

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Public Hearing

August 14, 2002

St. Louis, Missouri

Volume 4

CASE NO. GR-2002-356

In the Matter of Laclede Gas Company's Tariff to Revise
Natural Gas Rate Schedules

BILL HOPKINS, Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE.

KELVIN L. SIMMONS, CHAIR,
CONNIE MURRAY,
SHIELA LUMPE,
STEVE GAW,
BRYAN FORBIS,
COMMISSIONERS

REPORTED BY: Tina R. Wright, CCR.

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JUDGE HOPKINS: If you want to testify, you need to sign up to testify with Mr. Kelly, this gentleman behind me, right now. He's with the staff of the Missouri Public Service Commission. We would prefer that you not speak from the audience, that you will come up to the lectern because we have a court reporter who's trying to take down all this, and it's very difficult to take down something if you're way back there. So we will ask everyone to come forward and be sworn in and testify.

My name is Bill Hopkins, and I am the appointed law judge for the Missouri Public Service Commission. I will be the presiding officer of this afternoon, case number GR-2002-356 concerning rate increases reflected by Laclede. I want to point out that this case involves the non-gas costs that Laclede has to pay. Neither Laclede or the Public Service Commission has any control over natural gas prices that Laclede pays.

Also, this case today has nothing to do with the new customer service assistance program that Laclede has. If you have comments on the Catch Up Program or the Low Income Assistance Program, the Commission still wants to hear those and Mr. Kelly will be willing to take those comments and show you how you

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can send comments to the Commission on these two other cases. But they are unrelated to what we're here for today.

Today is just for a rate increase for non-gas costs. I want to thank the State of Missouri for this facility we're using today, and I'm going to note that what you hear today is not necessarily the opinion of the State of Missouri. Let me introduce to you the commissioners who are present this afternoon to hear testimony. On my left is Commissioner Sheila Lumpe, and on my right is the chair of the Commission, Commissioner Kelvin Simmons.

We're going to ask the attorneys here to briefly enter their appearance so you will know who they are. This is Mike Dandino with the Office of Public Counsel. We'll start with you, Mr. Dandino.

MR. DANDINO: My name is Michael Dandino, Office of the Public Counsel, PO Box 7800, Jefferson City, Missouri 65102, representing the Office of Public Counsel and the public.

MR. MEYER: David Meyer, and I'm representing the staff of the Missouri Public Service Commission. Our address is PO Box 360, Jefferson City, Missouri 65102.

MR. MCNEIVE: Gerald T. McNeive, Jr.,

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Michael Pendergast, Richard Zucker appearing on behalf of Laclede Gas Company. Our address is 720 Olive Street, St. Louis, Missouri.

JUDGE HOPKINS: Also, we have some representatives from Laclede and representatives from the Missouri Public Service Commission staff. Would our staff members please stand up? Thank you. If you have any questions, you can ask them. Laclede, do you have people here?

MR. MCNEIVE: Yes, I do, Judge. We introduced everyone informally, but I'd like to do it again. We have John Moten [phonetic]. Would you stand, please, John? He's our senior vice president of operations. We have Gloria Threlkeld [phonetic], who is our manager of community services. We have Erlest [phonetic] Johnston who is involved with our community services and community relations. We have Chris Baker who is also a manager in that area. Did I miss anybody? I'm sorry. Jackie Johnson. I couldn't see you, Jackie, behind that pillar. So all these folks are available to answer any questions particularly about customer service and things of that nature. Thank you.

JUDGE HOPKINS: Before we start, let me just real briefly tell you that the Missouri Public Service

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Commission is a state agency that regulates investor-owned utility companies in Missouri to insure that the rates are just and reasonable and that the quality of service is satisfactory and that safety practices are employed in their operations while at the same time insuring utility companies a reasonable rate of return to their shareholders. The Missouri Public Service Commission is made up of five commissioners who are appointed by the governor and confirmed by the senate in hearing and deciding cases regarding public utility issues.

The current commissioners, I've already introduced to you, our chair Commissioner Kelvin Simmons, Commissioner Connie Murray, Commissioner Sheila Lumpe who is here, Commissioner Steve Gaw and Commissioner Bryan Forbis. The commissioners, including those who are not currently present, will have the opportunity to read all the witness' testimony and remarks.

The Missouri Public Service Commission employs a staff of engineers, accountants, attorneys, financial analysts and other specialists in the field of utility regulations and relies upon their expertise along with other expert testimony and consumer testimony. These people here that introduced

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themselves earlier represent the PSC staff and the Office of the General Counsel as well as some people from Laclede.

The public counsel who also introduced himself, that agency is the Office of the Public Counsel, and that's separate from the PSC and they represent the public's interest specifically before the Public Service Commission. The purpose of this hearing is to get your input and to take evidence by way of your statements or testimony or any written statement or documents that you may wish to provide to the Missouri PSC regarding the increase on non-gas costs for Laclede.

We will take your comments from this afternoon along with other public hearings and followup with a review and then a report will be issued, including any issues which you raise with us tonight or today regarding this proposed rate increase. I'm going to ask Commissioner Kelvin Simmons if there are any comments that he would like to make.

CHAIR SIMMONS: Thank you, Judge. Good afternoon everyone. I appreciate seeing all of you here this afternoon. I want to reiterate some of the things that the judge has said. We truly appreciate those of you that are here and those of you that will

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testify today so that we can hear from you the public. This is a public hearing. As it was said earlier, the other commissioners, the other three commissioners, will also be receiving the testimony as the transcriber transcribes this testimony.

And they will be reading that testimony trying to determine those thoughts or those issues that you have on your mind as we bring this case to a close at some point in time. I want to just say that a number of you could have been anywhere today, but you chose to be here, and you chose to let us know what's on your mind. I appreciate that as we commissioners appreciate your comments.

This is our second of three public hearings that we will have in relationship to this case. Be aware that after this, we will have hearings down in Jefferson City where we will receive additional testimony before we bring this case to a conclusion. So again, I want to thank each and every one of you for being here. I look forward to your comments. I look forward to those things that you have to say on behalf of the rate case that is now before us. Thank you.

JUDGE HOPKINS: Commissioner Lumpe?

COMMISSIONER LUMPE: I'd just like to add my welcome to that of the Chair and again, reiterate the

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reason it's being recorded is so that the other three commissioners who are not here will have the opportunity to read it, and it will be used in our decision making. The decision has not been made. Sometimes people think we hold these after the decision has been made. I want to assure that it has not been made, and it will not be made until some time in the later part of this year. I also again want to you let you know that we do have the staff here, and they are here in order to listen to various service issues that you might have. So thank you all for coming.

JUDGE HOPKINS: I'm glad to see all the people that made it here. I had a terrible time getting here, and I know several other people did too. We have a lot of difficulty I guess in finding places that we can hold these public hearings, and we always try to pick places that we think are the most convenient. Sometimes they're not and sometimes they are. So I know that you all had to really spend a lot of extras to get down here. If there's any further opening statements from the Public Counsel?

MR. DANDINO: Yes, your Honor. Thank you. On behalf of the office of Public Counsel, I want to thank everyone who came here today. It's important for the Public Service Commission to hear your views. It's

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also important for our office to hear your views because it helps us do our job representing you.

I strongly urge you if you are here to sign up and tell the Commission exactly how you feel about these issues, even if it's to say yes, I agree with the prior speaker. Because you made the extra effort to come, please take that extra step and complete it and come up to the podium and tell the commissioners what you think because it's very important in this case and it becomes part of the record.

So I am asking you to do that and if you have any questions about service or problems about service, please see the Laclede people or myself or the members of the Commission staff after the hearing. Thank you.

MR. MEYER: I have no statement. Thank you.

JUDGE HOPKINS: Laclede?

MR. MCNEIVE: Thank you, Judge. Can everyone hear me? I know with that noise out there, it's difficult. As it's been indicated, what I call the technical part of the case where the hearings are going to be held on the actual revenue requirement, that's going to take place in Jefferson City in the latter part of this month and the early part of next month.

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What the company is interested in hearing today is really your reaction to the increase that we have requested, whether your service is safe and adequate, whether you feel our rates are reasonable. Those are things I think we all want to pay attention to because it's our life blood that you feel that you're being served properly. On the other hand, we need to have rates that sustain our ability to provide that service.

So that's the balance that we're trying to strike here. I appreciate your being here today. Again, if there's questions as to your particular account, we'd be happy to deal with those at the end of the proceeding. So thank you very much.

JUDGE HOPKINS: Let me point out again that we do have a court reporter here and she can only listen to one person at a time. So we're going to ask you all when your name is called to please come to the lectern and speak there. When we ask you to come up and talk, please remember that this court reporter is trying to put everything down. So if someone else is talking at the same time as you or you are talking at the same time as someone else, she can't get all that.

As Mr. McNeive said, if you have any questions about service and things, you can talk to our

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staff, you can talk to their staff, and they will try to assist you with any specific problem you have. So we're going to try to give everybody a chance to talk. So if you'll come up and make your comments, and then I'll ask the lawyers and the commissioners if they have any questions to ask of you, and they may or may not.

So I'd really appreciate that if after you've made your comments you'd remain at the lectern there for a moment and we'll let anybody ask that has any questions of you. We're not going to put you under cross examination. This isn't Court TV or anything like that, they just may want to clear up something. Mr. Kelly?

MR. KELLY: I'd just like to add that if there are questions or issues that people would like to address after the local public hearing has been completed, we will be here for a little afterwards, the staff, the company and the Office of Public Counsel will be available.

JUDGE HOPKINS: I have a list of people with numbers on it so I'm going to go by these numbers. Jacqueline Hutchison. If you'll come and stand behind the lectern and raise your right hand, I'll swear you in.

JACQUELINE HUTCHISON

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of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Would you state and spell your name for court reporter?

MS. HUTCHISON: My name is Jacqueline Hutchinson, J-a-c-q-u-e-l-i-n-e, H-u-t-c-h-i-s-o-n. I am the director of the Energy Crisis Intervention Program for the Human Development Corporation in St. Louis, and I have held that position for the past 24 years. I'm also co-chair of the Committee to Keep Missourians Warm, and that is a statewide coalition that tries to address the issues of low income energy assistance in the State of Missouri.

I am here today on behalf of low income and working poor families, not to reject or support a rate increase for Laclede gas. I trust that the office of the Public Counsel and others who have more experience will represent the public in that matter, and I understand that the cost of doing business increases and there is sometimes a need for increases to meet those expenses.

But I am here to talk about the impact on the low income and the need for adequate protections for the low income. According to the 2000 census, 27.7

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percent or approximately 93,000 St. Louis households, 93,000 households in the City of St. Louis, live at or below the current poverty level which is \$995 per month for a family of three.

Last winter, approximately 15,000 families in the City of St. Louis and St. Louis County received assistance. Another 10,000 families received assistance from other private and state and local funding sources. Twenty-five percent of those families had at least one member who was elderly or disabled. Seventy percent of those families had at least one child under the age of 18.

The average income of the families that we serve was \$645 a month. That's well below the poverty index. That is not even \$995 a month. Even with the level of assistance from the federal level, there is still approximately 20,000 households in the Laclede Gas area, in the St. Louis City and County area, that are either off or in threat of being disconnected at this time.

Many of these families are the working poor who are struggling to support their families on minimum wage or near minimum wage. Although last winter was warmer than normal, many families have not been able to catch up from the high bills that they received in the

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winter of 2000. In 2000, families in the state at the median income paid approximately six percent of their income for utilities, and low income families paid on average 26 percent of their income for utilities.

In addition, poor housing and the lack of weatherization caused this energy burden to be even higher for those who can least afford it. This higher than average energy burden caused many families to choose between other necessities like food and medication and paying their utilities. It also put many families in that revolving door of being cutoff.

Families do not have the money to catch up. Our attempts last winter to protect them also meant that they had larger arrears that were rolled into budget plans, and I see no way of letting families being able to crawl out of that hole that they have with the high arrears. I will conclude by saying that any rate increase will add a burden to our most vulnerable customers.

I would recommend that the Commission consider a part of this rate case funding programs that will help to mitigate this burden, programs such as weatherization and conservation assistance for low income, conservation loan programs for moderate income

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families and low income assistance programs that will add to the resources that are available to protect families.

These types of programs have been proven in other states to benefit all customers by reducing bad debt and costs that are ultimately paid by all of the customers. Thank you.

JUDGE HOPKINS: Thank you, ma'am. Any questions?

CHAIR SIMMONS: One question. Ms. Hutchinson, just to go back on a little bit of your testimony, did you say that low income families pay about six percent of their income towards--

MS. HUTCHINSON: No. I said families living at the median income in this state pay approximately four to six percent of their income for utilities. In 2000, it was closer to six percent because of the high bills. But for low income families, in 2000, they paid approximately 26 percent. And in a normal winter, they pay approximately 14 percent of their income which is much higher than the normal household would pay.

CHAIR SIMMONS: When you say that six percent, are you suggesting that it is not just gas, but it's all utilities, electric, telecommunications, gas and water or six percent just for gas?

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MS. HUTCHINSON: Six percent for their utilities which would include gas and electric.

CHAIR SIMMONS: That's all the questions I have.

COMMISSIONER LUMPE: You talked about a number of people that will be threatened by disconnection based on the high rates of the year before. In your opinion, did the Emergency Cold Weather Rule that we have assist in some way or was it inadequate or would you address that?

MS. HUTCHINSON: The Emergency Rule was absolutely necessary. The funding that we received this past winter was substantially less than we received in the previous winter, and we were faced with a situation where we would not have been able to get restored.

The arrears that they had were so high that we would have run out of money probably in the first month and certainly would have had to close our doors had it not been for the fact that we had that Emergency Rule. So it was a necessary tool. It was something that helped us to help families survive through the winter.

It also created a situation where they got a payment plan that included those arrears and many

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families that we're serving, with the income they have, they just could not keep up the payment plan. So where it was necessary to prevent what I thought was a crisis that may be life threatening, I thought it was very necessary. At the same time, at the end of the winter, people, you know, with the bills that they had from this winter plus the arrears that were wrote in, they were just not able to keep up with the payment plans.

There were some families that were able to keep up with the payment plans, and those tend to be the working poor and the low income at a higher percentage of poverty like the ones that are closest to 120 percent of poverty. But a family of three trying to live on \$645 a month, it's almost impossible if you have a budget plan that's \$200 a month to keep up.

COMMISSIONER LUMPE: So it did help some?

MS. HUTCHINSON: Absolutely. It helped every person who was able to get cut on for \$250. There were a lot of people that were off that were working people who didn't even qualify for assistance, but couldn't keep up from the winter of 2000. So all of those families, we were getting calls from people who had never needed assistance before that found their utilities off. So it was absolutely a God send because we were really facing a crisis, and emergency

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programming was very much needed.

COMMISSIONER LUMPE: Thank you.

JUDGE HOPKINS: Any questions from Mr.

Dandino?

MR. DANDINO: I have no questions. Thank
you.

JUDGE HOPKINS: Mr. Meyer?

MR. MEYER: I have no questions. Thank you.

JUDGE HOPKINS: Laclede?

MR. MCNEIVE: Just one question, Ms.
Hutchinson. Is it your testimony that the high prices
for energy that were experienced in the 2000-2001
period, not last year, but the year before, are those
still rippling through and affecting your clients?

MS. HUTCHINSON: They are. Very much so.
The average person that is our clients probably has
\$1,000 in arrears, the ones that are off and are having
problems, and there is no way for them to catch up.
They cannot afford to pay their current budget plan.
That amount is normally too high for them. And if you
add in a budget plan that includes arrears of \$1,000,
they absolutely cannot meet that payment plan.

MR. MCNEIVE: Thank you very much.

JUDGE HOPKINS: Thank you, ma'am. Rosemary
Maynor.

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ROSEMARY MEHNER

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Please state and spell your name for the court reporter.

MS. MEHNER: Rosemary, R-o-s-e-m-a-r-y, Mehner, M-e-h-n-e-r. One thing I wanted to know was if Warren Buffet [phonetic] got any of our pipelines that supplies gas to Laclede and whether that's going to have any future impact on our gas here in St. Louis. Then another one I just thought of now which is in this piece of paper is increases in other operation costs including significant cost incurred by the company and providing service to customers who are unable to pay their bills in full or who require standard payment arrangements to maintain service.

In other words, these people are paid a salary and then they're having to go through the extra paperwork so does that require overtime or something to that effect?

MR. MCNEIVE: Is that a question? Could I address that, please?

MS. MEHNER: Well, it's part of the reason for a requested increase.

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MR. MCNEIVE: And if you like, I can answer that question. If not, I'll wait until she's finished.

JUDGE HOPKINS: We'll let you make your comments first. And then if any of the attorneys or commissioners have any questions of you or you need to discuss this with this gentleman after the hearing, you can do one of any or all of those things.

MS. MEHNER: Well, most of my questions have been asked already, but after reading the profile here, I thought, well, here's another question I would like to have an answer to. Otherwise, I'm happy with the answers I've got so far. Thank you.

BETTY CARTER
of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Would you please state and spell your name for the court reporter?

MS. CARTER: My name is Betty Carter, B-e-t-t-y, C-a-r-t-e-r. I'm here to oppose the proposed increase for Laclede Gas. I am a senior citizen. I'm retired and own my home. I feel that a rate increase would not necessarily be a hardship, but I feel that it should not be increased because there are number of other costs that are involved when you

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own a home, and there are a number of people in the block that I live that are not here because of the inconvenience of the time to come down.

But on their behalf, I also wanted you to know that I'm sure that they oppose the increase. I will say that the service that I received from the Laclede Company is satisfactory, but I feel that an increase at this time would be a hardship for a number of people. Thank you.

JUDGE HOPKINS: Thank you. If you could just wait a minute, I'll just see if the commissioners have any questions.

CHAIR SIMMONS: First of all, Thank you, Ms. Carter, for coming down here. I appreciate your testimony. I heard you say that you were a senior citizen. Are you also someone who is on a fixed income?

MS. CARTER: Yes.

CHAIR SIMMONS: And you say that being on a fixed income where you have these kind of raises, it becomes problematic because of that fixed income situation?

MS. CARTER: Yes.

CHAIR SIMMONS: Did I also hear you say that there are others that you have talked to that are

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similarly situated like yourself?

MS. CARTER: Yes.

CHAIR SIMMONS: Again, thank you for coming down. I appreciate your comments.

COMMISSIONER LUMPE: I just want to thank you for coming also.

JUDGE HOPKINS: Thank you. The next name on the list is Reverend Earl Nance.

REVEREND EARL NANCE

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Please state and spell your name for the court reporter, and then you may begin your comments.

REVERAND NANCE: Earl E. Nance, Jr., E-a-r-l, N-a-n-c-e. I am vice chairman of the 31-member all volunteer board of directors for Heat up St. Louis, a regional non-profit non-utility energy assistance and advocacy group established to help Missouri and Illinois residents with home heating related issues. I am pleased to provide testimony this afternoon.

Earlier this year when the heat and gas company announced it's 36.1 million dollar rate hike,

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our all-volunteer board of directors which is composed of civic, religious and business leaders voted to unanimously oppose it. As Americans, we support the free enterprise system, even if that system includes monopolies. The 36.1 million dollar rate increase will result in about a \$4.40 monthly average increase on each customer's bill.

This is in addition to previous rate increases within the past 24 months. Laclede Gas Company has more than 600,000 customers in Eastern Missouri and with such a huge customer base, it makes them a strong and influential monopoly for Jefferson City and the St. Louis Region. So we are honored to be able to testify before the Missouri Public Service Commission which is currently holding local public hearings to receive comments from customers and public groups like Heat up St. Louis.

For some of us, the rate increase of \$4.40 a month on our monthly gas bill might force us to miss a movie one weekend. However, for poor families who are already hurting due in part to a weakened economy and previous gas rate hikes and unaffordable prices, this rate hike will literally take food from their tables and prescription drugs from their medicine cabinet.

Heat up St. Louis officials also believe

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that these non-gas increases which include some salaries and benefit expenses for the gas company come at a bad economic time when hundreds of people in St. Louis are being laid off. And the economy appears to be worsening in some parts of the St. Louis region hitting hard the working poor and middle income families.

The Heat up St. Louis board of directors know that if Laclede wishes to offset its no-sales revenue due to an anticipated warmer winter, they need to take a harder look at the pay structure for executives and employees and how they operate various parts of their business. Everyone should be allowed to make a profit, but the profits should never be at the expense of the elderly, disabled and low-income people. And that's our objection in a nutshell.

We believe that Laclede Gas has made significant profits over the past several years and that they should not have to come to the rate payers for more increases. This charity which is on the frontline of helping the needy rate payers also raises concern as it relates to Laclede's weather mitigation plan where it wants customers to pay more during low-use months and less during high-use months. The board of directors of Heat Up St. Louis believes that

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the residential customers will only benefit a tiny bit from Laclede's weather mitigation plan and that Laclede's profits will soar.

This new corporate method in the end will hurt at-risk rate payers who will then be faced with higher gas bills in the summer in addition to fighting off those typical high electric bills due to increased air conditioning usage that we are all experiencing now. Our mission is to help area neighbors to avoid unsafe and unhealthy conditions during the needy season. We hope that the Commission supports our mission by refusing Laclede Gas such a huge rate hike. I respect Laclede Gas. I get good service from them, but I have to come here to say this to you.

And I'm in the middle of chairing my St. Louis Clergical business meeting and I must return immediately. Therefore, I'd like to take the time to turn over the balance of my time to Mr. J. Kim Tucci who is the president of the Pasta House Company and chairman of the board of directors of Heat up St. Louis. I'm sure he would welcome you to his place of business for lunch after this hearing is over. Thank you.

JUDGE HOPKINS: Thank you very much. Let me ask Commissioner Simmons if he has any comments.

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CHAIR SIMMONS: I'm not going to have comments or questions because I know you've got important business to get back to. I'm just going to say thank you for your testimony.

COMMISSIONER LUMPE: Very briefly. Again, I just want to thank you for coming and giving your testimony. You mentioned the huge amount. Is there some other amount that you find appropriate or was the opposition to any amount at all?

REVERAND NANCE: I think the opposition is not so much any amount at all. I realize the problem Laclede Gas is in, but I think that we need to really look at this very hard because as you heard from previous testimony, there are people still trying to play catch up. They're trying to beat the system by working with us and working with other agencies and working with Laclede Gas as well. This amount on top of that would just make it worse for them. That's our opposition.

MR. MCNEIVE: I have just one, if I may. Reverend, as I understand it, you haven't made any independent study yourself of the Laclede pay structures and Laclede's expenses, have you?

REVEREND NANCE: No.

MR. MCNEIVE: And you are aware that the

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Office of the Public Counsel and the staff is auditing our rate increase; are you not?

REVEREND NANCE: Yes.

MR. MCNEIVE: Thank you very much.

J. KIM TUCCI

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Would you please state and spell your first and last name for the court reporter?

MR. TUCCI: Initial J, Kim, K-i-m, Tucci, T-u-c-c-i. Thanks for the commercial Reverend Nance. As you have been told, Heat Up St. Louis is a non-profit non-utility charity and advocacy group which has planned to have its executive board oppose Laclede Gas' new program. And the program we're talking about is Catch Up Keep Up which supposedly assist some low income customers in paying off their past due bills.

While there is no scheduled public hearing, we urge you to schedule one soon so we and others can testify about this very complex program, and I'll explain why we think it's complex. The Catch Up Keep Up program will put hundreds of thousands of dollars into Laclede Gas pockets which would not flow to the rate payers. Heat Up St. Louis believes that the

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actual people that Laclede Gas are attempting to help along with other rate payers will eventually be hurt by the withdrawal of the 30 percent from the pipeline discounts.

Today all rate payers are enjoying pipeline discounts of about 18 million dollars from its suppliers. Under these current economic conditions, these pipeline discounts should continue to flow which will aid in keeping everyone's gas bills down. The proposed Laclede Gas program needs to be reworked to include significant dollars from the stockholders as they are quite charitable with our pipeline discounts. We support energy forgiveness programs by all utilities, but we encourage Laclede stockholders to become a major player of the Catch Up Keep Up plan.

The rate payers currently have a choice to give to the gas companies charity, and that is on a volunteer basis. If the new proposed plan is activated, the rate payer is going to wonder if he or she is making a donation to Laclede's Dollar a Month program on a volunteer basis while on another hand, Laclede Gas is taking away 30 percent of the pipeline discounts which they call savings which then would be considered by some as a charity mandated for more needier rate payers.

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Further, Laclede wants to be rewarded one-third of that 30 percent which will go to its profit line for negotiating these significant pipeline discounts, and we feel they are already being paid to do this. When it's time to testify, we will have several suggestions to insure that Laclede gas rate payers are not further hurt and to make sure that the rate payers do not get confused or upset so much that they will stop giving all together because someone is giving them the impression that with the new proposed program there is no need for further donations.

Some rate payers will make this decision when they hear the entire truth. The Catch Up Keep Up program just does not project the majority of the rate payers. It does not give them the opportunity to determine if they can afford to use these pipeline discounts to help put their children through college, pay their high air conditioning bills from the previous summer or pay their rent or mortgage on time each month.

In the end, Laclede Gas has made profits to fund the Catch Up Keep Up program without anyone's help, and we'd encourage them to do so. We urge the Missouri Public Service Commission to move forward to schedule a hearing or delay the program until it's

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refined to address the needs of the majority of rate payers. Thank you very much.

JUDGE HOPKINS: Mr. Simmons?

CHAIR SIMMONS: Thank you, Mr. Tucci, for your testimony. I have to do probably two things which are housekeeping items here because we've had testimony on at least two issues that's not a part of today's proceeding. With Reverend Nance's testimony, I believe he testified to the weatherization normalization program that is a separate issue. I just want to put it on the record because once an issue is talked about that is a part of another case that's before us, we just need to understand that that is a potential ex parte comment.

The second thing that I want to talk about, this is strictly just a housekeeping issue, is one involving the Catch Up Keep Up program which is also not a part of this particular case that is now before us. But as we said early on, we would hear if anybody had any conversations or if they wanted to testify on any of these programs that are before us, we would hear those. But I just need to say that as a part of the record.

Mr. Tucci, as it relates to the Catch Up Keep Up program, we will be having -- I know that this

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has been filed with the Commission. I believe our staff and others will be looking at this case as it comes before us in due time, and it has not come before us at this particular time so we have not made any comments nor have we had any issues as it relates to this at this point in time.

I just wanted to let you know that and at the same time have that for the record. The staff of the OPC have to understand that this is an ex parte comment or situation. We just need to make sure that we're putting that down for the record because there is one other issued that has been identified on this record today. Again, we wanted to say that anybody that wanted to comment on these situations, we would welcome those comments. We appreciate those comments.

But again, for purposes of the rate case that is now before us today, we wanted to make sure that we separate that out from the other cases. Commissioner Lumpe, do you have anything to say along those lines? I just wanted to make sure I said that.

MR. TUCCI: We just feel it's part of the whole. We just want everybody to be aware of it. That's why when there's another hearing, we can come in and emphasize how important it is as it exists as part of the whole. We appreciate the effort of trying to do

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something for the rate payers, but we want to make sure it's refined and defined so that everybody knows what's going on.

CHAIR SIMMONS: Again, we thank you. We just want to make sure that we get all of these things on the record.

MR. TUCCI: Thank you.

COMMISSIONER LUMPE: Mr. Tucci, I just wanted to thank you for your comments, and I think I heard you loud and clear, you would like a public hearing to address these issues.

MR. TUCCI: Yes.

JUDGE HOPKINS: All right. The last witness is Curt Swearingen.

CURT SWEARINGEN

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Please state and spell your name for the court reporter.

MR. SWEARINGEN: Curt Swearingen. It's spelled C-u-r-t, S-w-e-a-r-i-n-g-e-n. I am actually the treasurer of Heat up St. Louis and on behalf of the St. Louis board, I just wanted to reiterate our opposition to this 36.1 million dollar rate increase.

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We tend to find that this will be a very aggressive increase unduly affecting the most needy among us.

We would like to take this time to thank the Missouri Public Service Commission for realizing that although we had a milder winter last winter, people did have the need for the catch up program because people are still trying to pay off the bills from the prior winter which was not so mild. The Emergency Rule allowed some people to catch up with their gas bills by stretching out their payments over a year and a half.

And we would hope this year that the terms of this catch up program would actually be made more lenient to allow people who are really under the gun to get caught up and just -- they might have a need to pay down their gas bills from this year plus the prior year. In essence, we are hoping that you evoke the Emergency Rule this coming winter and as you know, a major gas utility did not cooperate with this rule, but we do want to make note that Laclede Gas did cooperate with the Emergency Rule last year and we are definitely appreciative of their sensitivity in this area.

JUDGE HOPKINS: Thank you, sir.

CHAIR SIMMONS: Thank you, sir. I have no questions.

COMMISSIONER LUMPE: Thank you for your

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comments.

JUDGE HOPKINS: Any questions from the lawyers?

MR. MCNEIVE: I have just one question, Mr. Swearingen. You referred to the Commission's Emergency Rule which Laclede participated in last year, correct?

MR. SWEARINGEN: Yes.

MR. MCNEIVE: You're aware that Laclede itself voluntarily initiated another program prior to that Emergency Rule which we called the Catch Up program last August; do you recall that?

MR. SWEARINGEN: Yes.

MR. MCNEIVE: And you didn't have any problem with that program either I take it?

MR. SWEARINGEN: Well, any improvement to help out our constituency we're all for. So we are asking for more lenience in the particular emergency programs and with any type of catch up program, we would like to see continued refinement and improvement.

MR. MCNEIVE: And just to add to that, that program, did it not, it allowed customers who were in danger of being shut off to maintain their service; is that correct?

MR. SWEARINGEN: I cannot define the exact terms of that agreement, but for the overall basis,

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yes.

MR. MCNEIVE: Thank you, Mr. Swearingen.

COMMISSIONER LUMPE: Just to clarify, we have a Cold Weather Rule and then last year we did the Emergency Cold Weather Rule. Which one are you referencing, the current Cold Weather Rule that's been in place for a long time or the Emergency?

MR. SWEARINGEN: The newest Emergency Rule.

COMMISSIONER LUMPE: Is that what you are suggesting that we do next winter, a emergency one on top of the current Cold Weather Rule?

MR. SWEARINGEN: To be honest with you, I believe that we would like to see the basic Cold Weather Rule made more lenient rather than having emergency rules on an ad hoc basis.

COMMISSIONER LUMPE: Thank you.

JUDGE HOPKINS: Thank you, sir. We did have a couple more people that wanted to say something. Mr. Schuler?

HENRY SCHULER

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Please state and spell your name for the court reporter.

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MR. SCHULER: My name is Henry Schuler. My last name is spelled S-c-h-u-l-e-r. I'm down here in regards to my high gas bill like so many other people I suppose. I've been paying since the last increase \$91 a month, and I'm on a Social Security fixed income. My next gas bill is going to be \$191 a month. That sounds like more than a four percent increase. I just wondered why, you know, why the big increase. Does anyone have an answer to that question?

JUDGE HOPKINS: They'll be happy to talk with you and explain that all to you. Okay?

MR. SCHULER: Okay.

JUDGE HOPKINS: Let me just see if anyone has any questions. Someone will be happy to answer your question, Mr. Schuler. Gentry Trotter, the last speaker.

GENTRY TROTTER

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

MR. TROTTER: Gentry Trotter, T-r-o-t-t-e-r. Just a point of clarification with the question from Laclede Gas. Just for the record, the board of directors never took up the issue with the Catch Up Program. And number two is that this particular

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program which -- well, we don't really want to talk about it in detail because it's not the time, but to answer your question, the board feels that we are for forgiveness programs, but never at the expense of the rate payers or necessarily at the expense of the poor.

And to make a long story short, as I recall, the Commission let expire your Catch Up program, did they not? So my concern would be simply that we are for any programs that will provide catch ups for anybody as long it's not mandated, number one, by the Commission because it should be on a volunteer basis. If you're giving to one program, you're doing that out of the charity of your heart on a volunteer basis and if you're taking something from another rate payer who has that on top of that, you've gone from choice to mandate. We'll be explaining when you do your schedule.

We just wanted you to understand that we did not take up the original program and we have a different perspective on that, and the board will discuss a little bit more the programs that we feel comfortable testifying with what is the strongest one that does not impact the average rate payer as well as the needy rate payers. I hope that I've helped you.

JUDGE HOPKINS: Thank you, sir. Any

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questions? Okay. That was our last witness and I again want to express the Commission's appreciation for everyone who made an effort to come down today.

CHAIR SIMMONS: One last thing before we adjourn. Is there anybody who has not testified who has not signed up who may think about it now and wants to testify, you can.

DAVID KELLER

of lawful age, being first duly sworn to tell the truth, the whole truth, and nothing but the truth, testifies as follows:

JUDGE HOPKINS: Would you please state and spell your last name for the court reporter?

MR. KELLER: David Keller, K-e-l-l-e-r. I just recently retired. My company downsized and I was fortunate enough to be able to do that. When I read about Laclede's rate hike, I went back and looked at my gas bills. I didn't want to embarrass Laclede too much so I went back to '99 and found that I was paying approximately 24 cents a therm for gas. And I looked at the bills for early this winter when I for the first time in long time paid a little over \$100 a month.

If you're on a fixed income, that gets to be really tough. My current gas bill, I'm paying 43 cents a therm. So I'm practically double what I paid back

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let's say June of 1999. I noticed in the Sunday's paper that there was an article about how well Laclede was doing with regard to its non-regulated side of the business, specifically, a service that goes and measures utility lines and marks them for construction projects.

Now, the third quarter loss last year for Laclede was 3.69 million dollars and this year it was \$910,000. That's a 75 percent reduction in third quarter loss. It seems to me that if a company has been able to go out and sell insurance, sell entertainment, books, buy things that can provide additional income that goes into Laclede's bottom line and have been able to reduce the slowest period which is the summer, they've got a 75 percent reduction, that's pretty good.

Therefore, you know, I really don't see why there would be the need for this 6.3 percent increase or the \$4.40 a month. Laclede seems to be able to change its gas price as the market fluctuates. I paid I think at the height of the winter was something like 89 cents a therm. So if you take this 6.3 percent on top of that, you can see that there are people out there that are really, really going to be suffering. That's kind of pretty much what I wanted to say.

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JUDGE HOPKINS: Thank you. Any comments?

COMMISSIONER LUMPE: Thank you for coming.

MR. MCNEIVE: I have one question, if I may. Mr. Keller, just to clarify, the article you read in the newspaper Sunday, I think I saw that too, and that was talking about our non-regulated organizations, correct?

MR. KELLER: Right.

MR. MCNEIVE: And the non-regulated operates separate from the Commission's regulation, you probably know that.

MR. KELLER: Yes.

MR. MCNEIVE: What we're trying to accomplish here, and I think you understand this perhaps, but if not, that's the purpose of my question, that the regulated side has to carry its weight just like the non-regulated side has to carry its weight, at least in our opinion. What we're seeking here is to get the regulated side to carry its weight. Do you understand that?

MR. KELLER: Yes.

MR. MCNEIVE: One other thing you mentioned, and if this is helpful, you indicated your price per therm had vacillated significantly over time. Are you aware that gas costs which are not the subject of this

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proceeding, but they certainly affect your bill, those particular costs are affected by a myriad of impacts and particular when it gets cold, those prices tend to go up. But that's separate and apart from what we're talking about today, do you understand that?

MR. KELLER: Yes.

MR. MCNEIVE: Thank you, sir.

CHAIR SIMMONS: One last thing before we adjourn. I wanted to make sure, there were at least two individuals who testified here today, Ms. Mehner and Mr. Schuler that had questions either about their gas bills or gas costs. I just want to make sure that while you are here that someone addresses those questions for you. I believe that the staff and/or Laclede Gas are here to assist you. So there will be someone here to help you out, and I want to make sure they get with you before you leave. I just wanted to make that comment.

JUDGE HOPKINS: The hearing will be adjourned. Thank you.

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CITY OF ST. LOUIS)

I, Tina R. Wright, a Notary Public within and for the State of Missouri, do certify that the above forgoing pages are a true and accurate transcription of the Public Service Commission Hearing had before me on the 14th day of August, 2001 at the Wainwright State Office Building, in the City of St. Louis, State of Missouri.

IN WITNESS WHEREOF I have hereunto set my hand and Seal this 24th day of August, A.D., 2002.

MY COMMISSION EXPIRES JANUARY 8, 2005

Tina R. Wright
Notary Public, within and
for the State of Missouri

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