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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Local Public Hearing

June 30, 2010

Kirksville, Missouri

Volume 4

In the Matter of )  
Atmos Energy Corporation's )  
Tariff Revision Designed To )File No. GR-2010-0192  
Implement A General Rate )  
Increase For Natural Gas )  
Service In The Missouri )  
Service Area Of The Company.)

HAROLD STEARLEY, Presiding,  
SENIOR REGULATORY LAW JUDGE

ROBERT M. CLAYTON III, Chairman

REPORTED BY:  
MELISSA BENNETT, CCR  
Midwest Litigation Services

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APPEARANCES:

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FOR: Office of the Public Counsel  
and the Public

## 1 P R O C E E D I N G S

2 JUDGE STEARLEY: It's Wednesday, June 30,  
3 2010. Missouri Public Service Commission is set this  
4 time for a public hearing in File No. GR-2010-0192 in  
5 which Atmos Energy Corporation seeks to implement a  
6 general rate increase for its national gas service  
7 here in Missouri. My name is Harold Stearley. I will  
8 be presiding over this hearing. With me tonight is  
9 the chairman of the commission, Robert Clayton. And  
10 let me ask the chairman, would you have any  
11 introductory remarks.

12 CHAIRMAN CLAYTON: Thank you, Judge. First  
13 of all, I apologize for making everyone wait. I had  
14 to drop some stuff off in the car. It is my pleasure  
15 to be back in Kirksville. This is not my first time  
16 visiting here. I've been here for I think all the  
17 Atmos Public Hearings as well as some of the other  
18 utilities that have conducted hearings for -- that  
19 serve this area. It's important for us to be out in  
20 the communities and hear from customers on how they  
21 are treated by the utilities that we regulate. We  
22 need to learn about any problems that you have, any  
23 concerns that you have regarding the service, and also  
24 you're more than welcome to chime in how the rates are  
25 designed and what the rate impacts would be associated



1 We will begin by taking entries of appearance from  
2 counsel, starting with Atmos Energy Corporation.

3 MR. DORITY: Thank you, Judge. Please let  
4 the record reflect the appearance of Larry Dority with  
5 the firm Fischer & Dority in Jefferson City on behalf  
6 of Atmos Energy Corporation. I have submitted a  
7 written entry of appearance with our specific  
8 information. And Mr. Chairman, I would indicate that  
9 there are representatives of Atmos here with us this  
10 evening. They have been introduced and will be  
11 available to answer any questions that come up.

12 JUDGE STEARLEY: Thank you, Mr. Dority.  
13 For the staff of the Missouri Public Service  
14 Commission.

15 MR. DEARMONT: Thank you very much, Judge.  
16 Eric Dearmont on behalf of the staff of the Missouri  
17 Public Service Commission, P.O. Box 360, Jefferson  
18 City, Missouri 65102.

19 JUDGE STEARLEY: Thank you, Mr. Dearmont.  
20 And for the Office of the Public Counsel.

21 MR. POSTON: Thank you. Mark Poston  
22 appearing for the Office of the Public Counsel and the  
23 public.

24 JUDGE STEARLEY: Thank you, Mr. Poston. I  
25 don't believe we have any representatives here for the

1 intervenors that we have in this case, so we will let  
2 the record reflect that the intervenors have not  
3 entered an appearance by counsel.

4                   What I am going to do is I'm going to go  
5 down our sign-up sheet and call names, and the person  
6 being called to testify, if they'd please step forward  
7 to the podium. We have a microphone up here, and I  
8 believe Mr. Kelly's informed me it does have to be  
9 held by the speaker to work properly. So we'll start  
10 down our list. The first name we have, Dr. Edward  
11 Norman. Good evening, Mr. Norman.

12                   THE WITNESS: Good evening.

13                   JUDGE STEARLEY: If you would please begin  
14 by stating and spelling your name for our court  
15 reporter so we can make our record accurate.

16                   MR. NORMAN: My name is Edward M. Norman,  
17 E-d-w-a-r-d, middle initial M, N-o-r-m-a-n.

18                   JUDGE STEARLEY: All right, Mr. Norman. I  
19 need to swear you in.

20 EDWARD M. NORMAN, being sworn, testified as follows:

21                   JUDGE STEARLEY: Thank you very much and  
22 you may proceed.

23                   MR. NORMAN: First thing I'd like to do is  
24 show you a May 20th Wall Street Journal. Inflation's  
25 at a 44-year low, so that is just a prop basically.

1 I've never participated in anything of this sort. I  
2 do have a few figures here for ya. I am an Ameren --  
3 or not Ameren, but an Atmos customer. I'm a  
4 residential customer and a business customer. I went  
5 through -- went online to DNR. Atmos is currently not  
6 spending the money they've allocated for energy  
7 efficiency initiatives. There's a bunch of money left  
8 in there. They don't make any kind of effort to do  
9 that. The DNR made testimony to that. They -- they  
10 are requesting return of equity at 10.9 percent.  
11 Their dividends last quarter, they paid 4.79 percent,  
12 almost 4.8 percent. And in their earnings report  
13 outlook, in this statement of their earning report,  
14 and I quote, "The leadership of Atmos Energy remains  
15 focused on enhancing shareholder value by delivering  
16 consistent earnings growth." Make no mention of  
17 serving the customers. Their gross margins last year  
18 were 18.83 percent and a net profit margin of  
19 4.19 percent. Sounds to me like they need a little  
20 bit of their profitability.

21 Now, what I have here is I've went in and  
22 figured up my rates and what they will be increased  
23 to. Currently I pay \$20.61. Their proposed rate is  
24 \$33.23, an increase of \$11.45 a month, which is a  
25 53 percent increase, at \$137.40 a year. This is for

1 residential customers. But the actual increase with  
2 the taxes and the fees that they tack on would be --  
3 \$25.31 is what we're paying now. It would go to  
4 \$38.70, a 65 percent increase. The annual cost would  
5 be \$303.72 and proposed would be \$464.40, a 65 percent  
6 increase. That's just to supply the gas. That's  
7 not -- the gas is a pass through. We've already  
8 learned that from the people here from Atmos and  
9 everybody that we're talking about.

10                   My business, this is the bigger deal. My  
11 current rate is the same as my residential rate. I  
12 told the gentleman from Atmos. I have the same gas  
13 meter, same line, same everything. As a small  
14 business, their proposed rate increase would be  
15 \$51.65, an increase of \$31.04 a month, 115 percent  
16 increase. The annual rate -- the annual cost would go  
17 from \$247.32 to \$619.80, a \$372.48 a year increase.  
18 The actual cost, with the taxes and the fees, would go  
19 from \$26.30 to \$60.78. It would go from \$315.60 a  
20 year to \$729.36 a year, an increase of \$413.76, a 231  
21 percent increase with the taxes and fees that they  
22 tack on. My gas costs last year -- we're talking  
23 about efficiency. I bought a computer-controlled  
24 thermostat, cut my gas use by half. My gas costs,  
25 like I said, were \$304. For them to supply the gas





1 any service or billing issues with the company?

2 MR. NORMAN: I have not had any issues  
3 with the company.

4 JUDGE STEARLEY: All right. So your main  
5 concerns are with the rate increases?

6 MR. NORMAN: Absolutely. That's why I'm  
7 here tonight. I've never participated in anything of  
8 this nature, but I'm here tonight because I think this  
9 is ridiculous. I mean, it's just such an incredible  
10 increase.

11 JUDGE STEARLEY: All right. Well, thank  
12 you very much. We appreciate your testimony.

13 Next person who I have on my list who  
14 listed that they wanted to testify Elaine Schutter  
15 (phonetic).

16 MS. SCHUTTER: Schutter. And I defer to  
17 Dr. Norman -- or to Mr. Norman. I thought he did a  
18 great job. Thank you very much.

19 JUDGE STEARLEY: And the next person I have  
20 is Karl Schneider. Would you please raise your right  
21 hand?

22 KARL SCHNEIDER, being sworn, testified as follows:

23 JUDGE STEARLEY: Thank you. And if you  
24 would please state and spell your name for our court  
25 reporter.

1           A.    Karl, K-a-r-l, Schneider,  
2 S-c-h-n-e-i-d-e-r.

3                   JUDGE STEARLEY:  And you may proceed, sir.

4                   MR. SCHNEIDER:  All right.  You want me to  
5 hold this?

6                   JUDGE STEARLEY:  I think that the  
7 microphone works better, but you don't have to.  We  
8 can certainly here you quite well.

9                   MR. SCHNEIDER:  I represent Truman State  
10 University.  We're a large customer.  The rate that  
11 applies to us is classified as interruptible large  
12 volume gas service.  And the rate that I asked  
13 questions about, it's quoted here, it's called the  
14 distribution commodity rate per CCF.  The current rate  
15 is \$.0689 per CCF, and the proposed rate is \$.12405  
16 per CCF.  If that's correct, the way I'm reading it,  
17 that's about an 80 percent increase.  That would be a  
18 significant impact to Truman State University.  Our  
19 budget is tight.  This past 12 months we have spent  
20 about \$128,000 in this portion of our bill.  And an  
21 80 percent would result in about an additional hundred  
22 thousand dollars expenses that we would have to pay on  
23 top of what we've been paying.

24                   So I just want to express that we have a  
25 concern about the impact on our -- our expenses.  As

1 you know, we're -- our revenue is limited, and so  
2 additional expenses have an impact on us, and it's a  
3 serious concern that we have. We understand that  
4 there are a lot of other considerations that are  
5 considered for the rate increase, the company's costs  
6 and their allowable rate of return and those kind of  
7 things. But we want to express concern because this  
8 is a significant financial impact to Truman State  
9 University. That's all I wanted to say.

10 JUDGE STEARLEY: Mr. Chairman?

11 CHAIRMAN CLAYTON: Mr. Schneider, thank you  
12 very much for coming. I do have some questions. On  
13 the part of the University, you all have a lot of  
14 buildings. You got a lot of space, a lot of areas  
15 that need to be heated --

16 MR. SCHNEIDER: Yes.

17 CHAIRMAN CLAYTON: -- during the winter  
18 months. Does Truman State have a policy on  
19 efficiency? Have you all taken any steps on, you  
20 know, having a plan on, you know, making sure you're  
21 being efficient in the energy you use?

22 MR. SCHNEIDER: We're in the process of  
23 making some changes, yes. We have -- this summer  
24 we're installing a small, we call it a trim boiler, in  
25 our central steam plants. That's more efficient. We

1 have two relatively large boilers, and in the fall and  
2 spring months, it's -- they're less efficient with  
3 lighter loads, and so we're installing a smaller  
4 boiler to run more efficiently during the lighter load  
5 period.

6 CHAIRMAN CLAYTON: And have you all reached  
7 out to Atmos or received any assistance from Atmos in  
8 trying to make efficiency upgrades or changes?

9 MR. SCHNEIDER: They -- you know, they send  
10 out an E-mail newsletter that has energy saving tips,  
11 but I'm not aware of any financial incentives that  
12 they have. And it's possible that they may have some  
13 kind of consulting available possibly, but I'm not  
14 really aware of that other than informational stuff  
15 that they send out periodically.

16 CHAIRMAN CLAYTON: You may want to maybe  
17 ask that question while you're with some of the  
18 officials that are here. Obviously you have a lot of  
19 space that needs to covered, and there may be some  
20 programs out there to give you assistance. But I  
21 don't know for sure, I'm just suggesting it.

22 MR. SCHNEIDER: In addition to what I  
23 mentioned, we -- the central steam distribution system  
24 that we have is not as efficient as having boilers in  
25 each building, hot water boilers, and so we actually

1 are starting to install for -- when we do building  
2 renovation, we're typically putting in a building  
3 boiler. It's a hot water boiler, which is more  
4 efficient generally than a steam boiler, and so that's  
5 another thing that we're doing to improve efficiency.

6 CHAIRMAN CLAYTON: Thank you very much for  
7 coming here.

8 JUDGE STEARLEY: Any questions from counsel  
9 for this witness?

10 MR. DORITY: I don't have any questions,  
11 but Mr. Schneider, I believe you had some interaction  
12 with some of the Atmos representatives, and as  
13 Chairman Clayton pointed out, I would just encourage  
14 you to visit with them regarding the energy efficiency  
15 and conservation programs that they have to see if  
16 there's anything that they may do to be able to assist  
17 you.

18 MR. SCHNEIDER: Thank you.

19 JUDGE STEARLEY: All right. On my list I  
20 do not have anyone else who marked that they wanted to  
21 testify, but we're ready for any testimony.

22 MR. WESTERN: I signed the paper, maybe I  
23 signed in the wrong place.

24 JUDGE STEARLEY: That's quite all right.  
25 If you'd like to come forward, sir. Are you Mr.

1 Western?

2 MR. WESTERN: Yes.

3 JUDGE STEARLEY: Mr. Western, if you'd  
4 please state and spell your name for our court  
5 reporter.

6 MR. WESTERN: My name is Samuel Western.  
7 That's Sam Western. That's S-a-m W-e-s-t-e-r-n.

8 JUDGE STEARLEY: Would you please raise  
9 your right hand?

10 SAMUEL WESTERN, being sworn, testified as follows:

11 JUDGE STEARLEY: Thank you very much. You  
12 may proceed.

13 MR. WESTERN: Thank you. Thanks for being  
14 here and thanks for letting me speak. I don't have  
15 all the figures like Dr. Norman had, and I commend him  
16 for that. I think it's great. But as a small  
17 businessman of 32 years and a residential customer of  
18 Atmos, I want you to know I have no complaints with  
19 Atmos. As far as service, we had one issue my wife  
20 spoke about at our home, but in my business we're  
21 happy with Atmos.

22 I think, gentlemen, that my biggest  
23 concern, and I think you all need to think about why  
24 you're here, and I think it's quite clear that you had  
25 this meeting in the end of June instead of the middle

1 of January because I really think in the middle of  
2 January you'd have had this room packed out if you'd  
3 have had this when people are going to get hit with  
4 these higher gas bills. They're going to be in shock.  
5 The old women that are living alone and can't pay  
6 their bills and the people that are having a hard  
7 time.

8 I don't know whether you realize, we are in  
9 the middle of a really bad recession, on the verge of  
10 possibly a depression. So this is not about something  
11 that we're going -- that's going to make Atmos  
12 customers and their -- excuse me -- Atmos shareholders  
13 more money or show a better profit for the company to  
14 give to their shareholders. This is about survival in  
15 today's world. And our -- I'm concerned about the  
16 future business and small business and not only in  
17 Missouri but across America. You know, where does it  
18 end? What are we going to do if we keep asking for  
19 rate increases?

20 And you know, the profits of a small  
21 company, I can't go to a commission and ask for a rate  
22 increase. You know, you got to think about what  
23 you're asking for here. I would ask you just to  
24 consider the small businessman and the small person  
25 out there that has trouble paying the bills, and



1 that's really all I have to say, and I appreciate your  
2 time.

3 JUDGE STEARLEY: Mr. Chairman?

4 CHAIRMAN CLAYTON: Mr. Western, I don't  
5 think I have any questions. I mean, your message  
6 comes through loud and clear. I guess the one thing  
7 that you mentioned that it was a clever intention on  
8 our part having this during warmer months. Our  
9 process is an 11-month process, and we don't control  
10 when the companies ask. So when they make their ask,  
11 there's a schedule that's set out, and usually the  
12 hearings occur in the third or fourth month. So they  
13 may have the ability to do that, but I understand  
14 exactly what you're saying. Some of our hearings are  
15 in the dead of winter and --

16 MR. WESTERN: I understand.

17 CHAIRMAN CLAYTON: -- and we do get a lot  
18 of people.

19 MR. WESTERN: I was at the Ameren UE  
20 meeting this winter here, and Ameren UE showed a  
21 profit last year of \$250 million, and they still got  
22 the rate increase. And so, you know, I think you need  
23 to think about as a commission -- you're -- this is a  
24 public service commission. This is not a utility  
25 service commission. You know, you're here for the

1 public, and you need to remember who -- who's out  
2 there.

3 CHAIRMAN CLAYTON: Sir, I do remember, and  
4 I voted against that rate increase.

5 MR. WESTERN: Thank you.

6 CHAIRMAN CLAYTON: I thank you for coming  
7 tonight.

8 MR. WESTERN: Thank you.

9 JUDGE STEARLEY: One moment before you sit  
10 down, Mr. Western. Let me just ask, does counsel have  
11 any questions for this witness?

12 MR. DORITY: I don't have any questions.

13 MR. POSTON: No.

14 MR. DEARMONT: No.

15 MR. WESTERN: I wanted to make one other  
16 comment if I can. We at Westerns, we run a small  
17 company that employs about 25 people, and we do look  
18 at all conservative possibilities that we can do to  
19 conserve energy. And we just built a new building in  
20 '08, and we built it with -- it's very efficient and  
21 very -- there's actually no heat or cooling in the  
22 building. And it's -- it is so insulated that it  
23 controls its own -- with the heat from the motors that  
24 run, we don't have to have any heat or cooling in that  
25 building. We've saved a lot of money by doing that.

1 So we do think about things. We have instant gas,  
2 automatic water heaters that create water as needed,  
3 and we do a lot of things at Westerns. So we are  
4 concerned about that.

5 CHAIRMAN CLAYTON: Have you worked with the  
6 company or taken advantage of any programs that the  
7 company offers? Have you tried -- have you reached  
8 out to them?

9 MR. WESTERN: No.

10 CHAIRMAN CLAYTON: There are a number of  
11 programs that are out there. I don't know if for  
12 business or not, but I know there are many programs on  
13 the residential side. There may be on the commercial  
14 side as well. I'd urge you to meet with them, see  
15 whether those investments are eligible investments for  
16 you.

17 MR. WESTERN: Thank you.

18 JUDGE STEARLEY: Thank you, Mr. Western.  
19 Is there anyone else present who would like to provide  
20 the commission with comments or testimony tonight?  
21 I'm hearing none. Mr. Chairman, do you have any  
22 closing remarks?

23 CHAIRMAN CLAYTON: I don't have any other  
24 questions. There were a few more names on the list,  
25 but it was kind of a sign-up sheet. We just want to

1 make sure we afford a full opportunity for anyone who  
2 does want to testify. So before the judge gives it  
3 the once, the twice, the game over, now's the time to  
4 speak.

5 JUDGE STEARLEY: Okay. And I do want to  
6 remind everyone that the commission does have several  
7 avenues for comments, and I believe that information  
8 is on our handouts tonight. But comments can be  
9 E-mailed, they can be mailed to us, they can be phoned  
10 in. You can actually go online to our electronic  
11 filing system and post written comments directly in  
12 the case itself. So the commission does want to hear  
13 from the public, and anyone who did not testify here  
14 tonight, if you'd like to provide comments in a  
15 different format, we'd certainly welcome it. Seeing  
16 that no one else would like to offer testimony, the  
17 public hearing in File No. GR-2010-0192 is hereby  
18 adjourned, and thank you all very much.

19 WHEREUPON the public hearing was concluded.

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CERTIFICATE OF REPORTER

I, Melissa Bennett, CCR, for the State of Missouri, do hereby certify that the meeting aforementioned was held on the time and in the place previously described.

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Melissa Bennett

CCR #1307(T)