

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
TRANSCRIPT OF PROCEEDINGS

Public Hearing
February 1, 2006

Sullivan, Missouri

VOLUME 1

In The Matter of the Joint Application of Fidelity)	
Natural Gas, Inc., and Laclede Gas Company)	
for an Order Authorizing the Sale and Transfer of)	
Certain Assets of Fidelity Natural Gas, Inc.,)	Case No. GM-2006-0183
Located in Missouri to Laclede Gas Company)	
and Either Authorizing the Transfer of Existing)	
Certificates of Public Convenience and)	
Necessity or Granting a New Certificate of Public)	
Convenience and Necessity to Laclede Gas)	
Company in Conjunction with Same)	

STEVEN C. REED, Presiding
REGULATORY LAW JUDGE

JEFF DAVIS, Chairman
CONNIE MURRAY
LINWARD "LIN" APPLING,
COMMISSIONERS

Reported by: MARY T. WEBB, CCR #972

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BE IT REMEMBERED, that on the 1st day of
February, 2006, the herein-described parties met at
Southeast Area Center, 11 North Clark, City of Sullivan,
State of Missouri, in a certain matter being presented in
the manner as appears hereinafter.

PRESENT:

STEVEN C. REED, ESQ. Presiding
REGULATORY LAW JUDGE

- - - - -

COMMISSIONERS: (via video conference)
JEFF DAVIS, Chairman
CONNIE MURRAY
LINWARD "LIN" APPLING

- - - - -

JIM FISCHER, ESQ.
Fidelity Natural Gas

MICHAEL C. PENDERGAST, ESQ.
Laclede Gas Company

LEWIS R. MILLS, JR., ESQ.
Office of Public Counsel

ROBERT V. FRANSON, ESQ.
Public Service Commission

- - - - -

Mary T. Webb, CCR #972
MIDWEST LITIGATION SERVICES
711 North 11th Street
St. Louis, MO 63101
(314) 644-2191

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

2 (Thereupon, the Public Hearing began at 6:20 P.M., as
3 follows:)

4 JUDGE REED: My name is Jerry Reed. I'm a
5 Regulatory Law Judge with the Public Service Commission.
6 I'm assigned to preside over this case, which is the
7 Joint Application of Fidelity Natural Gas and Laclede Gas
8 Company for an Order Authorizing the Sale and Transfer of
9 Assets of Fidelity Natural Gas to Laclede Gas Company.
10 The Case No. is GM-2006-0183.

11 This is the local Public Hearing in Sullivan,
12 Missouri. The Public Service Commission has five
13 Commissioners. They're appointed by the Governor to a
14 fixed term, and they are confirmed by the Missouri
15 Senate. Three of those Commissioners are going to
16 participate with us this evening by means of the video
17 conferencing, and you can see the monitors at the other
18 end of the room, of course.

19 Those Commissioners who are participating from
20 Jefferson City, they can hear us and we can hear them.
21 They are Commissioner Connie Murray. There is
22 Commissioner Lin Appling. And Commissioner Jeff Davis,
23 who is the Chairman of the Public Service Commission.

24 This, besides being video-conferenced, is also

1 being webcast on the Public Service Commission website
2 this evening.

3 The purpose of this evening's hearing is for
4 the public to testify, if they want to, about this sale
5 of assets from Fidelity to Laclede and the other matters
6 which may arise, as this is an official hearing of the
7 Public Service Commission.

8 If you want to testify, you'll have to do so
9 under oath. I have the list here. I think there's only
10 one person signed up to testify. But there may be others
11 later.

12 In any event, to testify, I'll ask that you
13 approach the podium, that you raise your right hand and
14 be sworn, and then state your name and spell it for us,
15 and give your statement, all right.

16 When you finish any statement that you have,
17 please remain there, because the Commissioners or some of
18 the staff from the Public Counsel's Office or the parties
19 may have questions for you.

20 Let's see. We need to make entrance of
21 appearance of the parties who are present here this
22 evening.

23 Let's begin with staff of the Public Service
24 Commission.

25 ROBERT FRANSON: Robert Franson,

1 representing the staff of the Missouri Public Service
2 Commission, P.O. Box 360, Jefferson City, Missouri,
3 65102.

4 JUDGE REED: And the Office of Public
5 Counsel.

6 LEWIS MILLS, JR.: Appearing on behalf of
7 the Office of the Public Counsel and the public, my name
8 is Lewis Mills. My address is P.O. Box 2230, Jefferson
9 City, Missouri, 65102.

10 JUDGE REED: And who's here with Fidelity
11 this evening?

12 JIM FISCHER: Judge, my name's Jim
13 Fischer. I'm an attorney from Jefferson City, Missouri.
14 My address is 101 Madison Street, Suite 400, Jefferson
15 City. And I'm here representing Fidelity Natural Gas,
16 Inc., today.

17 JUDGE REED: And is there another attorney
18 here representing Laclede? Or, Mr. Fischer, are you --

19 JIM FISCHER: No.

20 JUDGE REED: Okay.

21 MICHAEL PENDERGAST: Michael C.
22 Pendergast, representing Laclede Gas Company.

23 JUDGE REED: All right. We're going to
24 get started with testimony here in a second, unless the
25 Commissioners have any opening remarks to begin this

1 evening.

2 Mr. Chairman, do you have anything?

3 CHAIRMAN DAVIS: I'd just like to welcome
4 evening and thank them for coming tonight, and thank them
5 for their participation and their interest. And
6 certainly when, you know, issues like this arise, we
7 depend on your input and we do listen and your voice will
8 be heard.

9 And so we appreciate, you know, any thoughts
10 that you might have.

11 Thank you.

12 JUDGE REED: All right. Thank you.

13 Any other Commissioners?

14 COMMISSIONER APPLING: None from me,
15 Jerry.

16 JUDGE REED: Thank you.

17 Commissioner Murray?

18 COMMISSIONER MURRAY: No, I have nothing
19 to add. Thank you.

20 JUDGE REED: Okay.

21 We'll begin with the testimony this evening.

22 And on the list is Ed Merrell; correct?

23 ED MERRELL: Yes.

24 JUDGE REED: Could you approach the
25 podium, please?

1 Do you solemnly swear that the testimony you're
2 about to give is the truth, the whole truth and nothing
3 but the truth?

4 ED MERRELL: Yes.

5 JUDGE REED: Thank you.

6 Please state your name and spell it for the
7 Record, please.

8 ED MERRELL: Ed Merrell, M-e-r-r-e-l-l.

9 JUDGE REED: Let's make sure the
10 Commissioners can hear the Witness.

11 Can everyone there hear the Witness?

12 CHAIRMAN DAVIS: Yes.

13 JUDGE REED: All right.

14 Go ahead, Mr. Merrell.

15 ED MERRELL: Thank you.

16 My concern about the transfer of assets is that
17 there is going to be a hundred and fifty percent increase
18 of the monthly non-gas charge, specifically the
19 connection fee. That's going to effect everyone
20 irregardless of whether they use gas for heating or they
21 use it for cooking. Myself, I only use gas for heating.
22 I only turn my furnace on maybe four months out of the
23 year, three months, depending on the weather. The rest
24 of the year, you know, I guess my rate that I'm paying
25 will go up. Right now, it's eight dollars and forty

1 something cents. It's going to go to probably close to
2 \$13 with taxes.

3 The other concerns, I think, were addressed.
4 Laclede has stated that they're going to keep our rates
5 at or lower than what we're paying right now for the gas
6 usage and for the non-gas charges. The main fee was
7 going to go up.

8 That's all I have to say.

9 JUDGE REED: Okay.

10 Are there any questions from the Commissioners?
11 Let's start with Commissioner Murray. Do you have any
12 questions for Mr. Merrell?

13 COMMISSIONER MURRAY: I don't believe so.
14 Thank you.

15 JUDGE REED: Commissioner Appling, do you
16 have any questions?

17 COMMISSIONER APPLING: Jerry, I have no
18 questions at this time.

19 JUDGE REED: Thank you.

20 Mr. Chairman, do you have any questions for the
21 Witness?

22 CHAIRMAN DAVIS: Let me just make sure I
23 got this right.

24 Your monthly fixed charge on your bill right
25 now at Fidelity is approximately \$8.40, and Laclede's is

1 somewhere between \$12 and \$13; is that correct?

2 ED MERRELL: The actual fixed charge
3 pre-tax is \$8 and Laclede's is going to be \$12.

4 CHAIRMAN DAVIS: Okay.

5 And do you know what Laclede's rate, their
6 charge for natural gas versus what rate Fidelity charges
7 for their gas are?

8 ED MERRELL: I'm told at this time
9 Laclede's rate is a little bit lower than what Fidelity's
10 charging.

11 CHAIRMAN DAVIS: All right.

12 And -- thank you, sir. I don't have any other
13 -- any other questions for you. Thank you for coming.

14 Judge, I may want to ask Mr. Pendergast one --
15 one or two brief questions, if we have time, just to --
16 just to flush out a couple of issues regarding Fidelity's
17 gas purchasing practices this winter.

18 JUDGE REED: Yes, Mr. Chairman, we'll do
19 that.

20 Let's go now to Mr. Franson and staff. Any
21 questions for the Witness?

22 ROBERT FRANSON: No questions.

23 JUDGE REED: Mr. Mills from Public
24 Counsel?

25 LEWIS MILLS: I have no questions. Thank

1 you.

2 JUDGE REED: Mr. Fischer?

3 JIM FISCHER: I have no questions. Thank

4 you.

5 JUDGE REED: Mr. Pendergast?

6 MICHAEL PENDERGAST: Yeah. Mr. Merrell,
7 just to clarify the Record, as we discussed, your bill's
8 made up not only of the flat customer charge that you pay
9 month in and month out, but also of the usage charge and
10 the charge for the gas portion.

11 You'd agree with that?

12 ED MERRELL: Correct.

13 MICHAEL PENDERGAST: Okay.

14 And we've sat down and tried to go through some
15 figures, we can do some more of that later, that shows,
16 if you'd look at all of those charges together, what the
17 impact on your bill would be.

18 And, of course, our view is that, for most
19 customers, that's going to be a decrease over what
20 they're paying now.

21 But you think all those components in the bill
22 need to be taken into consideration?

23 ED MERRELL: They do.

24 MICHAEL PENDERGAST: Thank you.

25 JUDGE REED: Okay. That's all.

1 Thank you, Mr. Merrell.

2 ED MERRELL: Thank you.

3 JUDGE REED: Mr. Merrell was the only
4 witness who signed up to testify.

5 Are there any other customers who would like --
6 who would like to make a statement?

7 PUBLIC: (No response.)

8 JUDGE REED: Mr. Chairman, we don't have
9 any other witnesses here to testify.

10 You had indicated earlier that there may be
11 some followup with Mr. Pendergast.

12 CHAIRMAN DAVIS: Right. Right. In view
13 of the Witness's testimony, I guess my first question
14 would be for Mr. Fischer.

15 Mr. Fischer, Fidelity really didn't hedge any
16 natural gas this winter; did it?

17 JIM FISCHER: Mr. Chairman, I think one of
18 the advantages Laclede has is they have the ability to
19 enter into contracts for storage. Fidelity does not have
20 any storage available, and to the extent that the company
21 is able to fix prices in any way is generally related to
22 buying fixed price contracts.

23 The company has done that enough now later than
24 it had in the past because of the Katrina and the Rita
25 hurricanes. But larger companies certainly have done

1 more sophisticated financial hedging, and maybe that's
2 what you're referring to.

3 CHAIRMAN DAVIS: Well, what I actually --
4 what I was trying to get to is: Was Laclede helping
5 Fidelity with their -- with their gas purchasing this
6 winter, even though the acquisition has not taken place
7 yet? Is that -- you know, because I think the rates, as
8 I recall, are fairly similar. But I also recall that
9 Fidelity really didn't do much hedging.

10 So I'm just hoping that maybe you or
11 Mr. Pendergast could -- could shed some light on that.

12 JIM FISCHER: The rates are -- the rates
13 are not markedly different. Right now, Laclede is
14 slightly lower, I think, than Fidelity's. Throughout the
15 transaction process, there was a good deal of
16 coordination between the two companies, and -- but I
17 don't think it would be fair to say that Laclede was
18 hedging for Fidelity.

19 CHAIRMAN DAVIS: Okay. That's fine. I
20 have no further questions.

21 JUDGE REED: All right.

22 Are there any other questions from the Bench?
23 Commissioner Murray, do you have any questions?

24 COMMISSIONER MURRAY: No, I don't. Thank
25 you.

1 JUDGE REED: Thank you.

2 Commissioner Appling, any remarks or questions?

3 COMMISSIONER APPLING: Jerry, I have no
4 questions. But I would just like to say thanks to
5 everyone that came out tonight. I note it's not always
6 -- and there's other things in your life that you could
7 be doing on Wednesday night. However, this is an
8 important case, and we wanted to make sure we were
9 available to hear what you have to say.

10 Thank you, Judge.

11 JUDGE REED: Thank you, Commissioner
12 Appling.

13 Mr. Chairman, that's it from this end, unless
14 there are comments from the Bench.

15 CHAIRMAN DAVIS: No comment. I'd like to
16 thank our one witness for -- for coming and testifying.
17 And thank everyone for showing up tonight.

18 JUDGE REED: All right. Thank you.

19 So, at this time, folks, we're going to adjourn
20 this meeting. Thank you all.