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STATE OF MISSOURI

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PUBLIC SERVICE COMMISSION

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TRANSCRIPT OF PROCEEDINGS

6

Local Public Hearing

7

November 9, 2009

8

Chillecothe, Missouri

9

Volume 3

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11 In The Matter Of The Empire)

12 District Gas Company Of Joplin,)

13 Missouri For Authority To File)

14 Tariffs Increasing Rates For Gas) GR-2009-0434

15 Service Provided to Customers in)

16 the Missouri Service Area Of The)

17 Company)

18

19 NANCY DIPPELL, Presiding

20

DEPUTY CHIEF REGULATORY LAW JUDGE

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1 IT IS HEREBY STIPULATED AND AGREED by and between
2 the Public Service Commission Board Members that
3 this Public Hearing may be taken in shorthand by
4 Adriana M. Gelwix, CSR/CCR, a Certified Court
5 Reporter, Certified Shorthand Reporter, and
6 Notary Public, and afterwards transcribed into
7 typewriting.

8 * * * * *

9 (Starting time of Public hearing: 6:06 p.m.)

10 JUDGE DIPPELL: This is the
11 official hearing part on the meeting tonight, and
12 we can go ahead and go on the record. I would
13 like to welcome you all here this evening for the
14 hearing portion of tonight's meeting. My name is
15 Nancy Dippell. I am a regulatory law judge for
16 the Commission, and I am assigned to conduct
17 these hearings and, and run the proceedings in
18 this particular case.

19 The Missouri Public Service Commission
20 has set this time for a public comment hearing in
21 Case No. GR-2009-0434, in which the Empire
22 District Gas Company seeks to implement a general
23 rate increase for its natural gas service in
24 Missouri. I would like to thank the schools that
25 have let us use their facilities this evening.

26

1 And just a brief statement about what the Public
2 Service Commission does. I think most of you
3 have probably already heard this tonight, but I
4 will repeat it. We regulate the rates charged by
5 investor owned utility companies in Missouri to
6 ensure that those rates are just and reasonable.

7 The Commission also regulates the
8 quality of service and safety of operations in
9 investor owned utilities. The Commission is made
10 up of five commissioners who are appointed by the
11 governor to fixed terms and confirmed by the
12 Senate. Those Commissioners employ a staff of
13 engineers, accountants, attorneys, financial
14 analysts and other specialists in the field of
15 utility regulation. And several of our staff are
16 here with us tonight. We also have some staff in
17 Jefferson City by video conference. This is an
18 official hearing of the Missouri Public Service
19 Commission. And the statements and testimony of
20 witnesses will be reported by our court reporter,
21 and must be given under oath and affirmation. All
22 of the Commissioners will then have an
23 opportunity to read your remarks or to view it
24 via our videoconference.

25 In addition to connecting with Jefferson
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1 City via video this evening, this is also being
2 broadcast on the internet and it will be recorded
3 our offices. I think you have probably had an
4 opportunity to meet staff that are here tonight.
5 I will say, if anybody else wants to sign up,
6 Mr. Ochoa has a signup sheet in the back. After
7 I call these witnesses, I will ask if anybody
8 else wants to testify and you will have an
9 opportunity to say so then. We also have here
10 this evening the public counsel Lewis Mills.
11 Mr. Mills' office is in charge of representing
12 the rate payers before the Public Service
13 Commission. And we have some company officials
14 and their attorney. We also have
15 some -- our staff attorney here this evening.
16 When your name is called, we are going to try
17 something a little bit different since we have
18 such a small room this evening. I am just going
19 to ask you to stay where you are and let me know who
20 you are when I call your name. And we are going
21 to try to get the camera to come to you instead
22 of having you all have to co- -- get up and come
23 to a witness chair this evening. I will ask you,
24 though, to spell your name for the court reporter
25 and to speak up so that she can take down your
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1 statements. If you like if a previous speaker
2 has said what you wanted to say and that you just
3 want to get up and say, I, I agree with what that
4 person said. That is fine as well. I am going
5 to begin by letting the attorneys that are
6 present make their entries of appearance. And I
7 will start with the Staff?

8 MS. KLIEPHERMES: Judge, Sarah
9 Kliephermes, staff counsel. Governor's Office
10 Building, 200 Madison Street, Jefferson City,
11 Missouri 65102.

12 JUDGE DIPPELL: Thank you. The
13 Company?

14 MS. CARTER: Diana Carter. Brydon,
15 Swearngen & England, P.C. 312 East Capitol
16 Avenue, Jefferson City, Missouri representing the
17 Empire District Gas Company.

18 JUDGE DIPPELL: And also, Public
19 Counsel?

20 MR. MILLS: Let the record reflect
21 the appearance of Lewis Mills on behalf of the
22 office of Public Counsel and the public. My
23 address is Post Office Box 2230, Jefferson City,
24 Missouri 65102.

25 JUDGE DIPPELL: And is there any
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1 other parties to this case present this evening?
2 All right. In that case then, we will just go
3 ahead and I will call our first witness who is
4 Paul Williams. Mr. Paul Williams.

5 MR. WILLIAMS: I am right here.

6 JUDGE DIPPELL: All right. Mr.
7 Williams, could you raise your right hand?

8 (An oath was administered.

9 JUDGE DIPPELL: Thank you. If you
10 could state your name and spell it for the court
11 reporter.

12 MR. WILLIAMS: My name is Paul
13 Arthur Williams. P-A-U-L, A-R-T-H-U-R,
14 W-I-L-L-I-A-M-S. And my complaint is, it seems
15 like it is Monopoly. We don't have any other
16 choice. I mean, it doesn't matter what we say or
17 do here, we are going to get -- we are going to
18 get a rate raise. That is all there is to it.
19 And, and it seems like there is a of double talk
20 in this little card they sent me. You know, they
21 sit there and said this is not going to effect
22 your gas cost, but it is a non-gas charge that
23 varies depending on how much natural gas you use.
24 Well, if it is not a gas charge, then why does it
25 matter how much natural gas I use? And it, it

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1 may vary depending on how much I use with a flat
2 rate charge of \$30 per month.

3 I have got to have at least one, one
4 meter running year round; that is to heat the hot
5 water heater. I have three other meters, which
6 two they are locked down and mine is on, which I
7 use natural gas to heat my apartment. And my
8 apartment is not much bigger than this room. And
9 I used 15 CCF's on my last bill. And that was
10 basically turn it on in the morning to take the
11 chill out of the air. That wasn't to leave it on
12 all day long. And the bill was over \$40. And,
13 and they are sitting there saying if you use over
14 58 CCF's, then you are going to be charged over
15 \$4.60 some cents. And it is not going to take
16 long to use over 58 CCF's. I mean, that is all
17 there is to it, especially if we have a very cold
18 winter. I mean, a winter like it is right now
19 like it is outside, no, no, we wouldn't have the
20 to pay a big bill. But the thing of it is, once
21 it does get cold and the cold settles in, we are
22 going to be paying a lot of money to Empire Gas
23 Company. And I don't ever remember using Aquilia
24 and them doing this kind of stuff to us. I never
25 remember this. And I just think that, you know,
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1 I am being taken for a ride here.

2 And I think, you know, it, it should be
3 voted down. I don't think they should be allowed
4 to get a rate charge, especially a flat rate
5 charge of \$30, because people have to have hot
6 water to take a bath. And if you have two
7 renters, what are you going to do, tell them you
8 can go out and use the garden hose? You know, I
9 cannot do that to them. And it is going to cost
10 me money just to heat the water so people can
11 take bathes and wash their hands, wash their
12 dishes. I mean, that, that is crazy for me to
13 have to pay \$30 just because the meter is sitting
14 there. And that is about all I have really got
15 to say is, that, you know, I feel, like I am
16 being hoodwink. And I don't think they should
17 be allowed to have this, this raise, because I
18 think they should be able to take some of their
19 profits and set them aside for their operating
20 and maintenance cost, just like any other
21 business would. If I owned my own business, that
22 is exactly what I would have to do. I couldn't
23 sit there and go to the people and say, oh, well,
24 guess what, your rate is going up another 30
25 bucks, because if I did that they would be gone.

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1 And if there was anybody -- if there was another
2 competition here in town, I would definitely be
3 switching over right now. I would not be, be
4 using Empire Gas Company if I had a choice. And
5 that is all I have to say.

6 JUDGE DIPPELL: All right. Thank
7 you. One thing I think I forgot to mention in my
8 opening statement is, that after each of you
9 testify, there may be some questions from myself
10 or some of the attorneys. And I will -- I don't
11 have any questions for you, Mr. Williams, but I
12 will ask if any of the attorney's have any
13 questions?

14 MR. MILLS: No questions. Thank
15 you.

16 MS. CARTER: No questions.

17 MS. KLIEPHERMES: No questions.
18 Thank you.

19 JUDGE DIPPELL: Thank you. I will
20 just let you guys -- if, if any of the attorneys
21 have questions when I ask, you guys can let me
22 know. Otherwise we will assume for the record
23 that you don't have any. All right. Thank you,
24 Mr. Williams. Raymond Jones?

25 MR. JONES: That is me.

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1 JUDGE DIPPELL: All right. Would
2 you raise your hand?

3 (An oath was administered.)

4 JUDGE DIPPELL: You can either
5 stand or sit, which ever you prefer.

6 MR. JONES: Raymond Jones.
7 R-A-Y-M-O-N-D, J-O-N-E-S.

8 JUDGE DIPPELL: Go ahead.

9 MR. JONES: The only thing, I don't
10 like the flat rate idea whatsoever. Because you
11 take the figures that I heard, everybody would be
12 the same, paying the same. If I was the company
13 and --okay, I live in a like 1,000 foot square
14 home, and I am there by myself. So my rates are
15 lower, but somebody that is in a bigger house, I
16 have got to make up the difference between what
17 my average is and the \$30 somebody else is using
18 twice as much as I am. And they are getting by
19 with \$30. Now, I like this idea if I am any
20 other way, is you pay percentage of what you use.
21 So my incentive is to insulate my home, put in
22 better windows, put, put in a fuel efficient
23 furnace. Anyway I can save money and I ought to
24 be rewarded by less cost than my gas. And this
25 idea that everybody pays the same, I made the
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1 comment that that sounds like socialism, but --
2 I'm not getting ran out of here, but then that is
3 the way I feel about it. So there is no
4 incentive for anybody to do better if you
5 are going to pay the same as everybody else. And
6 another thing, if you have got at flat rate of
7 like say the \$30, in the summertime, my
8 percentage goes way down because you are not
9 using the gas but my air-conditioning bill goes
10 up. So I am still paying a flat rate for gas
11 even though I'm paying more for my cooling. So I
12 am getting a break because I am not using the gas
13 in the summertime. I'm getting a break on my
14 bill, gas bill and vise versa. And in the
15 wintertime, I am getting a break on my electric
16 bill, but I am paying for the gas. So it -- I,
17 I'm a firm believer, pay as you go type-thing.
18 And if you have got an incentive to cutdown
19 here, wear a sweater in the wintertime, turn the
20 thermostat down in the summer time or up, that is
21 your prerogative. Then you pay if you want to
22 keep cold, you have got to pay for that. If you
23 want to just keep cool, you compensate for that.
24 And the prorate thing as you go is still the best
25 way to go as far as I can see. Thank you.
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1 JUDGE DIPPELL: Thank, thank you.
2 Are there any questions for Mr. Jones? I don't
3 see any. Thank you. That was the only people
4 that I had signed up, is there anyone else that
5 wanted to speak this evening? Sir, go ahead and
6 tell me your name and tell --

7 MR. TATE: Steve Tate.

8 JUDGE DIPPELL: Will you raise your
9 right hand?

10 (An oath was administered.)

11 JUDGE DIPPELL: Go ahead and state
12 your name again and spell it for us.

13 MR. TATE: Steve Tate. S-T-E-V-E,
14 T-A-T-E. I just wanted to bring up one point
15 that the 9.05 percent to 10.05 percent that the
16 Commission is considering seems to be an
17 absorbingly high rate for the economy that we are
18 in. And with the \$43.3 million in dividends that
19 Empire Gas kicked out in 2008, I think that maybe
20 they need to look at their operation a little bit
21 more and maybe instead of charging their
22 customers, look at not maybe giving such the
23 dividends to their investors and maybe dropping
24 the flat rate considerably. Because I -- now, I
25 understand that they have to have the flat rate,
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1 but I cannot see \$30. I thank you kindly.

2 JUDGE DIPPELL: Thank you. Are
3 there any questions for, Mr. Tate? All right,
4 then. Thank you. Is there anyone else who would
5 like to comment?

6 MS. GRIFFIN: Could we comment just
7 to confirm what the others have been saying?

8 JUDGE DIPPELL: Certainly. You
9 would go ahead and --

10 (An oath was administered.)

11 JUDGE DIPPELL: Can you tell us
12 your name and spell it for us?

13 MS. GRIFFIN: Lois Griffin.
14 L-O-I-S, G-R-I-F-F-I-N. I agree that it seems
15 like an absorbent raise with the economy that we
16 have. And we stand a chance of another raise if
17 people, more people lose their jobs and there are
18 fewer people paying in. Then, they are bound to
19 raise our rates to make up for their percent
20 income for their people that invest.

21 JUDGE DIPPELL: Thank you. Are,
22 are there any questions for Ms. Griffin? All
23 right, then. Thank you very much for your
24 comments. Anyone else that would like to
25 comment?

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1 MS. TATE: I would.

2 JUDGE DIPPELL: All right.

3 MS. TATE: My name is Shelley Tate.

4 JUDGE DIPPELL: All right.

5 (An oath was administered.)

6 JUDGE DIPPELL: Go ahead and
7 spell -- can you spell your name?

8 MS. TATE: Yes. My name is Shelley
9 Tate. S-H-E-L-L-E-Y, T-A-T-E. My comment would
10 reflect pretty much my husband, Steve Tate's
11 testimony of earlier. We have been a customer of
12 Empire or Aquilia or whoever has been the gas
13 company here for about 25 years. And they have
14 provided us good service. I think that good
15 customers should receive a benefit as well as the
16 ladies that have testified before. Most of these
17 folks that have testified from Chillicothe I know
18 have lived here for a long time and have been
19 customers for a long time. Is not the situation
20 as it would be in the city or other areas where
21 there is a lot of change and people moving in,
22 moving out.

23 And I just think that perhaps the
24 company might look at having some type of
25 adjustment for people who have been loyal, long
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1 customers. And I just hope that the Commission
2 will see that in this difficult economy that we
3 would be cognizant of people that are in need.
4 And that is all I have to say.

5 JUDGE DIPPELL: Thank you. Are
6 there any questions for Mrs. Tate? All right.
7 Is there anyone else who would like to tell --

8 MR. JONES: May I add to what I --

9 JUDGE DIPPELL: Certainly. Tell us
10 your name again so we know for the record.

11 MR. JONES: Raymond Jones.

12 JUDGE DIPPELL: Thank you. Go
13 ahead.

14 MR. JONES: Looking at the -- what
15 I can understand, looking at this from a company
16 point of view, my average, like I say is a small
17 home, is like \$26 each month. That is for the
18 year. Now, you take a home say is 2,500 square
19 feet and they are going to charge them a flat
20 \$30, it looks like the company is going to be
21 losing money, because they are going to be using
22 twice as much gas as I am. And on a prorated
23 bar, they are going to be making -- paying more
24 than the \$30. So from the company set -- point
25 of view, am I looking at this wrong?

26

1 MS. CARTER: And sir, this is
2 actually the opportunity for you to say to the
3 Commissioners. There are many of us who would
4 like to talk with you about that after the fact,
5 but I actually can't testify at the public
6 hearing. So when the testimony portion is done,
7 we can talk more about that.

8 MR. JONES: Good. You see, where I
9 am coming from, why should I pay up to \$30 when
10 somebody that is using twice as much is dropping
11 down to \$30?

12 JUDGE DIPPELL: And Mr. Jones, I
13 would encourage you to get with Ms. Carter or
14 some of the company afterwards and ask, ask --

15 MR. JONES: Put me in handcuffs and I
16 will talk to them.

17 JUDGE DIPPELL: -- ask them -- ask
18 your questions until you get that explanation or
19 not, whatever it is that you are seeking with
20 that question.

21 MR. JONES: Thank you.

22 JUDGE DIPPELL: Is there anything
23 anyone else that would like to comment? Well, I
24 appreciate you all coming out this evening. We
25 are in kind of a small room, but I guess it was
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1 big enough. And I think this is the first time
2 we have been in Chillicothe for a long time. And
3 so, we appreciate everyone coming in. The
4 Commissioners do take their comments very
5 seriously, and they will be -- if, if they are
6 not watching, they -- now, they will be reviewing
7 the transcript or the video later. So they
8 wanted me to express their thanks to everyone
9 that came out this evening. We appreciate seeing
10 public that is involved in this process. I guess
11 that will conclude the on-the-record portion of
12 the hearing, and we can go off the record.

13 (Hearing concluded at 6:25 p.m.)

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1 CERTIFICATE OF REPORTER

2

3 STATE OF MISSOURI)

4) ss

5 CITY OF CHILLICOTHE)

6

7 I, Adriana M. Gelwix, a Certified Court Reporter
8 (MO), Certified Shorthand Reporter (KS), and a
9 Notary Public within and for the State of
10 Missouri, DO HEREBY certify that pursuant to
11 notice/agreement between the parties, the
12 aforementioned record was made before me at the
13 time and place hereinbefore mentioned, on the 9th
14 day of November, 2009, and said record was taken
15 in shorthand and later reduced to printing; and
16 said record is herewith forwarded to the
17 requesting party.

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ADRIANA M. GELWIX, CCR (KS, MO)

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