upon yourself to get it to all of us
2 here. Yeah. Put it in the newspaper, in the Dexter
3 newspaper. That would be great.

4 REGULATORY LAW JUDGE DIPPELL: Mr. Mills?

5 MR. MILLS: I will find a contact for the
6 Dexter newspaper, and I will send it to that contact.
7 And if the paper chooses to publish it then it will.

8 MS. JOHNSON: If you want us to work on
9 them, we will. We'll work on them because a lot of
10 people want to know that.

11 REGULATORY LAW JUDGE DIPPELL: Okay. Are
12 there any questions, Mr. Dottheim?

13 MR. DOTTHEIM: No questions.

14 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

15 MR. FISCHER: No, thank you.

16 REGULATORY LAW JUDGE DIPPELL: Mr. Mills,
17 you had something further.

18 MR. MILLS: Yeah. I just wanted to -- the
19 source of the information I have was I believe the
20 Lieutenant Governor from the State of Illinois has it on
21 their website so it is readily available. I certainly
22 will get it to someone at the newspaper in Dexter, but
23 if you all are impatient for it, it's out there if you
24 search for it. It's publicly available.

25 REGULATORY LAW JUDGE DIPPELL: Thank you

1 very much. Thank you, Ms. Nichols-Johnson. You may be
2 excused. Who is our next witness in Cape Girardeau?

3 MR. KELLY: John Mehner.

4 REGULATORY LAW JUDGE DIPPELL: Could you
5 raise your right hand, sir?

6 (Witness sworn.)

7 REGULATORY LAW JUDGE DIPPELL: Thank you.
8 If you could spell your name and give us your address.

9 MR. MEHNER: I'm John Mehner. J-o-h-n,
10 M-e-h-n-e-r, representing the Cape Girardeau Area
11 Chamber of Commerce located at 1267 North Mount Auburn
12 Road in Cape Girardeau 63701. We are both a gas and
13 electric customer of Ameren as are many of our members.

14 REGULATORY LAW JUDGE DIPPELL: Thank you,
15 sir. Go ahead with your comments.

16 MR. MEHNER: Thank you. Let me begin by
17 saying that AmerenUE has long been a support of our
18 chamber and long been a support of economic development
19 in our area. We believe that they are a strong and
20 valuable Missouri corporation and have every right to a
21 reasonable rate of return in profits so they can remain
22 viable and build upon their infrastructure, customer
23 delivery and customer service.

24 Having said that, we feel compelled to
25 express concern over the levels of the requested

1 increase and the impact those increases will have on
2 business and the economy in the Cape Girardeau area.

3 We understand the rates of the increases --
4 others have mentioned those so I don't need to repeat
5 those again. A sudden jump to those levels will make
6 doing business extremely difficult for many companies in
7 our area. In my position I talk to business people
8 large and small every day. The fear of these increases
9 has been the topic at many meetings, many lunches, many
10 dinners, many discussions since they were first
11 introduced in the July time frame, I believe. We've
12 also done a recent survey of our membership, and it has
13 appeared multiple times as a concern in that survey. It
14 is also our understanding that Ameren has not requested
15 an increase in many years. If an increase is fair and
16 necessary, we do understand that. However, recent
17 reports in various media outlets seem to suggest that
18 experts making recommendations to you, the Public
19 Service Commission, believe that rates should be cut and
20 not increased. That, of course, has us even more
21 confused with what is the right process.

22 Public Service has a difficult course of
23 action to take in determining what is the best thing to
24 do. We are not experts in the field and I don't have
25 near the information that some of the other testimony

1 before you -- some of those folks have brought to the
2 table. However, what I do know is this and what I
3 firmly believe is this, if the rates are received as
4 requested in the time frame that's requested it will
5 have a devastating impact on the businesses and the
6 economy in the Cape Girardeau area. Thank you for what
7 you do. Thank you for giving us this opportunity, and
8 thank you for your consideration in this matter. And
9 I'd be more than happy to answer any questions that you
10 may have.

11 REGULATORY LAW JUDGE DIPPELL: Thank you,
12 Mr. Mehner. Commissioner Murray, do you have any
13 questions?

14 COMMISSIONER MURRAY: I don't, but thank you
15 for being here.

16 REGULATORY LAW JUDGE DIPPELL: Commissioner
17 Applling?

18 COMMISSIONER APPLING: John, again, thank
19 you very much for being here tonight and thank you for
20 your comments.

21 REGULATORY LAW JUDGE DIPPELL: Mr. Mills, do
22 you have any questions?

23 MR. MILLS: No questions. Thank you.

24 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

25 MR. DOTTHEIM: No questions.

1 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

2 MR. FISCHER: No questions. Thank you.

3 REGULATORY LAW JUDGE DIPPELL: Mr. Mehner,
4 you may be excused. Who is the next witness in Dexter?

5 MRS. FRED: Phyllis Edwards? Is she here?
6 Okay. I'll go to the next one. Yes, City of Dexter.

7 REGULATORY LAW JUDGE DIPPELL: I will just
8 say if anyone cannot stay and feels they need to leave,
9 there are other ways to submit your comments if you're
10 not able to testify live, but we will stay until
11 everyone has had an opportunity. Mr. Stidham, would you
12 please raise your right hand?

13 (Witness sworn.)

14 REGULATORY LAW JUDGE DIPPELL: Could you
15 spell your name and give us your address, please?

16 MR. STIDHAM: Mark Stidham, M-a-r-k,
17 S-t-i-d-h-a-m, with the City of Dexter, 301 East
18 Stoddard, S-t-o-d-d-a-r-d, Dexter, Missouri 63841.

19 REGULATORY LAW JUDGE DIPPELL: Thank you.
20 And is the City an electric customer of Ameren?

21 MR. STIDHAM: Yes, ma'am. Electric and gas.

22 REGULATORY LAW JUDGE DIPPELL: Okay. Thank
23 you. Please give us your comments.

24 MR. STIDHAM: Yes, ma'am. First of all,
25 again, I would like to thank Ameren for everything that

1 they do. I'm going to keep my comments brief. We have
2 some industries in our area that need to have more
3 concerns than I do, so my comments will be brief and to
4 the point. I would like to open by saying that I work
5 for the City of Dexter and we appreciate AmerenUE for
6 providing us with power and the jobs at the local level.
7 I have truly enjoyed working with the local gentlemen,
8 Larry Stone, Rick Marrow, your economic developer Skip
9 Smallwood. When we call, they do whatever they can to
10 address our problems at the local level. But our
11 problems is currently the reducing of the local staff
12 prolongs power outages and we have to wait and get help
13 from surrounding municipalities, such as Cape Girardeau,
14 can arrive. With this type of response, if a similar
15 incident happens in those cities, we have to wait until
16 their problems are addressed and repair their outages,
17 and at this time we have loss of production in our
18 industries and plants. They're stressful situations in
19 our nursing facilities and our residential areas in
20 general have stress to cope with.

21 What can be done about the power outages?
22 I'm not going to ask any questions, but currently we are
23 trying to address one issue with one of our largest
24 employers. They are continuing to have surges and
25 outages back all during the summer months at one of

1 their plant locations, and we're working with the local
2 economic development trying to get that problem
3 corrected. It's cost them a lot of down time. It's
4 cost them a lot of production and the cost of machinery
5 repairs due to the power surges burning the equipment
6 out.

7 Has AmerenUE explored how much business they
8 can possibly lose with this increase? With this type of
9 increase, AmerenUE can see to reduced revenue due to
10 some jobs moving out of the area because our industries
11 cannot afford to pay these rates with the
12 competitiveness in their building. Their business is so
13 competitive just like in Cape Girardeau and I'm sure all
14 over the state. Will the city see improved services and
15 needed attention? The bottom line is the service has
16 drastically declined over the last five years or more.
17 We're continuing to see no response from the local level
18 due to the reduced workforce and the crew being
19 stretched far too thin. Most of the time when we have
20 problems, larger areas have problems, our group -- our
21 crew from Dexter is not even in town. They're forced to
22 go elsewhere.

23 The tree trimming has not been done in many
24 cases. We're having power outages, and service in
25 general is not being performed, and we are the ones that

1 are suffering. Being a part of the City of Dexter, if
2 we want to increase our rates we have to improve our
3 services to the public.

4 What will this do to the City services?
5 The voters just passed a 4.5 million dollar bond issue
6 to improve our waste water treatment lagoons. This will
7 add to our west lagoon and double our power usage that
8 we're currently paying for our treatment facilities.
9 Last year water and waste water paid \$160,000 in
10 electric use. That will double in the next year with
11 our expansion. This increase will hit our citizens
12 twice. Once at their home on their Ameren bill and then
13 again when their city water and sewer bill has to be
14 adjusted to pay for the increases for the City's
15 utilities. I have a handout that I will pass on that
16 gives the City of Dexter's rates, just the
17 municipalities. I'm sure Ameren has the combined city
18 as a whole, but I'm here to speak on behalf of industry,
19 downtown business and the City.

20 We're not against an increase. The City
21 of Dexter has to give increases on a continual basis.
22 If we have an increase in service we have to pass it on,
23 but we realistically do it. We take and put our board
24 of alderman, our mayor and our people put our heads
25 together and do it in a way that it's the least cost

1 effective where everybody can survive. And those that
2 are on limited incomes, they're just paying their part,
3 their small portion. The larger, of course, will have
4 to pay the larger bill. But we are just asking as the
5 City as a whole that you deeply review the increase that
6 has been put before us. Some of our industries are
7 faced with a 27 percent increase. Ballpark, they're
8 looking at \$100,000 a month is what they currently pay.
9 That's \$27,000 a month on electric alone. In the winter
10 months, they have the same usage of \$100,000 for their
11 gas so they're looking at additional \$27,000. That's a
12 \$54,000 a month. That's two salaries. No matter how
13 you look at it, they've either got to do two or three
14 things. They've either got to cut back or look at
15 alternative power sources or other locations. We as the
16 United States, we as a state of Missouri, do everything
17 we can to keep jobs in the United States, but some of
18 those companies are forced to go to other countries and
19 elsewhere because of cost prohibited things that are
20 beyond their control. Thank you.

21 REGULATORY LAW JUDGE DIPPELL: Thank you.
22 Let me ask you just a couple of questions. How often
23 are the outage incidents that you're referring to?

24 MR. STIDHAM: In the summer months there was
25 three different particular timed outages that was -- and

1 we have that exact dates -- or the company does. They
2 range from May, June and July.

3 REGULATORY LAW JUDGE DIPPELL: And does that
4 include the surges that you mentioned or is that
5 separate?

6 MR. STIDHAM: The surges was a separate
7 incident that, you know, the machinery was trying to
8 operate with reduced power and, of course, burnt the
9 machinery and everything and cost them some downtime in
10 production, also. We have addressed that with Skip
11 Smallwood, the local Ameren economic developer and I'm
12 not here to knock anybody. He's working with us on
13 that, and he's trying to get us some help in trying to
14 reduce that, whether it be separate lines or whatever,
15 transformers, whatever the problems may be.

16 REGULATORY LAW JUDGE DIPPELL: And do the
17 surges and outages also affect the residential customers
18 in Dexter?

19 MR. STIDHAM: Most of the time, yes.

20 REGULATORY LAW JUDGE DIPPELL: And then you
21 mentioned that you had a document there. Was that
22 something that you wanted to offer as an exhibit?

23 MR. STIDHAM: That's correct. The front
24 page has got everything I just told you. The second
25 page is on utility expense from June of '05 to July '06,

1 our fiscal, where our actual cost is now. Where the 27
2 and the 22 percent increase, there's two scenarios here
3 with whatever increase hits us, how it is going to
4 directly effect the municipality.

5 REGULATORY LAW JUDGE DIPPELL: Okay. I'm
6 going to mark that as Exhibit 4, and you just leave that
7 with Ms. Fred so she can bring that to me to attach to
8 the transcript.

9 MR. STIDHAM: Yes, ma'am, thank you.

10 REGULATORY LAW JUDGE DIPPELL: Commissioner
11 Murray, did you have any questions?

12 COMMISSIONER MURRAY: I'd just like to say
13 thank you for your very informative comments.

14 REGULATORY LAW JUDGE DIPPELL: Commissioner
15 Appling?

16 COMMISSIONER APPLING: No questions tonight.
17 Thank you very much.

18 REGULATORY LAW JUDGE DIPPELL: Mr. Mills,
19 did you have questions?

20 MR. MILLS: I do not. Thank you.

21 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

22 MR. DOTTHEIM: No questions.

23 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

24 MR. FISCHER: No questions. Thank you.

25 REGULATORY LAW JUDGE DIPPELL: Thank you,

1 Mr. Stidham. We appreciate your testimony. Who is your
2 next witness in Cape Girardeau?

3 MR. KELLY: That would be Mike Grebing,
4 please.

5 (Witness sworn.)

6 REGULATORY LAW JUDGE DIPPELL: Thank you.
7 If you could spell your name and give us your address.

8 MR. GREBING: Mike, M-i-k-e, Grebing,
9 G-r-e-b-i-n-g. I'm representing Dana Corporation at the
10 address of 2075 Corporate Circle, Cape Girardeau,
11 Missouri 63701.

12 REGULATORY LAW JUDGE DIPPELL: And is that a
13 customer of Ameren for gas and/or electric?

14 MR. GREBING: Basically for electric.

15 REGULATORY LAW JUDGE DIPPELL: Please go
16 ahead with your comments.

17 MR. GREBING: First off, let me thank you
18 for allowing me to address the members of the Public
19 Service committee tonight. My name is Mike Grebing, and
20 I am the plant manager of Dana Corporation here in Cape.
21 Dana Corporation is a company that supplies automotive
22 components to a long list of major OEMs throughout the
23 world and is considered a major player in the global
24 market. The Cape Girardeau plant supplies axle parts to
25 customers in the US, Mexico and Europe. I'm here today

1 to discuss the impact of the proposed Ameren electrical
2 rate increase and what decision this may bring about if
3 this proposal is accepted by this commission.

4 The Dana plant in Cape typically was staying
5 close to \$1,000,000 a year on electricity and is
6 classified as a small primary customer. With the
7 incorporation of the new rate structure, our
8 expenditures for electric power would increase by 24
9 percent or \$240,000 a year. The proposed rate increases
10 will start at 10 percent for residential and move to a
11 high of 43 percent for large primary customers. There
12 is no doubt that continuing increases in raw materials
13 such as steel, aluminum, copper and oil have made it
14 increasingly difficult for corporations to maintain
15 their margin of profit; thereby, satisfying the
16 investment community. Compounding this problem is the
17 continued escalation in healthcare costs and retirement
18 benefits.

19 Most of us here tonight do not have the
20 ability to pass along these increased costs by raising
21 our product price when dealing in a domestic or a global
22 market. Speaking only for Dana Corporation plant in
23 Cape, these continued increases have made it necessary
24 for Dana to move the work out of Cape and relocate to
25 Mexico to allow for a lower cost base. This will be

1 between now and June of 2008. If Ameren's request is
2 approved to pass along these increased prices, it will
3 undoubtedly further improve their bottom line
4 performance.

5 With that said, I must comment on
6 Ameren's outstanding performance over the last five
7 years.

8 Ameren is without a doubt a well run corporation as seen
9 in their annual income statements. Being able to
10 achieve increases in sales, gross profit and net income
11 over the past five years is quite an accomplishment in
12 today's environment. Ameren's reported net profit
13 margin for 2005 was over 9 percent and estimates for
14 2006 will again be around this number. After reviewing
15 Ameren's performance facts, I have a hard time
16 understanding why a regulated utility would be asking
17 for a rate increase of such great proportion. If this
18 request is merely to increase net profit margins to 12
19 percent while their customer base suffers the additional
20 expense, it is clear regarding decision that must be
21 made by the Commission. Unfortunately, it is too late
22 to change the corporate decision on closing Dana plant
23 in Cape and the elimination of 200 jobs that would be
24 leaving the area. However, the future of subsequent
25 business in this area and within the State of Missouri

1 must be taken into consideration when you decide on this
2 critical matter.

3 I know this Commission will review all of
4 the testimony previously given and will make the proper
5 decision based on what is best for all parties and
6 stakeholders. Thank you for your consideration in this
7 matter.

8 REGULATORY LAW JUDGE DIPPELL: Thank you,
9 Mr. Grebing. Commissioner Murray, did you have
10 questions?

11 COMMISSIONER MURRAY: I have no questions,
12 but thank you very much.

13 REGULATORY LAW JUDGE DIPPELL: Commissioner
14 Appling?

15 COMMISSIONER APPLING: Mr. Grebing, no
16 questions, but thank you for your comments.

17 REGULATORY LAW JUDGE DIPPELL: Mr. Mills?

18 MR. MILLS: No questions.

19 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

20 MR. DOTTHEIM: No questions.

21 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

22 MR. FISCHER: No questions. Thank you.

23 REGULATORY LAW JUDGE DIPPELL: Thank you.

24 We appreciate your comments. Who is your next witness
25 in Dexter?

1 MRS. FRED: Is there anyone else who would
2 like to speak? Mark Avery, Judge.

3 (Witness sworn.)

4 REGULATORY LAW JUDGE DIPPELL: Go ahead.

5 MR. AVERY: My name is Mark, M-a-r-k, Avery,
6 A-v-e-r-y. My title is complex manager and I work for
7 Tyson Foods in Dexter, Missouri, here.

8 REGULATORY LAW JUDGE DIPPELL: Go ahead with
9 your comments.

10 MR. AVERY: I'd like to thank the Commission
11 for the opportunity to speak on this issue. Tyson is
12 the largest protein producer in the world. We have the
13 largest beef and the largest pork and the second largest
14 poultry producer in the United States. We have a
15 processing facility here in Dexter that employs
16 approximately 800 people. We have 234 chicken houses in
17 the area that use electricity from multiple suppliers.
18 Our annual cost for electricity between our plant, feed
19 mill and hatchery last year was over \$930,000. Because
20 we have a cook facility adjacent to the slaughter
21 facility, which we cook over 500,000 pounds of boneless
22 breast meat a week, the additional cost for gas is over
23 half a million. So the combined outlay for us is well
24 over a million four hundred thousand in a year. The
25 increase, if it goes through, will put us in a distinct

1 Mr. Avery. Commissioner Murray, did you have any
2 questions?

3 COMMISSIONER MURRAY: Just a couple. Thank
4 you. Your Tyson sister plants, where are they located?

5 MR. AVERY: Ma'am, we have 35 poultry
6 operations, over 35 operations. They are throughout the
7 south, normally, Mississippi, Alabama, Georgia. We have
8 some in New Holland, Pennsylvania. They are mainly
9 throughout the south, though. Texas and Arkansas.

10 COMMISSIONER MURRAY: And are their utility
11 rates lower than what yours will be if Ameren gets the
12 increase that is requested? Is that what you're saying?

13 MR. AVERY: Well, I apologize for one thing.
14 I only heard about this meeting yesterday so I don't
15 have a lot of facts, but I do know this, in the past we
16 have been higher than the majority of our sister plants.
17 I can provide that information if you need it.

18 COMMISSIONER MURRAY: Well, from your
19 comments, it sounded as if your sister plants would be
20 in more attractive locations in terms of their utility
21 rates if this increase went through, and you're just --
22 you don't have numbers to back that up right now. Is
23 that what you're saying?

24 MR. AVERY: That's true, but for example, we
25 have a plant in Arkansas, which is right across the

1 river from Nuclear One in Arkansas so the rates
2 are -- because of the distances are going to be much
3 cheaper. I do know that on average we are higher. I
4 don't know the exact numbers, but I can provide that.

5 COMMISSIONER MURRAY: Is that currently
6 higher with the current rates or would that be after the
7 increase?

8 MR. AVERY: I think it's currently with the
9 current rates.

10 COMMISSIONER MURRAY: Okay. Thank you very
11 much.

12 REGULATORY LAW JUDGE DIPPELL: Commissioner
13 Appling, did you have questions?

14 COMMISSIONER APPLING: No questions, thank
15 you very much.

16 REGULATORY LAW JUDGE DIPPELL: Mr. Mills?

17 MR. MILLS: I don't have any questions.
18 Thank you.

19 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim,

20 MR. DOTTHEIM: No questions.

21 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

22 MR. FISCHER: No questions.

23 REGULATORY LAW JUDGE DIPPELL: Mr. Avery, we
24 appreciate you coming to testify. Who is the next in
25 Cape Girardeau?

1 MR. KELLY: Jay Knudtson.

2 REGULATORY LAW JUDGE DIPPELL: Would you
3 raise your right hand, please?

4 (Witness sworn.)

5 REGULATORY LAW JUDGE DIPPELL: Could you
6 please spell your name for the court reporter and give
7 us your address?

8 MR. KNUDTSON: First name is Jay, J-a-y.
9 Last name is Knudtson, K-n-u-d-t-s-o-n. I'm
10 representing the City in my capacity as mayor of Cape
11 Girardeau. My address is 401 Independence, Cape
12 Girardeau, Missouri 63702.

13 REGULATORY LAW JUDGE DIPPELL: And is the
14 City both an electric and a gas customer?

15 MR. KNUDTSON: Yes, ma'am.

16 REGULATORY LAW JUDGE DIPPELL: Please give
17 us your comments.

18 MR. KNUDTSON: Mr. Kelly, Mr. Heely on
19 behalf of Chairman Jeff Davis, who I believe was a SEMO
20 grad. It's nice to have you here. I also see a
21 friendly face out there. Commissioner Appling, it has
22 been sometime since we spoke, but I think the citizens
23 that are here need to know that your commissioner played
24 a critical part in the restoration of Marquette Hotel in
25 Cape Girardeau. It's delightful to see you again, sir,

1 and it looks like you're doing well.

2 COMMISSIONER APPLING: Thank you very much,
3 and that was a treat for me to do that hotel. I will
4 come see you pretty soon.

5 MR. KNUDTSON: I would welcome that, sir.
6 Again, members of the Public Service Commission, welcome
7 to Cape Girardeau. I know I speak on behalf of all the
8 citizens and the businesses when I say thank you for
9 conducting a hearing in Cape Girardeau.

10 Ladies and gentlemen, it is that great
11 citizenry that compels me to come before you and share
12 some thoughts about Ameren and these proposed rate
13 increases. The City of Cape Girardeau has had a long
14 relationship with Ameren that dates back over 25 years.
15 We presently are involved in a 20-year franchise
16 agreement with AmerenUE that was approved by the voters
17 in 1991 and will expire in 2011. For the record, we
18 think it is very important to point out and recognize
19 Ameren's need to be profitable and healthy so as to
20 provide the best service possible to our region.
21 Additionally, we respect and appreciate the role of the
22 Public Service Commission. This is a process that is
23 very difficult and very unique, and you are certainly
24 better versed and presented with more facts than are we,
25 and we respect the decisions that you will make.

1 You have heard a number of industry appear
2 before you tonight. I have found much of it very
3 compelling. You've heard testimony from representatives
4 from Southeast Missouri State University, a major user;
5 Biokyowa, a plant in Cape Girardeau, that as
6 Mr. Hinckley reported is a significant user; Southeast
7 Missouri Hospital and the Dana Corporation that we
8 regret is leaving due to a number of issues and a number
9 of expense issues that have driven them out of this
10 country.

11 But as mayor, I received many more calls
12 from business and industry regarding the magnitude of
13 the proposed rate increase. Increases that range from
14 24 to 43 percent will clearly have a very negative
15 impact on some of our city's largest employers. And
16 ladies and gentlemen, it's tough enough with the
17 challenges that we have pertaining to economic
18 development and in sustaining industry and recruiting
19 new industry without having these unbelievable increases
20 factored into the equation. These companies, many of
21 which you will hear from and have heard from tonight,
22 represent the economic foundation of our city. And I
23 have deep concerns about the continued viability of
24 these employers if this increase is granted.

25 The impact on our citizenry, while the

1 residential increase is supposed to be smaller at 10
2 percent, it's just as damaging and hurtful. We have
3 approximately 14,000 residential and 2,000
4 nonresidential city utility customers with a population
5 in excess of 36,000 here in Cape Girardeau. And sure,
6 there are folks that will be able to absorb it. They
7 will be able to make some lifestyle changes that will
8 make that increase less painful, but what about the
9 folks that can't? What about the folks on fixed
10 incomes? It's not like we're talking about a service
11 that people can simply go without. This increase is
12 simply too drastic.

13 And let's talk about the City of Cape
14 Girardeau as a user, as a customer. We have calculated
15 that as a small primary customer we would experience an
16 overall increase in cost of over \$185,000 a year. This
17 would equate to an increase in our general fund tax levy
18 of approximately five and a half percent. Those are the
19 statistical facts. Those are the things that I suspect
20 in each of your stops you are hearing in some form or
21 fashion. These are the facts that I, as mayor, feel
22 compelled to share with you. But you've heard them
23 tonight, and you'll hear them in each of your stops.

24 I would now like to begin to wrap up my
25 comments by really focusing on something that is a

1 little bit harder to quantify, certainly no less
2 important. Allow me to read something to you. On
3 August 19th, 2006, the City of Cape Girardeau
4 experienced a severe wind storm in the northeast section
5 of the city. The winds toppled trees and power lines in
6 the area causing extensive power outages in that area of
7 the city. This effected approximately a thousand
8 households and some city facilities, including the
9 city's water treatment plant.

10 I regret to inform you that the initial
11 response by Ameren was both deliberate and unacceptable
12 to the citizens of Cape Girardeau. Throughout this
13 entire event, the City was in a bad position of having
14 to communicate with the public on where is Ameren, or
15 what action was being taken to restore power? This was
16 a lack of communication and coordination that clearly
17 represented a breakdown in the process. And the
18 fascinating thing is, is that it was probable if we
19 could have communicated with them that they were doing
20 everything within their power to restore power to these
21 areas, but we had no one to communicate with. I'm not
22 sure if you know what it's like to stand out in a street
23 while hot power lines are dangling as darkness
24 approaches. We set up command centers in the affected
25 areas to communicate with these folks and offer water

1 and coolers, but Ameren representatives were nowhere to
2 be found. You don't know what it's like when citizens
3 come up to you and ask you, "When is this going to be
4 fixed?" And you have to say, "I don't know."

5 The one thing that I have learned about the
6 citizens in this community is they are both resilient
7 and resourceful. If you manage expectations, if you
8 tell them it will be 24 hours, 36 hours, they will plan
9 for it. They won't like it, but they will plan for it,
10 because you have managed expectations. When you have to
11 say, "I don't know," they get very angry. They get very
12 upset.

13 We, the City of Cape Girardeau, have seen a
14 steady decline in Ameren's presence, communication and
15 response to service needs in our city over the last five
16 to four years, a very -- a very identifiable decline.
17 Our citizens no longer have a local number to call.
18 They have an 800 number. Our citizens no longer have a
19 local corporate contact to pay their bill, to get
20 questions answered. We no longer have the partnership
21 with Ameren that we were so very proud of.

22 And let me be very clear when I tell you, as
23 I believe the city manager in Dexter did, some of these
24 harsh words are not an indictment about the local folks.
25 They have been stripped of their resources. They have

1 been stripped of their ability to provide any kind of
2 service that's even remotely close to being acceptable.

3 Now, the obvious question might be, well,
4 you see, Mayor, you just stood there and you've made a
5 point. You've made the point why they ought to have
6 increases so that there can be better services. That's
7 bull. What Ameren needs to do is it needs to look
8 inward wherever their corporate facility is and they
9 need to establish -- reestablish relationships within
10 the communities that they serve, and that cost is very
11 little.

12 In summary as Mayor, yes, I'm very concerned
13 about the magnitude of these fee increases and what it
14 means to our citizens, but that is an issue that you,
15 Commissioners, you will decide and we will live with,
16 but I'm more concerned about the fact that when it comes
17 to this utility currently its services are not
18 performing at an acceptable level. And I have seen no
19 evidence or plan that shows that these services will
20 improve even with an increase. So in conclusion, we
21 urge you to strongly consider the negative impacts of
22 these proposed increases and modify the request
23 accordingly. I very much appreciate the opportunity to
24 be with you tonight, and I appreciate the Public Service
25 Commission. Thank you.

1 REGULATORY LAW JUDGE DIPPELL: Thank you. I
2 just wanted to state, sir, that your comments will not
3 only be in the rate increase case, but will also be in
4 the Commission's storm investigation case, which is the
5 commission case OE2007-0037, your comments that is about
6 the storm. Commissioner Murray, did you have any
7 questions?

8 COMMISSIONER MURRAY: Basically, I just have
9 a comment, Mayor. These two hearings tonight make
10 numbers four and five out of about 15 that we have
11 scheduled in this matter, and you stated that we've been
12 hearing similar comments at our other stops that you
13 from your communities have told us tonight. And I just
14 want to compliment both the Dexter and the Cape
15 Girardeau communities for your intelligent and rational
16 testimony, which we might, as you have said, heard in
17 other locations, but your communities have expressed
18 these concerns in such a rational and a clear and well
19 thought out, well researched manner that the testimony
20 of all the witnesses so far tonight, in my personal
21 opinion, has been very helpful, and I really appreciate
22 the quality of testimony that we're hearing from all of
23 you tonight.

24 MR. KNUDTSON: Thank you, Madam.

25 REGULATORY LAW JUDGE DIPPELL: Commissioner

1 Appling, did you have any questions?

2 COMMISSIONER APPLING: Mr. Mayor, I echo
3 Commissioner Murray's comments. Of all the areas that I
4 have participated in in the State of Missouri I have
5 cleared up much more today in Cape and Dexter than in
6 any other place. I also ask you if you happen to bump
7 into Becky Cook, tell her I said hello.

8 MR. KNUDTSON: Mr. Commissioner, I will do
9 that. Thank you, sir.

10 REGULATORY LAW JUDGE DIPPELL: Mr. Mills,
11 did you have any questions?

12 MR. MILLS: I don't have any questions.
13 Thank you.

14 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

15 MR. DOTTHEIM: No questions for the mayor.

16 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

17 MR. FISCHER: No, thank you.

18 REGULATORY LAW JUDGE DIPPELL: Thank you.

19 MR. KNUDTSON: Judge, I'd like to enter a
20 statement. Would it be appropriate to send it over here
21 or who should I submit a statement to?

22 REGULATORY LAW JUDGE DIPPELL: Yes. The
23 statement I will mark as Exhibit No. 5, I believe, yes.
24 Exhibit No. 5, and you would just give that to the court
25 reporter.

1 MR. KNUDTSON: Thank you, Judge.

2 REGULATORY LAW JUDGE DIPPELL: Is there
3 another witness in Dexter?

4 MRS. FRED: Judge, we have no one else in
5 Dexter who would like to testify at this time.

6 REGULATORY LAW JUDGE DIPPELL: Okay. Is
7 there another witness in Cape Girardeau?

8 MR. KELLY: Yes, there is, Judge. It would
9 be Rick Essner.

10 REGULATORY LAW JUDGE DIPPELL: Could you
11 please raise your right hand?

12 (Witness sworn.)

13 REGULATORY LAW JUDGE DIPPELL: If you could
14 spell your name and give us your address?

15 MR. ESSNER: My name is Rick Essner,
16 E-s-s-n-e-r. I'm director of the facilities at the St.
17 Francis Medical Center as a customer for both electric
18 and natural gas at 211 St. Francis Drive in Cape
19 Girardeau, Missouri 63703. We use, as I said, electric
20 and gas both to heat and cool our facility, to light our
21 facility, to provide power for our equipment to give the
22 best care to our patients as possible. And as you all,
23 we are very concerned about the cost of health care and
24 work in every way we can to keep the cost of healthcare
25 low. In the past year, we spent 1.3 million dollars for

1 electricity, a million dollars for natural gas. The
2 proposed increases will cost us basically \$400,000 --
3 over \$400,000 a year. Again, this kind of an increase
4 is rather large. We have grown rapidly. We are now the
5 largest employer in the area. And again, it's difficult
6 as we are expanding and growing our facility and have to
7 heat and cool that facility and take care of our
8 patients to keep that cost as low as possible.
9 Thank you all very much for the opportunity.

10 REGULATORY LAW JUDGE DIPPELL: Thank you,
11 Mr. Essner. Commissioner Murray, did you have any
12 questions?

13 COMMISSIONER MURRAY: No, but thank you very
14 much.

15 REGULATORY LAW JUDGE DIPPELL: Commissioner
16 Appling?

17 COMMISSIONER APPLING: Again, thank you and
18 no questions from me.

19 REGULATORY LAW JUDGE DIPPELL: Thank you,
20 sir. Mr. Mills, did you have questions?

21 MR. MILLS: No questions.

22 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

23 MR. DOTTHEIM: No questions.

24 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

25 MR. FISCHER: No, thank you.

1 REGULATORY LAW JUDGE DIPPELL: Thank you,
2 Mr. Essner.

3 MR. ESSNER: Thank you.

4 REGULATORY LAW JUDGE DIPPELL: Is there
5 anyone else in Cape Girardeau that wanted to testify?

6 MR. KELLY: Judge, that is the last name on
7 the list. I would just ask in the room if there's
8 anyone that wants to make a comment I would say at this
9 point to go ahead up front and the Judge will swear you
10 in. We have another witness.

11 (Witness sworn.)

12 REGULATORY LAW JUDGE DIPPELL: Could you
13 state your name and spell it and give us your address?

14 MS. WINICK: Katherine Winick,
15 K-a-t-h-e-r-i-n-e, W-i-n-i-c-k. I reside at 223 Albert
16 Lane in Gordonville, Missouri, 63701. I represent
17 Botkin Lumber Company on Nash Road, B-o-t-k-i-n.
18 Basically, in 2006 -- we are electric only. In 2006,
19 our electric costs at our Cape Girardeau facility were
20 around 50,000. The rate increase would be about \$12,000
21 additional, which doesn't seem like as much as any of
22 the other companies, but for a small family business it
23 would be quite a bit.

24 I would like to basically keep it short by
25 voicing my agreement with Bill Hinckley of Biokyowa,

1 John Mehner of the Chamber of Commerce, Mike Grebing
2 with Dana Corporation and Mayor Knudtson. That's all I
3 have. Thank you.

4 REGULATORY LAW JUDGE DIPPELL: Thank you
5 very much. Commissioner Murray, did you have any
6 questions?

7 COMMISSIONER MURRAY: No questions. Thank
8 you.

9 REGULATORY LAW JUDGE DIPPELL: Commissioner
10 Appling?

11 COMMISSIONER APPLING: No questions, but
12 thank you.

13 REGULATORY LAW JUDGE DIPPELL: Mr. Mills?

14 MR. MILLS: No questions.

15 REGULATORY LAW JUDGE DIPPELL: Mr. Dottheim?

16 MR. DOTTHEIM: No questions.

17 REGULATORY LAW JUDGE DIPPELL: Mr. Fischer?

18 MR. FISCHER: No questions.

19 REGULATORY LAW JUDGE DIPPELL: Thank you,
20 Ms. Winick. I appreciate you coming forward. Are there
21 any other witnesses in Cape Girardeau?

22 MR. KELLY: Anyone else in Cape Girardeau
23 who wish to testify this evening? I believe that's it,
24 Judge.

25 REGULATORY LAW JUDGE DIPPELL: All right

1 then. If there's no one further to testify we will
2 conclude the hearing. I want to thank everyone who came
3 out this evening to testify and thank you for your
4 patience. We appreciate it. We can go off of the
5 record. Thank you.

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4 I, ERIKIA DAVIS, Notary Public for State of Missouri
5 at Large, do hereby certify that the above and foregoing
6 is a true, correct and complete transcript of the Public
7 Service Commission public hearing, taken at the time and
8 place and for the purpose set out in the caption hereof;
9 that said witness were duly sworn; that said Public
10 Service Commission public hearing was taken down in
11 stenotype by me and thereafter transcribed; that the
12 appearances were as set out in the caption hereof; and
13 that no request was made by counsel for either party
14 that the Public Service Commission public hearing be
15 submitted to the witnesses for signature.

16 I further certify that I am neither attorney for, nor
17 counsel for, nor related to, nor employed by any of the
18 parties to the action in which this Public Service
19 Commission public hearing is taken; and further, that I
20 am not a relative or employee of any attorney or counsel
21 employed by the parties hereto nor financially
22 interested in the action.

23 My commission expires June 7, 2009.

24 Given under my hand and seal of office on this the
25 18th day of January, 2007.

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ERIKIA DAVIS

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