

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of Missouri Gas)
Energy's Tariffs to Implement a)
General Rate Increase for Natural) Case No. GR-2004-0209
Gas Service)

MORRIS L. WOODRUFF, Presiding,
SENIOR REGULATORY LAW JUDGE
STEVE GAW, Chair,
CONNIE MURRAY, Commissioner

TRANSCRIPT OF PROCEEDINGS
PUBLIC HEARING

Held on Tuesday, April 27, 2004, from 6:33 p.m. to 6:50
p.m., at Missouri Southern State University, Matthews Hall,
3950 East Newman Road, in the City of Joplin, County of
Jasper, State of Missouri, before

TONI L. BURLINGAME, C.C.R.,
a Certified Court Reporter and a Notary Public within and
for the County of Jasper, and State of Missouri.

PRESIDING JUDGE:	APPEARANCES MORRIS L. WOODRUFF Senior Regulatory Law Judge Public Service Commission Governor Office Building Suite 900 200 Madison Street P.O. Box 360 Jefferson City, Missouri
COMMISSIONERS:	MR. STEVE GAW, Chair MS. CONNIE MURRAY
FOR MGE:	MR. ROBERT HACK Vice President, Pricing & Regulatory Affairs 3420 Broadway Kansas City, Missouri 64111
FOR PUBLIC COUNCIL:	MR. DOUGLAS E. MICHEEL Senior Public Counsel Department of Economic Development Office of the Public Counsel Governor Office Building Suite 650 200 Madison Street P.O. Box 2230 Jefferson City, Missouri 65102
FOR THE STAFF:	MR. THOMAS R. SCHWARZ

I N D E X

	Page/Line
OPENING BY JUDGE WOODRUFF	4-3
WITNESS: PAUL BARR	7-20
WITNESS: DEBBIE MARKMAN	11-19

1 PUBLIC HEARING OPENED BY JUDGE MORRIS
2 WOODRUFF
3

4 BY JUDGE WOODRUFF: Welcome to this
5 local public hearing. My name is Morris
6 Woodruff. I'm the regulatory law judge for
7 the commission and I'll be presiding today.
8 This is case number GR-2004-0209, which
9 concerns Missouri Gas Energy's Tariffs to
10 Implement a General Rate Increase for their
11 Natural Gas Service. And we are joined
12 today, by technology, from Jefferson City
13 by Commissioner Connie Murray. Hello,
14 Commissioner.

15 BY COMMISSIONER MURRAY: Hello.

16 BY JUDGE WOODRUFF: The purpose of
17 this hearing, as Mr. Ochoe has already
18 explained, is to try and take comments from
19 the public about the proposed rate increase
20 that MGE has asked for and then you can
21 also tell us about if you have any concerns
22 about the service that you've received from
23 MGE, that's certainly something you can tell
24 us about at this sort of thing. As you can
25 see, we have a court reporter here and all

1 the testimony that we receive today will be
2 transcribed and be available to the
3 commissioners for their review. And I'm
4 going to ask that the people who want to
5 witness, be witnesses, and I've got five
6 names on the witness sign up list, I've got
7 it up here, to come on up and sit in the
8 seat here. I'll swear you in, just like on
9 tv, and you can give us your sworn
10 testimony. And if anyone didn't get a
11 chance to sign up on the witness list,
12 that's fine, too. Just let me know after
13 I've gone through the people on the witness
14 list and we'll bring you up and let you
15 testify as well. I think Mr. Ochoe already
16 explained that myself and the commissioners
17 can't answer questions about the case,
18 because we're going to be making the
19 decision, but you can certainly explain your
20 concerns to us and ultimately the commission
21 will answer your concerns and the issues
22 raised by the parties in the decision that
23 we issue in the case, which will probably be
24 late September. Alright, let's begin by
25 taking entries of appearance from the

1 attorneys in the case, and we'll begin with
2 attorney for MGE.

3 BY MR. HACK: I'm Robert Hack for
4 Missouri Gas Energy. Thank you.

5 BY JUDGE WOODRUFF: And for the
6 Office of Public Council?

7 BY MR. MICHEEL: Douglas E. Micheel
8 here on behalf of the Office of the Public
9 Council. M-I-C-H-E-E-L.

10 BY JUDGE WOODRUFF: And for the
11 staff, is there someone there for the staff?

12 BY MR. SCHWARZ: Can you hear me?

13 BY JUDGE WOODRUFF: I hear you.

14 BY MR. SCHWARZ: Tim Schwarz in
15 Jefferson City for the staff, P.O. Box 360,
16 Jefferson City, Missouri.

17 BY JUDGE WOODRUFF: Thank you, Mr.
18 Schwarz. And after you - the witnesses
19 have come up and given their testimony, I'm
20 going to let the attorneys ask them
21 questions as well, if they - if they have
22 any questions, just to clarify what you've
23 said. Let's begin then with - Commissioner
24 Murray, would you like to make any sort of
25 opening statement?

1 BY COMMISSIONER: I'm hoping that
2 we are able to do this broadcast production
3 again and it looks like it's going pretty
4 well. I'm looking forward to hearing what
5 those who came to testify have to tell us.
6 Thank you very much.

7 BY JUDGE WOODRUFF: Thank you.
8 Let's begin then with the first witness on
9 the list, which is Paul Barr. If you'd
10 like to come forward, Mr. Barr. Would you
11 please raise your right hand? Do you
12 solemnly swear or affirm that the testimony
13 you're about to give in this matter is the
14 truth, the whole truth and nothing but the
15 truth?

16 BY MR. BARR: Yes.

17 BY JUDGE WOODRUFF: And why don't
18 you begin by telling us your name and a
19 little bit about yourself.

20 BY MR. BARR: Okay, I'm Paul Barr
21 at 5716 Ridge Trail, Joplin. And I work in
22 the finance department, CFO of Joplin
23 Schools, and here to make some comments on
24 behalf of the wholesale gas program we
25 participated in, in the last four years.

1 BY JUDGE WOODRUFF: Okay, go right
2 ahead.

3 BY MR. BARR: In the early 1990's,
4 Missouri School Board Association began
5 exploring the possibility of establishing an
6 aggregate purchasing program for natural gas
7 for school districts. The main two reasons
8 for this program were savings through large
9 volume purchasing and greater budget
10 certainty. In November of 99, the gas
11 consortium officially began. Within the
12 first year, ten districts were enrolled,
13 including Joplin school. Unfortunately, the
14 utility tariffs economically prevented all
15 but a few schools from participating in the
16 program. We had to have large buildings
17 using large volumes of gas. However in
18 2002, legislation proposed by the Missouri
19 School Board Association was passed into
20 law that enables small and large schools
21 throughout Missouri to aggregately purchase
22 natural gas beginning in 2003. One of the
23 utilities that has been cooperative from the
24 beginning is the Missouri Gas Energy. MGE
25 has worked with MSBA to provide a program

1 that will enable schools to realize energy
2 savings and MGE staff was cooperative and
3 timely in preparing tariffs for this use.
4 These items are very important to school
5 districts. In the beginning of the
6 program, ten Missouri school districts were
7 enrolled. The program has currently grown
8 to over 80 school districts participating
9 and over 100 more have applied for
10 admission. MGE serves more schools in this
11 program than any other utility. MGE
12 officials have participated in the savings
13 program since the beginning. As a result
14 of this program, Missouri school districts
15 have realized over two million dollars in
16 savings. These funds allow districts to
17 reinvest in their district's activities,
18 such as teacher's salaries, equipment,
19 supplies, etc. As of our latest report
20 earlier this Winter, Joplin schools
21 cumulative estimated savings are in excess
22 of \$40,000. Thank you.

23 BY JUDGE WOODRUFF: Commissioner
24 Murray, do you have any questions for Mr.
25 Barr?

1 BY COMMISSIONER MURRAY: I really
2 don't have any questions, but I'm happy to
3 hear that the aggregation program is working
4 well and that it's providing some school
5 some savings for the school district and
6 that is sorely needed right now.

7 BY MR. BARR: Yes, we are happy to
8 participate.

9 BY JUDGE WOODRUFF: Thank you,
10 Commissioner. Does MGE have any questions
11 for this witness?

12 BY MR. HACK: No, thank you, sir,
13 we don't.

14 BY JUDGE WOODRUFF: Public Council?

15 BY MR. MICHEEL: No.

16 BY JUDGE WOODRUFF: Staff?

17 BY MR. SCHWARZ: No, staff has no
18 questions.

19 BY JUDGE WOODRUFF: Alright, thank
20 you. You may step down then. Thank you.
21 Next name on the list is Tim Nyander.

22 BY MR. NYANDER: I don't have any
23 testimony, Your Honor. I just
24 (unintelligible) sign in sheet.

25 BY JUDGE WOODRUFF: Okay, well,

1 that's fine. Next name is Debbie Marlene
2 (sic)?

3 BY MS. MARKMAN: Markman.

4 BY JUDGE WOODRUFF: Markman, okay.
5 Always a little challenge to decipher
6 signatures.

7 BY MS. MARKMAN: I didn't write
8 very well.

9 BY JUDGE WOODRUFF: Alright. Will
10 you please raise your right hand. Do you
11 solemnly swear or affirm that the testimony
12 you're about to give in this matter is the
13 truth, the whole truth and nothing but the
14 truth?

15 BY MS. MARKMAN: Yes.

16 BY JUDGE WOODRUFF: Alright, and
17 can you tell us your name and a little bit
18 about yourself?

19 BY MS. MARKMAN: Sure. I'm Debbie
20 Markman. I'm the Community Development
21 Director with Economic Security Corporation.
22 We're a community action agency in
23 Southwest Missouri that serves Barton,
24 Jasper, Newton and McDonald Counties. And
25 I am here to represent the low income

1 interests of Southwest Missouri. I know it
2 doesn't sound like a whole lot, \$6.50 for a
3 residential increase, but for the customer
4 base that MGE has that's low income, it's
5 definitely a hardship. They have
6 difficulty coming up with their monthly
7 bills and the amounts that the gas has gone
8 up over the winters. And I know that's
9 just due to the natural gas costs going up,
10 but it is become a very difficult
11 situation. Our average - we operate a lot
12 of utility programs and the average cost
13 from last winter to this winter has changed
14 \$150 on the average per household. Adding
15 that additional \$6.50 is an additional
16 hardship. Those customers can't already
17 pay their bills and now they're going to
18 put in an additional amount that they're
19 going to have to pay every month. I do
20 believe wholeheartedly that we have to look
21 hard at the low income base and see if
22 there is some other way to deal with that
23 \$6.50 cost for residential customers.
24 That's all I've got.

25 BY JUDGE WOODRUFF: Alright, thank

1 you. Commissioner Murray, do you have any
2 questions for this witness?

3 BY COMMISSIONER MURRAY: No
4 questions. Thank you.

5 BY JUDGE WOODRUFF: Alright. Does
6 MGE have any questions?

7 BY MR. HACK: Oh, just really a
8 quick question. Ms. Markman, are you
9 familiar with the low income rate program
10 that MGE offers in the Joplin area?

11 BY MS. MARKMAN: Yes, I'm very
12 familiar with it.

13 BY MR. HACK: Do you have any
14 observations on whether it's been a
15 productive experiment or whether there's
16 possibly some benefits that are going to
17 come out of that program?

18 BY MS. MARKMAN: Well, there's
19 always a couple of things. One is there is
20 never enough slots for the number of
21 customers because we serve over 3,000
22 households a year and this is about - I'm
23 not sure about MGE, but Empire's is about
24 400 customers, so it's just kind of a dent
25 into the whole situation. The biggest

1 problem is the income guidelines. The zero
2 to 50 percent group, the folks that are on
3 very substance based, TANF, SSI, which is
4 like \$234 a month, often can't get on the
5 average pay plan. They can't even get the
6 monthly stipend that's available. So that
7 - I'm not sure how you - you know, when you
8 only get \$234 a month, it's a very
9 difficult situation to go ahead and make
10 that payment. So that's probably one of
11 the biggest issues I've seen with that
12 particular program. And the lower end of
13 the scale, it's very difficult for the
14 customer to become eligible and to make the
15 average pay and then to be able to do what
16 they need to do.

17 BY MR. HACK: Thank you.

18 BY JUDGE WOODRUFF: Public council?

19 BY MR. MICHEEL: Yes, Ms. Markman--

20 BY JUDGE WOODRUFF: Sir? Sir? If
21 you'd please come forward. The court
22 reporter can't hear you.

23 BY MR. MICHEEL: That program was an
24 experimental program. Do you believe that
25 that program had value for customers?

1 BY MS. MARKMAN: I think for the
2 upper end, the 51 percent to 100 percent, I
3 think it definitely, especially the working
4 population in Southwest Missouri. We have
5 over 50 percent working poor and I think it
6 definitely made a big impact for them to
7 have that \$20 extra stipend. The lower
8 end, it's just tough. I mean, you don't -
9 it's just not a lot of income.

10 BY MR. MICHEEL: In your
11 professional opinion, should that program be
12 continued or discontinued? That's one of
13 the issues in the case.

14 BY MS. MARKMAN: I think it should
15 be continued. Just any - it needs a lot of
16 massaging to make that more effective.

17 BY MR. MICHEEL: Thank you very
18 much.

19 BY JUDGE WOODRUFF: Questions from
20 staff?

21 BY MR. SCHWARZ: Ms. Markman, what
22 kind of changes would you suggest?

23 BY MS. MARKMAN: A lot of it has to
24 do with the - I think some of the way that
25 we have the average pay plan set up, I'm

1 not sure that that's a very effective - I
2 mean, I like the average pay plan. Don't
3 get me wrong. I think that's a good way
4 for people to learn how to budget, but I
5 don't think that's the total answer to
6 making folks eligible. And the stipend
7 maybe needs to be a little higher for the
8 lower end. I know it's \$40, but maybe we
9 need to have less slots and maybe a higher
10 stipend for it to make an impact on those
11 folks that have less income coming in. I
12 also think there ought to be some kind of
13 combination with some kind of energy
14 self-sufficiency kind of push with that
15 average pay plan. Perhaps bringing in
16 those weatherization services and doing a
17 little bit of energy conservation type of
18 thing and perhaps even some type of budget
19 awareness and incorporating more of an
20 energy self-sufficiency concept rather than
21 just a stipend by itself.

22 BY MR. SCHWARZ: Does your agency
23 have the opportunity to do consumer
24 education programs and perhaps budgeting
25 programs with the clients that you serve?

1 BY MS. MARKMAN: Well, the answer
2 was yes, if you had asked me this before
3 September 30 last year. Prior to the
4 energy crisis intervention program, changes
5 with a lot of these programs, we had done
6 that with every customer that actually
7 received utility assistance, received a
8 budgeting workshop alongside with that.
9 We're not longer able to do that because of
10 some of the Federal guidelines with the
11 LIHEAP program. However, we do have an
12 energy self-sufficiency program that we do
13 and it does incorporate all four concepts,
14 budget workshops, the weatherization
15 services, energy conservation and a utility
16 assistance payment wrapped around together.
17 We have about less than ten percent of the
18 population show back up for services again.

19 BY MR. SCHWARZ: Thank you.

20 BY JUDGE WOODRUFF: Alright. Thank
21 you, ma'am.

22 BY MS. MARKMAN: Thank you.

23 BY JUDGE WOODRUFF: The next name
24 on the list is John - starts with a V?

25 BY MR. VAUGHN? Yes. Vaughn. And

1 I'll decline. Thank you.

2 BY JUDGE WOODRUFF: The next name
3 then is Nora Pendergraft.

4 BY MS. PENDERGRAFT: It was a
5 mistake. I'm just used to signing in for
6 those meetings.

7 BY JUDGE WOODRUFF: Well, you're
8 certainly welcome to testify if you'd like
9 to.

10 BY MS. PENDERGRAFT: I'm really
11 don't - .

12 BY JUDGE WOODRUFF: Alright. Ms.
13 Pendergraft's name is the last one on the
14 list. Is anyone else here who would like
15 to testify? Alright, I don't see anyone.
16 Commissioner Murray, any final thoughts?

17 BY COMMISSIONER MURRAY: Thank you.
18 (Unintelligible).

19 BY JUDGE WOODRUFF: We're not
20 hearing you.

21 BY COMMISSIONER MURRAY: Can you
22 hear me now?

23 BY JUDGE WOODRUFF: We can hear you
24 now.

25 BY COMMISSIONER MURRAY: I think

1 that maybe I did not have the microphone on.

2 BY JUDGE WOODRUFF: Alright, we
3 hear you fine now.

4 BY COMMISSIONER MURRAY: I just
5 wanted to thank everyone who came this
6 evening for coming and sharing their views
7 with us. We always appreciate making the
8 effort to come out and (unintelligible) when
9 we make the effort to have a local public
10 hearing. Thank you very much.

11 BY JUDGE WOODRUFF: Alright, thank
12 you commissioner. With that then, the
13 formal part of the hearing is adjourned.
14 Thank you all very much. And for you in
15 Jefferson City, Mr. Woods, I know that
16 there was at least one more question that
17 wanted to be asked without the formal
18 proceeding, so we'll leave the connection on
19 for that. We're off the record.

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NOTARIAL CERTIFICATE

STATE OF MISSOURI)
) ss.
 COUNTY OF JASPER)

I, TONI L. BURLINGAME, Certified Court Reporter and a Notary Public in and for the County of Jasper and State of Missouri, do certify that we transcribed the foregoing transcript and further certify that the foregoing pages of transcript are a true and accurate transcription of the record that was made on that date.

GIVEN under my hand and notarial seal at my office in Jasper County, and State of Missouri, this ____ day of _____, 2004.

My commission expires: 06/30/07

 Notary Public within and for
 Jasper County, Missouri.