

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Public Hearing

August 13, 2002
St. Charles, Missouri
Volume 3

In the matter of Laclede Gas)	
Company's Tariff to Revise)	No. GR-2002-356
Natural Gas Rate Schedules)	

Bill Hopkins, Presiding, DEPUTY CHIEF
REGULATORY LAW JUDGE

(No Commissioners present)

Reported by: Elizabeth Goodwin-Sousa, CSR, CCR
No. 084-004310, No. 831 (G)

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1 In the Matter of Laclede Gas)
2 Company's Tariff to Revise Natural) CASE NO. GR-2002-356
3 Gas Rate Schedules)

4 Appearances:

5 Bill Hopkins, Presiding, Deputy Chief Regulatory
6 Law Judge, Public Service Commission, 200 Madison
7 Street, Jefferson City, Missouri 65102.

8 (No Commissioners present)

9
10 Michael Dandino, Esq. on behalf of the Department
11 of Economic Development, 200 Madison Street, Jefferson
12 City, Missouri 65102.

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14 David A. Meyer, Esq. on behalf of the Public
15 Service Commission, 200 Madison Street, Jefferson City,
16 Missouri 65102.

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18 Gerald T. McNeive, Jr., Esq., Rick Zucker, Esq.,
19 Michael C. Pendergast, Esq., on behalf of LaCade Gas,
20 720 Olive Street, St. Louis, Missouri 63101.

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1 JUDGE HOPKINS: Thank you. Let's go on the³
2 record. If I could have your attention for a minute, we
3 will start this hearing. And if someone wants to
4 testify, make sure that you sign up with Mr. Kelly back
5 there and we'll be glad to let you testify here.

6 My name is Bill Hopkins. I'm the appointed
7 law judge by the Missouri Public Service Commission. I
8 will be the presiding officer this evening in Case No.
9 GR-2002-356. This concerns the rate issues, rate
10 increases requested by LaCade. I want to point out
11 that this case only involves the non-gas cost that
12 LaCade has to pay. So, I want to point out that
13 neither LaCade nor the Public Service Commission has
14 any control over natural gas prices that LaCade pays
15 and also this case has nothing to do with LaCade's new
16 Customer Assistance Program. And if you want to make

17 some comments on Laclède's weather mitigation case or
18 new low income service program, the Public Service
19 Commission wants to hear those comments too. You can
20 give those to Mr. Kelly back there. He'll tell you how
21 you can submit comments in those two unrelated cases.

22 I want to thank the City of St. Charles for
23 the use of this facility. And I will note that the
24 views expressed here, of course, are not necessarily
25 those of the City of St. Charles.

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1 Let me ask, for the record, if we would
2 start with Mr. Dandino and if you can enter your
3 appearance. You don't have to give all your addresses
4 and all of that, just tell everybody who you are,
5 basically.

6 MR. DANDINO: Michael Dandino with the
7 Missouri Public Office Counsel, representing the Office
8 of Public Counsel and the public.

9 MR. MEYER: David Meyer with the Missouri
10 Public Service Commission staff. And I represent the
11 staff in the Public Service Commission in front of the
12 Commission.

13 MR. ZUCKER: Rick Zucker. I'm the attorney
14 for Laclède Gas Company.

15 MR. MCNEIVE: Gerald McNeive, Jr. and
16 Michael C. Pendergast appearing on behalf of Laclède Gas
17 Company, 720 Olive Street, St. Louis, Missouri.

18 JUDGE HOPKINS: Let me just briefly state
19 that the Missouri Public Service Commission is the state
20 agency that regulates investor owned utility companies

21 in Missouri to ensure that the rates are just and
 22 responsible, that the quality of service is
 23 satisfactory, and that safety practices are employed in
 24 their operations while at the same time insuring the
 25 utility companies a reasonable rate of return to their

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1 shareholders. Missouri Public Service Commission is ⁵
 2 made up of five commissioners and they are appointed by
 3 the governor and confirmed by the senate to hear and
 4 decide cases regarding public utility issues are
 5 regulated, as indicated earlier.

6 The current commissioners are Chairman
 7 Kelvin Simmons, Commissioner Connie Murray, Commissioner
 8 Sheila Lumpe, Commissioner Steve Gaw, Commissioner Bryan
 9 Forbis. Unfortunately, none of them could make it
 10 tonight, but they are very interested in local public
 11 hearings. Because we're going to take some witness
 12 testimony and that will go into the record and I assure
 13 you all five commissioners will read that testimony and
 14 pay very close attention to it.

15 We employ -- Public Service Commission
 16 employs a staff of engineers, accountants, attorneys,
 17 financial analysts, and other specialists in the field
 18 of utility regulation; and we rely upon their expertise
 19 along with other expert testimony and consumer
 20 testimony.

21 Now, you may have met people here earlier
 22 that introduced themselves and they represent the PSC
 23 gas staff and the office of the General Counsel. And as
 24 Mr. Dandino has indicated, he's with the Public Counsel.

25 He works for an agency called Office of Public Counsel

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1 and they're separate from the PSC. They represent the ⁶
2 public's interest specifically before the Public Service
3 Commission.

4 And the purpose of this hearing is to get
5 your input, to take evidence by way of your statement or
6 testimony or any written statements or documents that
7 you may wish to provide to the Missouri PSC regarding an
8 increase on non-gas cost for Laclède.

9 Now, we will take your comments this
10 evening, along with other public hearings we have
11 scheduled, and follow-up with a review and a report that
12 will be issued including any issues which you may raise
13 with us tonight regarding this proposed increase.

14 So Public Counsel, Mr. Dandino, do you have
15 an opening statement you wish to make?

16 MR. DANDINO: No, sir. Thank you.

17 JUDGE HOPKINS: General Counsel?

18 MR. MEYER: I do not.

19 JUDGE HOPKINS: Laclède?

20 MR. MCNEIVE: No, sir. We've left our
21 information sheet with the other materials. Any
22 questions that are asked tonight, we'll be certainly
23 happy to answer.

24 JUDGE HOPKINS: Thank you, sir. We'll
25 proceed with taking of testimony at this time. Since

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1 this is an official hearing the statements and testimony
2 of witnesses will be taken down by the court reporter on
3 the record and it will be under oath. We have one
4 person that has signed up to testify and that's Mr.
5 William -- I'm sorry, I can't read your name, sir.

6 MR. SASS: Sass.

7 JUDGE HOPKINS: Would you step up here and
8 be sworn, sir. Raise your right hand.

9 Do you solemnly swear or affirm that the
10 testimony you're about to give will be the truth, the
11 whole truth, and nothing but the truth?

12 MR. SASS: So help me God.

13 JUDGE HOPKINS: All right. Sir, will you
14 please state and spell your name for the court reporter,
15 sir.

16 MR. SASS: William Sass, S-a-s-s.

17 JUDGE HOPKINS: Thank you, sir, go ahead.

18 MR. SASS: I'm glad to have the opportunity
19 to discuss some of these points prior to this statement
20 I'd like to make here. One of the major difficulties I
21 have in understanding this is the mitigation clause that
22 Laclede is looking for. I understand what their problem
23 is, they want to keep their percentages and their
24 dollars up and look good in the eyes of their
25 stockholders. That's very fine. However, as a private

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1 person and a user of gas, I want to keep the gas rates
2 within reason, too. Having this mitigation clause, to
3 me, seems just like opening up the door to charging more
4 rates to any of the individuals or the customers who are

5 going to be out there. I was just handed the Moodys
 6 release on Laclede Gas. I haven't had a chance to
 7 digest all of it, but I've made some small notations on
 8 it here.

9 It states that without approval mitigation
 10 clause, in spite of having experienced weather that is
 11 15 percent warmer than normal during the past heating
 12 season, Moody expects that it will soon dissolve it's
 13 interest with the Public Service Commission. In other
 14 words, it sounds like this is a done deal already. And
 15 weather normalized rates in place for the next winter
 16 season. We're moving right along here, aren't we,
 17 folks. We're not even up in Jeff City and it sounds
 18 like the Missouri Public Service Commission is already
 19 nodding their head. Should this now occur, Moodys
 20 potential impact on it's ratings -- and it makes
 21 reference here to the difficulty Laclede has had in
 22 restoring it's operating coverages and financial
 23 leverage to its historic -- historical levels.

24 Now, I haven't read any of Laclede's stock
 25 reports or any of the print up on their company

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1 activities and so on, so I'm not exactly sure what their
 2 historical levels have been. But in reading this, they
 3 must have been much higher, much higher than what they
 4 are right now and they're evidently wanting to go back
 5 to these historical levels. Not just the good level or
 6 an acceptable level, they want historical levels.

7 So my thoughts on the entire thing is they
 8 already have a built-in given when they could raise the

9 rates on their gas on the purchase price of their gas
 10 and that the Public Service Commission, of course, is
 11 supposed to make sure that they don't take too much
 12 advantage of us. But the Public Service Commission,
 13 because of their being as a governmental entity, needs
 14 to have utility companies to regulate them; otherwise,
 15 they'd be out of a job. So definitely it sounds,
 16 according to Moodys here, it sounds like this is already
 17 a done deal. I'm surprised to hear that this evening.
 18 But, thank you again. You're all very nice people and I
 19 appreciate your listening to my thoughts on this. I
 20 realize you're all in business to make money and to get
 21 by. Again, I'd still like to know if buying stock in
 22 Laclede is going to be a good investment. Thank you
 23 again for the opportunity for appearing here.

24 JUDGE HOPKINS: Thank you, sir. We
 25 appreciate your comments. Let me just ask these

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1 attorneys if they have any questions to ask you.

10

2 MR. SASS: By all means.

3 JUDGE HOPKINS: Mr. Dandino?

4 MR. DANDINO: Mr. Sass, I want to thank you
 5 once again not only coming here but I know you stayed
 6 here after the discussion. I appreciate that. I did
 7 want to ask you one question. You addressed primarily
 8 the weather mitigation aspect.

9 MR. SASS: Correct.

10 MR. DANDINO: Do you have any other comment
 11 about the proposed 36-million dollar increase?

12 MR. SASS: No. As long as -- my thoughts on

13 that -- this is probably, this weather mitigation is
 14 probably part of that 36-million dollar increase. I
 15 don't know. I don't have enough information at this
 16 point to know exactly where that 36-million dollar
 17 increase is coming from. Perhaps you could clarify that
 18 for me.

19 MR. DANDINO: Well, maybe Laclède could do
 20 that a little bit better.

21 MR. SASS: Okay.

22 MR. DANDINO: Okay.

23 MR. SASS: Thank you. Anybody from Laclède
 24 want to tell me about the 36-million dollar increase?

25 JUDGE HOPKINS: Just a minute, sir. We'll

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11
 1 Let the lawyers see if they have any questions for you.

2 I'm sure the people from Laclède will be very happy to
 3 speak with you.

4 MR. MEYER: I have no questions.

5 JUDGE HOPKINS: Sir?

6 MR. MCNEIVE: Mr. Sass, again, I want to
 7 thank you for taking the time out this evening to come
 8 and ask your questions. With respect to the weather
 9 mitigation clause, you do understand that the clause is
 10 intended to smooth out the effects of weather volatility
 11 on the customer's bill.

12 MR. SASS: Yes, you explained that earlier.
 13 But, again, to me this doesn't make any sense at all.
 14 For you it does, but not from my point of view.

15 MR. MCNEIVE: Again, I appreciate your
 16 coming and asking the questions. And obviously from our

17 early discussion, you understand that you and I disagree
18 but respectfully disagree; correct?

19 MR. SASS: Respectfully. Thank you very
20 much, good night.

21 JUDGE HOPKINS: Is there anybody else who
22 wants to testify? I will adjourn the meeting and I
23 thank everybody for showing up.

24 (At this time the hearing was concluded)

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1 STATE OF MISSOURI)
2) SS
3 CITY OF ST. LOUIS)
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5 I, ELIZABETH GOODWIN SOUSA, a Certified
6 Shorthand Reporter and Notary Public within and for the
7 State of Missouri, do hereby certify that I was present
8 at the Local Public Hearing held at the St. Charles
9 County Administration Building, Room 116, 201 North
10 Second Street, in the City of St. Charles, State of
11 Missouri, on the 13th day of August, A.D., 2002; that
12 thereafter, a hearing was held, commencing at 7:00 p.m.
13 in the evening of that day, that all proceedings which
14 then transpired were contemporaneously reduced to
15 shorthand by me, and later transcribed into typewriting,
16 and that the foregoing 12 pages are a true and accurate
17 transcript of the record of proceedings made by me at
18 that time.

19 IN TESTIMONY WHEREOF, I have hereunto
20 subscribed my name and affixed my Notarial Seal on this

GR2002356v3

21 19th day of August, A. D. , 2002.

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25 Elizabeth Goodwin-Sousa, CSR, CCR
No. 084-004310, No. 831 (G)
My Commission will expire December 29, 2004.

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