

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
TRANSCRIPT OF PROCEEDINGS

FILED<sup>3</sup>

DEC 17 2004

Public Hearing

Missouri Public  
Service Commission

November 22, 2004

Joplin, Missouri

Volume 6

ORIGINAL

In the Matter of the Tariff	)	
Filing of The Empire District	)	
Electric Company to Implement	)	Case No. ER-2004-0570
A General Rate Increase for	)	
Retail Electric Service Provided	)	
To Customers in its Missouri	)	
Service Area	)	

KEVIN A. THOMPSON, Presiding  
DEPUTY CHIEF REGULATORY LAW JUDGE  
CONNIE MURRAY,  
ROBERT M. CLAYTON, III,  
JEFF DAVIS,  
COMMISSIONERS

REPORTED BY: JILL A. RENFRO, C.C.R.,

FILED

DEC 16 2004

Missouri  
Public Service Commission

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**FOR THE STAFF:  
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S T I P U L A T I O N

IT IS HEREBY STIPULATED AND AGREED by and between counsel for the Plaintiff and counsel for the Defendant, that this deposition may be taken by steno-mask type recording by **JILL A. RENFRO**, a Certified Court Reporter, and afterwards reduced into typewriting.

IT IS FURTHER STIPULATED AND AGREED by and between counsel for the parties herein that the signature of the witness **<WITNESS NAME>** is hereby waived to his said deposition and that said deposition of said witness shall be of the same force and effect as though said witness had read and signed said deposition.

It is further stipulated and agreed by and between counsel for the respective parties that any and all objections may be made at the time of trial, except as to the form of the questions.

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E X H I B I T S

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(sic) - typed as spoken  
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PROCEEDINGS

BY JUDGE THOMPSON: Good evening.  
We are here in the matter of tariff filing of  
the Empire District Electric Company to  
implement a general rate increase for retail  
electric service provided to customers in its  
Missouri service area. This is Case Number  
ER20040570. At this time we will take oral  
entries of appearance from counsel. Why  
don't we begin with counsel for the Company.

BY MR. BOUDREAU: Thank you. Let  
the record reflect the appearance of Paul A.  
Boudreau of the firm Brydon, Swearengen &  
England, Post Office Box 456, Jefferson City,  
Missouri, on behalf of the applicant, the  
Empire District Electric Company.

BY JUDGE THOMPSON: Thank you, Mr.  
Boudreau. Mr. Conrad.

BY MR. CONRAD: Your Honor, please.  
Stuart Conrad, Finnegan, Conrad & Peterson,  
Kansas City, on behalf of Intervenor Praxair  
(ph.), and Explorer 5.1.

BY JUDGE THOMPSON: Thank you, sir.  
Public Counsel.

BY MR. COFFMAN: Appearing on behalf

1 of the Office of the Public Counsel, the rate  
2 paying public, John Coffman, Box 2230,  
3 Jefferson City, Missouri 65102.

4 BY JUDGE THOMPSON: Thank you, Mr.  
5 Coffman. Do we have counsel in Jefferson  
6 City?

7 BY MS. WESTON: Yes. Mary Weston,  
8 appearing on behalf of the Staff of the  
9 Missouri Public Service Commission. My  
10 address is P.O. Box 360, Jefferson City,  
11 Missouri 65102.

12 BY JUDGE THOMPSON: Thank you very  
13 much. Is there any other counsel in  
14 Jefferson City. Apparently not. Turning to  
15 the witness list I see that the first witness  
16 is Steven Tollette, if I'm pronouncing that  
17 correctly, and please correct me if I'm not.  
18 Would you step up to the microphone, sir.

19 (WITNESS SWORN)

20 **STEVEN TOLLETTE**

21 Having been first dully sworn and examined,  
22 testified as follows:

23 BY JUDGE THOMPSON: State your name,  
24 please.

25 BY STEVEN TOLLETTE: My name is

1 Steven Tollette.

2 BY JUDGE THOMPSON: And are you  
3 presently a customer of Empire District  
4 Electric Company?

5 BY STEVEN TOLLETTE: I represent a  
6 company that is.

7 BY JUDGE THOMPSON: That is your  
8 interest in this proceeding?

9 BY STEVEN TOLLETTE: Yes, it is.

10 BY JUDGE THOMPSON: Go ahead and  
11 make your statement, sir.

12 BY STEVEN TOLLETTE: I have some  
13 maps.

14 BY JUDGE THOMPSON: Why don't you  
15 bring those around. Thank you. I have  
16 several copies of what is a single map, is  
17 that correct?

18 BY STEVEN TOLLETTE: Yes, it is.

19 BY JUDGE THOMPSON: And how would  
20 you describe this?

21 BY STEVEN TOLLETTE: It's our route  
22 maps for Explorer Pipeline.

23 BY JUDGE THOMPSON: Okay. We'll go  
24 ahead and mark this as Exhibit Number #1.  
25 Please proceed.

1 BY STEVEN TOLLETTE: I'm Steve  
2 Tollette, chief electrical engineer for  
3 Explorer Pipeline Company. Our corporate  
4 offices are located at 6846 South Canton,  
5 Suite 300, Tulsa, Oklahoma. The zip is  
6 74136. Explorer Pipeline Company operates a  
7 one thousand, four hundred mile pipeline  
8 system that transports gasoline, diesel fuel,  
9 and jet fuel from the Gulf Coast to the  
10 Midwest, facilities in Louisiana, Texas,  
11 Oklahoma, Missouri, Illinois and Indiana.  
12 Explorer is based in Tulsa, Oklahoma, and  
13 also serves Houston, Dallas, Fort Worth, St.  
14 Louis and Chicago. Through connections with  
15 other pipeline, product pipelines, Explorer  
16 serves more than seventy major population  
17 centers in sixteen states. We have major  
18 takage and terminal facilities at Fort  
19 Arthur, Texas, Greenville, Texas, Grapevine,  
20 Texas, Glenocal, Oklahoma, Woodbear,  
21 Illinois, and Hammond, Indiana. There are  
22 presently twenty-six pumping stations located  
23 throughout our system, for a total of thirty-  
24 two major facilities. Explorer has seven  
25 pump stations in Missouri, and three of these



1 pump stations are served by the Empire  
2 District Electric Company. They are our  
3 Joplin station, our Mt. Vernon station, and  
4 our Springfield station. The pipeline is  
5 twenty-eight inches in diameter from Fort  
6 Arthur, Texas to Tulsa, and twenty-four  
7 inches in diameter from Tulsa to Hammond.  
8 With the 2003 capacity expansion it can take  
9 as few as eleven days to transport a barrel  
10 of product from the Gulf Coast to Hammond.  
11 Explorer currently transports refined  
12 products with more than seventy-two different  
13 product specifications for over sixty  
14 different shippers. The Company does not buy  
15 or sell petroleum products, we provide a  
16 transportation service. Explorer uses  
17 electricity to drive electric motors, which  
18 in turn drives large cyntrifical (ph.) pumps  
19 to move refined products through its pipeline  
20 systems. For example, the Joplin and  
21 Springfield stations have a four thousand,  
22 five hundred horsepower motor. Pardon me.  
23 Two four thousand, five hundred horsepower  
24 motors each. At the Mt. Vernon station we  
25 have a two thousand horsepower motor and a

1 four thousand horsepower motor. That's a  
2 total combined load of twenty-four thousand  
3 horsepower, or approximately eighteen  
4 megawatts just on Empire District Electric  
5 System alone. Explorer operates in an  
6 extremely competitive environment. The  
7 pipeline system is located in a mature area,  
8 having only small growth expectations. We  
9 compete with other pipelines to move your  
10 byproducts into the markets we serve. We  
11 also compete with the local refineries that  
12 exist in those markets. For example, if a  
13 local refinery can offer products at a price  
14 that is lower than it would cost to buy the  
15 product in the Gulf Coast and move it up our  
16 line, then the market will take the product  
17 from the local delivery, the refineries.  
18 However, if the local refineries are higher,  
19 then the market will buy the product from the  
20 Gulf Coast, pay to move it up our line, and  
21 the shipper will pay our tariff. Explorer's  
22 tariffs are regulated by FIR and market  
23 conditions. Explorer has a public's tariff  
24 that is the same for all products and for all  
25 times of the year. Our tariff includes all

1 of our expenses, including power costs.  
2 Explorer is not allowed to pass through  
3 electricity as a separate fuel cost charge,  
4 therefore, we have to manage our power costs  
5 to remain competitive. When power costs go  
6 up we do not automatically get a rate  
7 increase. Power costs are Explorer's single  
8 highest expense. If the Empire District  
9 Electric Company's rate is approved as  
10 requested, Explorer's power cost is estimated  
11 to increase over \$500,000.00 a year. Let me  
12 repeat, over \$500,000.00 a year, just from  
13 the three stations served by Empire District  
14 Electric Company. This increase in power  
15 cost will make Explorer less competitive, and  
16 will make it harder to justify any future  
17 expansions. Explorer has intervened in the  
18 Empire District Electric Company's rate case  
19 so that we may provide our perspective on the  
20 rate increase requested so that all parties  
21 can agree on what a reasonable cost base  
22 power cost should be.

23 BY JUDGE THOMPSON: Does that  
24 conclude your statement, sir?

25 BY STEVEN TOLLETTE: Yes, it does.

1 BY JUDGE THOMPSON: Are there any  
2 questions from the bench? Commissioner  
3 Murray?

4 BY COMMISSIONER MURRAY: Thank you.  
5 Are you presently facing any potential power  
6 cost increases in the other states that you  
7 operate in?

8 BY STEVEN TOLLETTE: There are rate  
9 cases in Oklahoma with the Public Service  
10 Company of Oklahoma, and with the Oklahoma  
11 Gas & Electric Company. Yes.

12 BY COMMISSIONER MURRAY: And how do  
13 those rate increases compare to this one if  
14 this full amount were granted?

15 BY STEVEN TOLLETTE: I don't know  
16 exactly what percentage their rate increases  
17 would be in comparison to this to be able to  
18 answer that question.

19 BY COMMISSIONER MURRAY: Do you  
20 anticipate any other rate cases being filed  
21 in the other states?

22 BY STEVEN TOLLETTE: In Texas we  
23 have customer choice, and so we go out and  
24 competitively bid those stations, so I don't  
25 know of any rate cases in Texas that you

1           would see, and as far as I'm aware there's no  
2           rate cases pending in Illinois or Indiana.

3                   BY COMMISSIONER MURRAY:   In Texas  
4           are your costs of power rising?

5                   BY STEVEN TOLLETTE:   The cost of  
6           power in Texas fluctuates more with the  
7           market price than in other areas.   The market  
8           price of gas in other areas.

9                   BY COMMISSIONER MURRAY:   And is that  
10          trend rising?

11                   BY STEVEN TOLLETTE:   It is in the  
12          short term.   We expect it to be because the  
13          fuel costs have gone up, but we are expecting  
14          that those costs will be coming back down.  
15          The prediction is the - at least that I saw  
16          today, was that the prediction is fuel costs,  
17          or gas costs will be coming down in 2005 and  
18          2006.

19                   BY COMMISSIONER MURRAY:   Thank you.

20                   BY STEVEN TOLLETTE:   You're welcome.

21                   BY JUDGE THOMPSON:   Thank you,  
22          Commissioner.   Commissioner Clayton.

23                   BY COMMISSIONER CLAYTON:   Thank you,  
24          Judge.   I just have a few questions.   First  
25          of all, I wanted to ask a question of

1 clarification of the witness, the dollar  
2 amount that he suggested, \$500,000.00 a year.  
3 That is based on Empire receiving the entire  
4 increase that they have requested?

5 BY STEVEN TOLLETTE: Yes, sir, that  
6 is correct.

7 BY COMMISSIONER CLAYTON: Okay. And  
8 that's an annual cost?

9 BY STEVEN TOLLETTE: Yes, sir. That  
10 would be an annual raise for all three  
11 stations.

12 BY COMMISSIONER CLAYTON: Is it per  
13 station or all three total?

14 BY STEVEN TOLLETTE: No. It's a  
15 cumulative for all three.

16 BY COMMISSIONER CLAYTON: Okay. You  
17 suggested that the pipeline business is  
18 competitive, and I wanted to ask if your  
19 competitors are subject to the same potential  
20 increase in power cost that you would be, or  
21 are they in other jurisdictions?

22 BY STEVEN TOLLETTE: Well, some of  
23 them may be in this area, but the majority of  
24 them are in other parts of the country, or  
25 other electric providers.

1 BY COMMISSIONER CLAYTON: Well, I'm  
2 talking about that would be able to service  
3 this part of the state of Missouri.

4 BY STEVEN TOLLETTE: I'm sorry, I  
5 can't answer that question because I am not  
6 familiar.

7 BY COMMISSIONER CLAYTON: Okay. My  
8 other question is, is Empire a customer of  
9 the pipeline, or does it receive gas from a  
10 pipeline?

11 BY STEVEN TOLLETTE: We only  
12 purchase electricity. We don't buy any gas.  
13 All of our movers are electric pumps.

14 BY COMMISSIONER CLAYTON: Okay.

15 BY JUDGE THOMPSON: I think the  
16 Commissioner's question --

17 BY COMMISSIONER CLAYTON: Do you  
18 know if Empire gets any gas from your  
19 facility?

20 BY STEVEN TOLLETTE: I'm sorry?

21 BY JUDGE THOMPSON: I think the  
22 earlier question was whether you sell  
23 anything to Empire.

24 BY STEVEN TOLLETTE: No. We don't  
25 sell anything to them. Like I said, we only

1 provide the transportation service, moving  
2 refined products, so we don't sell Empire  
3 anything.

4 BY COMMISSIONER CLAYTON: Actually,  
5 the question was whether or not any of the  
6 gas that you provide transportation services  
7 for actually is used by Empire, is my  
8 question.

9 BY STEVEN TOLLETTE: Well, we  
10 actually move refined products. We move  
11 gasolines and diesel fuels and jet fuels. We  
12 don't --

13 BY COMMISSIOBNER CLAYTON: So you  
14 don't transport gas, you just transport  
15 refined products. Okay. Thank you. Are you  
16 satisfied with the electrical service that  
17 you're receiving from Empire?

18 BY STEVEN TOLLETTE: The reliability  
19 is fairly high.

20 BY COMMISSIONER CLAYTON: Is that a  
21 yes or no?

22 BY STEVEN TOLLETTE: Well, I think  
23 there are some areas that we can improve on.  
24 I think there are some areas that --

25 BY COMMISSIONER CLAYTON: What areas



1 would you like to see improvement on?

2 BY STEVEN TOLLETTE: Well, where we  
3 are, where we are we tend to be out on the  
4 end of their systems, we're out on the end of  
5 the line that has been extended, and  
6 sometimes we do lose service out there, or we  
7 see voltage dips and things, so we do tend to  
8 - as those situations occur, we do try to  
9 work those out with Empire District.

10 BY COMMISSIONER CLAYTON: Are there  
11 any other problems that need to be dealt with  
12 by Empire relating to problems in reliability  
13 or any other type - any other areas of the  
14 service being provided?

15 BY STEVEN TOLLETTE: The only other  
16 area that I can think of would be the way the  
17 billing is handled. We get fifteen days to  
18 pay the bill, but because - but if they mail  
19 it to me it takes up to ten days for me to  
20 receive the bill, so that leaves me five days  
21 to turn it around, to get them a payment. So  
22 that area is an area of difficulty, and not  
23 be subject to a late pay and penalty, which  
24 is significant.

25 BY COMMISSIONER CLAYTON: Thank you.

1 BY STEVEN TOLLETTE: Thank you.

2 BY JUDGE THOMPSON: Thank you,  
3 Commissioner. Commissioner Davis?

4 BY COMMISSIONER DAVIS: No questions  
5 of this witness.

6 BY JUDGE THOMPSON: Thank you, sir.  
7 Questions from counsel?

8 BY MR. BOUDREAU: Yes. Just a  
9 couple, if I may.

10 BY JUDGE THOMPSON: Mr. Boudreau.

11 BY MR. BOUDREAU: Sir, you said  
12 earlier in your comments that your company  
13 was an intervenor in this case?

14 BY STEVEN TOLLETTE: Yes, sir, we  
15 are.

16 BY MR. BOUDREAU: Did you or anybody  
17 else file testimony on behalf of your  
18 company, --

19 BY STEVEN TOLLETTE: No.

20 BY MR. BOUDREAU: -- pre-file  
21 testimony?

22 BY STEVEN TOLLETTE: I have not  
23 personally filed any testimony.

24 BY MR. BOUDREAU: Okay. Do you know  
25 whether anybody else for Explorer Pipeline

1 filed any pre --

2 BY STEVEN TOLLETTE: No one else  
3 from Explorer Pipeline has filed testimony.

4 BY MR. BOUDREAU: And I realize that  
5 you were answering questions from the  
6 Commissioner about voltage fluctuations and  
7 billing issues, but those were not issues  
8 that have been raised in any pre-filed test  
9 on behalf of your company are they?

10 BY STEVEN TOLLETTE: That is  
11 correct.

12 BY MR. BOUDREAU: Thank you. That's  
13 all the questions I have.

14 BY JUDGE THOMPSON: Thank you, Mr.  
15 Boudreau. Any other questions from counsel?  
16 Mr. Conrad?

17 BY MR. CONRAD: Judge, just by your  
18 lead, and just to flush out the foundation  
19 for that exhibit, --

20 BY JUDGE THOMPSON: Yes, sir.

21 BY MR. CONRAD: -- I might ask Mr.  
22 Tollette if he had - I'm referring to Exhibit  
23 #1. Did you bring that with you today, Mr.  
24 Tollette?

25 BY STEVEN TOLLETTE: Yes, sir.

1 Brought it with me today.

2 BY MR. CONRAD: And did you prepare  
3 or cause it to be prepared under your  
4 direction or supervision?

5 BY STEVEN TOLLETTE: No. It was a  
6 standard document that we have available.

7 BY MR. CONRAD: Does it accurately  
8 and truthfully reflect the layout of your  
9 pipeline through the states indicated?

10 BY STEVEN TOLLETTE: Yes, it does.

11 BY MR. CONRAD: Your Honor, with  
12 that I would respectfully move admission of  
13 Exhibit #1. We did not have enough copies to  
14 give to counsel, so you may want to defer  
15 ruling until we have provided it to counsel.

16 BY JUDGE THOMPSON: Thank you, Mr.  
17 Conrad. Why don't I give counsel an  
18 opportunity to look at the offered exhibit if  
19 you would like. Exhibit #1 has been offered.

20 Do I hear any objections to the receipt of  
21 Exhibit Number #1? Mr. Boudreau?

22 BY MR. BOUDREAU: You know, I  
23 believe I'm going to lodge an objection, not  
24 so much on the fact that I think that the map  
25 purports to represent anything that is

1           inaccurate, but I'm a little disturbed by the  
2           fact that the parties of the case, that  
3           hasn't filed any pre-filed testimony in  
4           accordance with the procedural schedule, is  
5           here at the local hearing basically offering  
6           direct testimony and exhibits. I have some  
7           concerns about the procedure that's been  
8           employed here, when all of the other parties  
9           have filed it, and the company has had a  
10          chance to rebut some of the evidence. So I  
11          think with that I would lodge an objection to  
12          the exhibit.

13                       BY JUDGE THOMPSON: Okay. We seem  
14          to have lost our video here. And with  
15          respect to your objection --

16                       BY MR. BOUDREAU: Well, if I could  
17          do this, I would ask that the Commission  
18          reserve ruling on the admission of the  
19          exhibit. I'm not the lead counsel in this  
20          case, and I think that it's a call that ought  
21          to be made by lead counsel and not me. So  
22          what I would ask the Commission to do is to  
23          reserve ruling on the admission of this,  
24          perhaps as an item that can be taken up at  
25          the time of the evidentiary hearing, and at

1           that time we may or may not have an  
2           objection.

3                   BY JUDGE THOMPSON:   Okay.

4                   BY MR. BOUDREAU:   I just have some  
5           concerns about the procedure that's been  
6           employed, and I'll let - with counsels'  
7           indulgence, let my partner have to deal with  
8           this, because frankly, he's the lead counsel  
9           in the case.

10                  BY MR. CONRAD:   That's fine with us,  
11           Your Honor.

12                  BY JUDGE THOMPSON:   Very well.  
13           We'll go ahead and reserve ruling on the  
14           acceptance of Exhibit #1.   And I believe with  
15           no further --

16                  BY MR. BOUDREAU:   Is it okay if I  
17           keep this?

18                  BY JUDGE THOMPSON:   Go ahead.   We  
19           can make other copies for the folks who need  
20           them.   You may go ahead and step down, sir.  
21           Thank you very much for your testimony.

22                  BY STEVEN TOLLETTE:   Thank you.  
23           Appreciate your time.

24                  BY JUDGE THOMPSON:   We're having  
25           some difficulty with the video portion.   Why

1 don't we recess briefly while we get the  
2 communications link reestablished. So we  
3 will be in recess for approximately five  
4 minutes. Thank you.

5 (OFF THE RECORD)

6 (BACK ON THE RECORD)

7 BY JUDGE THOMPSON: We'll go back on  
8 the record then. Ladies and gentlemen, if  
9 you could take your seats. The next witness  
10 I have here is Richard J. Bourne. Richard J.  
11 Bourne. We'll come back to him. How about  
12 Mel Walbridge? Thank you.

13 (Witness Sworn)

14

15 MEL WALBRIDGE

16 Having been first duly sworn and examined,  
17 testified as follows:

18 BY JUDGE THOMPSON: And your name  
19 is Mel Walbridge?

20 BY MEL WALBRIDGE: Mel Walbridge.

21 BY JUDGE THOMPSON: And are you  
22 presently a customer of Empire District  
23 Electric Company?

24 BY MEL WALBRIDGE: Yes, I am.

25 BY JUDGE THOMPSON: Do you have a

1 statement you would like to make?

2 BY MEL WALBRIDGE: Yes.

3 BY JUDGE THOMPSON: Go ahead, sir.

4 BY MEL WALBRIDGE: Thank you. I  
5 just want to say that as a retired member of  
6 a former utility - or of the gas utility we  
7 would like to see economical rates as  
8 possible, we like to see good service, we  
9 also would like to see that the stockholders  
10 are considered in the rate case, because if  
11 you don't have good stockholders you can't  
12 have a good company, and that's basically  
13 about it.

14 BY JUDGE THOMPSON: Very well.  
15 Questions from the bench for Mr. Walbridge.  
16 Commissioner Murray, can you hear us?

17 BY COMMISSIONER MURRAY: I can now,  
18 but would Mr. Walbridge please repeat - mind  
19 repeating his testimony, because we didn't  
20 catch more than the first couple of words of  
21 it here.

22 BY JUDGE THOMPSON: Very well.

23 BY MEL WALBRIDGE: I'm a retired gas  
24 company employee, and I'm concerned that we  
25 have good rates, reasonable rates, we have



1 good service, and at the same time that the  
2 stockholders be considered because if you  
3 don't have good stockholders you don't have a  
4 good company. And that's basically it.

5 BY JUDGE THOMPSON: Thank you, Mr.  
6 Walbridge. Commissioner, questions?

7 BY COMMISSIONER MURRAY: I don't  
8 believe so. Thank you.

9 BY JUDGE THOMPSON: Thank you.  
10 Commissioner Clayton?

11 BY COMMISSIONER CLAYTON: I want to  
12 thank Mr. Walbridge for coming, and I'm not  
13 sure if you all can see me or not. Can you  
14 all see us?

15 BY JUDGE THOMPSON: Yes, sir.

16 BY COMMISSIONER DAVIS: Yes.

17 BY COMMISSIONER CLAYTON: Okay. You  
18 can see us. Well, we can't see you. We can  
19 hear you. And I wanted to apologize for the  
20 technical difficulties that we're facing  
21 right now. I can assure you that I'm going  
22 to take it out on somebody from our office,  
23 but in the meantime, we appreciate you coming  
24 tonight. I do want to ask, I know that you  
25 suggested that you wanted the most economical

1 rates as possible, and you're happy with your  
2 service. Are you generally in support of the  
3 company in terms of their rate increase, or a  
4 partial rate increase? Do you believe that  
5 some rate increase could be justified?

6 BY MEL WALBRIDGE: You have to  
7 operate at a profit or you can't do business,  
8 and therefore, if they're not making a profit  
9 then they need a rate increase.

10 BY COMMISSIONER CLAYTON: May I ask  
11 you, Mr. Walbridge, what gas utility did you  
12 work for, if you don't mind saying. And if  
13 you would rather not say don't --

14 BY MEL WALBRIDGE: Missouri Gas  
15 Energy now. When I worked for them it was  
16 KPL Gas Service, or the Gas Service Company.

17 BY COMMISSIONER CLAYTON: Okay. And  
18 which community did you say that you lived  
19 in?

20 BY MEL WALBRIDGE: Joplin.

21 BY COMMISSIONER CLAYTON: Okay. Mr.  
22 Walbridge, thank you very much for coming. I  
23 have no further questions.

24 BY JUDGE THOMPSON: Thank you,  
25 Commissioner. Commissioner Davis?

1 BY COMMISSIONER DAVIS: No  
2 questions.

3 BY JUDGE THOMPSON: Counsel?

4 BY MR. BOUDREAU: I have no  
5 questions. Thank you.

6 BY JUDGE THOMPSON: Very well. You  
7 may step down. Thank you very much, sir.  
8 Richard Bourne.

9 (Witness Sworn)

10 **RICHARD BOURNE**

11 Having been first dully sworn and examined,  
12 testified as follows:

13 BY JUDGE THOMPSON: Your name is  
14 Richard Bourne?

15 BY RICHARD BOURNE: Yes, sir.

16 BY JUDGE THOMPSON: Are you  
17 presently a customer of Empire District  
18 Electric Company?

19 BY RICHARD BOURNE: Yes, sir.

20 BY JUDGE THOMPSON: Go ahead and  
21 make your statement.

22 BY RICHARD BOURNE: I've been a  
23 customer since 1980, and this last increase I  
24 think is a little high. I know that the  
25 company has to make a profit, but I think

1       that \$13.00 is a little too high. I think  
2       they should go maybe half. Most companies  
3       are run by bean counters, and I think you can  
4       check the numbers, I think that that's a  
5       little high, \$13.00 is a little high. We  
6       have a lot of retirees in this area, and I  
7       think, you know - I understand the company  
8       has to make a profit, but, you know, it seems  
9       like every other year they're coming up, they  
10      want a rate. The last time I was here the -  
11      when you guys were here, they were trying to  
12      merge, you know, and I thought that was a  
13      little high. It just seems like - it's just  
14      time - you know, you can't keep jacking -  
15      keep raising every - you know, where I work I  
16      can't get a raise like Empire does. I do  
17      occasionally get raises, but not like what  
18      they want, you know. And I think they've got  
19      to realize it's the economy here, you know.  
20      So that's all I want to say.

21                   BY JUDGE THOMPSON: Thank you, Mr.  
22      Bourne.

23                   BY RICHARD BOURNE: Thank you.

24                   BY JUDGE THOMPSON: Commissioner  
25      Murray, any questions?

1 BY COMMISSIONER MURRAY: No  
2 questions. Thank you.

3 BY JUDGE THOMPSON: Thank you,  
4 Commissioner. Commissioner Clayton?

5 BY COMMISSIONER CLAYTON: I have no  
6 questions. I think that bean counter was  
7 very loud and clear.

8 BY JUDGE THOMPSON: Thank you,  
9 Commissioner. Commissioner Davis?

10 BY COMMISSIONER DAVIS: No  
11 questions.

12 BY JUDGE THOMPSON: Questions from  
13 counsel?

14 BY MR. BOUDREAU: No thank you.

15 BY JUDGE THOMPSON: Very well. You  
16 may step down. Thank you very much for  
17 coming tonight, sir. Fred Hively.

18 (Witness Sworn)

19 **FRED HIVELY**

20 Having been first dully sworn and examined,  
21 testified as follows:

22 BY JUDGE THOMPSON: Your name is  
23 Fred Hively?

24 BY FRED HIVELY: Well, it's actually  
25 Winfred J., but nobody can say Winfred, so I

1 go by the name of Fred.

2 BY JUDGE THOMPSON: Okay. And are  
3 you presently a customer of Empire District  
4 Electric?

5 BY FRED HIVELY: Yes, I am.

6 BY JUDGE THOMPSON: Very well.  
7 Please proceed.

8 BY FRED HIVELY: I'm, as I said, a  
9 normal residential customer of Empire  
10 Electric. I believe a year ago in The Joplin  
11 Globe I read that Empire was trying to be  
12 merged or bought, they were putting  
13 themselves up to be merged or bought by some  
14 other company, not a specific company, and as  
15 such they were cleaning up their books,  
16 trying to make themselves look very good so  
17 someone would want to buy them. That's very  
18 good. I like that, but I'm on social  
19 security. I got a two percent raise, will  
20 get a two percent raise this year. They have  
21 already raised the medical premiums on social  
22 security. That premium raised on my social  
23 security will almost wipe out the two percent  
24 I get. Then everybody else raises their  
25 rates. And, again, we're very idiotic in

1        what we do, the government, not you people  
2        specifically, but this Consumer Price Index  
3        is a joke. They do not consider energy, nor  
4        do they consider food. They consider cars,  
5        furniture, I don't know what else, but  
6        something that I don't buy but every ten  
7        years or so. Cars. So if you put that in  
8        your equation, your energy and your food,  
9        we're going up probably, I would say six to  
10       eight percent a year on the cost of living.  
11       I feel sure that part of Empire's problem is  
12       the gas increase. The only thing that is  
13       bothersome is the fact that when gas prices  
14       come down, and they will, the rates won't  
15       come down. They're there to stay. I don't  
16       think anybody has ever gone back from the  
17       Missouri Public Service Commission and say,  
18       well, you energy costs are down now, so you  
19       can give your customers back two or three  
20       percent. I don't think that's ever happened.

21       I would like to go off the record and relate  
22       a tale that my wife told me. We've been  
23       married seven years. This happened quite  
24       awhile ago. She worked for the water company  
25       for seventeen years. She remembers this

1 incident particularly because it was so  
2 outrageous. The company needed two percent  
3 to stay where they were, or maybe a little  
4 bit ahead. You wouldn't think they would  
5 have the cahonies to do it, but they asked  
6 for ten percent. The Public Service  
7 Commission did their job and gave them five  
8 percent. Everybody was happy. The Public  
9 Service Commission was looked upon with great  
10 deal of favor because they had halfed that  
11 rate increase. The public was gleeful  
12 because it had been cut in half. They were  
13 really relieved. But the company got five  
14 percent, they needed two percent. They got  
15 over a hundred percent more than what they  
16 really needed. I think you should take a  
17 real close look at the figures they're giving  
18 you, because they normally ask for about  
19 three or four times what they really need.  
20 Thank you very much.

21 BY JUDGE THOMPSON: Thank you, Mr.  
22 Hively. Questions from the bench.  
23 Commissioner Murray?

24 BY COMMISSIONER MURRAY: I have no  
25 questions. Thank you.



1 BY JUDGE THOMPSON: Commissioner  
2 Clayton?

3 BY COMMISSIONER CLAYTON: I would  
4 ask Mr. Hively - I hope I'm pronouncing it  
5 correctly.

6 BY FRED HIVELY: Yes, you are.

7 BY COMMISSIONER CLAYTON: Mr.  
8 Hively, could you tell me whether you're  
9 happy with the service that you're being  
10 provided? Is the service reliable? Is it  
11 safe? Do you have blackouts? Are you happy  
12 with the service that you're receiving?

13 BY FRED HIVELY: I would say on a  
14 scale of one to ten it's about a seven or  
15 eight. We do have a transformer that keeps  
16 going out. It goes out, oh, probably three  
17 or four times a year. They get us back  
18 online fairly quickly. It was out last night  
19 for three hours. But, you know, you're going  
20 to have problems. You've got snow and rain,  
21 and I think a limb fell on the line last  
22 night, is what I understand happened. But I  
23 would say the service is very good really.

24 BY COMMISSIONER CLAYTON: I can't  
25 tell from your comments whether your service

1           going out is a regular occurrence or not.  
2           Does it happen quite often, or just every  
3           once in awhile?

4                   BY FRED HIVELY: I said about three  
5           or four times a year. Since we have been  
6           there. We've been living in our house about  
7           six years now.

8                   BY COMMISSIONER CLAYTON: When you  
9           call the power company you're satisfied with  
10          their timeliness and their response and their  
11          attitude to get the problem fixed?

12                   BY FRED HIVELY: Yes. I don't - I  
13          don't understand why they can't fix it. I  
14          can understand the limb, but the transformer,  
15          I don't know if it's still giving them  
16          problems or not, but for two or three years  
17          it just kept going out and going out, and  
18          they just couldn't seem to find the problem,  
19          but I think that that has been solved really..

20                   BY COMMISSIONER CLAYTON: Okay.  
21          And, sir, I just want to make sure I was  
22          correct. You live in Joplin?

23                   BY FRED HIVELY: Yes, I do.

24                   BY COMMISSIONER CLAYTON: Thank you  
25          very much for coming.

1 BY FRED HIVELY: Thank you.

2 BY JUDGE THOMPSON: Thank you,  
3 Commissioner. Commissioner Davis?

4 BY COMMISSIONER DAVIS: Mr. Hively,  
5 I think in your testimony you made sort of a  
6 reference to the cost of natural gas  
7 increasing --

8 BY FRED HIVELY: Yes.

9 BY COMMISSIONER DAVIS: -- and  
10 decreasing. Do you think that we as  
11 regulators should use our positions to  
12 encourage Empire to find alternative means of  
13 obtaining their electricity, something  
14 besides using natural gas so much in their  
15 production?

16 BY FRED HIVELY: I honestly thought  
17 President Carter was going to institute  
18 something like that, and nothing has happened  
19 over the years. There's no sense in talking  
20 about alternative sources of energy when  
21 nobody will do anything about it. Wind I  
22 don't think is the answer. Nuclear power  
23 perhaps, but people are afraid of that. I  
24 don't know what you could use other than  
25 natural gas, unless they did find some way

1 maybe to use diesel, or diesel is probably  
2 more expensive than natural gas. I just  
3 don't - I have no answer to that really.

4 BY COMMISSIONER DAVIS: Okay. Thank  
5 you.

6 BY JUDGE THOMPSON: Thank you,  
7 commissioner. Questions from counsel?

8 BY MR. BOUDREAU: No. Thank you.

9 BY JUDGE THOMPSON: Hearing none,  
10 you may step down. Thank you, Mr. Hively.  
11 That's all the people who have signed up to  
12 testify. Is there anyone else who would like  
13 to testify? Sir, come forward, please.

14 (witness sworn)

15 **DALE BLANCHARD**

16 Having been first dully sworn and examined,  
17 testified as follows:

18 BY JUDGE THOMPSON: Please state  
19 your name.

20 BY DALE BLANCHARD: Dale Blanchard.

21 BY JUDGE THOMPSON: Mr. Blanchard,  
22 are you presently a customer of Empire  
23 District Electric Company?

24 BY DALE BLANCHARD: I am.

25 BY JUDGE THOMPSON: Very well.

1 Please proceed.

2 BY DALE BLANCHARD: Ladies and  
3 gentlemen, my name is Dale Blanchard. I  
4 reside at 1 Emerald Drive. I am currently a  
5 volunteer for Ozark Trails Counsel as vice-  
6 president of learning for life. I would like  
7 to testify on behalf of the applicant, the  
8 issue at hand, and to their witness, to  
9 Empire District Electric Company's good  
10 stewardship of its revenues and its  
11 commitment to the total wellbeing of the  
12 citizens of Southwest Missouri and the  
13 region. On November 30th of this year Ozark  
14 Trails Counsel, the Boy Scouts of America,  
15 serving over eleven thousand youth in  
16 southern Missouri, southeast Kansas, will be  
17 recognizing and presenting to Empire District  
18 Electric Company, and its management teams,  
19 with a distinguished citizenship award. This  
20 award is presented for making a significant  
21 difference to the quality of life in our  
22 community, and for truly exemplifying values  
23 and character found in the Scout law. Empire  
24 District Electric is indeed an outstanding  
25 and responsible corporate citizen who

1 regularly contributes to the leadership and  
2 financial support of our communities, and  
3 constantly reinvests their resources to  
4 enhance the over all quality of life and  
5 security in southeast - southwest Missouri  
6 and our region. Thank you.

7 BY JUDGE THOMPSON: Thank you, Mr.  
8 Blanchard. Questions from the bench.  
9 Commissioner Murray?

10 BY COMMISSIONER MURRAY: No  
11 questions. Thank you.

12 BY JUDGE THOMPSON: Commissioner  
13 Clayton?

14 BY COMMISSIONER CLAYTON: I have no  
15 questions. I want to thank Mr. Blanchard for  
16 coming and sharing that information.

17 BY JUDGE THOMPSON: Thank you.  
18 Commissioner Davis?

19 BY COMMISSIONER DAVIS: No  
20 questions.

21 BY JUDGE THOMPSON: Questions from  
22 counsel? There appear to be none. Mr.  
23 Blanchard, thank you very much for coming  
24 this evening. You may step down. Is there  
25 anyone else who would like to give testimony

1 at this proceeding? Very well. Hearing no  
2 further witnesses, there appearing to be  
3 none, we will go ahead and go off the record  
4 at this time and adjourn this local public  
5 hearing. Thank you all very much for being  
6 here this evening.

7 (HEARING CONCLUDED)  
8  
9