

1 STATE OF MISSOURI  
2 PUBLIC SERVICE COMMISSION  
3  
4 TRANSCRIPT OF PROCEEDINGS  
5 Local Public Hearing  
6 September 9, 2009  
7 Lee's Summit, Missouri  
8 Volume 6  
9  
10 In the Matter of Missouri Gas Energy )  
11 and its Tariff Filing to Implement a )Case No.GR-2009-0355  
12 General Rate Increase for Natural Gas )  
13 Service )  
14  
15 RONALD D. PRIDGIN, PRESIDING  
16 SENIOR REGULATORY LAW JUDGE  
17  
18 ROBERT M. CLAYTON, III  
19 CHAIRMAN  
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22  
23  
24 REPORTED BY:  
25 FRAN HOLLAND, CCR

## 1 APPEARANCES:

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

2                   (Starting time of the Hearing: 6:15  
3 p.m.)

4                   JUDGE PRIDGIN: Good evening. The  
5 Missouri Gas Energy Service has set this time for a  
6 local public hearing in Case Number GR-2009-0355 in  
7 Lee's Summit, Missouri, September 9th, 2009, the  
8 time is approximately 6:15.

9                   Let me just reiterate why Mr. Ochoa was  
10 probably telling you a few minutes ago and that's  
11 to the purpose of the hearing tonight, that's to  
12 hear your comments on MGE's proposed rate increase  
13 and I believe they just concluded the question and  
14 answer session. If you didn't get your questions  
15 answered, I would encourage you to talk to  
16 personnel from company or from staff, Office of  
17 Public Counsel and they are here to answer your  
18 questions.

19                  If you want to testify, we have a sign  
20 up sheet there, Mr. Ochoa had that out. And here  
21 in a moment, I will read an opening statement and  
22 then I will ask people to start testifying. Looks  
23 like we have microphones all over, so you don't  
24 need to leave your seat, you're just welcome to sit  
25 where you're sitting and if you push a button, you

1    should see a green light.  When you want to talk,  
2    if you will hit the button for the green light to  
3    come on so we can hear you.

4           I will read an opening statement.  I  
5    will swear people in before they testify.  If for  
6    religious reasons or other reasons you cannot take  
7    an oath, please let me know and I'll ask your  
8    testimony to be affirmed instead.

9           All right.  Let me begin.  The Missouri  
10   Public Service Commission regulates the rates  
11   charged by investor owned utility companies in  
12   Missouri, to insure those rates are just and  
13   reasonable.  The commission also regulates the  
14   quality of service and the safety of the operations  
15   of investor owned utilities.

16          The commission is made up of five  
17   commissioners, one of whom is here with me this  
18   evening.  The commissioners are appointed by the  
19   governor to fixed terms and confirmed by the  
20   senate.  The commissioners employ a staff of  
21   engineers, accountants, attorneys, financial  
22   analysts, and other specialists in the field of  
23   utility regulation.

24          I'm Ron Pridgin, I am a Regulatory Law  
25   Judge for the Missouri Public Service Commission

1 and I will preside over this hearing.

2 With me this evening, is the Chairman of  
3 the Commission, Robert Clayton.

4 This is an official hearing of the  
5 commission and statements and testimony of the  
6 witnesses will be recorded by the court reporter  
7 and must be given under oath. All of the  
8 commissioners will have the chance to read all of  
9 your remarks.

10 The purpose of this hearing is to hear  
11 from you. The company will not present witnesses  
12 this evening and will not answer questions during  
13 the hearing. This is your chance to testify and  
14 your remarks will be made a part of the official  
15 record of this case.

16 When your name is called, I will ask you  
17 to raise your right hand and be sworn. I will then  
18 ask a couple of preliminary questions, such as your  
19 name and I will ask you to spell your name for the  
20 court reporter, so she can spell it correctly in  
21 the record. And then I will ask if you have a  
22 statement for the commission. When you are  
23 finished, we may have questions for you, either the  
24 chairman or myself and once those questions are  
25 completed, we'll go onto the next witness.

1           Again, if there is someone who wishes to  
2   testify but cannot take an oath, please let me know  
3   and I'll ask your testimony to be affirmed instead.

4           Let me get entries of appearance from  
5   counsel, and I think I see some folks in Jefferson  
6   City. I believe I see a couple of lawyers. Could  
7   I get an entry of appearance for counsel for MGE  
8   from Jefferson City, please?

9           MR. SWEARENGEN: Yes, your honor, let the  
10   record show the appearance of James C. Swearingen  
11   for the Missouri Gas Energy.

12          JUDGE PRIDGIN: Mr. Swearengen, thank  
13   you. Any appearance on behalf of the staff of the  
14   commission from Jefferson City?

15          MS. SHEMWELL: Yes, thank you, Judge, and  
16   good evening. Lera Shemwell representing the staff  
17   of the Missouri Public Commission Service.

18          JUDGE PRIDGIN: Ms. Shemwell, thank you  
19   and good evening to you. Entries of appearance  
20   from counsel for the company from Lee's Summit,  
21   please?

22          MR. JACOBS: For the company, Missouri  
23   Gas Energy, Todd Jacobs.

24          JUDGE PRIDGIN: Mr. Jacobs, thank you. I  
25   don't see any other staff counsel entries. For the

1 Office of Public Council, please?

2 MR. POSTON: Thank you, Marc Poston,  
3 attorney for the Office of Public Council.

4 JUDGE PRIDGIN: Mr. Poston, thank you.

5 Any other counsel wishing to make an entry of  
6 appearance? All right, hearing none, we will  
7 proceed with witnesses. Mr. Ochoa, if you will  
8 call the first witness, please?

9 Oh, I'm sorry. I'm sorry, Mr. Chairman,  
10 I apologize, go ahead.

11 CHAIRMAN CLAYTON: I apologize for  
12 interrupting the judge. My name is Robert Clayton,  
13 I'm Chairman of the Missouri Public Service  
14 Commission. As you've probably heard and it's on  
15 the literature that's been handed out, the  
16 commission is made up of five members. We had five  
17 members in Kansas City today for a noon hearing and  
18 for various reasons, I'm the one who has remained  
19 for the local public hearing tonight.

20 And I wanted to make you aware that  
21 there is going to be a transcript of this  
22 proceeding and all the commissioners regularly  
23 review all of the testimony that is received at the  
24 local public hearings.

25 So, I appreciate you taking time out of

1 your schedules to come out tonight and look forward  
2 to hearing your comments. Thank you, go ahead.

3 JUDGE PRIDGIN: Mr. Chairman, I'm sorry.  
4 Mr. Ochoa?

5 MR. OCHOA: Neal Clouse.

6 MR. CLOUSE: Actually it's Dale Clouse.

7 MR. OCHOA: I'm sorry.

8 MR. CLOUSE: C-l-o-u-s-e. Thank you for  
9 having this public hearing, I appreciate it because  
10 otherwise it's difficult for us to get our voices  
11 out.

12 JUDGE PRIDGIN: My pleasure. Could I get  
13 you to raise your right hand and be sworn?

14 DALE CLOUSE, being sworn-in by Judge  
15 Pridgin, testified as follows,

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

19 MR. CLOUSE: Dale Clouse, C-l-o-u-s-e.  
20 First name is Dale, D-a-l-e.

21 JUDGE PRIDGIN: And are you a customer of  
22 Missouri Gas Energy?

23 MR. CLOUSE: Yes, I am.

24 JUDGE PRIDGIN: All right. Do you have a  
25 statement for the commissioner, sir?



1           MR. CLOUSE: Yes. Well, first,  
2 commissioner, it would be great if in the future we  
3 could get these customer charges as we were talking  
4 to be more uniform with all utilities. That way we  
5 would have a better apples to apples comparison.  
6 It would make our lives a lot simpler. So, if  
7 that's something you could work on, we'd greatly  
8 appreciate it.

9           But as far as the rate hike is  
10 concerned, I just would like for them to go away  
11 from the average verbiage as well because my bill  
12 did not reflect a \$3.60 average monthly increase,  
13 probably because I do not use as much gas as the  
14 average customer who they were tallying. And I  
15 understood those figures, but again, when it comes  
16 to electric or some other utility, I pay for what  
17 my usage is. But this one, I'm getting charged  
18 flat rates and it's far more exorbitant than what  
19 it should be for this utility, in my opinion.

20           They've been great about service, I've  
21 not had any complaints. Anytime there's ever been  
22 an issue they've always been there to help and  
23 that's been wonderful, but whenever there's an  
24 emergency ice storm or anything else, the gas  
25 company doesn't go out as far as I can see. The

1 electric company is always out. They are  
2 constantly redoing which would be the greater thing  
3 and that's very delightful, but that's only one  
4 issue. And the electric company has going to a  
5 meter that is daily. I can tell what my usage is.

6 With the gas company, they are having  
7 loss by theft, as far as I know, constantly because  
8 the meters can't reflect people turning them back  
9 on when they shouldn't be turned on. That's what I  
10 understand. Now, if that's incorrect, I'd like  
11 somebody to address that.

12 And again, as far as trees. My trees  
13 are constantly trimmed behind my house by the  
14 electric company. The gas company, I don't see  
15 them. Which, again for the company is a wonderful  
16 great thing, but I don't understand how we're  
17 having such a rate hike when I don't see them or I  
18 don't know anything about them and why is this  
19 going up? Where - are there new buildings? Why do  
20 we have this?

21 JUDGE PRIDGIN: Mr. Clouse, thank you and  
22 the chairman may have some questions for you.

23 CHAIRMAN CLAYTON: I do have questions.  
24 Thank you very much for coming, Mr. Clouse. I  
25 think what I hear you saying is you're expressing

1 frustration with the way the MGE bills are  
2 delivered, meaning you consider yourself a lower  
3 user of gas and you still have to pay the same  
4 fixed monthly charge as someone who uses a lot more  
5 gas, maybe that has a bigger house, bigger  
6 facility, that sort of thing. Is that what you're  
7 saying?

8 MR. CLOUSE: Well, I am saying that and  
9 yes, I understand that a fixed charge is probably  
10 appropriate, I just think the charge is higher than  
11 what it should be, when the other utilities, my  
12 water, my electric, everything else I have in my  
13 home doesn't have such a - as large of a chunk of  
14 the bill as the Missouri Gas Energy does.

15 CHAIRMAN CLAYTON: Well, a couple of  
16 years ago, the commission changed the way the rate  
17 structure was. Basically it went from having three  
18 billing components for gas, changed it into two.  
19 Got rid of one of them and then placed everything  
20 in the fixed charged, so when you express  
21 frustration which is I think is what you're doing  
22 about the higher fixed cost, that was something  
23 that the commission did a couple of years ago, and  
24 frankly it's been a common theme I think during the  
25 local public hearing process. When you say you

1 don't use as much as average, how do you know?

2 MR. CLOUSE: I know by my usage, by the  
3 bill. I keep track of exactly how much I go  
4 through. One, because I've gone to mostly wood in  
5 a wood burning furnace for heating in the winter.  
6 But, what my frustration was in the last rate hike,  
7 they said \$3.60 on the average. I wish they would  
8 have said this is what your bill will go up,  
9 actually. I think they would have had a far larger  
10 outcry last time and concern as to what this is all  
11 about, if they were a little bit more, it seems  
12 honest with us.

13 CHAIRMAN CLAYTON: Well, there's no  
14 question that if you were, if you used less gas,  
15 then you wouldn't get the same benefit by using  
16 less gas under the new methodology as you would the  
17 old one. I understand what you're saying. I  
18 follow that.

19 MR. CLOUSE: Well, there was nothing in  
20 the paper to explain it. Last time around it said,  
21 this will be your average change. Didn't really  
22 say that those who used less would be hit harder  
23 than those that didn't. And so, that's almost as  
24 if saying use more because it's not a conservative  
25 style of setting this up.

1           I think we are supposed to be going into  
2   that realm of let's get better furnaces, use less.  
3   Let's get better everything and we're supposing to  
4   be using less. This is almost encouraging people  
5   to use more because, well, it's somewhat of a  
6   benefit to use more because someone else will have  
7   to pay the costs.

8           CHAIRMAN CLAYTON: When you said that  
9   you'd like the meter to provide more information  
10   and I think you were comparing your gas meter to  
11   your electric meter. Do you have one of the new  
12   meters from KCP&L or Aquila that gives you a daily  
13   readout?

14          MR. CLOUSE: I actually have a new meter,  
15   I think from the water company. They have done the  
16   same thing, they've gone to a new - well, it's  
17   where they can no longer go through and have to  
18   read them manually. I want to say they actually do  
19   tell how much I using on a regular base. I not  
20   going to go on the website and verify that, but I  
21   truly can to of the website for KCP&L and I can  
22   tell how much I'm using everyday.

23          CHAIRMAN CLAYTON: Have you looked? Are  
24   you saying you haven't looked?

25          MR. CLOUSE: For the water, yeah, I have

1 not.

2 CHAIRMAN CLAYTON: For the Electric?

3 MR. CLOUSE: Yes.

4 CHAIRMAN CLAYTON: You do? You are able  
5 to monitor your usage?

6 MR. CLOUSE: Yes.

7 CHAIRMAN CLAYTON: Interesting. Did you  
8 have to pay for that or was that just a--

9 MR. CLOUSE: You know, I'm charged  
10 nothing at all. They did that all on their own  
11 because it was a way to save their costs.

12 CHAIRMAN CLAYTON: Last question. Are  
13 you a KCP&L, old KCP&L customer or are you an old  
14 Aquila customer? Because they are all one in the  
15 same.

16 MR. CLOUSE: I have both. I have a house  
17 in Grandview that's Aquila. I have a house here in  
18 Kansas City, Missouri that I've owned for 20 years  
19 so, both systems.

20 CHAIRMAN CLAYTON: That's KCP&L proper,  
21 so to speak?

22 MR. CLOUSE: Yes.

23 CHAIRMAN CLAYTON: But it's that house  
24 that has the meter?

25 MR. CLOUSE: I want to say Grandview now

1 has it too.

2 CHAIRMAN CLAYTON: Both of them.

3 MR. CLOUSE: I don't know for certain. I  
4 will have to check on that, but I know my house has  
5 been upgraded.

6 CHAIRMAN CLAYTON: Thank you very much, I  
7 don't have any other questions. Thank you for your  
8 testimony.

9 JUDGE PRIDGIN: Thank you and I don't  
10 have any questions. Mr. Clouse, thank you for your  
11 time and your comments this evening.

12 MR. OCHOA: Sharon Baker.

13 SHARON BAKER, being sworn-in by Judge  
14 Pridgin, testified as follows,

15 JUDGE PRIDGIN: It looks to me you're  
16 holding the green button down?

17 MS. BAKER: Yes, I am.

18 JUDGE PRIDGIN: Outstanding, thank you.  
19 Would you state your name and spell it for the  
20 record, please?

21 A. Sharon, S-h-a-r-o-n, Baker, B-a-k-e-r.

22 JUDGE PRIDGIN: And Ms. Baker, are you a  
23 customer of MGE?

24 MS. BAKER: Yes, I am. KCP&L.

25 JUDGE PRIDGIN: Okay, thank you. Do you

1 have a statement for the commissioners?

2 MS. BAKER: Yes, my statement is simply  
3 this. I wanted to go on record saying that rate  
4 increases are a hardship for retired people that  
5 are on fixed incomes and that's, I believe, all I  
6 have to say.

7 JUDGE PRIDGIN: Okay, Ms. Baker, I  
8 appreciate your gravity and I understand your  
9 point. Mr. Chairman, I don't know if you have any  
10 questions or comments of Ms. Baker?

11 CHAIRMAN CLAYTON: I think that message  
12 was short and sweet and I get it, so I don't have  
13 any questions. Thank you for coming.

14 MS. BAKER: Thank you.

15 JUDGE PRIDGIN: Mr. Baker, thank you very  
16 much for coming out this evening.

17 MR. OCHOA: Barbara Veach.

18 BARBARA VEACH, being sworn-in by Judge  
19 Pridgin, testified as follows,

20 JUDGE PRIDGIN: Mr. Ochoa, is there a  
21 microphone somewhere over there?

22 MS. VEACH: I can speak up.

23 JUDGE PRIDGIN: Wonderful. If you'll  
24 just go ahead and state your name and spell it for  
25 the record, please?



1 MS. VEACH: Barbara Veach, and that's  
2 B-a-r-b-a-r-a, V-e-a-c-h.

3 JUDGE PRIDGIN: Ms. Veach, are you an MGE  
4 customer?

5 MS. VEACH: Yes, I am.

6 JUDGE PRIDGIN: All right. Do you have a  
7 statement for the commissioners?

8 MS. VEACH: Yes, in 2007 when you  
9 instituted this customer's service increase charge,  
10 I called Jefferson City and spoke with - I didn't  
11 get the man's name - and he explained to me all  
12 about this charge and how it's needed and  
13 everything and that our bills would reflect that in  
14 being more equal and go down. He told me that my  
15 bill would not be as much per year, because the  
16 other charges fluctuated so much during the year.

17 Well, since that time, I have gone  
18 through every bill I have had since 1999, I can  
19 tell you exactly how many units I've used each  
20 month and as an example, in 2006, I used a total of  
21 529 ccf's, in 2008, I used 512. In 2006, it cost  
22 me \$796 and in 2008, it cost me \$816 dollars.  
23 That's just a little example from all the years  
24 that I've got the records of every month.

25 Now, in 2002, I installed a high

1 efficiency furnace and hot water heater and I  
2 expected my bill to go down after that. I also  
3 installed more insulation and insulated windows in  
4 my home.

5 I'm on social security. I can't afford  
6 these increases. I don't know who can. I mean, my  
7 bill is cheap compared to everybody else, because  
8 if you want to know, I'm using less now than I used  
9 to because I'm freezing. I turn my gas down as low  
10 as I can and still survive, you know, it's - okay,  
11 I'm going to lose my - also, I'm not a very good  
12 public speaker, I know that.

13 On the cost, they don't even go up to  
14 the house to read the meter any more, they just  
15 drive down the street and their little machine  
16 records it for them. And Independence is also  
17 raising their electric rates and that's why I'm  
18 upset too.

19 Okay, that's all, if you have any  
20 questions. Do you want to see all my bills, I have  
21 all of them here.

22 CHAIRMAN CLAYTON: Ms. Veach, I'd love to  
23 see all your bills--

24 MS. VEACH: Oh, excuse me. One more  
25 thing. That graft, I'm telling you that stupid

1 graft you started in 08, June of 08, I don't  
2 understand why you did away with a nice little  
3 comparison you can have at the bottom here.  
4 Current year and last year. It tells you how many  
5 ccf's you used per month and per day. And then  
6 they start this stupid thing and then you have to  
7 go in here and find out how many you used, then you  
8 have to find your other bill and find out how many  
9 you used. That's - why was that? Was that to  
10 cover up anything, or what? It was so simple to  
11 find out before.

12 CHAIRMAN CLAYTON: Is that a PSC  
13 document?

14 MS. VEACH: Pardon me, a what?

15 CHAIRMAN CLAYTON: Is that Public Service  
16 Commission document or is that an MGE document?

17 MS. VEACH: It's MGE.

18 CHAIRMAN CLAYTON: That question then  
19 should go to MGE because I don't know the answer to  
20 that. But, we have them here. Who do we have from  
21 MGE that could answer Ms. Veach's question?

22 MS. LEVETZOW: We've already talked.

23 MS. VEACH: I emailed them about it, too.

24 CHAIRMAN CLAYTON: I'd like to know the  
25 answer, myself.

1 JUDGE PRIDGIN: Not during the hearing.

2 Step outside, if you'd like.

3 MS. VEACH: It's much harder to compare.

4 CHAIRMAN CLAYTON: Could I ask a question  
5 or two before you all get into this question. Do  
6 you have a list of your usage for over all these  
7 years?

8 MS. VEACH: I sure do.

9 CHAIRMAN CLAYTON: My first question is,  
10 did your usage go up or down when you installed the  
11 furnace and hot water heater and the insulated  
12 windows. Did you see--

13 MS. VEACH: It went down.

14 CHAIRMAN CLAYTON: You did see a usage  
15 reduction?

16 MS. VEACH: Uh-huh.

17 CHAIRMAN CLAYTON: Okay. So, you were  
18 getting--

19 MS. VEACH: Over and average, yes,  
20 because it's hard to - some years are really bad,  
21 of course.

22 CHAIRMAN CLAYTON: And when it's colder  
23 then you use - I mean, it's--

24 MS. VEACH: 2001 was a real kicker.

25 CHAIRMAN CLAYTON: I remember 2001, I

1     promise you that, it was a cold winter.

2             MS. VEACH: Yeah.

3             CHAIRMAN CLAYTON: So you did see  
4     reduction in usage, that's my first question. Now,  
5     on the bills you are aware that there is the fixed  
6     charge and you're also aware that there's the  
7     amount of gas charged that they pay as well.

8             MS. VEACH: Right.

9             CHAIRMAN CLAYTON: You're aware that that  
10    charge isn't - the volumetric charges aren't  
11    regulated so much by us, that's set by the market  
12    price.

13            MS. VEACH: Right, I've got the market  
14    price on here, too.

15            CHAIRMAN CLAYTON: When you compared, did  
16    that explain anything to you, when you compared the  
17    higher rates because gas prices went up?

18            MS. VEACH: No, because the rate was  
19    higher in 2002 - wait a minute, we'll go to... In  
20    2006 and 2008, if you just compare those two years,  
21    the rate in - it's a lot to tell you. January was  
22    1.16771, whatever that is, and then February and  
23    March, February was also, and then it went down  
24    .93, then it went down to .85 and it stayed .85536  
25    the rest of that year, of 2006.

1           Then in 2007, you instituted that  
2   customer charge and it was .88345, then it went  
3   down to .78791 and stayed that until December and  
4   it went back up to 8.821 and then in 2008, it was  
5   .82 until June, it went up to 1.0 and July and  
6   August and September and October, November and then  
7   in November it did to back down to .94 and then was  
8   .94 in December and then in 09, it's been .94,  
9   then .77. Now, it's - right now, it's .54,  
10   whatever that is, 54 cents, I don't know.

11           CHAIRMAN CLAYTON: I'm going to let you  
12   go ahead and speak with the MGE person and  
13   hopefully get your question answered, that's  
14   probably more important, so thank you very much for  
15   coming.

16           MS. VEACH: Okay, thank you.

17           JUDGE PRIDGIN: Ms. Veach, thank you. If  
18   you want to visit about your bill, that's certainly  
19   fine, but if you do during the hearing, if you  
20   could step out so you aren't interrupting, I would  
21   appreciate it.

22           MS. VEACH: I'll wait.

23           JUDGE PRIDGIN: Thank you. Mr. Ochoa?

24           MR. OCHOA: Arlene Richmond.

25           ARLENE RICHMOND, being sworn-in by Judge

1 Pridgin, testified as follows,

2 JUDGE PRIDGIN: Do you have a microphone?

3 MS. RICHMOND: I do.

4 JUDGE PRIDGIN: Wonderful. Would you  
5 state your name and spell it for the court  
6 reporter, please?

7 MS. RICHMOND: Arlene, A-r-l-e-n-e. Last  
8 name is R-i-c-h-m-o-n-d.

9 JUDGE PRIDGIN: And Ms. Richmond, are you  
10 a customer of MGE?

11 MS. RICHMOND: Yes, I am.

12 JUDGE PRIDGIN: Do you have a statement  
13 for the commission?

14 MS. RICHMOND: Yes, I do. To me the gas  
15 prices have dropped so I honestly don't understand  
16 why there's a need for this rate increase. And I  
17 do remember that it wasn't all that long ago that  
18 it seemed like the gas company did receive an  
19 increase.

20 I am on the ABC level payment plan. I  
21 have been on it since 1997. I only went on this  
22 payment plan thinking it would save me money. At  
23 first, it seemed like it did make a difference. I  
24 started out paying \$39 in 1997. I realize that gas  
25 prices have fluctuated since then. I was content

1 to pay for rate increases until August, 2006, when  
2 my payment jumped from \$41 to \$67 in September of  
3 2006. I questioned this jump with the local gas  
4 company to no avail.

5 I had had settlement balances of \$278.13  
6 in December of 2005 and then it dropped to \$150.56  
7 in January of 06. I do not understand how these  
8 balances change from month to month. I was paying  
9 \$61 in 2007 and 2008 and then all of a sudden my  
10 payments jumped from \$61 to \$100 in September 2008.  
11 This seems like an extremely high jump.

12 I complained again by phone and then  
13 letter, and to no avail. I complained to people in  
14 the local MGE and I complained to the Missouri  
15 Public Gas Commission in Jeff City. I tried to  
16 explain to the powers that be, locally and in Jeff  
17 City, that I'm a single woman living in a tiny two  
18 bedroom house with no basement. I have a gas  
19 furnace and gas stove. I bought a new energy  
20 efficient water heater.

21 I asked on many, many, many different  
22 occasions if there was somehow some representative  
23 from the gas company would just come to my home and  
24 look at my home. I believe that if someone would  
25 just have done that, they would see that my rates



1 are unreasonable for a single person that does not  
2 use that much hot water.

3 I also think that in the summer months,  
4 there would have been a reflection in my level  
5 payment balance amount as I rarely use the oven and  
6 the furnace was never on. The only thing this  
7 single person did was use the hot water heater for  
8 showers and clothes. How much does a single person  
9 use, I would ask you.

10 I only got on the ABC level payment plan  
11 to reduce my monthly bill, but it does not seem to  
12 be helping me out at all.

13 If this public meeting is to hear what  
14 the public has to say, then listen to the will of  
15 the people. The public cannot afford any increase  
16 in these hard economic times, and what with the  
17 rate hike of the electric company just recently,  
18 then this makes it even worse for the public.

19 JUDGE PRIDGIN: All right, Ms. Richmond,  
20 thank you very much and does Mr. Chairman have any  
21 questions?

22 CHAIRMAN CLAYTON: Ms. Richmond, your  
23 plea for assistance in reviewing your bills, I  
24 think you do need some assistance and I hope that  
25 our staff can help you here tonight. I don't know

1 if you have all the material with you, but we can  
2 certainly make arrangements to exchange material  
3 and get back to you because I do believe that there  
4 needs to be some explanation. I have questions  
5 regarding some of those changes in bills, myself,  
6 just the way you threw them out there.

7 I don't have any questions for you, but  
8 I would encourage you to meet with our staff who  
9 are here, if someone could meet with you on your  
10 way out or if you want to step out now, that would  
11 be perfectly appropriate, but I hope we can provide  
12 some assistance with that tonight. Thank you for  
13 coming.

14 JUDGE PRIDGIN: Ms. Richmond, thank you  
15 very much for your time and your remarks.

16 MR. OCHOA: Kent Gurske.

17 KENT GURSKE, being sworn-in by Judge  
18 Pridgin, testified as follows,

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

21 MR. GURSKE: First name Kent, K-e-n-t.  
22 Last name Gurske, G-u-r-s-k-e.

23 JUDGE PRIDGIN: And Mr. Gurske, are you  
24 an MGE customer?

25 MR. GURSKE: I am not.

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

3 MR. GURSKE: Yes. I'm not here to  
4 advocate a rate increase or really to comment a  
5 whole lot on the rate increase. I am here to  
6 comment on that basically I own a business that is  
7 a vendor as a part of the Missouri Gas Energy Sense  
8 Program. Specifically, more towards the tankless  
9 water heater program.

10 I'm not here to advocate that or promote  
11 that program, but what I am here to do though is  
12 basically talk specifically on who the program is  
13 benefitting and basically how it has impacted the  
14 Kansas City area or the area that Missouri Gas  
15 Energy serves.

16 One of the things we found out through  
17 this program is that the one consumer that this  
18 Missouri Gas Energy, Energy Sense Program is  
19 benefitting is pretty much straight across the  
20 board senior citizens on fixed incomes. Eighty to  
21 90 percent of our program are people that we are  
22 installing tankless water heaters for are senior  
23 citizens living one or two people in a house,  
24 pretty much all of them on a fixed income.

25 The reason this program is benefitting

1    them or the reason this tankless water heater  
2    benefits these people is, as the lady in the back  
3    testified she uses very very little hot water on a  
4    daily basis.  If you know anything about tanks or  
5    the tankless water heaters, and again, I'm not  
6    trying to promote the product, but typical senior  
7    citizens one or two people in a home would use on  
8    average about 15 gallons of hot water a day.  A  
9    tank water heater is consistently heating 40  
10   gallons of water every day, day in and day out.

11           Our customers are telling us on a  
12   consistent basis that they are saving on an average  
13   between 300 to \$350 per year.  They save very  
14   little in the summer, usage is very low in summer  
15   and they save a lot in the wintertime.  That's when  
16   the majority of their savings are.  The reason for  
17   that is they have a cold basement and the incoming  
18   cold water coming into the water heater is much  
19   colder and the water heater works a lot harder in  
20   the winter.

21           This program has impacted this area and  
22   typically this consumer of senior citizens on fixed  
23   incomes.  Number one, I think it's brought the cost  
24   down.  Tankless water heaters used to be three  
25   times the cost of a tank water heater.  When you

1 combine the federal tax credit, the Missouri Gas  
2 Energy rebate, plus being a vendor for Missouri Gas  
3 Energy and we have to give them a discount.  
4 Tankless water heaters, after all the rebates and  
5 benefits are about the same cost as having a  
6 plumber come in and put your tank water heater in,  
7 so it's actually paying for itself in about three  
8 or four years.

9           What it has also done is driven public  
10 awareness for the product, for products like high  
11 efficient water heaters, tankless water heaters and  
12 high efficient furnaces. We're getting consistent  
13 feedback on a lot of customers who have been -  
14 we're getting tremendous - they are enjoying it,  
15 they are enjoying the cost savings and they enjoy  
16 the product. The biggest thing I think the impact  
17 has had is it's driven the competition, plumbers  
18 used to see this as a luxury item, the competition  
19 - the prices are coming down drastically to where  
20 everybody can afford this product and it's saving  
21 money every year.

22           Again, I'm not here to promote this. I  
23 guess what I'm here to say is there is a positive  
24 impact of this program.

25           JUDGE PRIDGIN: Mr. Gerske, thank you.

1 Mr. Chairman, any questions?

2 CHAIRMAN CLAYTON: Yes. Mr. Gerske, are  
3 you a contractor?

4 MR. GURSKE: Yeah.

5 CHAIRMAN CLAYTON: Okay. So, you sell -  
6 let's just get it out there.

7 MR. GURSKE: Yes, yes, I benefit.

8 CHAIRMAN CLAYTON: So, you do sell the  
9 water heaters?

10 MR. GURSKE: I'm not here to be a  
11 hypocrit, I benefit from this program.

12 CHAIRMAN CLAYTON: That's all right. I  
13 just want to be clear on that. So you do sell the  
14 water heaters, but you think it has been a  
15 successful program?

16 MR. GURSKE: Yeah, I think it has. When  
17 I - to give you a brief history, I moved here from  
18 - I had a plumbing company in southern California  
19 for thirteen years where this product was popular  
20 seven or eight years ago. I came out here and  
21 nobody knew anything about tankless water heaters  
22 or the different types of water heaters that there  
23 are. You know, it was just usually put in a 58  
24 efficient tank and that was it.

25 Now, basically, we have water heaters

1     that are up to 91 to 93 percent efficient, so it  
2     has created a huge amount of public awareness and  
3     driven the cost down.

4             CHAIRMAN CLAYTON: How much, what is the  
5     range of price for a tankless water heater?

6             MR. GURSKE: A tankless water heater,  
7     right now, for the small unit which we typically  
8     install in smaller homes, which is where the senior  
9     citizens are, after all the rebates and everything,  
10    it's \$1,291. That's our cost. If the consumer  
11    were to go out and buy a - call a plumber and ask  
12    him to come out and put a 40 gallon water heater,  
13    they would probably be looking at anywhere from 900  
14    to \$1100, so we're almost apples to apples, but  
15    that tank water heater will not save them a dime  
16    and the tankless water heater will or an energy  
17    star tank.

18            CHAIRMAN CLAYTON: How does the program  
19    work?

20            MR. GURSKE: There is an up-front rebate  
21    and we are required to give the discount as well.

22            CHAIRMAN CLAYTON: How much is that  
23    rebate?

24            MR. GURSKE: Two hundred dollars.

25            CHAIRMAN CLAYTON: And then, you have to

1 give a further discount on that?

2 MR. GURSKE: We give a \$250 discount.

3 CHAIRMAN CLAYTON: So, it's 1200, less  
4 200, less 250?

5 MR. GURSKE: The installed price is about  
6 \$2,000, but they get 450 off up-front and then from  
7 the federal government they'll get 30 percent of  
8 that remaining cost back on taxes.

9 CHAIRMAN CLAYTON: So 30 percent tax?

10 MR. GURSKE: Yes.

11 CHAIRMAN CLAYTON: How many of these  
12 units under this program have you sold in the  
13 Kansas City area?

14 MR. GURSKE: I would say between 250 to  
15 300.

16 CHAIRMAN CLAYTON: I don't have any other  
17 questions, thank you.

18 JUDGE PRIDGIN: Mr. Gurske, thank you for  
19 your time.

20 MR. OCHOA: Allen Norman.

21 ALLEN NORMAN, being sworn-in by Judge  
22 Pridgin, testified as follows,

23 JUDGE PRIDGIN: If you would, please  
24 state your name and spell it for the court  
25 reporter?



1           MR. NORMAN: My name is Allen, A-l-l-e-n  
2   N-o-r-m-a-n.   Allen Norman.

3           JUDGE PRIDGIN: And, Mr. Norman, are you  
4   a customer of MGE?

5           MR. NORMAN: Yes, I am.

6           JUDGE PRIDGIN: Okay, do you have a  
7   statement for the commission?

8           MR. NORMAN: Yes, I do.   My purpose for  
9   being here really is to pose the present practice  
10   of Missouri Gas Energy of qualifying small single  
11   family rentals where the utilities are paid by the  
12   landlord as small general service.   The Department  
13   of Housing and Urban Development, FANNIE MAE, all  
14   major lenders consider one to four family units to  
15   be single family residences.   Where does the  
16   Missouri Gas Energy Company get the authority to  
17   change it all of a sudden to something else.

18          Now, how this affects me and my clients,  
19   who are mostly low and moderate income people, is  
20   that it's a surcharge.   It's a surcharge because I  
21   collect the money, pay it to the gas company, they  
22   don't have to bill it.   They have less credit risk.  
23   They should be giving me a discount instead of  
24   charging me more, me and a lot of other people, I'm  
25   one speaking for many here.

1           I think that needs to be looked into and  
2   you know, we're considering filing a class action  
3   suit over it, but I think it could be worked out  
4   differently. There's a lot of little - like, you  
5   know, like in the Kansas City area, interesting  
6   fact, we have 8,000 vacant properties. We have  
7   about 4,000 more than we had 18 months ago. That's  
8   8,000 gas meters that are not paying for themselves  
9   right now. They're not using any gas, they're not  
10   paying the meter charge or anything.

11           I see this rate increase request as an  
12   attempt by the corporate bureaucracy, the Missouri  
13   Gas Energy to protect their hind end here in a  
14   declining economy. We've got a lot of people out  
15   there hurting bad. Now is not the time to be  
16   piling this on people.

17           Let me tell you, these houses I'm  
18   talking about have all got the same gas line  
19   running up to them, they've all got the same gas  
20   meter in them. It takes the same amount of money  
21   and service to take care of them, why should there  
22   be a difference in charge. It is discriminating  
23   against those who can least afford it.

24           Now, I understand gas rates. Missouri  
25   Gas Energy is still making about 50 percent on the

1 gas they're selling, the way I figure. What the  
2 gas market is today and based on what they are  
3 charging for the gas, they are still making about  
4 50 percent. In most businesses that's a pretty  
5 good margin of profit.

6 We understand they have large capital  
7 investments, we want them to be there and I've  
8 always had good service from the gas company as  
9 well as the electric company. I don't think most  
10 people complain about that. We kind of complain  
11 about their arrogance which comes because they are  
12 a monopoly. They don't think they have to work  
13 with their customers and now they're getting  
14 themselves into a corner because of the economy.  
15 Eight thousand vacant properties in Kansas City,  
16 Missouri alone, has got to hurt the gas company. I  
17 understand that, but I don't think they should try  
18 to recoop that off the backs of people who can  
19 least afford it, not right now.

20 Now, the staff I understand recommended  
21 that they be allowed about a nine and a quarter  
22 guaranteed return on investment. Well, the two  
23 year guaranteed return on treasury bills is .92  
24 cents. That's ten times the return on guaranteed  
25 treasury bills, so the stockholders in Missouri Gas

1 Energy are asking for a guaranteed return on their  
2 money that is ten times what the U.S. Treasury  
3 Bills pays. It just seems to me like that's  
4 excessive considering the circumstances of the  
5 economy.

6 I'm not saying that they don't need  
7 money to continue to build out their plant and  
8 maintain their plant, my suggestion is that they  
9 need to slow down here a little bit. Take the load  
10 off of the backs of the average people, and the  
11 people who can least afford this.

12 I'm working with the Office of Public  
13 Counsel. You'll be hearing some more from me. I  
14 just wanted to get this out there, that this needs  
15 to be considered seriously. And I've watched the  
16 Missouri Gas Energy company through the years.  
17 They always come in and ask for a whole lot more  
18 than they really need. Thank you.

19 JUDGE PRIDGIN: Mr. Norman, thank you for  
20 your testimony. Mr. Chairman.

21 CHAIRMAN CLAYTON: I do have a question  
22 of Mr. Norman. I want to make sure I understand  
23 your concern regarding the - I think the single  
24 meter going into a multi-family unit. Basically,  
25 you've got a--

1           MR. NORMAN: I have a duplex.

2           CHAIRMAN CLAYTON: --a duplex or a  
3   fourplex, something like that. You've got one  
4   meter that's addressing all the gas. You pay it,  
5   is what you said?

6           MR. NORMAN: I pay it.

7           CHAIRMAN CLAYTON: And your tenants do  
8   not pay individual gas bills?

9           MR. NORMAN: No, they don't. The bills  
10   come to me, they are in my name, I'm responsible  
11   for them.

12          CHAIRMAN CLAYTON: So, do you get four  
13   different bills, or do you get one bill?

14          MR. NORMAN: Well, I have some duplexes.  
15   I get one invoice per property.

16          CHAIRMAN CLAYTON: And property would  
17   be...

18          MR. NORMAN: There's two residences in a  
19   property.

20          CHAIRMAN CLAYTON: So, you get two bills  
21   or one bill?

22          MR. NORMAN: I get one bill for each  
23   property.

24          CHAIRMAN CLAYTON: That's two bills.

25          MR. NORMAN: One bill for two units.

1           CHAIRMAN CLAYTON: One bill for two  
2 units.

3           MR. NORMAN: Right.

4           CHAIRMAN CLAYTON: So, if you have a  
5 duplex you get one bill for the two units.

6           MR. NORMAN: And I divide it.

7           CHAIRMAN CLAYTON: It's been a long day.  
8 I apologize for that. We started early this  
9 morning.

10          MR. NORMAN: See, the point I'm getting  
11 at though, I don't understand why there should be a  
12 surcharge.

13          CHAIRMAN CLAYTON: Now, I'm going to get  
14 that. Explain to me when you talk about the  
15 surcharge. First of all, is that a commercial rate  
16 you're paying as opposed to residential rate?

17          MR. NORMAN: Well, they call it some kind  
18 of small general service, is that they call it. I  
19 call it residential because those are residential  
20 units. They're lived in by low to moderate income  
21 people. They are paying rent on residential units.

22          CHAIRMAN CLAYTON: Okay, and that charge  
23 is higher than a basic residential rate?

24          MR. NORMAN: Right.

25          CHAIRMAN CLAYTON: Okay, and that's the

1 discrimination you're talking about?

2 MR. NORMAN: Right. I think that could  
3 be easily worked out.

4 CHAIRMAN CLAYTON: Brother, we started at  
5 the law school this morning and I'm - that's  
6 helpful. So, that's the discrimination that you're  
7 referring to. Do you have to do it that way? Do  
8 you have to have one meter per one property, or is  
9 it a choice - you have the choice of letting the  
10 customers pay their gas bills?

11 MR. NORMAN: Well, the only other way to  
12 do it would be to invest a lot of capital to change  
13 that over, but my point is that these are all the  
14 same meters. On my house that's in the same  
15 neighborhood, I have the same type of gas meter,  
16 the same size gas line.

17 My position is, that it does not cost  
18 the gas company any more money to service those  
19 meters. In fact, it costs them less because they  
20 don't have to bill all of them, they don't have to  
21 collect all of it. They don't have a credit loss  
22 on all of them because I'm guaranteed paying it.  
23 Well, they ought to be giving me a discount.

24 CHAIRMAN CLAYTON: That's a fight that  
25 happens in--

1           MR. NORMAN: The fight is just beginning.

2           CHAIRMAN CLAYTON: Well, I understand.

3     In the cases that come before us, there are always  
4     potential fights between residential customer  
5     versus the commercial customer versus an industrial  
6     customer. There is always a fight over who is  
7     going to pay what rate. Should the industrial pay  
8     more or should they pay less. Should the  
9     residential pay more or pay less. And then you're  
10    the small general service area, you're advocating  
11    for less.

12           When you say arrogance, give me an  
13    example of what they've done?

14           MR. NORMAN: Well, when you call  
15    sometimes the personnel that you can reach by  
16    telephone, see you can never reach the management.  
17    I don't know where in the hell they are or what  
18    they're doing, but you can never reach them. You  
19    reach the people they've hired to answer the phone  
20    and I think their job is to keep you off of the  
21    other people.

22           And those people only have a certain  
23    amount of authority, they can only give you a  
24    certain amount of information, and that's  
25    frustrating. And if you push them, they get



1     arrogant with you because they can't do anything  
2     and they know it and so they get frustrated too, I  
3     understand.

4             But the lady over here on her bill who  
5     said, why can't they give you the comparative  
6     figures for a year ago, like the power and light  
7     company does, you know, where you can see what was  
8     going on there last year?

9             CHAIRMAN CLAYTON: I'm sure they can. I  
10    mean, I don't see why they cannot.

11            MR. NORMAN: I don't either. The reason  
12    is they don't want you to know what, to compare it  
13    with last year, that's why.

14            CHAIRMAN CLAYTON: Well, we can help get  
15    that information.

16            MR. NORMAN: I think it's obvious, they  
17    don't want you to compare.

18            CHAIRMAN CLAYTON: Thank you very much  
19    for coming. Were you here earlier? Were you at  
20    the other meeting?

21            MR. NORMAN: Yeah, I had an emergency and  
22    I had to leave, I apologize, so I drove down here.

23            CHAIRMAN CLAYTON: We aren't the only  
24    ones who have been to more than one hearing today.

25            MR. NORMAN: Right.

1           CHAIRMAN CLAYTON: You were there and had  
2   to leave, okay. Thank you for making the effort to  
3   come out.

4           JUDGE PRIDGIN: Mr. Norman, I think I  
5   recall reading your name over the microphone so you  
6   could take a phone call. I'm glad you joined us  
7   this evening.

8           MR. NORMAN: I had an emergency and I had  
9   to leave.

10          JUDGE PRIDGIN: I understand, sir, thank  
11   you very much for coming back down this evening.

12          MR. OCHOA: The last name on the sign up  
13   sheet is Manzel Berlin.

14          MR. BERLIN: That's me. Is there a  
15   microphone someplace?

16          JUDGE PRIDGIN: Yes, sir. Thank you very  
17   much Mr. Gerske, you can leave.

18          I think if you'll push the button there,  
19   a green light will pop on for you. Very good.

20          MANZEL BERLIN, being sworn-in by Judge  
21   Pridgin, testified as follows,

22          JUDGE PRIDGIN: If you will please state  
23   your name and spell it for the court reporter.

24          MR. BERLIN: My name is Manzel Berlin.

25   M-a-n-z-e-l B-e-r-l-i-n.

1 JUDGE PRIDGIN: And Mr. Berlin, are you a  
2 customer of MGE?

3 MR. BERLIN: Yes, I am.

4 JUDGE PRIDGIN: Do you have a statement  
5 for the commissioners?

6 MR. BERLIN: Yes. Correct me if I'm  
7 wrong, but I believe that Missouri Gas Energy has a  
8 parent company that owns, or at least partially  
9 owns Missouri Gas Energy, that that is Southern  
10 Union Company. Is that correct?

11 JUDGE PRIDGIN: That's correct.

12 CHAIRMAN CLAYTON: Yes. I believe that's  
13 correct, yes.

14 MR. BERLIN: The information that I have  
15 that was taken off the internet says that their CEO  
16 is a George Lindemann, their senior vice president  
17 is Richard Marshall and COO is an Eric Herschmann  
18 and I have figures about incomes for the last  
19 several years. Basically, each of these three have  
20 multi-million dollar incomes from Southern Union  
21 Company.

22 Since this is not a free market system,  
23 that is I don't have a choice who I use for utility  
24 company. I rent an apartment, I don't have a  
25 choice even like what water heater I use, you know,

1 I can't go to the instant water heater, I don't  
2 have a choice in that. It's all decided for me,  
3 it's a public trust situation, not a free market  
4 situation.

5 Basically, since the public is required  
6 to do this rather than it be a free market thing,  
7 it is essentially public subsidy that we're talking  
8 about. The president of the United States has made  
9 it very clear that it is unacceptable for  
10 executives to make multimillion dollar salaries on  
11 companies receiving public subsidy like the car  
12 company bailouts. I'm saying we have a very  
13 similar situation in the fact that it is not a free  
14 market situation, it's essentially like a tax, we  
15 don't have a choice how much we're paying to the  
16 utility company for these things.

17 For the executives to be making  
18 multimillion dollar incomes when it is really  
19 burdening the people as has been testified to here  
20 tonight, simply is not acceptable and the president  
21 of the United States has made it clear that that is  
22 not an acceptable practice.

23 I thank you for listening, I thank you  
24 for your work. I know yours is not an easy task  
25 and I appreciate your work.

1 JUDGE PRIDGIN: Mr. Belin, thank you, and  
2 Mr. Chairman, do you have any questions?

3 CHAIRMAN CLAYTON: I do. Mr. Berlin,  
4 thanks for coming out tonight. There are a couple  
5 of things I want to raise and it's not to - just a  
6 couple of observations to your comments. Southern  
7 Union is not a Missouri regulated utility, so we do  
8 not regulate them like we do MGE, we regulate MGE.  
9 What they do with the dividends that are issued out  
10 is beyond our control, so I wanted to throw that  
11 out there.

12 The second thing I wanted to mention is  
13 that it may be worthwhile speaking with some of the  
14 staff who are here that perhaps can give you an  
15 idea of what the Public Service Commission staff  
16 argues for in terms of executive compensation.  
17 Several times today at the hearings, we've received  
18 testimony about citizens upset with certain  
19 compensation for executives that maybe six, seven  
20 digits in size, significant compensation.

21 And it may be worthwhile for you to  
22 maybe speak with one of our staff people to talk  
23 about what the staff allows into rates that are  
24 paid by customers and what amounts are not allowed  
25 into rates that are paid by customers. The staff

1 makes a recommendation of a dollar amount that they  
2 think is appropriate for the rate increase and then  
3 the commission, five commissioners have to decide  
4 it.

5 But that may be helpful, and I don't  
6 know, Tom, if you can help with that or if we have  
7 one of the auditing staff that can help talk about  
8 that because sometimes that message doesn't get  
9 out. So, I just wanted to make you aware of that  
10 and hope you can speak with the staff afterwards.  
11 I don't have any other questions, thanks.

12 JUDGE PRIDGIN: Mr. Berlin, thank you for  
13 your time and your remarks.

14 MR. OCHOA: That was the last name on the  
15 list, your honor.

16 JUDGE PRIDGIN: Okay. Is there anyone  
17 else who wishes to testify? All right, seeing no  
18 volunteers--

19 MS. FOX: Can I just make a comment?

20 JUDGE PRIDGIN: If you are willing to be  
21 sworn.

22 MS. FOX: I will.

23 GWEN FOX, being sworn-in by Judge  
24 Pridgin, testified as follows,

25 JUDGE PRIDGIN: Make sure you get that

1 button pushed so they can hear you in Jefferson  
2 City.

3 MS. FOX: My name is Gwen Fox, G-w-e-n  
4 F-o-x.

5 JUDGE PRIDGIN: And Ms. Fox, are you an  
6 MGE customer?

7 MS. FOX: Yes, I am.

8 JUDGE PRIDGIN: Do you have any remarks?

9 MS. FOX: Yes. Looking at the major  
10 issues that we are here that were purported to  
11 increase our fixed, you know, the fixed costs by \$5  
12 or something like that, I think somebody else has  
13 already eluded to that, that's more than a 20  
14 percent increase. And then, I look at what they  
15 are also requesting in certain - in these three  
16 areas and in our economy right now, I mean, most  
17 companies aren't giving any raises at all, period.  
18 I used to work for Hallmark Cards, my friends there  
19 said that all salaries are frozen right now.

20 And I think it is abominable that MGE is  
21 coming to the commission to ask for this increase  
22 given the economy that we are facing right now. My  
23 husband and I are both retired so we are on fixed  
24 incomes. I would be thrilled to get 9.25 percent  
25 on my investment, I'd love that. And I applaud the

1 PSC staff for looking at the corporate costs and  
2 their wanting to reduce it from 5.7 to 3.2. What  
3 about down to 1.2? I mean, nobody is getting  
4 raises now, they are just not. I am outraged,  
5 personally, that this has come about. Thank you.

6 JUDGE PRIDGIN: Ms. Fox, thank you. Mr.  
7 Chairman, do you have any questions?

8 CHAIRMAN CLAYTON: Ms. Fox, I don't think  
9 I have any questions. Just the comment on the  
10 return on equity component that's been mentioned  
11 several times. That is an issue that is in the  
12 case that the commissioners ultimately have to  
13 decide and I understand exactly what you're saying.  
14 And I appreciate you coming out tonight.

15 JUDGE PRIDGIN: Ms. Fox, thank you for  
16 your time and for your remarks.

17 Is there anyone else who wishes to  
18 testify? All right, do you have a microphone?  
19 Very good.

20 LEE MEYER, being sworn-in by Judge  
21 Pridgin, testified as follows,

22 JUDGE PRIDGIN: is you would, please  
23 state your name and spell it for the court  
24 reporter?

25 MR. MEYER: My name is Lee Mayer. First



1 name, L-e-e. Last name M-e-y-e-r. I'm a resident  
2 of Independence, Missouri.

3 JUDGE PRIDGIN: And are you an MGE  
4 customer, sir?

5 MR. MEYER: Yes.

6 JUDGE PRIDGIN: Any statement, sir?

7 MR. MEYER: Just to comment on our  
8 question and answer earlier on the increase that  
9 was sent to us in the mail, as I stated earlier and  
10 state for the record here, 21 percent increase  
11 residential to me is outrageous and that would -  
12 some other lady here - I've kept records for years,  
13 I don't have them with me tonight, but I did go  
14 through the last two years. That would be about  
15 \$180 increase for me next year, compared with what  
16 the average of the last two years.

17 One other comment on the gentleman here  
18 about the cost of providing lines to the house and  
19 all that. I agree with that. I realize it costs  
20 to run the lines, the gas meter, etcetera, but I'm  
21 sure most of those cases, once you run that line,  
22 it's probably there for 20, 30 years or maybe more  
23 before you have to do anything to it; correct?

24 So, I don't disagree it's costly, but  
25 it's not like something you'd do every year or

1 every ten years. Independence has been doing it, I  
2 think they are probably still today changing my  
3 meter about ever ten years. There's nothing wrong  
4 with that in case the meter is going bad or they  
5 are worn out, but like I said, just a comment about  
6 the cost of running a gas line, it's not a yearly  
7 expense. That's it.

8 JUDGE PRIDGIN: Mr. Meyer, thank you.

9 CHAIRMAN CLAYTON: I just had one  
10 question. You said that the 21 percent increase  
11 would cause \$180 increase for you, and I'm trying  
12 to get a handle if you're talking five bucks a  
13 month, do you have more than - I didn't know how  
14 you computed that.

15 MR. MEYER: Well, my last two bills, I'm  
16 like this lady here, I have a pretty good idea.  
17 The last two years, I averaged \$900 per year, so 21  
18 percent would be about \$180; correct?

19 CHAIRMAN CLAYTON: Yes, I think that's  
20 right. I'm following you.

21 MR. MEYER: Give or take a couple of  
22 dollars. So, I'm like most of them sitting here,  
23 I'm on a fixed income and \$180 just for gas alone,  
24 that's not including car gas, electricity, taxes,  
25 whatever, so that's quite a burden. Thank you.

1           CHAIRMAN CLAYTON: I understand. Thank  
2 you, Mr. Meyer.

3           JUDGE PRIDGIN: Ms. Meyer, thank you for  
4 your time and your remarks.

5           Nobody else has signed up, is there  
6 anyone else who wishes to testify?

7           MS. WATTERS: I just have a comment.

8           CHARLOTTE WATTERS, being sworn-in by  
9 Judge Pridgin, testified as follows,

10          JUDGE PRIDGIN: If you'll state your name  
11 and spell it for the court reporter.

12          MS. WATTERS: Charlotte, C-h-a-r-l-o-t-t-  
13 e, Watters, W-a-t-t-e-r-s.

14          JUDGE PRIDGIN: Ms. Watters, are you an  
15 MGE customer?

16          MS. WATTERS: Yes, I am.

17          JUDGE PRIDGIN: Do you have a statement,  
18 ma'am?

19          MS. WATTERS: I just have a couple of  
20 comments, really, and it's basically like this lady  
21 was saying here. People are losing their jobs,  
22 people are making sacrifices. I know people that  
23 worked at auto manufacturing companies that went  
24 from a \$24 an hour to \$15 an hour and then still  
25 lost their jobs. And the social security, people

1 are on social security, they're not getting a cost  
2 of living raise for the first time in 25 or 30  
3 years, so for Missouri Gas Energy to come and ask  
4 for an increase of this magnitude is appalling to  
5 me and just is a slap in the face for their  
6 customers because everybody else is tightening  
7 their belts, sacrificing; they need to do the same.

8 JUDGE PRIDGIN: Ms. Watters, thank you.

9 CHAIRMAN CLAYTON: I have no questions.  
10 Thanks for coming.

11 JUDGE PRIDGIN: Ms. Watters, thank you  
12 for your time and your comments.

13 Is there anyone else? Seeing no one  
14 else, Mr. Chairman, any closing remarks?

15 CHAIRMAN CLAYTON: No. I just appreciate  
16 everyone coming out tonight. That's what we're  
17 here to do is to receive this information and all  
18 the commissioners will have it available to them.  
19 Thank you.

20 JUDGE PRIDGIN: And with that, we will  
21 close this local public hearing in Case Number GR-  
22 2009-0355. Thank you. We are off the record.

23 (WHEREIN, the hearing is concluded at  
24 7:10 p.m.)

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1	INDEX	
2	WITNESS NAME	PAGE
3	Dale Clouse	8
4	Sharon Baker	15
5	Barbara Veach	16
6	Arlene Richmond	22
7	Kent Gurske	26
8	Allen Norman	32
9	Manzel Berlin	42
10	Gwen Fox	46
11	Lee Meyer	48
12	Charlotte Watters	51
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

## 1 CERTIFICATE OF REPORTER

2 STATE OF MISSOURI ) ss

3 COUNTY OF CLAY )

4 I, FRANCES F. HOLLAND, Certified

5 Court Reporter, the officer before whom the

6 foregoing hearing was taken, do hereby certify that

7 the testimony in said hearing was taken by me to

8 the best of my ability and thereafter reduced to

9 typewriting under my direction; that I am neither

10 counsel for, related to, nor employed by any of the

11 parties to the action in which this hearing was

12 taken, and further, that I am not a relative or

13 employee of any attorney or counsel employed by the

14 parties thereto, nor financially or otherwise

15 interested in the outcome of the action.

16

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\_\_\_\_\_  
18 Notary Public in and for

19 the State of Missouri

20

21 My Commission Expires: 5/23/11

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