

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

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

Missouri Public  
~~Service Commission~~

Before the Public Service Commission  
of the State of Missouri

Rebuttal Testimony

of

Albert Fuchs

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 ALBERT FUCHS**

STATE OF OKLAHOMA     )  
                                       )     ss.  
COUNTY OF Ottawa     )

Albert Fuchs, of lawful age and being first duly sworn, deposes and states:

1.     My name is Albert Fuchs. 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 6.
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.

Albert Fuchs  
Albert Fuchs

Subscribed and sworn to me this 20 day of June, 2000.

Mary E. Hesse  
Notary Public

My Commission Expires June 15, 2001

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

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

1     Q.     Please state your name.

2     A.     Albert Fuchs.

3     Q.     Please state your age.

4     A.     60 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.     29 years and 9 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 and to explain the effects these changes will have on me and other retirees. I

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1 graduated from Oklahoma State University in 1966 with a BS Degree in electrical  
2 engineering and at that time, because of economic conditions, engineers were in demand.  
3 I was fortunate enough to get approximately five offers of employment. Although Empire  
4 did not offer the highest salary I chose Empire because it seemed to be a company that  
5 valued family, security and supplied good benefits during employment and in retirement.  
6 My employment was spent at various jobs, approximately 7 years in the Engineering  
7 Department, 10 years in operations and 13 in rates. I fully expected to work into my 60's.  
8 However, in 1995, the company had a reorganization and my job was phased out. I was in  
9 the position of taking early retirement or possibly being released. I took early retirement  
10 fully expecting to have health care benefits. While working, when required, I worked those  
11 3 day weekends and made those 2:00 a.m. deadlines fully expecting to be rewarded with  
12 adequate retirement. At the time of retirement very adequate retirement health care benefits  
13 were available from Empire. The proposed Utilicorp health care benefit plan will greatly  
14 increase the premium paid by the retiree. My premium after the phase in will go from  
15 approximately \$970.00 to \$4,800.00 per year. This will amount to almost 14% of my gross  
16 income. Another area of concern is prescription drugs. The Empire plan has a maintenance  
17 drug plan. In this plan, generic drugs cost \$2 per prescription and brand name costs \$10.00.  
18 In the Utilicorp plan, all prescriptions costs retirees 20%. The "out of network cost" will be  
19 somewhat more expensive, especially for those with a cost of less than \$3,000.00. However,  
20 the higher premium is of most concern. This will force some retirees to choose between

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Albert Fuchs

1 health care and food or ask for public assistance. This increase in cost was something not  
2 expected, is very grievous and should not be allowed by the Commission. As a retiree, I  
3 must oppose the merger unless something can be done about these costs.

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

6 A. Approximately June of 1999.

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

8 A. From discussions with active employees.

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

11 A. Because I worked in the rates department I knew the merger had to be approved by the  
12 Commission.

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

15 A. I was never told by the company that I could intervene before the Public Service  
16 Commission by January 14, 2000.

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

19 A. Although Empire did not offer the highest salary, I chose Empire because it seemed to be  
20 a company that valued family, security and supplied good benefits during employment and

1 in retirement.

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

3 A. Yes, I received an offer to go to work for a division of Combustion Engineering in Tulsa.

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

5 A. Because of my relationship with Empire and the good working conditions and their excellent  
6 health care benefits.

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

8 A. Health care and life insurance. Life insurance is part of my retirement strategy. I chose no  
9 survivor benefits to my pension. Planning to have my life insurance and IRA's to take care  
10 of my spouse in case of my death. The loss of life insurance will be difficult to replace and  
11 could be more expensive.

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

13 A. I am entitled to health care insurance for which I pay for 20% of the premium and  
14 \$180,000.00 of life insurance for which I pay approximately \$70.00 per month.

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

16 A. The insurance is similar to most insurances I am aware of.

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

18 A. Medical insurance is very important to anyone's retirement plan. With medical costs as they  
19 are today, one small illness can financially bankrupt a retiree.

20 Q. What is your current income?

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- 1 A. My current net income is \$28,032.00 per year.
- 2 Q. What is your payment on the medical insurance?
- 3 A. \$80.80 per month.
- 4 Q. Do you know what amount Empire District Electric pays for your medical insurance?
- 5 A. The calculated value is approximately \$325.00 per month.
- 6 Q. Could you afford to pay the full premium amount for the medical insurance?
- 7 A. No, not without making some drastic changes in our quality of life.
- 8 Q. Are you aware of what will happen to the current medical insurance under the proposed  
9 merger?
- 10 A. Not completely. Some things we are told have not been decided. I do know our health care  
11 premiums will go up at least \$400.00 per month.
- 12 Q. How did you first become aware of the effect on your benefits of the proposed merger?
- 13 A. Shortly after the merger was announced I received a copy of a data sheet sent to active  
14 employees. This gave me enough information to realize our health care was in trouble. I  
15 began to use all resources at my disposal to find out what changes would be made.  
16 Eventually, Myron McKinney asked four retirees to meet with him and discuss health care.  
17 This was primarily to placate us and provided little information I did not already know. He  
18 asked that information given at the meeting not be mass produced and sent to other retirees.
- 19 Q. When was that?
- 20 A. I received the data sheet in March. The meetings with Myron took place in July and August

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1 of 1999.

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

3 A. The loss of \$4,000.00 per year is very difficult to overcome. I am probably more fortunate  
4 than other retirees. The older retirees and low salaried ones receive less than I. Some  
5 surviving spouses receive only health care insurance. They will especially be hurt if no  
6 surviving spouse benefits are available.