

In the Matter of the Application of Nancy and Ron )  
Gilkey Jr. for a Change of Electrical Supplier ) Case No. EO-2009-0315

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff), through the undersigned counsel, and respectfully states the following:

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submitted data requests to the Applicants' attorney and the responses were received April 14, 2009.

5. Additionally, Staff investigated the safety concerns pursuant to its charge under Section 386.310 RSMo (2000). Staff's investigation included phone conversations with the parties, and on April 20, 2009, the Staff met with Mr. Gilkey, visited the structures, and met with Rich Hill personnel and reviewed documents at Rich Hill City Hall.
6. Although the Staff was unable to find any safety violations, the Staff believes the Commission may find the change of supplier request is in the public interest for a reason other than rate differential.
7. The Gilkeys' safety concerns, the efforts by the City to address various concerns of the Gilkeys' over the past few years, the City Council's support of the Gilkeys' request, the Co-op's support of the Gilkeys' request and the Co-op's energy audit program are all factors that the Staff believes the Commission may take into consideration in determining whether the request is in the public interest for a reason other than a rate differential.
8. Staff's recommendation is attached, labeled as Attachment A.

**WHEREFORE,** the Staff requests the Missouri Public Service Commission issue an order allowing Applicants a change in electrical supplier for their two structures from the City of Rich Hill, Missouri, to Osage Valley Electric Cooperative, as in the public interest for a reason other than a rate differential

Respectfully submitted,

/s/Jennifer Hernandez  
Jennifer Hernandez  
Legal Counsel  
Missouri Bar No. 59814

Attorney for the Staff of the  
Missouri Public Service Commission  
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### **CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served on the Office of the Public Counsel, P.O. Box 2230, 200 Madison Street, Suite 650, Jefferson City, MO 65102, [opcservice@ded.mo.gov](mailto:opcservice@ded.mo.gov), the City of Rich Hill, Missouri, 120 N. 7<sup>th</sup>, Rich Hill, MO 64779, [rhcityhall@inetvisions.net](mailto:rhcityhall@inetvisions.net), Osage Valley Electric Cooperative, Legal Department, P.O. Box 151, 1321 North Orange, Butler, MO 64730-0151, and Harold L. Caskey, Caskey Hopkins Law Firm, P.O. Box 45, 8 N. Delaware, Butler, MO 64730, [caskeylf@iland.net](mailto:caskeylf@iland.net), this 29<sup>th</sup> day of April, 2009, either by hand delivery, electronic mail or First Class United States Mail, postage prepaid.

**/s/ Jennifer Hernandez**

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

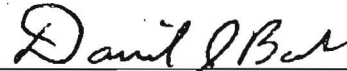
In the Matter of the Application of Ron and )  
Nancy Gilkey for Approval to Change )  
Electric Suppliers. )

Case No. EO-2009-0315

**AFFIDAVIT OF DANIEL I. BECK**

STATE OF MISSOURI )  
 ) ss:  
COUNTY OF COLE )

Daniel I. Beck, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in preparing the accompanying Staff Recommendation in Memorandum form, and that the facts therein are true and correct to the best of his knowledge and belief.

  
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DANIEL I. BECK

Subscribed and affirmed before me this 29th day of April 2009.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
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NOTARY PUBLIC

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File No. EO-2009-0315,  
Change in Electric Supplier filed by Nancy and Ron Gilkey, Jr. for structures  
located at 603 E. Haw, Rich Hill, Missouri.

FROM: Daniel I. Beck, Energy Department – Engineering Analysis

/s/ Lena M. Mantle 4/29/2009  
Energy Department / Date

/s/ Jennifer Hernandez 4/29/2009  
General Counsel's Office / Date

Subject: Staff Recommendation

Date: April 29, 2009

## OVERVIEW

By a letter from their attorney dated March 3, 2009 and filed with the Commission on March 5, 2009, Nancy and Ron Gilkey, Jr. “requested to change the electric utility provider for their residence located at 603 E. Haw, Rich Hill, Missouri, which is on the city limit line.” There are two structures located at 603 E. Haw, Rich Hill, Missouri, a home and a shed. Both are presently served by the City of Rich Hill (City) on separate accounts. The Gilkeys are requesting the Commission allow Osage Valley Electric Cooperative (Coop) to serve these structures instead of the City of Rich Hill. In their letter they state, “The reason for this request is due to safety concerns because there is something wrong with their electric service and they fear there could be a fire.” On April 15, 2009 the Commission added the City and the Coop as parties to the case. While Staff’s investigation did not reveal any safety issues, the Staff maintains that the change of supplier request is in the public interest for a reason other than rate differential, as explained below.

### **DISCUSSION**

Because the Gilkeys raised safety as a concern in their request to change the supplier of their electric service, and it is the basis of their request, the Staff investigated the safety concern. It appears that the safety concern is based on a conversation between the Gilkeys and City employees during which a city employee stated given their high electric usage, their house should be on fire. Since the Staff was not part of that conversation, we cannot confirm or deny that the statement was made. To investigate the safety of the electrical service to the two structures located at 603 E. Haw, Rich Hill, Missouri the Staff initially had phone conversations with the parties, drafted data requests of the Gilkeys, and reviewed the data request responses from the Gilkeys. On April 20, 2009, the Staff visited the Gilkeys' residence and met with Mr. Gilkey, met with City personnel at the City Hall, and reviewed documents at the City Hall. Based on discussions with the City and a review of the City's records, the Staff determined that the City has been upgrading the distribution system near the Gilkeys' residence in recent years (including upgrading from 2400 volts to 7200 volts) and it appears that these upgrades should improve both reliability and safety. The Gilkeys have also made improvements to their home's electrical system. During this investigation, the Staff did not find any safety violations per 4 CSR 240-18.010, Safety Standards for Electrical Corporations, Telecommunications Companies and Rural Electric Cooperatives.

On a related issue, the Application referred to a problem with the Gilkeys' electric service. It appears that the problem, or at least the symptom that indicates there is a problem, is the Gilkeys' concern that the electric bills and corresponding usage is high. Based on discussions with the City, a review of the Gilkeys' bills, and a review of the



City's records, both the City and the Gilkeys confirmed that this concern over high bills has existed for several years and the City has replaced the Gilkeys' meter at least twice in an attempt to address the concern. City records indicate that the replaced meters were accurate when tested. The Staff notes that the usage for the Gilkeys' home for the winter of 2008-2009 is approximately double the usage for the winter of 2007-2008 and the Gilkeys were given a bill credit of 2800 kWh during the City's March 10, 2009 Council Meeting. Based on conversations with Mr. Gilkey, it appears that a new air source heat pump was installed during the summer of 2008 that may account for this increased usage. The Staff suspects that the Gilkeys' residence needs additional insulation to fully take advantage of the new heat pump and an energy audit could confirm that (and the Coop offers energy audits to its members for \$100).

Although the Gilkeys' Request referred to their "residence", upon visiting the property and talking with Mr. Gilkey, the Staff determined that the Gilkeys intended to change suppliers for two structures, the house and the shed. These two structures are separately metered and separately billed but are located within 50 feet of one another. Since 4 CSR 240-3.140 refers to "structure", the Staff maintains that the Gilkeys' intent was for both structures to be served by the Coop. The Staff discussed this with City personnel and it appears that the City also expects that the Coop would serve both structures.

The parcel of land on which the Gilkeys' residence sits is also noteworthy. Although the Gilkeys' residence is located in the City limits, part of the parcel of land to the South of the residence is located outside the City limits. The City's January 13, 2009 Council Meeting minutes specifically note that the location factored into the City's

decision to support the Gilkeys' request to change suppliers. The Staff would also note that the City of Rich Hill has a population less than 1500 and therefore there are no restrictions against the Coop serving a new customer within the city limits.

Finally, the Staff would note that RSMo 394.315 and RSMo 91.025 are the statutes that address the change of supplier for an electric cooperative and a municipal electric utility, respectively. Both of these statutes have the standard of "in the public interest for a reason other than rate differential". Although the Staff was unable to find any safety violations, the Staff believes the Commission may find the change of supplier request is in the public interest for a reason other than rate differential. The Gilkeys' safety concerns, the efforts by the City to address various concerns of the Gilkeys' over the past few years, the City Council's support of the Gilkeys' request, the Coop's support of the Gilkeys' request and the Coop's energy audit program are all factors that the Staff believes the Commission may take into consideration in determining whether the request is in the public interest for a reason other than a rate differential. The Staff took them into consideration in making its recommendation that the request for a change of supplier is in the public interest for a reason other than rate differential.

The City of Rich Hill has a municipal utility that provides electric service to its citizens, and no annual reports or assessments are required from the Commission. The Staff is not aware of any pending or final judgments or decisions against it from any state or federal agency that involve its customer service or rates within the three years immediately preceding the filing of the Application.

Osage Valley Electric Cooperative is a rural electric cooperative that provides electric service to its members, and no annual reports or assessments are required from



the Commission. The Staff is not aware of any pending or final judgments or decisions against it from any state or federal agency that involve its customer service or rates within the three years immediately preceding the filing of the Application.

**STAFF RECOMMENDATION**

The Staff recommends that the Commission approve this request for a change of suppliers; however, the Staff recommends that several clarifications be made:

- 1) The request should be granted for two structures, the house and the shed, at 603 E. Haw, Rich Hill, Missouri, and
- 2) The approval for reasons other than rate differential includes the multiple reasons given by the Staff.