

Exhibit:	
Issue:	Retiree Health Insurance
Witness:	George Dorsey
Type of Exhibit:	Rebuttal
Sponsoring Party:	Intervenor Retirees
Case No.:	EM-2000-369
Date Prepared:	June 19, 2000

FILED  
JUN <sup>22</sup> 21 2000 *nh*

Missouri Public  
Service Commission

Before the Public Service Commission  
of the State of Missouri

Rebuttal Testimony

of

George Dorsey

June 2000

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

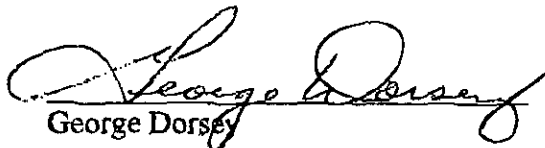
In the matter of the Joint Application )  
of Utilicorp United Inc. and The Empire )  
District Electric Company for authority )  
to merge The Empire District Electric ) EM-2000-369  
Company with and into Utilicorp United )  
Inc. and, in connection therewith, certain )  
other related transactions. )

**AFFIDAVIT OF GEORGE DORSEY**

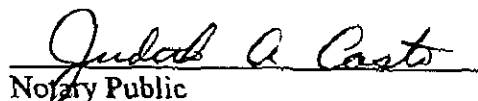
STATE OF MISSOURI        )  
                                  ) ss. 493385833  
COUNTY OF JASPER        )

George Dorsey, of lawful age and being first duly sworn, deposes and states:

1. My name is George Dorsey. I am a retiree of Empire District Electric.
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony consisting of pages 1 through 7.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
George Dorsey

Subscribed and sworn to me this 21<sup>st</sup> day of June, 2000.

  
Notary Public

My Commission Expires: 8-3-2002

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI  
REBUTTAL TESTIMONY OF GEORGE DORSEY  
ON BEHALF OF INTERVENOR EMPIRE RETIREES**

**CASE NO. EM-2000-369**

1     Q.     Please state your name.

2     A.     George Dorsey.

3     Q.     Please state your age.

4     A.     64 years old.

5     Q.     Please state your current occupation or if retired.

6     A.     Retired.

7     Q.     Who was your former employer?

8     A.     Empire District Electric Company.

9     Q.     For how long were you an employee of Empire District Electric?

10    A.     35 years and 6 months.

11    Q.     When did you retire?

12    A.     September 30, 1995.

13    Q.     Could you summarize the purpose of your testimony.

14    A.     To give my history with Empire District Electric and why I chose to work there and continue  
15           there until retirement. Then to discuss the benefits Empire District Electric gives its retirees.  
16           Finally, to oppose the proposed stripping of retiree benefits under the proposed merger. The  
17           purpose of my testimony is to voice my opposition to the change in health care proposed by  
18           the merger of the Empire District Electric Company with Utilicorp and to explain the effect

Rebuttal Testimony:  
Bill Athey

1 these changes will have on me and other retirees. I graduated from the Missouri State  
2 College in 1970 with a BS degree in Business Administration. The degree was attained  
3 while working full time for Empire District Electric by attending night school. Early on  
4 there was no thought of going anyplace else to seek employment because of the strong  
5 concern for families, excellent benefits that included and extended into retirement. Empire  
6 District Electric never offered the highest salary, but the benefits mentioned above, including  
7 the opportunity to work with really great people, made it desirable to continue with them.  
8 In 1975 I was named Director of Personnel and Safety Services which gave me the  
9 opportunity to have a significant impact on the quality of employees employed by the  
10 company and influence the benefits all of us would enjoy, even into our retirement years.  
11 My employment began in the Offices Services Department and progressed through the  
12 warehouse to Supervisor of Inventory control and Stores until being transferred into the  
13 Director's position. For the last 20 years of employment I reported to the President of the  
14 company. In 1994, Bob Lamb, President at that time, told me we needed to reorganize the  
15 company. A consultant was hired to assist the officers and myself and the company was  
16 forever changed. As a result of the reorganization about fifty employees, including myself,  
17 representing approximately 1,500 years of service left the company in late 1995 through an  
18 early retirement program. Not many of those who left were ready to retire, however, the  
19 choice to continue was not favorable. Several went into depression. Some were okay with  
20 it while others were extremely happy. The early out decisions were made with the belief the

Rebuttal Testimony:  
Bill Athey

1 company and previously earned benefits would remain throughout their retirement.  
2 Financial decisions regarding spouse options, health and life insurance were made based on  
3 that premise. Most of us worked long hours and a lot of weekends for love of the company  
4 with the understanding that we were directly responsible for significantly improving the  
5 quality of life for the customers in the communities we served. We were proud that it had  
6 been possible to provide that service to our customers at a very affordable cost to them. We  
7 were also proud that we could carry on a tradition of community involvement that was  
8 handed down by decades of dedicated individuals who built the company and turned the  
9 reins over to us. I am sorry to say that the organization has been wrecked and left a shamble  
10 by this proposed merger. Words fail to express the sadness I feel because of this terrible  
11 tragedy caused by the lac of vision and courage of the present management. This merger,  
12 if allowed to occur, will have a significant negative effects on the skeleton of employees  
13 who will remain with the company. All 200 plus retirees retired with the expectation they  
14 would continue to receive the benefits which have been in place for so many years. About  
15 a year and a half later after I left Empire I was diagnosed with terminal cancer. Even with  
16 the excellent coverage we have enjoyed under our company health care plan, I have had very  
17 significant out of pocket costs for treatment. The increase in health care projected under  
18 Utilicorp will have a significant negative impact on the financial status of everyone who is  
19 retired from Empire. Our retirees who have been on retirement for a lot of years will suffer  
20 the most because of the tremendous increase in a relatively short period of time. It is

Rebuttal Testimony:  
Bill Athey

1 possible their retirement income could be so stressed as to require assistance from state  
2 agencies to continue care for them. The increase we have heard about will require over 13%  
3 of my net retirement benefit, which added to my out of pocket costs will be a burden. In  
4 addition, Empire has traditionally increased retirement benefits a small amount about every  
5 5 or so years to help deal with inflation. That has been made possible due to the excellent  
6 investment foresight of former President Richard Allen. It is my understanding that  
7 Utilicorp has not intentions of continuing such a policy after the merger even though there  
8 is significant over-funding of the retirement plan. It is extremely difficult to oppose the  
9 company to which I dedicated a major part of my life. As a former employee, stockholder  
10 and present retiree, I am opposed to the merger unless something can be done to help this  
11 group of dedicated individuals. The merger announcement has already done significant  
12 damage to Empire District Electric and the retirees. My hope is that the right decisions will  
13 be made to assure its continuance.

14 Q. When did you become aware of the proposed merger between Empire District Electric and  
15 Utilicorp?

16 A. Approximately June 1999.

17 Q. How did you become aware of the proposed merger?

18 A. From discussions with active employees.

19 Q. When were you aware that the merger had to be approved by the Missouri Public Service  
20 Commission?

Rebuttal Testimony:  
Bill Athey

1 A. All department heads were regularly apprised of most regulatory work being so it was  
2 assumed your approval would be necessary since the impact on customers is so direct.

3 Q. Did you ever receive notice that you needed to intervene before the Public Service  
4 Commission by January 14, 2000?

5 A. No.

6 Q. Going back to your employment with Empire District Electric, why did you go to work for  
7 Empire District Electric?

8 A. I quit a job paying almost twice as much to go to work for Empire District Electric because  
9 of their high standing in the community, the strong family atmosphere and the security it  
10 provided through benefits during employment and upon retirement.

11 Q. Were there opportunities to leave Empire District Electric for a better salary?

12 A. Yes.

13 Q. Why did you not take those other jobs?

14 A. I did not make a move because the work was challenging, working companions were great,  
15 we were treated fairly, we were thought of highly in our communities and the benefits were  
16 great.

17 Q. What part of the retirement benefits were of importance to you?

18 A. Due to my present condition, health care and life insurance are my primary concern. With  
19 a diagnosis of non-Hodgkin's Lymphoma I cannot obtain insurance anywhere. In addition,  
20 spousal coverage is a major concern. None of us know exactly when we will take the long

1 journey into eternity and I am sure there are other retirees in the same or similar predicament  
2 as I. Most of my career was spent working with people at Empire District Electric. I, like  
3 others, neglected my family to care for them. That care has not diminished. My family will  
4 continue to be compromised if this merger is approved as it now stands. I have carried the  
5 maximum life insurance offered to me for two reasons. First, to provide for my family upon  
6 my death and second, to support the group plan we were providing to employees. Since  
7 administration of benefits was part of my responsibility, I could not try to get them into a  
8 program I did not believe in. The bigger the group the more favorable the rates.

9 Q. Could you discuss the current retirement benefits to which you are entitled?

10 A. I believe I am entitled to health care insurance for which I pay approximately 10%. I also  
11 believe I am entitled to the life insurance that has been agreed on for many years. If I had  
12 not believed in supporting Empire District Electric's benefit plan I could have obtained life  
13 insurance coverage years ago at a more reasonable cost. Now I cannot buy it at all.

14 Q. How does the retiree medical insurance compare to other retirement plans you are aware of?

15 A. About the same as others in the area.

16 Q. How important is the medical insurance to you?

17 A. Medical insurance is a recruitment tool the company has used for years. We were able to  
18 attract the very best employee candidates in the area because of Empire District Electric's  
19 excellent benefits and outstanding reputation in the communities for treating employees  
20 fairly. There were not a better workforce with a better work ethic and dedication to their



1 company anywhere in the nation. Health care was always of primary concern to every  
2 applicant considered for employment. I would suggest it is even more important today.

3 Q. What is your current income?

4 A. My current net income is \$38,000.00 per year.

5 Q. What is your payment on the medical insurance?

6 A. Approximately \$80.00 per month.

7 Q. Do you know what amount Empire District Electric pays for your medical insurance?

8 A. Approximately \$300.00 to \$325.00 per month.

9 Q. Could you afford to pay the full premium amount for the medical insurance?

10 A. It would be extremely difficult to maintain without making major changes due to my  
11 conditions.

12 Q. Are you aware of what will happen to the current medical insurance under the proposed  
13 merger?

14 A. Not exactly. Only hearsay that it will go up to \$400.00 or more per month. Utilicorp has  
15 said our benefits will change to match theirs, whatever that is.

16 Q. How did you first become aware of the effect on your benefits of the proposed merger?

17 A. Through conversations with active and retired employees.

18 Q. When was that?

19 A. Sometime in late August or early September 1999.

20 Q. What would the effect of this change be on you and other retirees?

Rebuttal Testimony:  
Bill Athey

1     A.     Many surviving spouses would probably be faced with not being able to have coverage.  
2           Most would suffer a reduction of net income of at least \$4,000.00 per year. This loss will  
3           cause a very significant hardship on those who have been retired a significant number of  
4           years - - a hardship they do not deserve. A \$4,000.00 loss per year is an impact that is  
5           impossible to overcome on a fixed income. I realize your concern is to assure utility  
6           customers in the State of Missouri receive adequate service at a reasonable rate and are not  
7           concerned with our state of affairs. We are not just retirees. We are also customers,  
8           property owners and citizens of the state. Take a close look at the shattered remains of an  
9           electric utility that once was as shining gem in the state. In my 20 years I was privileged to  
10          represent Empire District Electric at many national meetings and was always very proud to  
11          represent this small company. Empire District Electric stood tall in the group. This has all  
12          changed since the merger announcement. Question: How can a merger with Utilicorp  
13          possibly help Empire District Electric customers?