

1 STATE OF MISSOURI
2 PUBLIC SERVICE COMMISSION
3 TRANSCRIPT OF PROCEEDINGS
4 Local Public Hearing
5 September 9, 2009
6 Kansas City, Missouri
7 Volume 5
8
9 In the Matter of Missouri Gas Energy)
10 and its Tariff Filing to Implement a) Case No. GR-2009-0355
11 General Rate Increase For Natural Gas)
12 Service)
13
14 RONALD D. PRIDGIN, Presiding
15 SENIOR REGULATORY LAW JUDGE
16 ROBERT M. CLAYTON III, Chairman,
17 JEFF DAVIS,
18 TERRY JARRETT,
19 KEVIN GUNN,
20 ROBERT KENNY,
21 COMMISSIONERS
22
23
24 REPORTED BY:
25 Adriana M. Gelwix, CSR/CCR

1 PROCEEDINGS

2 (Starting time of Public hearing: 12:14 p.m.)

3 JUDGE PRIDGIN: Good afternoon. The
4 Missouri Gas Commission has set this time for a
5 local public hearing in Case No. GR2009-0355. We
6 are in Kansas City, Missouri on September 9th.
7 It is about 12:15 p.m. Let me just give you a
8 brief rundown of how the hearing will proceed. I
9 will see if you have any questions and try to get
10 those questions answered about procedure and then
11 we will begin taking testimony from witnesses.

12 The purpose of the hearing today is to
13 hear from you on entities proposed to rate
14 increase. And I believe we just concluded a
15 question and answer session. And if I could
16 ask -- just in case you came in late, if I could
17 ask personnel from the company to at least raise
18 your hands. And the reason I want to do that is
19 because people have specific questions about the
20 bill or service issues, if you would then contact
21 those people after the hearing. So if MG
22 personnel would briefly identify themselves.
23 (Complied.) Thank you. And, then, also in case
24 we have members on staff, you are certainly free
25 to speak to them about those same issues. And I

1 believe Mr. Ochoa has been here and we have
2 people from staff in the back, if you would
3 identify yourselves. Raise your hands. Thank
4 you. I believe Mr. Ochoa has a sign up sheet.
5 If you want to testify, please, see Mr. Ochoa and
6 identify yourself and contact him so you can get
7 on the signup sheet on he can call your name if
8 you wish to testify.

9 What will happen after I give an
10 opening statement is, I will ask Mr. Ochoa to
11 start calling witnesses. When your name is
12 called if you wish to testify you will need to
13 come up to the podium and I may have a quick
14 question or two for you such as your name and
15 whether you are a MG customer and then I will ask
16 you to give your statement for the commission.

17 Before I do that, let me introduce
18 the commissioners to you. Starting from my left
19 is Commissioner Jarrett, Commissioner Davis,
20 Chairman of Commission Commissioner Clayton,
21 Commissioner Gunn and Commissioner Kenny. Are
22 there any questions or the procedure will follow
23 before I go on the record and give an opening
24 statement? All right, I am not seeing any.

25 We will begin the local public

1 hearing. Case No. GR2009-0355. The Missouri
2 Public Service Commission regulates the rates
3 charged by investor-owned utility company in
4 Missouri to insure that those rates are just and
5 reasonable. The commission also regulates the
6 quality of service and the safety of the option
7 of these utilities. The commission is made up of
8 five commissioners, all of whom are with me
9 today. They are appointed by the governor fixed
10 terms and confirmed by Senate. The commissioners
11 employed a staff of engineers, accountants,
12 attorneys, financial analysts and other specials
13 in the field of utility regulation. I am Ron
14 Pridgin. I am a regulatory law judge assigned to
15 preside over today's hearing. This is an
16 official hearing of a conviction. And the
17 statements and testimony of witness wills be
18 record by the court reporter and must be given
19 under oath. The purpose of this hearing is to
20 hear from you regarding MGE's proposed rate
21 increase. The company will not present witnesses
22 today, and will not answer questions during the
23 hearing. This is your chance to testify and your
24 testimony will be made an official part of the
25 record in this case. I will ask Mr. Ochoa to

1 begin calling witnesses shortly. When your name
2 is call, if you will please come to the witness
3 area and I will ask you your name and I will ask
4 you to spell your name for the court reporter so
5 she can record it correctly. After I ask those
6 questions I will ask if you have a statement for
7 the commissioners. When you are finished,
8 please, don't leave the witness area, because the
9 commissioners may have questions for you. If
10 there is someone who wishes to testify but for
11 religious reasons cannot take an oath, please,
12 let me know and I will ask your testimony to be
13 affirmed instead.

14 Are there any questions before we
15 begin? I am seeing none. Let me see if we have
16 entries of appearance from counsel. I see we
17 have counsel from Jefferson City and here in
18 Kansas City. If I could get entries from the
19 company, please.

20 MR. JACOBS: From the company, Todd
21 Jacobs, J-A-C-O-B-S.

22 JUDGE PRIDGIN: Mr. Jacobs, thank
23 you. Any further counsel from the company here
24 in Kansas City. For the company in Jefferson
25 City? No counsel in Jefferson City? I am sorry,

1 Mr. Cooper?

2 MR. COOPER: I had you on mute, my
3 mistake. Dean Cooper.

4 JUDGE PRIDGIN: Mr. Cooper, thank
5 you. Let's see if we have entries of appearance
6 from the staff of the commission, please.

7 MS. OTT: Jamie Ott, P.O. Box 360,
8 Jefferson City, Missouri 65102.

9 JUDGE PRIDGIN: Ms. Ott, thank you.
10 Any entries of appearance from the office of
11 public counsel?

12 MR. POSTON: Thank you. Marc
13 Poston, attorney for the office of public
14 counsel.

15 JUDGE PRIDGIN: Mr. Poston, thank
16 you. Any further entries from any counsel? Let
17 me see if we have any opening remarks from the
18 commission. Mr. Chairman?

19 CHAIRMAN CLAYTON: Thank you,
20 Judge. My name is Robert Clayton. I am the
21 Chairman of the Public Service Commission. I
22 want to thank everyone for being here today. I
23 wanted to also mention we are also trying to make
24 sure that our process is transparent; open as
25 possible. We may have a technology snag here and

1 there, please be patient with us. We appreciate
2 you coming out today and sharing whatever
3 concerns you have regarding this utility.

4 I would note that this is the first
5 time in a number of meetings that you have all
6 five of the commissioners here in person. I
7 think that is an important observation to make.
8 This is an important case and the commission
9 takes it very seriously and we look forward to
10 hearing your testimony. Thank you, Judge.

11 JUDGE PRIDGIN: Mr. Chairman, thank
12 you. Any further commissioners wish to make an
13 Opening Statement? All right, thank you. There
14 is nothing further from the commission. Mr.
15 Ochoa, will you call our first witness, please?
16 Robert Meuschke.

17 JUDGE PRIDGIN: Good afternoon, sir.

18 MR. MEUSCHKE: Good afternoon.

19 JUDGE PRIDGIN: Would you raise your
20 right hand to be sworn, please.

21 (An oath was administered.)

22 JUDGE PRIDGIN: Thank you very much.
23 If you would, sir, please state your name for the
24 record and spell your name for the court
25 reporter.

1 MR. MEUSCHKE: My name is Robert
2 Meuschke. That is M as in Mary, E-U-S-C-H-K-E.

3 JUDGE PRIDGIN: Are you a customer of
4 Missouri Gas Energy.

5 MR. MEUSCHKE: Both personal and
6 business, yes.

7 JUDGE PRIDGIN: Do you have a
8 statement for the commission, sir?

9 MR. MEUSCHKE: Yes, sir, I do.
10 Because of the continued increase is the reason
11 why I am hear today. My name is Robert Meuschke.
12 I am hear today as a laundry owner in the Kansas
13 city area as well as the President of the
14 Missouri Coin Laundry Association, which is an
15 affiliate of the National Coin Laundry
16 Association. I am representing myself as well as
17 all the coin and coin less laundry owners in the
18 Missouri Gas Energy area. I want to thank the
19 commission for giving me the opportunity to speak
20 today. I am here to ask that Missouri Public
21 Service Commission to order Missouri Gas Energy
22 to lower the threshold for customers eligible for
23 transportation so that Coin Laundry customers can
24 shop for the best price in their natural gas
25 supply. Coin Laundry is not just small

1 businesses, but they are a viable part of the
2 civilized world that we live in. People of all
3 race and of all income levels must have a way to
4 clean their clothes, to live, work and go to
5 school.

6 Utilities are Coin Laundry's most
7 volatile expense. And out of water, sewer,
8 natural gas and electricity, the highest is
9 natural gas. We use natural gas year round. To
10 heat our buildings in the winter time only
11 figures to be about 10 percent of our usage. But
12 our usage goes up in the winter because of having
13 to use outside air to make up air for our dryers.
14 It takes much longer to dry a pair of jeans in
15 the winter time than it does in the summer. We
16 are not like gas stations that can just raise and
17 lower our prices on a daily basis by just a few
18 cents. Our systems require us to go by a quarter
19 or twenty-five cent levels. And some of our
20 equipment is not friendly to raise and lower
21 immediately.

22 Our customers would also not just
23 understand raising and lowering all the time.
24 Especially because the majority of our customers
25 make less than \$25,000 per year. That is

1 according to the statistics of the National Coin
2 Laundry Association. We hold the only access
3 that many people in or around poverty status have
4 the opportunity to have clean clothes to where to
5 work and to school. And now most local
6 municipalities have restricted the use of being
7 able to dry outside, and that also increases
8 their price. As inflation has caused many
9 increases in the cost, it is very hard for us as
10 laundry owners to just keep continuing to raise
11 our prices. In the last year I have had many
12 customers bring dirty clothes in, sort them and
13 do to the lack of funds load some of their dirty
14 clothes back up and take them back home. So many
15 times we cut our own throats to keep from raising
16 prices. In the last several years laundries in
17 the Greater Kansas City area have kept from
18 raising their prices so much that it has put them
19 out of business. What would happen if all Coin
20 Laundry's in the Kansas City area were out of
21 business. We know that Missouri Gas Energy is a
22 profit making company, and has every right in
23 America to do that. But we feel that we do to
24 and should have every option available to us to
25 allow us to keep our prices down and still make a

1 profit to provide a needed service today. That
2 is why I do ask again that you consider ordering
3 lowering the Missouri threshold for
4 transportation service to allow coin laundry
5 owners to shop for their natural gas. Some areas
6 in Kansas have already done this option, and we
7 are asking for the same allowance. Thank you
8 again for allowing me to speak today.

9 JUDGE PRIDGIN: Mr. Meuschke, thank
10 you. If you will hang on just a moment we have
11 some questions from the Commissioners. Mr.
12 Chairman?

13 MR. CHAIRMAN: What is that
14 threshold? How is it measured for being able to
15 become a transportation customer?

16 MR. MEUSCHKE: I am not real sure,
17 but I do know that for several years now major
18 users have had the availability to go out and by
19 that. We are just asking for that to be lowered.

20 MR. CHAIRMAN: But you don't know
21 the specific number?

22 MR. MEUSCHKE: I am sorry, I don't.

23 MR. CHAIRMAN: That is okay. No
24 further questions.

25 JUDGE PRIDGIN: Commissioner Davis?

1 MR. DAVIS: No questions.

2 JUDGE PRIDGIN: Thank you.
3 Commissioner Jarrett?

4 MR. JARRETT: No questions, thank
5 you.

6 JUDGE PRIDGIN: Commissioner Gunn?

7 MR. GUNN: Just one question. Have
8 you done anything in your business either through
9 a company sponsor program or on your own
10 initiative regarding efficiency, energy
11 efficiency?

12 MR. MEUSCHKE: We do as much as we
13 possibly can. A home style dryer may cost you
14 \$500 or \$600. It costs us \$4,000. The average
15 use is about 25 years for them. Unfortunately,
16 because of the age of being able to use those,
17 the standards have changed much in the last few
18 years. No allegations are given through the
19 federal government to the local status to give us
20 kickbacks, I think as you might say or allowances
21 like you do for homes to be able to purchase new
22 equipment as quick as the efficiency changes are
23 made. So it keeps us, a lot of times, our hands
24 strapped trying to figure it out. Many of us do
25 change that as much as possible.

1 MR. GUNN: Do you ever do it in
2 conjunction with the company? Have you asked
3 them to come in and give you some suggestions
4 about how you might be able to prove efficiency
5 or lowering bills?

6 MR. MEUSCHKE: Yes, must all the
7 distributors or manufactures are very handy in
8 trying to help us do that. Most all of them do
9 it for a no fee charge. They are hoping that we
10 will sink in be able to come up with the finances
11 to be able to buy newer equipment. And many of
12 us do this as much as possible.

13 MR. GUNN: Thank you. I don't have
14 anything else. I appreciate your time.

15 JUDGE PRIDGIN: Commissioner Kenny,
16 any questions?

17 MR. KENNY: I don't have any
18 questions, but thank you for coming in and
19 sharing.

20 JUDGE PRIDGIN: Thank you, sir. We
21 appreciate your testimony. Mr. Ochoa?

22 MR. OCHOA: Larry Pulos.

23 JUDGE PRIDGIN: If you would raise
24 your right hand and be sworn.

25 (An oath was administered.)

1 JUDGE PRIDGIN: Thank you, sir. If
2 you would, please, state your name and spell it
3 for the court reporter.

4 MR. PULOS: It is Larry, P like in
5 Paul, U-L-O-S.

6 JUDGE PRIDGIN: Are you a customer of
7 MGE?

8 MR. PULOS: Boy, am I customer of
9 MGE.

10 JUDGE PRIDGIN: All right.
11 Statements you have for the commission, sir?

12 MR. PULOS: Last year my -- I went
13 home today, and before I came to testify I
14 figured by gas bill was \$916. Now, out of \$916,
15 \$295 was fixed, which meant it wasn't for gas.
16 That is 33 percent of my gas bill went for fixed
17 cost. Under the proposal that you are
18 recommending it goes to 38 percent. I don't know
19 too many people that got that kind of raise in
20 pay this year. To me the Missouri Public Service
21 Commission does not serve the public and really
22 does not do a service. I recommended savings
23 before this very ground back in, I think it was
24 January or February, out in Lee's Summit. I gave
25 several recommendations on ways that the Kansas

1 City Power and Light Company can save money and
2 avoid the rate increase. And they were all
3 indoors, and we got the rate increase anyway.

4 Thousands more people this winter
5 are going to go without heat. When you raise
6 these prices it doesn't just -- \$5 sounds like
7 absolutely nothing to you guys, because you make
8 a lot of money. But on somebody making \$10 an
9 hour \$5 a month is a lot of money. The poor or
10 on fixed incomes are always the ones who suffer
11 the most. We have the highest level of
12 unemployment in the United States in 26 years,
13 and if the truth were known it is probably higher
14 than they tell us. We have the highest levels of
15 foreclosures of homes in the history of America.
16 The utilities you do not have to compete, so you
17 basically can do whatever you want. The Public
18 Service Commission in my personal opinion always
19 goes along with whatever the utilities wants.

20 Most government entities are cutting
21 cost, doing away with things to save money, and I
22 believe that the public utilities should have to
23 do the same. I haven't seen that happen, and I
24 go to church every Sunday and pray and maybe this
25 Sunday it will happen. That is all I have to

1 say. Thank you.

2 JUDGE PRIDGIN: Mr. Pulos, thank you.

3 Let me see if we have questions from the

4 commissioners. Mr. Chairman?

5 CHAIRMAN CLAYTON: I don't have any

6 questions. Thank you.

7 JUDGE PRIDGIN: Commissioner Davis?

8 MR. DAVIS: Mr. Pulos, I want to go

9 back to your comments about your recommended

10 savings for Kansas City Power and Light. You

11 were aware that they were constructing a new

12 power plant, were you not?

13 MR. PULOS: Yes, I am.

14 MR. DAVIS: So obviously that new

15 power plant was very expensive. So tell me how

16 you were expecting to save rate payers enough

17 money to offset the cost of that power plant,

18 something along the cost of \$100,000,000?

19 MR. PULOS: Well, you know, I went

20 through the budget of Kansas City Power and

21 Light, and I am not an account, but I just went

22 through it as a common citizen and I saw what we

23 are paying the CEO and all his assistants. I saw

24 how much travel they did. I saw how much the

25 Board of Directors were getting paid. I saw all

1 the increases in wage increases they were
2 recommending. All the other sundry things that
3 were being recommended, and I forget how much
4 money. I came up with 25 or \$30,000,000 in
5 savings. And that was just doing simple things
6 that I thought the economy dictated at that time,
7 because we are in trouble. And everybody is
8 acting like we are not. You guys are acting like
9 we are not. You recommended a 9 percent increase
10 even without any arguments. To me that is
11 totally absurd. I don't understand that kind of
12 thinking. And, no, I couldn't come up with
13 \$100,000,000 in savings to offset the cost of
14 that power plant. But from my understanding they
15 made a lot of mistakes on that power plant. So
16 should I be held responsible when all of these
17 intelligent, educated, engineers and whoever else
18 makes these decisions, should I be held
19 responsible for that? No, I don't think I should
20 be held totally responsible. Perhaps a
21 percentage responsible, because I am a customer
22 of the electric, utilities and gas company, but,
23 no, I don't think \$100,000,000 responsible. But
24 also, I don't think that the people who are
25 running the company should be paid \$350,000 a

1 year salary and I don't think they should have
2 jets to fly around on and I don't think that
3 people who serve on the Board of Directors who
4 already probably have more money than they know
5 what to do with should be paid \$100,000 a year
6 and have jets to fly around on and meals paid for
7 when there people out there without electricity.
8 And there is a lot of people out there without
9 electricity. Sorry, I cannot give you a complete
10 answer to the \$100,000,000.

11 MR. DAVIS: So we should divide up
12 the money and give it out to people?

13 MR. PULOS: Which money would that
14 be? If it is for me, of course, give me all you
15 have got.

16 MR. DAVIS: I am just asking.

17 MR. PULOS: What money are you
18 talking about?

19 MR. DAVIS: Well, you know, the KC
20 P & L money or the MGE money?

21 MR. PULOS: Well, I am sure that
22 the MGE people make a fairly descent profit. I
23 am sure the KC P & L people make a fairly decent
24 profit. And everybody else is taking cuts this
25 year. I mean, government employees are being

1 laid off for the first time since I can remember.
2 Wage freezes are in effect. People are taking
3 one day off a month without pay. There are so
4 many things going on in this economy that I never
5 thought I would see in my lifetime, but I don't
6 see the utilities doing any of those things to
7 save money, not a thing. All they say is, well,
8 this is the cost of doing business. Well, I
9 understand the cost of doing business. What I
10 think me and everybody else in this room are
11 asking them to do is quit spending so much money
12 and start saving a little bit. Maybe the
13 employees don't need an increase in pay this
14 year. You know, maybe they should do like the
15 rest of the United States and do without a pay
16 increase. You know, there are a lot of things if
17 I was in charge I would recommend before I would
18 ask for a rate in crease.

19 MR. DAVIS: All right, thank you,
20 sir.

21 JUDGE PRIDGIN: Mr. Jarrett?

22 MR. JARRETT: No questions, thank
23 you.

24 MR. GUNN: I just have a clarifying
25 question. You say this \$916 a month; is that

1 correct?

2 MR. PULOS: Oh, no, I am sorry.

3 That is for the whole year.

4 MR. GUNN: For the year, the entire
5 year. And that is on a residence?

6 MR. PULOS: That is just my home.

7 And by the way, I keep my thermostat at 64
8 degrees in the wintertime, which most people
9 would freeze to death, but I keep it at 64. If I
10 kept it at 68 or higher my gas would be a lot
11 higher.

12 MR. GUNN: Are your monthly bills
13 pretty much consistent?

14 MR. PULOS: No, they are not
15 consistent at all.

16 MR. GUNN: So your usage -- fixed
17 cost stays the same?

18 MR. PULOS: No, you guys fixed the
19 cost so it stays the same. I don't have anything
20 to do with that.

21 MR. GUNN: I understand. But on
22 your bill you pay a certain fixed cost every
23 month.

24 MR. PULOS: Absolutely.

25 MR. GUNN: And, then, does your

1 usage fluctuate regularly month to month?

2 MR. PULOS: Right. My lowest one
3 was I think \$11 and my highest one was \$170.

4 MR. GUNN: Have you seen any change
5 in that recently?

6 MR. PULOS: In which?

7 MR. GUNN: In the usage cost.

8 MR. PULOS: I think it went down a
9 little bit. But it is hard to -- like the
10 gentleman earlier was saying, it is hard to
11 compare apples and oranges sometimes, because the
12 way the bills are sent to us, both the gas and
13 the light bill, every time I turn around things
14 are changing the format of the bill and then I
15 have to go back and reread the bills to try to do
16 catch up. I pay very close attention to my
17 money. I am a very frugal person and I don't
18 frivolously spend money. So I actually know what
19 I have spent pretty much every month on
20 everything that I own and every penny that I
21 spend out. But sometimes it is not easy to
22 figure out some of these costs that the different
23 utilities have.

24 MR. GUNN: Is the GE's bill easy to
25 read now?

1 MR. PULOS: I mean, it is easy to
2 read.

3 MR. GUNN: Any service problems,
4 customer service issues?

5 MR. PULOS: No. You know, the
6 Kansas City Power and Light and the Missouri Gas
7 Energy and the water company, they do an
8 excellent job. I am going to tell you we are
9 very blessed in this country to have the kind of
10 utilities we have. And I am not up here to dis
11 the utilities, because I am not. You know, my
12 gas comes every month like the bill. My
13 electricity is turned on and comes every month
14 just like the bill. If I have a problem and I
15 call them they are generally there within a very
16 short period of time. So in terms of that, no, I
17 don't have a problem. The rate increases are
18 just absurd.

19 MR. GUNN: Thank you for your time.
20 I don't have any more questions.

21 MR. KENNY: I don't have any
22 questions, but I do want to thank you for taking
23 the time to participate. You have obviously been
24 a diligent student of these issues, and your
25 voice is important. And we appreciate it in the

1 support of the process, so thank you very much.

2 JUDGE PRIDGIN: Thank you very much
3 for your time and your remarks, sir.

4 MR. PULOS: Thanks for having me.

5 JUDGE PRIDGIN: You are welcome, sir,
6 thank you. Mr. Ochoa?

7 MR. OCHOA: Michael Patterson?

8 JUDGE PRIDGIN: If you would raise
9 your right hand and be sworn.

10 (An oath was administered.)

11 JUDGE PRIDGIN: If you would, please
12 state your name and give it to the court
13 reporter.

14 MR. PATTERSON: All right. It is
15 Michael Patterson, M-I-C-H-A-E-L,
16 P-A-T-T-E-R-S-O-N.

17 JUDGE PRIDGIN: Are you a customer of
18 MGE?

19 MR. PATTERSON: Yes, I am.

20 JUDGE PRIDGIN: Do you have a
21 statement for the commission, sir?

22 MR. PATTERSON: Yes. At this time,
23 I am totally against any kind of a rate increase
24 for MGE, simply because approximately April of
25 2007 they were allowed a rate increase. It was a

1 major increase on a monthly charge. This is a
2 charge you pay whether you use 1,000 CCF on your
3 house or zero CCF. You cannot control any kind
4 of cost by lowering your gauge, or insulating
5 better or anything else.

6 In my research to try to find what
7 their types of cost were, I could not find the
8 division in MGE's cost per se, but I did manage
9 to get the apparent company, which is Southern
10 Union Gas and pulled up their annual report.
11 Well, when I started going their annual report I
12 found that one of the things they had was an
13 increase in 2007 of 27.2 million annual revenue
14 increase from Missouri Gas Energy. That would be
15 approximately the rate increase they got. Now,
16 along with this in 2000 -- in January of 2008,
17 the dividend went from 10 cents a quarter to 15
18 cents a quarter. Now, also in my research I
19 pulled up corporate owners. The CEO of this
20 company owns -- or Southern Union owns
21 approximately \$7,700,000 shares of stock. He is
22 the largest block holder.

23 JUDGE PRIDGIN: Mr. Patterson, I am
24 sorry, can I interrupt you for just a moment? I
25 am very sorry.

1 MR. PATTERSON: Sure.

2 JUDGE PRIDGIN: Is there an Allen
3 Norman in the audience?

4 MR. NORMAN: Yes.

5 JUDGE PRIDGIN: You have a phone
6 call.

7 MR. NORMAN: Thank you.

8 JUDGE PRIDGIN: I am very sorry. I
9 am sorry, Mr. Patterson. Go ahead.

10 MR. PATTERSON: Basically when
11 pulling this information up, the large block
12 owners own approximately 88 percent of the stock
13 in this company. These are companies like State
14 Street, Vanguard, Investment Groups and so on.

15 Now, when you take that extra nickel
16 annually, that is 20 cents a year, they own 88
17 percent. I figured the math on 20 cents as an
18 increase, it works out to approximately
19 \$34,000,640 in dividends. If we can afford to
20 pay these kind of dividends when other companies
21 in a private sector that don't have a traffic
22 market are having to cut dividends, reduce
23 dividends, they could go back to the 10 cent a
24 share dividend before 2007, and they would still
25 have as much money to operate their company as

1 they are wanting from us. And quite truthfully I
2 cannot afford this type of increase. The \$24 and
3 something was bad enough. Now add another \$5
4 with no way to control that will cost. At some
5 point as some of the people I have heard
6 mentioned, you are being penalized for being
7 efficient. I put insulation in my room. I put
8 in double windows. I sealed the doors. My gas
9 usage is very small. Even when they had 26 cent
10 CCF charge, it cost me less to operate my home on
11 gas then it does now, simply because my home was
12 that efficient and is. And like I said, these
13 prices keep going up, everything goes up. And
14 when I cannot control it by lowering the
15 temperature or reduction in usage, I mean, I am
16 doomed. Like I said, after two years we are here
17 asking for another basically 20 percent increase
18 on the monthly charge. When -- there is a lot of
19 argument over this, but when it basically doubled
20 from the 1165 to 14,000. Now, granted that is
21 all set because we did get rid of the 26 cent CCF
22 charge. And basically that is all I have to say.

23 JUDGE PRIDGIN: Mr. Patterson, I am
24 sorry I had to interrupt for an emergency
25 message. You may ask him questions. Mr.

1 Chairman?

2 CHAIRMAN CLAYTON: I don't have any
3 questions, Mr. Patterson. I do want to
4 acknowledge the comment that you are talking
5 about. There was a change rate and I understand
6 exactly what you are talking about. I appreciate
7 your concerns, thank you.

8 JUDGE PRIDGIN: Commissioners,
9 questions? Mr. Patterson, thank you very much
10 for your time and your comments.

11 MR. PATTERSON: Thank you.

12 JUDGE PRIDGIN: Mr. Ochoa?

13 MR. OCHOA: The next name I have is
14 Margaret Hoguean.

15 JUDGE PRIDGIN: Please raise your
16 right hand and be sworn, please.

17 (An oath was administered.)

18 JUDGE PRIDGIN: Thank you, very much.
19 If you would, please, state your name and spell
20 it for the court reporter.

21 MS. HOGAN: I am Margaret K.
22 Hoguean, H-O-G-E-A-N. I am a homeowner and a
23 customer of MGE.

24 JUDGE PRIDGIN: Thank you, Ms.
25 Hoguean. Do you have a statement for the

1 commissioners?

2 MR. HOGEAN: Yes, my first
3 statement is that it seems to me we may be
4 lengthening a puppy dog's tail one inch at a
5 time. There was one little segment on my bill,
6 it was \$25 or \$24 something, that was going up by
7 \$5, which is approximately 20 percent of that one
8 item. Now, if they do that to one segment of the
9 bill this time, will we later on get another 20
10 percent increase on all of these other items
11 until we have 20 percent increase of the whole
12 bill? That is my first question.

13 The second one is, in the question
14 and answer period I understand that the gas
15 company is thinking about 11 percent profit.
16 Since money is fundable, some part of this \$5
17 increase is going to fund that 11 percent profit,
18 which I presume will go to the shareholders.

19 Now, in the general population,
20 those that are not engaged in high finances we
21 can not get more than maybe 4 percent on our CD
22 or something like that, and does seem to me that
23 it is a very unequal level between an 11 percent
24 profit for the gas company and shareholders and
25 the 4 percent profit for the rest of us wage

1 earners in other lines of work. That is my
2 statement.

3 JUDGE PRIDGIN: Okay, thank you very
4 much. Let me see if we have questions from
5 commissioners if you will just stay at the podium
6 for just a moment, please. Mr. Chairman?

7 CHAIRMAN CLAYTON: Ms. Hogeane, I
8 wanted to ask you at service. Are you satisfied
9 with the service you are receiving?

10 MS. HOGEANE: Oh, yes. I don't want
11 to starve the gas company. I am just wondering
12 if this is just sort of an nebulous increase that
13 is going to increase the other 11 percent profit.

14 CHAIRMAN CLAYTON: I see. You are
15 happy with the customer service?

16 MS. HOGEANE: I am. I will not
17 starve the gas company. Their service is very
18 good. And I do want them play safely with me.
19 It is just that I am looking to see whether
20 this -- it doesn't seem to have anything to do
21 directly with gas, so I am wondering if it has
22 too do with the 11 percent profit.

23 CHAIRMAN CLAYTON: Well, that
24 certainly an issue that comes up in our case.
25 So, I appreciate those comments and I understand

1 you are concerned about the raise as well. No
2 other questions, thank you.

3 JUDGE PRIDGIN: Mr. Davis?

4 MR. DAVIS: I don't have any
5 questions, thank you.

6 JUDGE PRIDGIN: Ms. Hogean, thank you
7 for your time and your comments.

8 MS. HOGEAN: It was my pleasure.

9 JUDGE PRIDGIN: Thank you. Mr.
10 Ochoa?

11 MR. OCHOA: Carl Behnke?

12 JUDGE PRIDGIN: Good afternoon, sir.

13 MR. BEHNKE: Hi.

14 JUDGE PRIDGIN: If you will raise
15 your right hand to be sworn, thank you.

16 (An oath was administered.)

17 JUDGE PRIDGIN: Thank you, sir.
18 Would you state your name and spell it for the
19 court reporter, please.

20 MR. BEHNKE: My name is Carl
21 Behnke, and Carl is with a C. Behnke is spelled
22 B-E-H-N-K-E.

23 JUDGE PRIDGIN: Are you customer of
24 Missouri Gas Energy?

25 MR. BEHNKE: Yes, I am.

1 JUDGE PRIDGIN: Do you have a
2 statement for the commissioners?

3 MR. BEHNKE: Yes. I would like to
4 take a quick look at the audience first. And in
5 doing so I see that there are quite a number of
6 senior citizens in the audience, as I qualify in
7 that era. And I don't know if the commission is
8 aware of it, but several months ago our President
9 Barack Obama and legislators made a statement to
10 the effect that there would be no cost of living
11 increases for Social Security recipients, people
12 on fix pensions from the government and
13 disability for compensation for veterans, which I
14 qualify for all of those. So I want the
15 commission to take into consideration that our
16 age group probably accounts for 30 percent of the
17 population in the United States, so I am going to
18 assume it is about the same here in Kansas City.
19 So in considering this increase, I think you
20 ought to take into consideration how this is
21 going to effect people on fixed incomes like
22 myself and many other members in the audience.
23 And I would also like -- I have a copy of my gas
24 bill from August, and approximately a year ago I
25 bought a townhouse, a new townhouse for myself,

1 but it was a used one. And after I was there
2 very shortly I took a look at the furnace and the
3 hot water tank and I saw that they were both 31
4 years old.

5 Well, that is quite an age for them
6 to even last that long, because I have been in
7 the heating and air-conditioning business. So I
8 replaced the hot water tank and I could see an
9 immediate drop in the amount of consumption just
10 on the hot water tank. And I am now in the
11 process of replacing the furnace because a
12 furnace 31 years old is approximately maybe 60
13 percent efficient but that would be lucky,
14 because I remember that I used to sell them in
15 that era. Now, I am replacing it with a 90
16 percent efficient furnace. But this rate
17 increase that they are asking for doesn't effect
18 the usage. It is an overhead increase, as far as
19 I am concerned. And I just want the Board to
20 take into consider the senior citizens and our
21 ability to absorb even these slight increases.
22 That is all I have to say.

23 JUDGE PRIDGIN: All right. Mr.
24 Behnke, if you will stay there for just a moment,
25 you may have some questions.

1 CHAIRMAN CLAYTON: Thank you for
2 coming.

3 JUDGE PRIDGIN: Commissioner Jarrett?

4 MR. JARRETT: I heard you say you
5 were a veteran. What branch of service?

6 MR. BEHNKE: I was in the Army.
7 And I cannot really claim it wasn't a war because
8 they called it a police action, or they had
9 another statement for Korea.

10 MR. JARRETT: Well, thank you for
11 your service. I am in the Army National Guard
12 myself. So I appreciate your service. Thank
13 you. I don't have any other questions.

14 MR. BEHNKE: Thank you.

15 JUDGE PRIDGIN: Thank you for your
16 time, sir, and for your remarks. Mr. Ochoa?

17 MR. OCHOA: Russel Ashley? Russel
18 Ashley?

19 MR. ASHLEY: Well, I have to say
20 when I scribbled my name there I didn't know I
21 was going to testify. Thank you for the
22 opportunity.

23 JUDGE PRIDGIN: All right, Mr.
24 Ashley, thanks. You don't want to testify; is
25 that correct?

1 MR. ASHLEY: Correct.

2 JUDGE PRIDGIN: All right. Thank
3 you, sir. Mr. Ochoa?

4 Mr. Ochoa: Pat Smith?

5 JUDGE PRIDGIN: If you will raise
6 your hand to be sworn, please.

7 (An oath was administered.)

8 JUDGE PRIDGIN: Thank you very much.
9 If you would, please, state your name for the
10 record and spell your name for the court
11 reporter.

12 MS. SMITH: Pat Smith, S-M-I-T-H.

13 JUDGE PRIDGIN: And are you a MGE
14 customer?

15 MS. SMITH: I am.

16 MR PRIDGIN: All right. Do you
17 have a statement for the commissioners?

18 MS. SMITH: This is the first
19 hearing that I have ever been to. So I am
20 thinking I wished I had joined the Postmasters
21 Club. When I signed up I picked up a couple of
22 folders. One says energy savers, tips on saving
23 energy and money at home and a guide to help
24 manage your utilities. I work very hard at being
25 frugal as that other gentleman up here earlier

1 said and to keep my gas bill down at a manageable
2 rate. As you can see, I am a member of the
3 white-haired group. My neighbor and I compare
4 our bills all the time. And we were very upset
5 when we got the fixed monthly charge of \$24.62,
6 because our normal bills other than heating in
7 the winter run from \$9 to \$11 a month. And my
8 part-time job I haven't had an increase in salary
9 for four years. I would just like to read just a
10 short little statement from a letter I had read.
11 If the utility company doesn't like the fact that
12 we are cutting back and conserving, they just
13 devise some method of getting more of our money.
14 And the fixed monthly charge just adds so much
15 more on. I know that you have to have money to
16 operate your business. We also have to have
17 money to live. Phone bill has added an \$8.81
18 customer charge, water bill \$16.21. If you take
19 all of these three fixed charges, they add up to
20 about \$600 a year just for the privilege of
21 having utilities. And we cannot get along
22 without utilities, but that is above and beyond
23 our usage. So I guess I am just here to object
24 to the increase as everyone else is here.

25 JUDGE PRIDGIN: Ms. Smith, thank you.

1 Let me see if we have questions for the
2 commissioners.

3 CHAIRMAN CLAYTON: Ms. Smith, I
4 just want to ask you about service. Are you
5 happy with the service, the customer service,
6 billing, the gas work when it is supposed to?

7 MS. SMITH: Yes.

8 CHAIRMAN CLAYTON: No problems?

9 MS. SMITH: No problems. And I
10 understand why you are asking that question,
11 because it does cost money to operate your
12 company.

13 CHAIRMAN CLAYTON: That is not
14 really why. That is not really why I am asking.
15 The reason I am asking is because this is an
16 opportunity for us to hear whether somebody is
17 doing a good job or a bad job of service. So I
18 want to know if you are unhappy with someone
19 coming out looking at your meter and providing
20 service or the customer service rep doesn't
21 provides you information that you are looking
22 for. That is really why I am asking.

23 MS. SMITH: My neighbor and I did
24 have an issue about a year or so ago, and we were
25 never happy with the way it was resolved. When

1 our town homes were built, whoever installed our
2 gas meters switched our gas meters. So the
3 people who lived there before, I was paying their
4 bill and they were paying my bill. There were
5 three of them and there is one of me. And it
6 took us probably a year-and-a-half to try to
7 resolve this matter. And they just kept asking
8 for more information, and more information. We
9 gave it to them, and it was never resolved to our
10 liking. But as with so many things, you just
11 give up after awhile. There was so many details.

12 CHAIRMAN CLAYTON: Well, Ms. Smith,
13 I don't know how old it was. You kind of through
14 out a date, but I would urge you to take
15 advantage of our staff that is here. Maybe you
16 can talk to them. Maybe there is more that we
17 could resolve here today. That is one of the
18 reasons why we come to communities to make our
19 staff available, make us available, make the
20 company available to workout any problems that
21 may be out there. So we have got staff in the
22 back.

23 MS. SMITH: I don't have my file
24 with me. Believe me, it is a big file.

25 CHAIRMAN CLAYTON: That is all

1 right. It is up to you. If you want to stop and
2 talk for a little bit, great. If you don't, that
3 is fine, too. Thank you for coming.

4 JUDGE PRIDGIN: Ms. Smith, thank you.
5 Mr. Ochoa?

6 MR. OCHOA: Evadene Judge?

7 JUDGE PRIDGIN: If you would raise
8 your right hand and be sworn, please.

9 (An oath was administered.)

10 JUDGE PRIDGIN: Thank you very much.
11 If you would, please, state your name and spell
12 it for the court reporter.

13 MS. JUDGE: My name is Evadene
14 Judge. It is spelled E-V-A-D-E-N-E, J-U-D-G-E.

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

17 MS. JUDGE: I do. I am in a sense
18 reiterating other things that were said before.
19 Before you asked me, I will just tell you I am
20 very pleased with the service I have had from
21 Missouri Gas Energy. I, too, was alarmed when I
22 looked at my last bill. My gas usage was \$4.34.
23 My total bill was \$32.86, and of course the
24 service charge was \$25.23. I also am a senior
25 citizen on Social Security. I also need to work.

1 And like many other people right now, I am being
2 laid off as of September 15th. I work for the
3 Department of Natural Resources in Missouri whose
4 budget was cut by 50 percent. I am just here to
5 tell that story, and I am sure I am representing
6 a lot of people right now. And having even \$5 is
7 a lot of money to me. So, thank you.

8 JUDGE PRIDGIN: Ms. Judge, thank you.
9 If you will stay at the podium for a moment, we
10 might have questions for you. Mr. Chairman?

11 CHAIRMAN CLAYTON: Ms. Judge, I
12 just wanted to ask, you are upset that this is
13 been upsetting with the change in the way it is
14 structured. And there was an elimination of one
15 component of rate which all went into the fixed
16 jars thing, and you are unhappy with the way that
17 is structured? Is that what you are telling us
18 today?

19 MS. JUDGE: Well, I am. In a way
20 it seems that the people who use the most should
21 pay the most. And perhaps it could be
22 distributed differently. And, also, like the
23 other people before me, we are from the generation
24 that is automatically frugal, I think. And my
25 house has been weatherized. I had only turned my

1 furnace on a couple of times last winter because
2 I wanted to save gas. And I did install one of
3 those small gas heaters that looks like a
4 fireplace. That unit could heat my whole first
5 floor. I live in a ranch house. And I am
6 consuming less gas than I would have with, by the
7 way, a brand new furnace from the weatherization.
8 So I am doing the best I can, and recycle almost
9 everything else in my life as well. I just hope
10 you will listen to the people I represent as
11 well, even though they didn't know I was coming
12 here.

13 JUDGE PRIDGIN: Thank you very much
14 for coming. We appreciate your testimony. Ms.
15 Judge, I think we still have a few more questions
16 for you.

17 CHAIRMAN CLAYTON: I don't have
18 anything. Thank you for being here.

19 JUDGE PRIDGIN: I am sorry, I just
20 wanted to double check. Mr. Ochoa?

21 MR. OCHOA: Allen Norman? Allen
22 Norman?

23 JUDGE PRIDGIN: Is that the gentleman
24 that had the phone call?

25 MR. OCHOA: Okay. Paul Rieck.

1 JUDGE PRIDGIN: If you would raise
2 your right hand to be sworn, please.

3 (An oath was administered.)

4 JUDGE PRIDGIN: If you will state
5 your name for the record and spell it for the
6 court reporter.

7 MR. RIECK: Paul Rieck, R-I-E-C-K
8 is my last name.

9 JUDGE PRIDGIN: Are you a customer of
10 MGE?

11 MR. RIECK: I am.

12 JUDGE PRIDGIN: Do you have a
13 statement for the commissioners, sir?

14 MR. RIECK: I just wanted to point
15 out that there are some water heating programs.
16 They are trying to actually help people reduce
17 their bills. And I wanted to point out that it
18 is not all about a fixed rate increase. That
19 people can actually take advantage of the
20 programs they are spending a lot of money on and
21 reduce their usage in the months. I think it
22 will way more than even. Now, we have seen that
23 in our business that is about all I have to say.

24 CHAIRMAN CLAYTON: Is it Mr. Rieck?

25 MR. RIECK: Rieck.

1 CHAIRMAN CLAYTON: Could you speak
2 up? I had difficulty hearing you.

3 MR. RIECK: I am sorry.

4 CHAIRMAN CLAYTON: That is no
5 problem. You talked about reducing usage. Can
6 you elaborate on programs that you were talking
7 about?

8 MR. RIECK: Missouri Gas Energy is
9 giving a bill credit to the customers. And then
10 \$200 for their efficient water heater and \$225
11 for efficient space heater replacement. It does
12 require an investment, but the savings that the
13 average customer will realize will more than
14 offset monthly cost over the term of the year.
15 We have got the heating season when cost goes up
16 drastically and the price of gas goes up as well.
17 I believe water heating is about maybe 30 or 40
18 percent of your monthly gas usage. If you see
19 you have got gas, water heating, the charges you
20 see all year around.

21 CHAIRMAN CLAYTON: And you took
22 advantage of these programs; is that what you
23 said?

24 MR. RIECK: Actually we are
25 plumbers and we see real savings. I mean, honest

1 to goodness real savings for our customers.

2 JUDGE PRIDGIN: Thank you very much
3 for your time and your comments, sir. We
4 appreciate it. Mr. Ochoa?

5 MR. OCHOA: The last name on the
6 signup sheet is Clyde Nabler. Clyde Nabler?

7 JUDGE PRIDGIN: Clyde Nabler, or
8 something to that effect? No, no, volunteers.
9 Anybody else on the signup sheet?

10 MR. OCHOA: That is the last name
11 on the list.

12 JUDGE PRIDGIN: Okay. Nobody has
13 signed up to testify. Is there anyone else who
14 wishes to testify? All right, seeing no
15 volunteers, let me see if we have any closing
16 remarks from the commissioners. Mr. Chairman?

17 CHAIRMAN CLAYTON: None from me.
18 Thank you all for being her.

19 JUDGE PRIDGIN: Mr. Davis?

20 MR. DAVIS: Thank you all for being
21 here.

22 MR. GUNN: I just want to encourage
23 everybody. This is the beginning of a very long
24 process, and you can follow it on our website,
25 which is PSP dot MO dot GOV. The evidentiary

1 hearings should be webcast so that people can
2 look in. If you have people that couldn't make
3 it here today, there is a ability through the
4 website to file comments there as well. So this
5 is the beginning of a long process and we want it
6 to be as open and transparent as possible.
7 Through the webcast you can also read the filings
8 of case the case through that system as well. So
9 I would encourage everyone if they are interested
10 to follow along and be informed as the process
11 moves through, but thank you all very much for
12 your time. I appreciate it.

13 JUDGE PRIDGIN: I don't have any
14 closing remarks other than thanking you for your
15 attendance and your comments. That will conclude
16 the public hearing in Case No. GR2009-0355.
17 Thank you very much. We are off the record.

18 (Public Hearing concluded at 1:05
19 p.m.)
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1 CERTIFICATE OF REPORTER

2 STATE OF MISSOURI)

3) ss

4 CITY OF KANSAS CITY)

5
6 I, Adriana M. Gelwix, a Certified Court Reporter
7 (MO), Certified Shorthand Reporter (KS), and a
8 Notary Public within and for the State of
9 Missouri, DO HEREBY certify that pursuant to
10 notice/agreement between the parties, the
11 aforementioned record was made before me at the
12 time and place hereinbefore mentioned, on the 9th
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14 in shorthand and later reduced to printing; and
15 said record is herewith forwarded to the
16 requesting party

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19 The State of Missouri

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22 My commission expires May 30, 2009.
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25