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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS

Local Public Hearing

August 31, 2009

Joplin, Missouri

Volume 2

Case No. GR-2009-0355

In The Matter Of Missouri)
Gas Energy And Its Tariff)
Filing To Implement A)
General Rate Increase For)
Natural Gas Service,)

RONALD D. PRIDGIN, Presiding
SENIOR REGULATORY LAW JUDGE
ROBERT KINNEY
COMMISSIONER

REPORTED BY: PAULA C. VOYLES, CCR, RPR, CRR

1 APPEARANCES:

2 For Missouri Gas Energy:

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21 Also Present:

22 GREGG OCHOA, PSC Staff

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

2

3 JUDGE PRIDGIN: Good evening.

4

5 The Missouri Public Service Commission has
6 set this time for a local public hearing in case number
7 GR-2009-0355.

8

9 The Commission regulates the rates charged by
10 investor-owned utility companies in Missouri to ensure
11 that those rates are just and reasonable.

12

13 The Commission also regulates the quality of
14 service and the safety of the operations of
15 investor-owned utilities.

16

17 The Commission is made up of five
18 commissioners, one of whom is with me this evening.
19 They are appointed by the Governor to affix terms, and
20 confirmed by the Senate.

21

22 The commissioners employ a staff of
23 engineers, accountants, attorneys, financial analysts
24 and other specialists in the field of utility
25 regulation.

26

27 I am Ron Pridgin. I am a Regulatory Law
28 Judge for the Commission, and I will reside over this
29 evening's hearing.

30

31 With me this evening is Commissioner Robert
32 Kenney. This is an official hearing of the Commission,

1 and the statements and testimony of witnesses will be
2 recorded by the court reporter and must be given under
3 oath.

4 All of the commissioners will have the chance
5 to read all of your remarks. The purpose of tonight's
6 hearing is to hear from you. The company will not
7 present witnesses and will not answer questions.

8 This is your chance to testify, and your
9 remarks will be made a part of the official record of
10 this case.

11 When your name is called to testify, if you
12 would please come forward to the witness area, and I
13 will ask you a few preliminary questions: basically,
14 your name, and ask you to spell your name for the court
15 reporter. And then I will ask if you have a statement
16 for the Commission.

17 When you are finished, please don't leave the
18 witness area, as there may be questions from
19 Commissioner Kenney or myself. If there is someone
20 here who wishes to testify, but for religious
21 convictions cannot take an oath, please notify me and I
22 will ask that your testimony be affirmed instead of
23 sworn.

24 Does anyone have any questions about
25 tonight's procedure?

1 (No audible response.)

2 All right. Seeing none, we will begin the
3 public hearing in case number GR-2009-0355.

4 This is a local public hearing being held in
5 Joplin, Missouri, on August 31st, 2009. The time is
6 approximately 6:05 p.m.

7 I would like to ask any counsel that would
8 like to make an entry of appearance. And let me begin
9 with Missouri Gas Energy, please.

10 MR. JACOBS: For the company, Missouri Gas
11 Energy, Todd, T-O-D-D, Jacobs, J-A-C-O-B-S, 3420
12 Broadway, Kansas City, Missouri 64111.

13 JUDGE PRIDGIN: Mr. Jacobs, thank you.

14 Any further entries from MGE?

15 (No audible response).

16 All right. Thank you.

17 Any entries from the Staff or Commission,
18 please?

19 MS. OTT: Jaime, J-A-I-M-E, Ott, O-T-T. P.O.
20 Box 360, Jefferson City, Missouri 65102.

21 JUDGE PRIDGIN: Miss Ott, thank you.

22 Any other entries from the staff?

23 (No audible response.)

24 All right. Any entries from Office of Public
25 Counsel?

1 MR. POSTON: Thank you. Marc Poston,
2 appearing on behalf of Public Counsel.

3 JUDGE PRIDGIN: Mr. Poston, thank you.

4 Any further entries for appearance of
5 counsel?

6 (No audible response.)

7 All right. Hearing none, we are ready for
8 witnesses.

9 Mr. Ochoa, if you would call the first
10 witness.

11 MR. OCHOA: The first name on the list is
12 Mr. Jerry Riley. And Mr. Twenter will be the next one.

13 JUDGE PRIDGIN: Okay. Mr. Riley, please come
14 forward and be sworn in, please. If you'll raise your
15 right hand, please.

16 Whereupon,

17 JERRY RILEY
18 having been first duly sworn, testified as follows:

19 JUDGE PRIDGIN: All right. Thank you very
20 much, sir.

21 If you would, please state your name and
22 spell your name for the court reporter.

23 MR. RILEY: Jerry Riley, J-E-R-R-Y R-I-L-E-Y.

24 JUDGE PRIDGIN: All right. And are you a
25 customer of Missouri Gas Energy?

1 MR. RILEY: Yes.

2 JUDGE PRIDGIN: All right. Jefferson City,
3 are you able to hear Mr. Riley?

4 PSC STAFF MEMBER: Yes, we are.

5 JUDGE PRIDGIN: Very good.

6 Mr. Riley, do you have a statement?

7 MR. RILEY: Thank you. I'm Jerry Riley. I
8 went to work for the gas service company in 1963.
9 Retired in 1994, several months after MGE bought it
10 out, bought the western Missouri side of Missouri Gas
11 Service Company. When I retired, I was the foreman of
12 the leak inspecting department.

13 And what I would like to talk on tonight, my
14 concern, I had last appeared before the commission in
15 1996, and my concern then was customer safety. And
16 it's even more so today because they get less and less
17 service.

18 We are paying \$300 a year now, plus, and
19 they're wanting to go to 370. And we've got -- we had
20 six leak inspectors out working every day when I
21 retired. We have one man. We have abolished the leak
22 inspecting department. They made servicemen out of
23 them, so we've got one serviceman that works part time
24 now that's a leak inspector for the entire division.
25 They done away with the meter readers. They read the

1 meters from the truck for the entire division.

2 And before, we had a man on our property at
3 least once a month, you know, reading the meters. And
4 we found more dangerous things, like burnt-out
5 combustion chambers, leakage under the house, by
6 accident than we ever did on purpose. Because you'd be
7 checking a leak at one house, and you'd find one next
8 door.

9 Because the old lines under the houses are
10 rotting out. The combustion chambers are like a
11 muffler; they burn out in time.

12 And you can talk to any plumber in the City
13 of Joplin, they'll tell you the same thing. They go
14 out to work on an air conditioner, and they find the
15 chamber burned out.

16 MGE realizes that if they don't know what's
17 in that house, they can't be held liable if they miss
18 something. And they don't check. They don't turn a
19 meter off to change the meter anymore. They've got a
20 bypass device on it. They change the meter and don't
21 have to contact the customer or anything. So they go
22 out and change the meter.

23 They have to change the meter on a time limit
24 change; right? You have to change it; right?

25 JUDGE PRIDGIN: Are you asking me?

1 MR. RILEY: Yeah. You're the Commissioner.

2 JUDGE PRIDGIN: Like I said, the
3 commissioners won't be answering any questions.

4 MR. RILEY: I'm sorry. All right.

5 They have to change them on a time limit.
6 And they used to have to go in and turn off everything,
7 check the furnaces, and run a leak check on the house
8 lines. And that's when they found problems.

9 They don't do that anymore.

10 And I would like to say that if we're paying
11 \$300 a year, would it be too much to expect that they
12 could run a leak survey man around the house at least
13 once a year, or possibly check on things? Because it
14 seems like, to me, it's like defensive medicine.

15 You know, they don't want to do anything if
16 they could possibly be held liable for it, you know, if
17 they miss something in a house like a furnace vent that
18 had fallen down. But if they don't check anything, how
19 can they be held liable?

20 But how do we get real service for our money?

21 That's all I've got.

22 JUDGE PRIDGIN: Mr. Riley, thank you. Let me
23 see if we have any questions.

24 Commissioner Kenney, do you have any
25 questions for Mr. Riley?

1 COMMISSIONER KENNEY: During the time that
2 you were there, Mr. Riley, from 1963 to 1994 -- I'm
3 sorry.

4 During the time that you were there, Mr.
5 Riley, how often would it be your practice to go out
6 and do those types of inspections?

7 MR. RILEY: When I was a leak inspector,
8 every day. And of course, they had five other leak
9 inspectors.

10 COMMISSIONER KENNEY: And all five of you or
11 all six of you were working every day, going out on
12 sites every day checking for leaks?

13 MR. RILEY: Yeah. Yeah. Unless the weather
14 was too bad and you couldn't get out.

15 COMMISSIONER KENNEY: Thank you.

16 JUDGE PRIDGIN: I don't believe I have any
17 questions.

18 Anything else, Mr. Riley?

19 MR. RILEY: No. That will do it. Thank you.

20 JUDGE PRIDGIN: All right. Thank you very
21 much, sir. I appreciate your remarks.

22 Mr. Ochoa?

23 MR. OCHOA: Mr. Twenter is the next name.

24 And then Mr. Gwaltney would be after Mr. Twenter.

25 JUDGE PRIDGIN: I'm sorry. Mr. Twenter?

1 MR. TWENTER: Twenter.

2 JUDGE PRIDGIN: Twenter. Excuse me, I'm
3 sorry.

4 If you'll raise your right hand to be sworn,
5 please, sir.
6 Whereupon--

7 RONALD J. TWENTER
8 having been first duly sworn, testified as follows:

9 JUDGE PRIDGIN: Thank you very much, sir.

10 If you would, please state your name, and
11 spell your name for the court reporter.

12 MR. TWENTER: It's Ronald J. Twenter.
13 R-O-N-A-L-D, J for Joseph, T-W-E-N-T-E-R. 1409 Cheryl
14 Lane, Webb City, Missouri 64870.

15 JUDGE PRIDGIN: And are you a customer of
16 Missouri Gas Energy?

17 MR. TWENTER: Yes, I am.

18 JUDGE PRIDGIN: All right. Do you have a
19 statement for the Commission, sir?

20 MR. TWENTER: There again, I'm retired from
21 the gas service -- well, from MGE. Went to work in
22 1961, and retired in May 1994, shortly after Southern
23 Union bought us out.

24 And my statements mostly are about the
25 current monthly service charge. Mr. Riley said in the

1 neighborhood of \$300 right now, and they want to raise
2 it some.

3 But my question is, or my thoughts are: What
4 service do we get?

5 Since my days in the '60s and '70s, and even
6 '80s, it seems as though when you pay a deposit, if you
7 pay a deposit, you're down the money for the deposit,
8 you get a meter set at your house. If you fail to pay
9 the bill or fall behind, chances are they'll come and
10 remove it. That's one of the services.

11 And then the third thing, it's very seldom
12 now, but occasionally a customer will call about
13 smelling a gas order, and they have to respond to that.

14 And that's about the size of the services.
15 Whereas, at one period in time when we were called the
16 Gas Service, and thereafter we were called KPL Gas
17 Service, we spent time cleaning pilot lights and
18 burners on appliances. And people would call us out
19 to -- the water heater would be out, or maybe the
20 furnace, and we would replace a thermocouple for them,
21 or at least diagnose the problem for them.

22 ^I've changed out furnace filters when I was
23 a serviceman and ^adjust -- make an error in gas
24 adjustments on appliances and see if they're in proper
25 adjustment and ^ that the vent pipes are good. And we

1 used to drill out orifices, changing over from propane
2 to natural gas.

3 All of that has went by the wayside, but now
4 we still -- they want more money for service charge.

5 Well, I don't understand. You know, I can
6 probably afford a dollar or two more right now, but
7 there's people in southwest Missouri -- this is kind of
8 a low pay scale area down here in southwest Missouri,
9 and a lot of people that are elderly and disabled and
10 out of work and single parents, and they're finding it
11 really tough. And I just can't see that we need any
12 more service charge added. ^I know that the gas price
13 fluctuates as the demand and availability.

14 But I've lived 13 years in my home and I've
15 never called the gas service out there. I think they
16 came out maybe one time to put that little gadget on a
17 meter so they could drive a van by the house and read
18 the meter with it, with this computer or whatever they
19 have in the van.

20 But there again, that was -- that's a smart
21 idea. But that van and that driver replaced
22 probably -- oh, in southwest Missouri, probably 12 to
23 15 meter readers that walked the routes daily and read
24 meters, that expense, that labor expense, and one thing
25 and another is gone from times gone by.

1 And when I was still working as -- I
2 worked -- well, I worked in cathodic protection
3 first -- well, not first. I was a laborer, and I
4 worked my way up and I worked in cathodic protection,
5 protecting steel mains from corrosion. And that was a
6 pretty lucrative, pretty busy part of the Gas Service,
7 and KPL Gas Service in the '70s and '80s.

8 Then they got in a program and replaced all
9 the service -- steel service from the mains to the
10 houses with plastic, which -- and they've replaced a
11 lot of mains with plastic. So that took away the need
12 for cathodic protection pretty much. That expense no
13 longer exists as much as it once did.

14 And of course, there is still some leakage,
15 but not the amount of leakage we had years gone by. So
16 they've cut down the leakage inspectors from -- well,
17 from probably -- in southwest Missouri, probably 15
18 down to three.

19 So they're not putting out the money to do
20 this work. I don't understand just exactly why we got
21 to have the raise. At this time, the economy is pretty
22 poor, and we need to look out for each other.

23 So that's about all I have to say. I just
24 thought it was poor timing for them to ask for another
25 raise.

1 I know our sister company, Empire, they have
2 a little crutch to fall back on because they have
3 windstorms that blow things over and they have ice
4 storms that tears things down. I'm not sure what MGE
5 is basing theirs on.

6 But, anyway, I think you get the idea of what
7 I'm saying. And that's all I have to say.

8 JUDGE PRIDGIN: Okay. Mr. Twenter, thank
9 you. Let me see if we have any questions.

10 Commissioner Kenney, any questions for this
11 witness?

12 COMMISSIONER KENNEY: I don't have any
13 questions, but thank you for taking the time to share
14 your thoughts with us.

15 MR. TWENTER: Thank you.

16 JUDGE PRIDGIN: And thank you very much, sir.
17 Thank you for your time this evening.

18 MR. TWENTER: You're welcome.

19 COMMISSIONER KENNEY: Thank you .

20 JUDGE PRIDGIN: Mr. Ochoa?

21 MR. OCHOA: Yes. Mr. Gwaltney is next. And
22 then after Mr. Gwaltney will be Mr. Joseph.

23 JUDGE PRIDGIN: Thank you.

24 Sir, if you will come forward to be sworn,
25 please. Will you raise your right hand?

1 Whereupon--

2 JAMES A. GWALTNEY

3 and having been first duly sworn, testified as follows:

4 JUDGE PRIDGIN: Thank you very much, sir.

5 Please state your name, and spell your name
6 for the court reporter.

7 MR. GWALTNEY: My name is James, middle
8 initial A., and the last name is Gwaltney. It's
9 G-W-A-L-T-N-E-Y.

10 JUDGE PRIDGIN: And are you an MGE consumer,
11 sir?

12 MR. GWALTNEY: Yes, I am.

13 JUDGE PRIDGIN: All right. The statement
14 that you have for the Commission, sir?

15 MR. GWALTNEY: I just wanted to say that when
16 we first moved to southwest Missouri about a little
17 over eight years ago, we lived in an all electric
18 house. And nearly three years ago we bought a new
19 house that is -- has gas service. And when we got our
20 bill, we were a little surprised at the amount that was
21 charged to us in non-gas charges. We had been in
22 St. Louis prior to moving to southwest Missouri, and we
23 had Laclede Gas, and up there, the charges are a lot
24 less.

25 Now, I've learned tonight that the way the

1 charges are computed between the two companies is
2 different. So I can understand that. But still, it
3 seems a little high to me. Okay?

4 And that's basically my statement.

5 JUDGE PRIDGIN: All right, Mr. Gwaltney.

6 Thank you.

7 Commissioner Kenney, any questions?

8 COMMISSIONER KENNEY: Mr. Gwaltney, thank you
9 for coming tonight and sharing your thoughts.

10 You said it was three years ago that you
11 moved into a new house?

12 MR. GWALTNEY: Yeah, it will be three years
13 on November the 5th.

14 COMMISSIONER KENNEY: Have you had occasion
15 to make any consumer service calls; and if so, how were
16 those addressed?

17 MR. GWALTNEY: No. No. As everyone knows,
18 in the Republic area in, I believe, January of 2007, we
19 had a very severe ice storm, and we were out of
20 electricity for 94 hours at our house. We were one of
21 the lucky ones. A lot of people were out for two or
22 three weeks. And thankfully, we do have a gas
23 fireplace that kept our house warm enough that nothing
24 froze. But we didn't have the blower for the
25 fireplace, of course, because no electricity, but we

1 did have the gas fireplace. And we did appreciate
2 that. We wouldn't have had that in our other house.

3 COMMISSIONER KENNEY: Thank you very much.

4 JUDGE PRIDGIN: Mr. Gwaltney, thank you very
5 much for your remarks.

6 MR. GWALTNEY: You're welcome.

7 JUDGE PRIDGIN: Mr. Ochoa?

8 MR. OCHOA: Next would be Mr. Joseph. And
9 then after Mr. Joseph, Mr. Bryan.

10 JUDGE PRIDGIN: All right. Mr. Joseph? Is
11 there a Mr. Joseph here to testify?

12 PUBLIC PARTICIPANT: Does it look like
13 Governor? Is that it?

14 MR. OCHOA: No. He's later on.

15 PUBLIC PARTICIPANT: Is it almost like
16 Governor?

17 MR. OCHOA: No. The name on the list, the
18 address is on Joplin Street.

19 Mr. Livingston. I apologize.

20 JUDGE PRIDGIN: If you would come forward and
21 be sworn, sir.

22 MR. LIVINGSTON: Yes.

23 MR. OCHOA: And then Mr. Bryan will be next.

24 JUDGE PRIDGIN: Thank you.

25 If you'd raise your right hand and be sworn,

1 please.

2 Whereupon--

3 WILLIAM LIVINGSTON

4 having been first duly sworn, testified as follows:

5 JUDGE PRIDGIN: Thank you, sir.

6 If you'd state your name, and spell your name
7 for the court reporter, please.

8 MR. LIVINGSTON: William Livingston,
9 W-I-L-L-I-A-M L-I-V-I-N-G-S-T-O-N.

10 JUDGE PRIDGIN: And are you a customer of
11 MGE?

12 MR. LIVINGSTON: Yes.

13 JUDGE PRIDGIN: Do you have a statement for
14 the Commission, sir?

15 MR. LIVINGSTON: Just two things.

16 In the media, it's been very long ago, and in
17 the bills that were sent to us, was a promise that MGE
18 would reduce our rates. I presume because the price of
19 gas had gone down, which is certainly the case.

20 I don't know if anybody else ever expressed
21 the experience of price decrease, but I certainly
22 didn't. In fact, what I got was more charges.

23 And the second thing is that I'm on the ABC
24 plan. The whole idea of the thing is that you pay 11
25 months of the year, and then you're supposed to have a

1 grace month. We don't have any grace month anymore.

2 This is a contract -- I regard this as a
3 contract between me and the gas service company, all
4 right, and they have violated their contract. I think
5 you should decrease their rates.

6 That's all I have to say.

7 JUDGE PRIDGIN: Okay. Mr. Livingston, thank
8 you.

9 Commissioner Kenney, any questions for
10 Mr. Livingston?

11 COMMISSIONER KENNEY: Mr. Livingston, I don't
12 have any questions, but I do want to thank you for
13 taking the time to come and share your thoughts with us
14 this evening.

15 MR. LIVINGSTON: Okay. Thank you.

16 JUDGE PRIDGIN: Mr. Livingston, thank you so
17 much, sir.

18 Mr. Ochoa?

19 MR. OCHOA: Mr. Bryan. And then Mr. Kenney
20 is next.

21 JUDGE PRIDGIN: Good evening, sir.

22 MR. BRYAN: Good evening.

23 JUDGE PRIDGIN: Raise your right hand to be
24 sworn, please.

25 / / /

1 Whereupon--

2 DAVID BRYAN

3 having been first duly sworn, testified as follows:

4 JUDGE PRIDGIN: Thank you very much, sir.

5 If you'd state your name for the record, and
6 spell your name for the court reporter, please.

7 MR. BRYAN: My name is David Bryan. First
8 name David, last name B-R-Y-A-N.

9 JUDGE PRIDGIN: And are you a customer of
10 Missouri Gas Energy?

11 MR. BRYAN: I am.

12 JUDGE PRIDGIN: The statement that you have
13 for the Commission, sir?

14 MR. BRYAN: Okay. I've got a number of
15 things here.

16 I wrote a letter to MGE. And I'll start this
17 off by saying that I've recently come from Detroit, and
18 I spent about five months in the St. Louis area, and
19 I'm familiar with their gas rates and their up-front
20 gas charges.

21 The MGE's gas prices, fixed fees are entirely
22 too high, period. This is not only a high number, but
23 you're wanting to increase it to us private people by
24 over \$5 per month.

25 And I guess I'm after the specific reasons

1 why. And I do have some documentation that talked
2 about some of the reasons why. My question that I have
3 written on two occasions is: Why is your utility
4 privileged to charge these high surcharges? And
5 equally importantly, why or who should allow you to ask
6 for more?

7 We lived in the St. Louis area, we paid the
8 AmerenUE for gas and electric. Their rates did not
9 include these enormous fixed monthly charges of, like
10 right now I think we're running about \$25 a month.
11 These charges are going to be increased by an
12 additional five, according to this proposal.

13 Okay. As I went into your web site, I also
14 saw an article from the Missouri -- written by Ted
15 Robertson.

16 I guess you guys are familiar with Ted
17 Robertson?

18 JUDGE PRIDGIN: We are. We're not here to
19 answer questions, but yes, we are.

20 MR. BRYAN: Okay. You're familiar with it.
21 Okay. I'm going to outline some of the things that he
22 stated in his proposals on these pages. And I tend to
23 agree with what he said.

24 First of all, they asked him: "Is your
25 belief that the specific rate case costs are being

1 prudently incurred by the company?"

2 And he said: "The company has not attempted
3 to appropriately control the costs that is estimated in
4 the current case. Their needless use of outside legal
5 consultant services indicates such."

6 Then the question went to him: "Is the cost
7 associated with the company's use of outside legal and
8 outside consultant services excessive?"

9 He answered: "Yes, in my opinion the costs
10 are excessive. At the end of 2008, December, MGE had
11 700 employees. Among these were a number of attorneys,
12 accountants, engineers, that could have been utilized
13 to prepare, file and defend the rate increase request.
14 In fact, the company has to credit -- sought to contain
15 certain rate case expenses by using the in-house
16 resources to prepare and represent many of its
17 accounting matters. However, the company chose to go
18 outside its employee base by hiring several entities to
19 develop and present other areas of its case."

20 It sounds like they're willing to invest
21 significant sums of money so that these professionals
22 can present their case for a rate increase
23 professionally done, successfully presented, and by
24 George, that's got to be right because all these
25 professionals did it.

1 But this young man, Ted Robertson -- I don't
2 know him personally -- but he wrote these things saying
3 that they have gone out of their way to make their case
4 professionally looking to get these rate increases.

5 They have the resources to present their own
6 things. And included in these rate increases, I
7 believe he states in here somewhere that these moneys
8 that it took to get these cost structures put together
9 will be also included in what they're asking to recover
10 by the payors of Missouri Gas.

11 Another question was brought out to him:
12 "Does the Public Counsel believe that the company has
13 the proper incentive to control the level of
14 expenditures it is incurring for the current general
15 rate increase?"

16 His answer was: "No, the company's
17 management apparently believes that because it decides
18 to incur outside legal and outside consultant costs to
19 assist in processing this request for a rate increase,
20 those expenditures should be considered and authorized
21 as an automatic recovery from the ratepayers. Public
22 Counsel believes that rationale is neither appropriate
23 or reasonable. It is not appropriate because the idea
24 itself results in monopolistic inefficiencies, which
25 lead to higher rates than should have actually

1 occurred."

2 He goes on and on and on, and I'm not going
3 to try to take the time to read his whole article
4 because there's 59 pages here. There are a couple
5 other things I want to highlight also.

6 Another question was brought out. It said:
7 "Should customers be forced to pay for elaborate
8 defenses of private interests?"

9 And he said: "No. The costs incurred by the
10 company to present and defend positions on expense
11 recovery and investment return which primarily benefit
12 shareholders should not be recovered from the
13 ratepayers."

14 Another question was asked to him: "Should
15 ratepayers be afforded every opportunity to save money
16 through reduced costs and efficient service?"

17 His answer was: "Yes. Since utility
18 ratepayers are a captive population, the utility should
19 use all means possible to ensure that ratepayers
20 receive safe and efficient service at the most
21 reasonable and efficient cost possible."

22 There were other things that he talked about.
23 He did recognize and state that he thinks it is not
24 imprudent for some sort of increases to be allowed.
25 But he was asked this question: "What is the

1 annualized amount of the rate increase expense you are
2 proposing that the company receive?"

3 This is on page 21 of his document. The
4 second paragraph, he said: "The Commission should not
5 approve in-house general rate increase expenditures as
6 an allowable component of the rate case expense if the
7 in-house charges for preparation and implementation of
8 a cost will be recovered in other in-house cost
9 categories. For example, rate case expense should not
10 include recovering for expenses that are otherwise
11 included in test year expenses, including salaries for
12 utility employees that prepared the filing, active
13 witnesses, or to provide legal requirements to develop
14 process and implement the rate increase request.
15 Disallowing these costs from the rate expense will
16 avoid duplicate accounting of amounts already
17 incorporated in the accounting expense."

18 He said: "Therefore, Public Counsel
19 recommends that the company be allowed to recover only
20 50 percent of its incremental in-house rate activities
21 determined by the Commission to be prudent, reasonable
22 and necessary."

23 Now, I don't know exactly what those words
24 mean, but anyway, this young man -- or this man was
25 recommending that all these rates be carefully analyzed

1 to see what is really prudent. If the MGE decided to
2 use professional people and pay for these professional
3 people to make their case look really, really good, and
4 sell the governments on all these rate increases, then
5 I don't think the payors should be borne to have to
6 bear up their ideas to look good in these regards.

7 Let me see if I have anything else.

8 In general, this is a utility. This utility
9 really is kind of monopolistic in a way in the fact
10 that they provide the gas. We have no other options to
11 buy gas from anybody else unless we buy propane. Which
12 I guess is -- which I'm not even sure is an option in
13 the city of Joplin, whether we can buy propane or not.

14 But I do know that anybody moving into this
15 area should be told about these tremendous surcharges
16 of this company. And when they are told that, they
17 might want to consider electric form of service into
18 their house. Because -- because when you have an
19 electric service, the current electric service company
20 does not charge anywhere near these kinds of up-front
21 rates.

22 And so I think that it will be my job, and
23 all my neighbors, and anybody else, telling anybody
24 moving into this area to be careful about the gas
25 rates. And to consider, if you're building a new home,

1 maybe what we should do is to build electric or
2 something else, and not have these gas charges.

3 So that's my 2 cents' worth today. And I
4 hope they diligently consider what Mr. Robertson has
5 said in his publication. And I'm sure many, many other
6 people are also very concerned about these tremendous
7 rates which they're trying to increase on us.

8 The company can be made more efficient. I've
9 come from a corporation that has recently gone
10 bankrupt, and they have trimmed and become far more
11 efficient as a result of it, and they're going to
12 come out of bankruptcy. And I think if this one has to
13 do something similar, that's okay.

14 The other thing I want to suggest is, I do
15 not know what the government load is on this
16 corporation, this MGE. But I don't see how the
17 government load on MGE could be much different than the
18 government load on Union Electric -- or I mean,
19 AmerenUE in St. Louis. I don't see how it could be
20 much different. But certainly the up-front cost
21 structure is tremendously different.

22 So I ask that MGE restructure itself and
23 rethink these gas -- these tremendous gas increases.
24 Because if you do go ahead with this, then I will get
25 on the bandwagon, my friends here who are testifying

1 here today will also get on the bandwagon, and we will
2 figure out how our future customers in this area can
3 use other forms of energy, and not necessarily this
4 form of energy.

5 Because you're just not doing your homework.
6 You're not sharpening your pencil good enough. You're
7 trying to charge us for things that we don't think are
8 reasonable. So if there are other forms of energy out
9 there, we will advertise to our other people moving
10 into this area, and try to do it that way. I will also
11 seek other political directions of how to get this
12 done.

13 But I do thank you for listening to my
14 comments tonight. And if I was excessively long, I
15 could have been a lot longer. Okay? So thank you very
16 much.

17 JUDGE PRIDGIN: Mr. Bryan, thank you very
18 much.

19 Let me see if we have any questions.

20 Commissioner Kenney?

21 COMMISSIONER KENNEY: I don't have any
22 questions. Thank you very much for your studied and
23 thoughtful presentation today, and participating in the
24 process.

25 MR. BRYAN: Okay. Thank you.

1 JUDGE PRIDGIN: Mr. Bryan, thank you very
2 much for your time and your comments this evening.

3 MR. OCHOA: The next name on the list is
4 Mr. Kenny. And then Mr. Gouverneur is next.

5 JUDGE PRIDGIN: Mr. Kenny, good evening.

6 If you'd raise your right hand to be sworn,
7 please.

8 Whereupon--

9 GARY KENNY

10 having been first duly sworn, testified as follows:

11 JUDGE PRIDGIN: Thank you, sir. If you'd
12 please state your name for the record, and spell your
13 name for the court reporter.

14 MR. KENNY: My name is Gary Kenny. That's
15 G-A-R-Y K-E-N-N-Y.

16 And, I'm sorry, did you want my address?

17 JUDGE PRIDGIN: No, sir, not unless you want
18 to volunteer it. I don't need it.

19 Are you an MGE customer, sir?

20 MR. KENNY: Yes.

21 JUDGE PRIDGIN: And do you have a statement
22 for the Commission, sir?

23 MR. KENNY: Yes. The flier that was sent in
24 our last bill talks about rate increases in the small
25 general service and also the large general service.

1 And there's one thing that I don't think a lot of
2 people are aware of, is that small general service,
3 which is a commercial account, right now is classified
4 as someone that uses 10,000 cubic feet of gas per year,
5 I believe.

6 And the proposed change would be, if they use
7 10,000 cubic feet in any one month, like in the peak in
8 the winter, they would be forced to go -- to be
9 classified as large general service. And what this
10 makes is a difference of going from a basic meter
11 charge of what's now approximately -- well, 18.40 a
12 month would go to \$140 a month.

13 And this is an increase of about \$1,440 a
14 year in the basic meter fee for consumer rates -- I'm
15 sorry, commercial rates, when you go from a small
16 general service to a large general service.

17 There is probably about 200 to 250 churches
18 in the area, and a lot of the larger ones would be
19 affected by this rate increase. So they're looking at
20 a rate increase of approximately \$1,350 a year on the
21 basic meter fee.

22 Myself, I have two pieces of property which
23 are getting gas service. One is residential; they heat
24 their water with gas. But my commercial property, over
25 the summer I had that gas disconnected to avoid the

1 20-dollar fee or so, which saves me about \$120. And I
2 realize there will be a reconnect fee.

3 Your proposed rate increases, the residential
4 is going to approximately \$30 a month. And if they
5 have an electric water heater instead of a gas water
6 heater and they disconnect their gas for six months --
7 and I don't believe there's a reconnect fee for
8 residential at this time -- that would be a savings of
9 \$180 a year that each resident could have.

10 And considering the economic times we're
11 going through, I don't feel we should have to pay more
12 for a basic meter charge. I'm not sure how they
13 justify a change in the cost of the basic meter
14 service, the basic service to the building, which I
15 don't see how that has changed over the years.

16 And that's all I have to say. Thank you.

17 JUDGE PRIDGIN: Mr. Kenny, thank you. Let me
18 see if we have any questions.

19 Commissioner Kenney?

20 COMMISSIONER KENNEY: Mr. Kenny, thank you
21 for coming.

22 Have you had occasion to make any customer
23 service calls or need any customer service issues
24 addressed --

25 MR. KENNY: No.

1 COMMISSIONER KENNEY: -- and if so, how have
2 they been addressed?

3 MR. KENNY: I've had no requests made, so I
4 didn't make any requests, so I can't comment on how it
5 was.

6 COMMISSIONER KENNEY: Thank you for taking
7 the time and coming to share your thoughts with us.

8 MR. KENNY: Thank you.

9 JUDGE PRIDGIN: Thank you, Mr. Kenny. I
10 appreciate your time and remarks.

11 MR. OCHOA: Next name is Mr. Gouverneur. And
12 then Miss Smith.

13 JUDGE PRIDGIN: Good evening. If you'd raise
14 your right hand to be sworn, please.

15 Whereupon--

16 JACK GOUVERNEUR

17 having been first duly sworn, testified as follows:

18 JUDGE PRIDGIN: Would you please state your
19 name for the record, and spell your name for the court
20 reporter?

21 MR. GOUVERNEUR: Okay. My name is Jack
22 Gouverneur, G-O-U-V-E-R-N-E-U-R.

23 I'm here tonight representing Old Glory Car
24 Wash at 2573 North Rangeline in Joplin, Missouri. I
25 live in Carthage.

1 JUDGE PRIDGIN: Are you an MGE customer?

2 MR. GOUVERNEUR: I'm also a customer.

3 JUDGE PRIDGIN: Thank you very much. Go
4 ahead, sir.

5 MR. GOUVERNEUR: Can I ask a question also
6 before I get into this? Should there be an equal
7 transition from the large customer to the small
8 customer?

9 And I'll point out in my exhibit why I ask
10 that question. So I'll go ahead and give my
11 information.

12 JUDGE PRIDGIN: That's fine, sir.

13 MR. GOUVERNEUR: Last year we spent \$5,971
14 with Missouri Gas Energy. Our high bill was \$1,334 in
15 January, and our lowest bill was 188 in July.

16 Under the new rate proposal, when I first
17 looked at it, I thought it was wonderful because we
18 were actually going to lower our bill to \$4,796.47.
19 Then the unfortunate thing happened. I added up our
20 total usage, and we had used 30,571 cubic feet.

21 That would have cost us \$11,987.97, to the
22 best of my ability. I'll leave you the facts. You can
23 verify it. But I'm pretty sure that's correct, to the
24 best of my ability. I did this quickly today.

25 There seems to be a -- in the transition --

1 so to verify my facts, I run a quick exhibit.
2 29,999 cubic feet should cost \$4,979.89. 30,001 cubic
3 feet would cost about \$11,970, based on the \$940 -- or
4 \$905 per month, monthly charge for the larger business.

5 Fortunately, with only 571 cubic feet, or
6 2 cubic foot a day, we can control that. We can
7 eliminate some of our usage of gas, insulate some
8 additional, and drop that down. But if we go to that
9 trouble, we'll probably do a lot more than just
10 500 feet. We can also install instant heaters and take
11 the big heater that wastes a lot of fuel out of our
12 service.

13 But it would appear that when you go from
14 being a small customer to a large customer, that the
15 suggested monthly charge should be \$322, because then
16 you would gradually go on up, even though the past
17 charge has been 800 and some.

18 Because we jumped over, look at the increase
19 that we had or would have had. But luckily, we've got
20 six months, and we will make sure that you will not get
21 that \$11,000 from us.

22 Thank you very much.

23 JUDGE PRIDGIN: Mr. Gouverneur, thank you.

24 Commissioner Kenney, any questions for this
25 witness?

1 MR. GOUVERNEUR: Would you like a copy of
2 this?

3 JUDGE PRIDGIN: That's up to you.

4 COMMISSIONER KENNEY: Mr. Gouverneur, I don't
5 have any questions. Thank you for coming and sharing
6 your thoughts with us.

7 MR. GOUVERNEUR: Yes. You're welcome.

8 JUDGE PRIDGIN: Thank you very much, sir.

9 Mr. Ochoa?

10 MR. OCHOA: Miss Smith. And Miss Smith is
11 the last name on the list.

12 JUDGE PRIDGIN: And after Miss Smith
13 testifies, we'll double-check and see if there's anyone
14 else who wishes to testify.

15 Good evening. Raise your right hand to be
16 sworn, please.

17 Whereupon--

18 NORMA SMITH
19 having been first duly sworn, testified as follows:

20 JUDGE PRIDGIN: Thank you very much.

21 If you would, please, state your name, and
22 spell your name for the court reporter.

23 MS. SMITH: Norma Smith. N-O-R-M-A
24 S-M-I-T-H.

25 JUDGE PRIDGIN: All right. And are you a

1 customer of Missouri Gas Energy?

2 MS. SMITH: Yes.

3 JUDGE PRIDGIN: Okay. Do you have a
4 statement for the Commission?

5 MS. SMITH: Yes. As I was saying, I have
6 done a lot for the energy to my home. And I had to get
7 a new hot water tank, so I chose one that was energy
8 efficient from Lowe's. And I've had so much done that,
9 you know, you work and you save, that I think I've done
10 everything I possibly can.

11 I had the windows redone. I had a garage
12 door with insulation. And I had to get a new back
13 door, and I got a storm door for it. And my gas rates
14 last winter were unreal.

15 When I hear these other folks, my -- one
16 gentleman speaking of his new home, well, my home, I'm
17 sure, is much smaller than what he has, and I have a
18 hot water tank and it's gas. And my cooking stove is
19 gas, but I don't really cook that much in the
20 summertime because I don't have air conditioning. And
21 so, therefore, I don't understand a lot of the charges.

22 And, for instance, on this bill, I don't
23 understand where it says "Current MGE Service Charge,"
24 a fixed monthly charge. And then under that is "ISRS,"
25 and I'm charged for that. But then in the next line

1 below that is another ISRS tax.

2 So I don't understand all of these tax, tax,
3 tax. And then I live in a small community and the City
4 taxes me. So I pay the tax in Webb City, and I pay the
5 tax twice on this.

6 So I'm not sure what else I could do to cut
7 my bill down, you know. I heat with it, and I also --
8 the gentleman that brought up -- the gas company has
9 never been to my home except when they moved the meter
10 up towards the house. No one has ever come there. And
11 I've lived there over 30 years.

12 So I -- you know, I -- it would be nice if
13 elderly people had someone to come and check things
14 out, you know. Especially when you're alone, you
15 don't -- you know. And I have sort of a new
16 neighborhood.

17 I'm an outcast now. And three of my
18 neighbors have died. And so I have all new young
19 folks, and very disrespectful. So they could care less
20 whether, you know, it's -- whether they tear down your
21 house, or whatever.

22 They've just busted up my -- I had a
23 chain-link fence put up 30-some years ago, and they've
24 just busted the gate and broke the lock on it. And --
25 but anyway, like I'm saying, on the energy efficient

1 programs, I have done just about everything -- and I've
2 got every receipt -- that I could possibly do to the
3 home. So, you know, thank God I'm not going to live
4 forever.

5 I thank you.

6 JUDGE PRIDGIN: Miss Smith, thank you.

7 Before you leave, let me double-check.

8 Is there someone from MGE who might be able
9 to explain Miss Smith's bill to her?

10 MR. JACOBS: Yes. I think in the back, we
11 could talk to her.

12 JUDGE PRIDGIN: You can speak to the company
13 about your bill, and I'm sure they would be glad to
14 speak with you about that.

15 Commissioner Kenney, do you have any
16 questions?

17 COMMISSIONER KENNEY: No questions.

18 And, Miss Smith, thank you for taking the
19 time to come out. And I would reiterate what the judge
20 said, that you might take the time to have your bill
21 explained to you.

22 And Mr. Livingston had some questions about
23 his ABC plan, and he might avail himself of that same
24 opportunity to address that concern with the
25 representative from MGE.

1 So thank you for taking the time to come and
2 share with us today.

3 MS. SMITH: Thank you.

4 JUDGE PRIDGIN: Miss Smith, thank you very
5 much. Thank you.

6 Mr. Ochoa?

7 MR. OCHOA: That's the last name on the list,
8 Judge.

9 JUDGE PRIDGIN: Thank you.

10 Is there anybody else who has not signed up
11 to testify who would like to do so?

12 (No audible response.)

13 JUDGE PRIDGIN: All right. Then let me
14 double-check on Jefferson City on the outside chance
15 Miss Ott, or someone from Jefferson City, is there
16 anyone there who needed to testify?

17 MS. OTT: No, there's not.

18 JUDGE PRIDGIN: All right. Thank you.

19 Anything further from Jefferson City?

20 MS. OTT: I have nothing further.

21 JUDGE PRIDGIN: All right. Thank you.

22 Anything else from counsel?

23 MR. POSTON: No.

24 PUBLIC PARTICIPANT: I have a question.

25 JUDGE PRIDGIN: Yes, sir.

1 PUBLIC PARTICIPANT: When are we going to
2 hear anything else about these rate increases or what
3 the forecast is for them?

4 JUDGE PRIDGIN: I can take care of that off
5 the record. I'll be glad to get you that answer.

6 PUBLIC PARTICIPANT: All right.

7 JUDGE PRIDGIN: If there's nothing further,
8 that will conclude this evening's local public hearing
9 in case number GR-2009-0355.

10 Thank you very much. We're off the record.

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12 (Concluded at 6:47 p.m.)

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