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4	TRANSCRIPT OF PROCEEDINGS		
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6	June 1, 2010		
	St. Louis Community College, Meramec Campus		
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8	St. Louis, Missouri 63122		
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11	Volume 6		
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13	In the Matter of Laclede Gas) Company's Tariff to Increase)		
14	Its Annual Revenues) File GR-2010	-0171	
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16	MORRIS L. WOODRUFF CHIEF REGULATORY		
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23	REPORTED BY: Patsy A. Hertweck, C. C. R.		
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APPEARANCES: Office of Publi

Office of Public Service Counsel: 3 Marc D. Poston, Senior Public Counsel 4 State of Missouri 5 Department of Economic Development б Office of the Public Counsel 7 Governor Office Building, Suite 650 8 200 Madison Street 9 Jefferson City, Missouri 65102 10 (573) 751-5558 11 12 Public Service Commission Counsel: Annette Slack, Chief Litigation Counsel 13 14 200 Madison Street, 9th Floor Jefferson City, Missouri 65102 15 16 Laclede Gas Company Counsel: 17 Michael C. Pendegast, Esquire 18 19 Laclede Gas Group 720 Olive Street 20 21 St. Louis, Missouri 63101 22 (314) 342-0500 23 24 25

PROCEEDINGS 1 2 (June 1, 2010, 12:01 p.m.) 3 JUDGE WOODRUFF: Good afternoon. My 4 name is Morris Woodruff. I am the regulatory judge 5 assigned to this case. And this is Case No. GR-2010-0171, б which concerns Laclede Gas Company's request for a rate 7 increase. 8 We'll get started today by introducing the Commissioner that's here with me. It's Mr. Robert Gunn --9 10 or Kevin Gunn. That's a 50/50 shot. 11 COMMISSIONER GUNN: I want to thank 12 everybody for coming out. I know it's -- it's noon today 13 the day after a long weekend. This is, I think, the fifth local public hearing that we have, and we have another one 14 tonight, and the last one tomorrow at noon at the Thornhill 15 16 branch, but appreciate everybody taking the time out of 17 your busy schedule. And let's get started. Let everybody get 18 out of here. 19 20 JUDGE WOODRUFF: Thank you, 21 Commissioner. 22 What we'll have you do, is I've got a list 23 of names of people who have asked to testify today. I'll 24 ask you to come up and sit at the table up here, and then I'll swear you in. And you can go ahead and give us your 25

1 testimony.

2 Before we do that, I want to take any 3 appearances from the attorneys who are here representing 4 the parties. First of all, Laclede Gas. 5 MR. PENDERGAST: Thank you, your Honor. б Michael C. Pendergast and Rick Zucker, appearing on behalf 7 of Laclede Gas Company. Our business address is 720 Olive 8 Street, St. Louis, Missouri 63101. 9 JUDGE WOODRUFF: Okay. For the Public 10 Counsel. 11 MR. POSTON: Thank you. Marc Poston 12 appearing on behalf of the Office of the Public Counsel. 13 JUDGE WOODRUFF: Thank you. Is there anyone here for the staff or the Commission? 14 15 MS. SLACK: I'm Annette Slack. I'm the 16 Senior Litigation Counsel for the Public Commission. 17 JUDGE WOODRUFF: Thank you very much. And we've just been joined by Commissioner Robert Kenney. 18 COMMISSIONER KENNEY: My apologies for 19 20 being late. 21 JUDGE WOODRUFF: Would you like to make 22 any comments, Mr. Kenney? 23 COMMISSIONER KENNEY: No, just thanks 24 for being here. I look forward to hearing everybody's 25 comments, and my apologies again for being late.

JUDGE WOODRUFF: Okay. Well, the first 1 2 person who asked to testify then is Mr. Ben Halbert. Good 3 morning, sir. Or good afternoon, actually. Please raise 4 your right hand. 5 (Thereupon, Witness Halbert was sworn б on his oath by Judge Woodruff, and testified as 7 follows:) 8 Thank you very much. You may be seated, and 9 if you could tell us your name and spell your last name, 10 please. 11 MR. HALBERT: Ben Halbert. 12 H-A-L-B-E-R-T. 13 JUDGE WOODRUFF: What would you like to 14 tell us? 15 MR. HALBERT: Well, I'd like to make a 16 statement. I've got it written down here. 17 From my experience, my recent experience, 18 dealing with Laclede Gas I am convinced they cannot be trusted. That experience has to do with billing and 19 20 estimated bills. 21 I believe they have set procedures in place 22 that skirt rules and regulations invented to protect the 23 consumer, and this reflects on their trustworthiness. 24 Complaints of gas billing that I've seen via the internet 25 going back several years indicated they continue in a

1 course of conduct that is anti-consumer.

2 They have failed to correct this conduct. 3 In my particular case, they feel they can ignore what's 4 actually there on the dials of their meter with a claim 5 that the automated meter reader is not registering, and 6 then bill me for usage hundreds of dollars above what it 7 should be. 8 It makes my, at the very least, efforts to 9 conserve because they simply bill as they please. I'm 10 urging the Commission to deny Laclede's request for a rate increase until such time as they can show a willingness to 11 12 institute and comply with, for lack of a better term, fair 13 standards. That's it. 14 15 JUDGE WOODRUFF: All right. Mr. Gunn, 16 any questions? COMMISSIONER GUNN: Yeah, I'd like to 17 18 -- I'm going to make a comment, and then I have a few 19 questions. 20 First of all, is I would like you to either 21 talk to the representative from the Office of Public 22 Counsel or a member of our staff if you haven't already. 23 They might be able to help you. There are also 24 representatives from Laclede here who may be able to help you with -- with your issues. So that's first. 25

1 But I want to get into a little bit more 2 specifically if you feel comfortable. So you received a 3 bill that appeared to be higher than it was; is that 4 correct? 5 MR. HALBERT: Yes. б COMMISSIONER GUNN: And kind of bring me through what happened. You called -- you called Laclede 7 8 and complained? 9 MR. HALBERT: I asked about the bill. The -- I received an estimated bill. First there was one 10 bill I didn't receive. Then I received an estimated bill. 11 It was higher than it should have been. I was only using a 12 13 hot water heater. They told me there must be a problem with the automated meter reading, and I received probably a 14 total of three to four estimated bills over the course of 15 16 several months. And the amounts were into, I believe the 17 final amount, near 700 or 800 dollars for a water heater. COMMISSIONER GUNN: Was that \$700 per 18 month or \$700 total? 19 20 MR. HALBERT: Total bill. 21 COMMISSIONER GUNN: Yeah. 22 MR. HALBERT: I think it was over 700, probably 700 and close to \$760. And they tell me they came 23 24 out in June. It was for a charade. They came out and 25 changed the automated meter reader, and they ignored what

1 was on the meter. 2 COMMISSIONER GUNN: Did they ever send 3 anybody out to actual -- actually read the meter? 4 MR. HALBERT: No. 5 COMMISSIONER GUNN: They just sent 6 somebody out to change it? 7 MR. HALBERT: To change out the meter 8 reader. 9 COMMISSIONER GUNN: When -- when did 10 this happen, how long ago? 11 MR. HALBERT: It was I believe the meter or the reader was changed either February or March of 12 13 last year. I'm not sure at this point. 14 COMMISSIONER GUNN: Do you remember when you first got the estimated bill? 15 MR. HALBERT: The estimated bill, I 16 17 believe the first one was in February. COMMISSIONER GUNN: Of this year? 18 MR. HALBERT: Of this year. 19 20 COMMISSIONER GUNN: This year. And 21 have you received estimated bills every month since then, 22 or the --23 MR. HALBERT: The catch-up bill, I 24 guess you might call it, was the last bill I received. At that point, it totaled 700 and some odd dollars. 25

COMMISSIONER GUNN: And that was still 1 2 based on an estimate, or was it based on actual reading? 3 MR. HALBERT: They -- it's unclear. 4 The billing, the way it's structured, I'm not sure what 5 they're trying to say. If you -- in fact, I think the 6 actual meter reading on that bill and yet they're billing me for hundreds of CCFs, whatever they are, and it's not 7 8 even indicated on the meter. 9 COMMISSIONER GUNN: When you called to 10 complain, who did you talk to on the phone, just a simple 11 customer service representative? 12 MR. HALBERT: I'm not sure. I think I 13 took the name. I'm not sure if it was customer service, but I would guess it is. And I've spoken with them, I 14 think, twice now. 15 16 COMMISSIONER GUNN: But you -- but just 17 the first person that answered the phone; have you gone up 18 higher to the chain? MR. HALBERT: No. 19 20 COMMISSIONER GUNN: Did you feel that 21 those folks were responsive at all? 22 MR. HALBERT: No. No. 23 COMMISSIONER GUNN: All right. 24 MR. HALBERT: Because the last person I spoke with claimed they couldn't tell me. This was before 25

that final bill came out, they claimed they couldn't tell 1 2 me how much the next bill was going to be. 3 COMMISSIONER GUNN: Now, you said that 4 you got the first estimated bill in February, and they came 5 out to change your meter. б MR. HALBERT: I believe it was. 7 COMMISSIONER GUNN: So -- so it wasn't 8 -- it wasn't that long after you called that they came out 9 to change -- to change the meter? 10 MR. HALBERT: I wouldn't say that. I'm unclear on the time frame, but this went on for at least a 11 12 short while before they did come out and change that meter. 13 COMMISSIONER GUNN: Okay. I 14 appreciate you coming out very much. These are -- these 15 are important issues that we have to deal with. You didn't 16 call PSC, or you don't -- do you have anything pending 17 right now, complaints? 18 MR. HALBERT: Nothing started officially. I -- I e-mailed the -- I believe the counsel 19 20 and a copy of the letter to the editor --21 COMMISSIONER GUNN: All right. 22 MR. HALBERT: -- probably yesterday or this morning. 23 Yesterday. 24 COMMISSIONER GUNN: Well, I appreciate 25 you coming out. I want to urge you, even right now, to go

out, and there are some people at the table right there that -- that are our staff. I know there are Laclede representatives. A lot of times at these local public hearings, we can get some of these issues resolved because we have all the parties here.

6 So I would urge you very much to let our 7 staff know, and then after, once the hearing is over, I 8 would talk to Mr. Poston about anything in the office of 9 Public Service.

10 MR. HALBERT: Sure. And actually I 11 would like to take it further than just my case, because if 12 this is a continuing -- if this -- if they're doing this in 13 '06, the same procedure they're using on the estimated 14 bill, then they're not -- solving my case doesn't prevent 15 them from continuing what they're doing.

16 COMMISSIONER GUNN: The Office of 17 Public Counsel and our staff will be able to help with that 18 as well.

I don't have any other questions, but
 Commissioner Kenney might.

21 COMMISSIONER KENNEY: Mr. Halbert, 22 thanks for coming and taking the time to come out. I just 23 want to probe a little bit further into the issue that 24 you're having with the estimated billing.

25 Prior to this February 2010 issue, had you

1 had any customer service or billing issues with Laclede Gas 2 prior to that? 3 MR. HALBERT: Nothing -- nothing comes 4 to mind. I think over the years, maybe years ago, there 5 was an estimated billing issue, but nothing to this extent. б COMMISSIONER KENNEY: Had you 7 previously had occasions to interact with the Customer 8 Service Department at Laclede? 9 MR. HALBERT: Over the -- over the 10 years. 11 COMMISSIONER KENNEY: And have you generally been satisfied with the service that you had 12 13 received? 14 MR. HALBERT: No. You know, satisfied. That's a hard word to -- to explain. 15 16 COMMISSIONER KENNEY: Sure. 17 MR. HALBERT: You know, you talk to 18 them and they'll tell you what they're going to tell you, and their position is their position, and there's nothing 19 20 you can do about it. 21 COMMISSIONER KENNEY: And how -- how 22 long have you lived at the address at which you're having 23 the problem now? 24 MR. HALBERT: I think 20 -- 23, almost 25 years.

COMMISSIONER KENNEY: Okay. So this 1 2 isn't a new residence or a new service? 3 MR. HALBERT: Right. 4 COMMISSIONER KENNEY: It's a 5 long-standing service? 6 MR. HALBERT: Right. 7 COMMISSIONER KENNEY: Okay. And you --8 you made mention of something, some estimated billing from 9 2006. 10 MR. HALBERT: No, that was something I found on the internet. There was a complaint someone put 11 on the internet that was similar to what happened in my 12 13 situation. They had their furnace go out, and I think it was a real similar situation that occurred with them that 14 is occurring with me now. 15 16 COMMISSIONER KENNEY: Okay. Well, as 17 Commissioner Gunn said, I would encourage you to take advantage of the folks that are here today, both from 18 Office of Public Counsel, our staff and Laclede Gas. 19 20 Hopefully you can get, if not satisfaction, maybe some 21 steps toward resolution of your problem. 22 Thanks again for taking the time. 23 JUDGE WOODRUFF: Any questions from the 24 parties? Anything from Laclede? MR. PENDERGAST: Yes. 25

1 JUDGE WOODRUFF: Why don't you come up 2 front, Mr. Pendergast, and we can hear you better. 3 MR. PENDERGAST: Sure. Mr. Halbert, 4 thank you for coming. As I indicated before the meeting, 5 we have Customer Service folks over here who are hooked up 6 to the internet. They're able to go ahead and look in your account immediately, and they want to be responsive to any 7 8 concerns that you may have. This is a great opportunity to 9 go ahead and get those concerns addressed. 10 And you know, if we made a mistake and an error, I want to apologize in advance, and if it was just a 11 12 misunderstanding, we want to go ahead and get that 13 misunderstanding taken care of as quickly as possible to 14 your satisfaction. And we also want to back the Commission 15 exactly what the circumstances are in this case. So please 16 feel free to go ahead and talk to us, and now is a great 17 time to do it. 18 Thank you. JUDGE WOODRUFF: Okay. Thank you, Mr. 19 20 Halbert. 21 MR. HALBERT: Thank you, sir. 22 JUDGE WOODRUFF: The next name on the list is a Joseph Blasingame. 23 24 (Thereupon, Witness Blasingame was 25 sworn on his oath by Judge Woodruff, and

1 testified as follows:) 2 You may be seated. And if you could tell us 3 your name, and spell your last name, please. 4 MR. BLASINGAME: My name is Joseph 5 That's B-L-A-S-I-N-G-A-M-E. Blasingame. б JUDGE WOODRUFF: Thank you. What would 7 you like to tell us? 8 MR. BLASINGAME: If I may, once again 9 we find ourselves in the middle of the proverbial ocean that's too deep to touch bottom and too wide to reach 10 11 shore. With utility companies circling directly 12 13 under us and one after the other nipping at our legs, these 14 are highly infested waters. They all want a larger and more painful bite than they chewed off the last go-around. 15 16 Where's our lifeboat? 17 We are the very hard working people of this 18 area. We are the homeowners, renters, poor to middle class people with limited funds. I am speaking of my neighbors, 19 20 friends and family that reside within the jurisdiction of 21 Laclede Gas Company. 22 We are living in a time when any increases in household operational costs are not offset by salary 23 24 increases or bonuses, but have to be some form of 25 trade-off, less food to place on the family table, less

1 funds for gas in the car to get us to work, maybe even a
2 reduction of the medications we should be taking, to make
3 up the difference. The days of giving something up just in
4 order to maintain what we have are upon us.

5 Laclede Gas is a successful operation with б 631,000 customers to feed their need. They are already 7 collecting or recovering almost \$8.1 million through their 8 infrastructure system replacement surcharge. Then 9 proposing to implement a customer usage adjustment that 10 would apply a credit or a surcharge to both residential and commercial customer bills when usage is higher or lower 11 than usage level used to establish rates. Sounds like a 12 13 little bean counter voodoo to me.

Laclede Gas is a monster in their field, and 14 15 being in such a large company can yield a large amount of 16 power. You can call them a successful and necessary part 17 of our lives. We can enjoy the feed of their service into 18 our homes, while they reap the benefits of their effort. 19 But when the gas owner starts to occur is when the same 20 company decides to take and put a squeeze on the feed line 21 wanting to increase their rates by an unfair amount.

They already have their surcharges working in their favor. This is undue stress and pressure on our already fragile economy. In our country, we are facing a very difficult time. What has happened to the American

belief that we are in this together? There are times of
 prosperity and times of hardship. We know this; they know
 this.

In fact, if I may quote from the CFO's remark of Laclede Group from their presentation for annual meeting of shareholders on January 28, 2010. His opening line was, "Fiscal year ending September 30, 2009 was another strong year for the Laclede Group in spite of the general downturn in our nation's economy."

10 Later he states:

11 "Importantly, Laclede Gas's earnings continue to be supported 12 13 by a stable customer base, which reflects the economic diversity 14 and strength of our service area 15 16 and provides a solid foundation 17 for the future." 18 Sounds pretty fearless to me. Now, I don't want to Laclede's CEO to feel left out, and therefore, I 19 20 quote from the same remark -- report his remarks. 21 He states in the second paragraph, "Despite

22 the fact that the US economy remains in one of the most 23 difficult periods since the Great Depression, the Laclede 24 Group continues to grow during 2009."

25 ". . . most difficult period since the Great

Depression." People, these are their words, not mine.
 When they want a rate increase, it sounds like they speak
 out of both sides of their mouths. Where is their true
 community concern?

5 The Laclede Group is a partner in a number of "defend my dividends" to help their shareholders. How 6 about creating "defend my customers" and reduce your 7 8 request? In fact, do you really want to show the community 9 honest concern? Then start offering a matching fund for 10 each dollar that is donated to the Dollar Help Program. We give, you give, the needy gets help, and then you receive. 11 12 We cannot afford to see this large of an 13 increase in a given time. I hold down two jobs, and know 14 that if either of these businesses over increase their

15 rates, the facilities would be closed within a number of 16 months. Most businesses don't have the luxury of automatic 17 customers that are there day after day, month after month, 18 year after year.

19 The utility companies affix themselves to 20 your home or business, and continue to draw revenue from 21 that same source with minimal effort. The number of people 22 here may be small, but that does not reflect the 23 unhappiness of the customers.

I am the voice of anger. When I see my household, my neighbor's household, my dear friend's

household struggle more and more to just maintain what we have, while this major utility goes to the watering hole at will, I say when is their thirst going to be quenched? Probably not until the waters of the well are dry.

5 We cannot allow -- we cannot allow this б practice of unfair rate increases to harm the good people 7 of our community. To them, we are another spot on the map 8 of our region on their boardroom wall. Currently, just the 9 giant outside our window peering to see how much more they can reach into our limited pocketbooks. We cover our face 10 and shutter each time they decide they want to take more, 11 12 more from the very people who feed them.

Where are we to derive these additional funds. It's hard -- there's hardly a chance we have a pool discretionary funds at our disposal. These are funds that simply aren't there. We have one firewall to protect us, and that is you, the Public Service Commission.

18 From the bottom of my heart, I thank you for 19 your tireless work and sincere efforts. Why can't they 20 request a more reasonable rate, and lastly are they not 21 currently turning a profit for their shareholders and 22 executives?

23 Please hear our plea.

JUDGE WOODRUFF: Thank you, sir.Commissioner Gunn?

1 COMMISSIONER GUNN: I -- I don't have 2 any questions. Thank you for coming. I know you've been 3 to a couple of these, and we certainly know that you do 4 make a very similar statement as a lot of folks, and you do 5 represent a lot of folks out there. So we appreciate you. 6 JUDGE WOODRUFF: Commissioner Kenney? 7 COMMISSIONER KENNEY: Mr. Blasingame, 8 thanks for taking the time to read your well-drafted and 9 well-thoughtout remarks. And I have some questions about conservation efforts and those efforts that you have made 10 and what benefits or not have you seen or reaped from those 11 12 efforts. 13 MR. BLASINGAME: Obviously, you know, any -- anything to offset more costs going out for the 14 15 utilities. I think it's pretty much anyone's objective. 16 COMMISSIONER KENNEDY: Sure. 17 MR. BLASINGAME: I think the days of 18 people squandering utilities are gone. I think people really realize because it's more and more expensive to make 19 20 ends meet for everybody. 21 COMMISSIONER KENNEDY: Sure. 22 MR. BLASINGAME: And this is just a bad time in our country to be someone sticking their hand out 23 24 asking for me money. 25 COMMISSIONER KENNEDY: Thanks for your

1 time. 2 MR. BLASINGAME: Thank you. 3 JUDGE WOODRUFF: Any questions from the 4 parties? Mr. Pendergast? 5 MR. PENDERGAST: Yes. Thank you for б your comments, and to the extent that you are interested in 7 any energy efficiency measures that would Laclede may be 8 offering, please check with us after the hearing is over. 9 And I also wanted to ask you are you aware 10 that the typical customer is paying about 15 to 20 percent less today than they were four years ago? 11 12 MR. BLASINGAME: And who helped bring 13 that about? MR. PENDERGAST: It's a combination of 14 both savings on the distribution side and our successful 15 16 efforts to acquire gas products and wholesale gas prices 17 have gone down as well. I just wanted to make sure -- you made like 18 comments about the burden on the customer. I just want to 19 20 make sure you had an awareness of where that burden is 21 today. 22 MR. BLASINGAME: I am aware. 23 MR. PENDERGAST: Okay. Thank you. 24 MR. BLASINGAME: Thank you, sir. 25 JUDGE WOODRUFF: Thank you, Mr.

Blasingame. Those are the only names on the list. I've 1 2 seen several other people come into the room since I have 3 the list up here. Is there anyone else who came in later 4 who'd like to testify, or anyone else who'd to testify at 5 all? All right. б Any final comments from the Commissioners? 7 Commissioner Gunn? 8 COMMISSIONER GUNN: No, only that this 9 is the -- kind of the middle part of this process. The 10 hearing -- after we do local public hearings, again, we have one tonight and one tomorrow, written comments will 11 still be accepted, as well as comments over the -- over web 12 13 for those folks that didn't get -- couldn't come. We'd love to hear from them. 14 15 The evidentiary hearings in this case are 16 scheduled on August 2nd to the 13th. They will be webcast 17 on our website, psc.mo.gov. So I encourage everybody to 18 watch. Again, as I say, it's a busy time for 19 everybody, and we appreciate everyone coming. 20 21 JUDGE WOODRUFF: Okay. Commissioner 22 Kennedy? 23 COMMISSIONER KENNEDY: I just thank you 24 again for coming out. This may have already stated, but I

25 think it bears repeating.

Local public hearings are a very significant 1 2 and integral part of the entire overall rate case process, 3 and the statements that were made here, that will be made 4 tonight and tomorrow at the other local public hearings are 5 transcribed and become a part of the record. And do get б taken into account in the course of the Commission's 7 deliberations. 8 And so your voices are important, and they are heard. So thank you for taking the time to come out 9 10 today. 11 JUDGE WOODRUFF: Again, thank you all 12 for coming. And with that, we are adjourned. Thank you. 13 (Thereupon, the proceedings were concluded at 12:24 p.m.) 14 15 080 UNLESS OTHERWISE NOTIFIED IN WRITING BY THE PARTIES 16 INVOLVED, ALL NOTES IN CONNECTION WITH THIS PROCEEDING WILL 17 BE DESTROYED 12 MONTHS FROM THE DATE OF THIS PROCEEDING. 18 19 20 21 22 23 24 25

1	CERTIFICATE OF REPORTER		
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3	I, PATSY A. HERTWECK, Professional Court		
4	Reporter within and for the State of Missouri, the officer		
5	before whom the foregoing local public hearing was taken,		
б	do hereby certify that the hearing aforementioned was held		
7	at the time and in the place previously described.		
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