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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
TRANSCRIPT OF PROCEEDINGS

Public Hearings  
October 26, 2006

Kansas City, Joplin and Republic, Missouri

Volume 3

In the Matter of Missouri Gas )  
Energy's Tariffs Increasing ) Case No. GR-2006-0422  
Rates for Gas Service )  
Provided to Customers in the )  
Company's Missouri Service )  
Area. )

KENNARD L. JONES, Presiding,  
SENIOR REGULATORY LAW JUDGE  
CONNIE MURRAY,  
STEVE GAW,  
ROBERT M. CLAYTON, III,  
COMMISSIONERS  
(Via Video Conference in Jefferson City)

REPORTED BY: Tammy S. Menke (In Kansas City)

## 1 APPEARANCES:

2 Representing MISSOURI GAS ENERGY:  
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4 Mr. Dean L. Cooper (In Jefferson City)  
5 Mr. Paul A. Boudreau (In Kansas City)  
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7 Post Office Box 456  
8 Jefferson City, Missouri 65102

9 And

10 MISSOURI GAS ENERGY  
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12 Legal Department  
13 3420 Broadway  
14 Kansas City, Missouri 64111  
15 (In Kansas City)

16 Representing COUNTY OF JACKSON, MISSOURI:  
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23 Representing OFFICE OF THE PUBLIC COUNSEL and PUBLIC:  
24 MISSOURI OFFICE OF THE PUBLIC COUNSEL  
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Representing STAFF, PUBLIC SERVICE COMMISSION:  
MISSOURI PUBLIC SERVICE COMMISSION  
Mr. Robert Franson  
Senior Counsel  
Post Office Box 360  
Jefferson City, Missouri 65102  
(In Jefferson City)

26 Staff Present:  
27 Mr. Thomas Imhoff (Republic)  
28 Mr. Kevin T. Kelly (Jefferson City)  
29 Mr. Gregg A. Ochoa (Joplin)  
30 Mr. Warren T. Wood (Kansas City)

31

## 1 PROCEEDINGS

2 JUDGE JONES: My name is Kennard Jones. I  
3 am the regulatory law judge in the Case No.  
4 GR-2006-0422, Missouri Gas Energy request for a rate  
5 increase.

6 Also joining me are Commissioners Murray, Gaw,  
7 and Clayton this evening.

8 And those persons who are representatives of the  
9 Public Service Commission, would you all please come  
10 to the microphone and let me know how many people  
11 have signed up to testify at each location.

12 MR. WOOD: This is Warren Wood. There are  
13 seven people signed up to testify right here.

14 JUDGE JONES: Mr. Wood, where are you?

15 MR. WOOD: I'm in Kansas City.

16 JUDGE JONES: Okay. I see Tom and Gregg.

17 MR. OCHOA: Judge, we have two people in  
18 Joplin.

19 JUDGE JONES: Two people in Joplin.

20 MR. IMHOFF: We have two people, Judge, in  
21 Republic.

22 JUDGE JONES: Okay. In that case we're  
23 going to start with the first person signed up in  
24 Kansas City, then we'll go to Joplin, Republic, then  
25 K.C., Joplin, Republic, and then we'll finish up in

1 K.C.

2 At this time I'm going to take entries of  
3 appearance from parties in the case. Missouri Gas  
4 Energy.

5 MR. COOPER: Dean Cooper, from the law firm  
6 of Brydon, Swearingen & England, PC, appearing on  
7 behalf of Missouri Gas Energy, a division of Southern  
8 Union Company.

9 Also appearing on behalf of Missouri Gas Energy  
10 is Mr. Paul Boudreau, present in Kansas City.

11 JUDGE JONES: And from the Staff of  
12 Missouri Public Service Commission.

13 MR. FRANSON: Mr. Robert Franson,  
14 F-r-a-n-s-o-n, senior counsel, representing Staff of  
15 the Missouri Public Service Commission, P. O. Box  
16 360, Jefferson City, Missouri 65102.

17 JUDGE JONES: From the Office of the Public  
18 Counsel is there anyone present?

19 MR. POSTON: I'm Marc Poston, appearing for  
20 the Office of Public Counsel and the Public.

21 JUDGE JONES: And Trigen-Kansas City Energy  
22 Corporation? Midwest Gas Users Association?  
23 University of Missouri-Kansas City? Central Missouri  
24 State University? County of Jackson? City of Kansas  
25 City?

1           Okay. Let's go ahead and get started in Kansas  
2           City. Would the first person who signed up to  
3           testify please approach the podium.

4           MR. WOOD: Would Joe Perez please come  
5           forward. We have a mike on and the camera should be  
6           on you.

7           MR. PEREZ: Good afternoon.

8           JUDGE JONES: Would you please raise your  
9           right hand.

10          MR. PEREZ: Yes, sir.

11                         JOSEPH S. PEREZ,  
12           being first duly sworn, was examined and testified as  
13           follows:

14          JUDGE JONES: Would you please state and  
15           spell your first and last name for the court  
16           reporter.

17          MR. PEREZ: My first name is Joseph,  
18           J-o-s-e-p-h, last name is Perez, P-e-r-e-z.

19          JUDGE JONES: Thank you, sir. You may  
20           proceed with your comment.

21          MR. PEREZ: Okay. I have three concerns  
22           regarding this rate hike with MGE. One of the  
23           biggest concerns that I have with MGE is on this 42  
24           million-dollar request -- even though the Commission  
25           now is stating possibly to set it around 14 million

1 -- is the cold hard fact of historically MGE's  
2 minority participation in all their programs. And  
3 even though this involves their infrastructure line  
4 they have never had -- their community demographics  
5 is they service approximate by their own admission  
6 1.5 million people. They have roughly 500,000  
7 customers in their facilities.

8 If you take their strongest area, which is the  
9 Kansas City market, their demographics for the Kansas  
10 City market, even though they go through the other  
11 small rural areas, is roughly 40 percent  
12 demographics. Now, if you take 42 million and say  
13 they just have to match the 40 percent, which they  
14 will never even come close. They haven't even come  
15 close in the past. This is one of my problems is  
16 that they have not -- and the issue has not been  
17 addressed. And minorities pay a disproportionate  
18 amount of their income to heat their homes in the  
19 winter. They are the ones who get brutalized. And  
20 yet no real money goes back into their programs. And  
21 the only way to keep that is to say, okay.

22 The other thing that comes down is, is MGE  
23 historically has done in the neighborhood of 500  
24 million dollars in total operating revenue according  
25 to their records. Granted, last year it jumped -- or

1 the year before last it jumped to 672 million  
2 dollars.

3 The problem comes in is the fact that as the  
4 gentleman answered my question earlier, is even  
5 though they get a fixed rate of return on their  
6 infrastructure, is like the gentleman mentioned about  
7 their regress of tax on this, because the price of  
8 gas will continue to go up they're going to continue  
9 to make more money. Yet they expect the taxpayers to  
10 foot that bill. And at the same time there are no  
11 participation of their requirements, even in their  
12 infrastructure, let alone their gas and storage  
13 facilities. That's a whole other ball game. it's  
14 almost embarrassing. Actually, it's nonexistent with  
15 MGE. It's totally nonexistent.

16 What I don't understand also -- that's the  
17 second point.

18 The third point is, MGE in 2004, which is owned  
19 by Southern Union Company out of Wilkes-Barre,  
20 Pennsylvania, can come in and spend 1.8 billion  
21 dollars to buy Panhandle Eastern's pipeline. And  
22 even though they had got all the regulatory conflict  
23 what ends up again in this area, even though MGE  
24 says, "Well, we're independent," well, they're not  
25 independent of Southern Union. And here in the

1 Midwest you have two companies that control the  
2 majority of gas coming to Kansas City. You have  
3 Southern Union, which is MGE, and you have General  
4 Electric, which is like a 200 billion-dollar --  
5 actually it's not General Electric. It's just a  
6 portion of General Electric. It's General Electric  
7 Financial Services. Just that little portion of  
8 General Electric is a 200 billion-dollar industries.  
9 You know, Southern Industry, huge company. Ten  
10 thousand miles of pipeline. And yet they can  
11 maintain that. They have 88 Bcf of storage. But yet  
12 their MGE is needing funding?

13 One of the things that will be coming up also  
14 with MGE is the fact that under this rate structure  
15 part of that cost to maintain their infrastructure is  
16 going to be to have a tap to the new Kinder Morgan  
17 Line in St. Joe. Significance of that? The Kinder  
18 Morgan line is going to be the largest natural new  
19 gas pipeline facility in the country that is able to  
20 get gas from Longstetter, which is the Rocky Mountain  
21 Index, out -- and try to buy more expensive gas on  
22 the east coast. They're going to have the  
23 interconnect there. Have they looked for any kind of  
24 a joint venture or any kind of a partnership? Nope.  
25 We, the taxpayers, are going to pay for that



1 interconnect so they can pull off of it. Where are  
2 they going to dump their gas? They're going to dump  
3 their gas into GE's pipeline. That's -- everybody  
4 says, "Well, that seems fair. That seems like the  
5 most logical thing."

6 The problem is they have the monopoly on the  
7 prices. Somebody else could come right alongside and  
8 build a pipeline and recover that cost in seven  
9 years, eight years, whatever those numbers are.  
10 Instead you have the pipeline over here that's  
11 controlled by General Electric, 200 billion dollars,  
12 plus I don't know how much General Electric is worth.  
13 They're coming over here. And low and behold there's  
14 two companies, still same scenario.

15 That's the three big questions that I have.  
16 It's really a problem because minorities have never  
17 gotten -- and they'll talk about all of, you know, we  
18 bought all of our toilet paper from them or we bought  
19 all of our office supplies. Cold hard fact is on the  
20 hard meat and potatoes it ain't fair. And even  
21 though this is a nongas issue, somebody needs to be  
22 able to explain to me why MGE does not buy their gas  
23 from a minority supplier. And the classic line is,  
24 "Well, we can't find it." Their purchasing office  
25 for gas is in Lee's Summit, not at their corporate

1           headquarters.

2           One of the problems with that is they're buying  
3           their gas out of Texas. Where is their gas from  
4           Texas coming from? It's coming from the Southern  
5           Union pipeline because it can't be -- with the  
6           unbundling by FERC you cannot be a producer pipeline  
7           trans- -- none of that. So now you have a company  
8           that even though they're coming to us for 42 million  
9           dollars here in Kansas City area -- State of Missouri  
10          really, and saying we need more money, yet when it  
11          comes time to put the money out to the minority  
12          community where do you -- they're getting their gas  
13          out of Texas. And because they get a gathering fee  
14          for their pipeline -- or a fee for the pipeline.

15          Last thing on them, it's really sad that they  
16          have 88 Bcf storage along their Panhandle Eastern  
17          pipeline. But did they utilize any of that for this  
18          Kansas City market? Nope. Eight facilities. Eight  
19          natural gas storage facilities that they are the  
20          largest user of, of the pipeline of General Electric,  
21          as well as the storage field. They have no storage  
22          in this area aside from what they lease from, low and  
23          behold, the only other person in there.

24          They have had the opportunity to contract with  
25          the only minority-owned natural gas storage field in

1 the country. There is not one minority-owned natural  
2 gas storage field, which I don't think many people  
3 know about. When you start getting into these facts,  
4 here they're coming along and wanting a 40 some  
5 million dollar increase, they do nothing for it.  
6 Their parent company is making a blanket amount of  
7 money. Their revenues have increased from -- their  
8 revenues generally run in the neighborhood of 490 to  
9 580. And then it went up to over \$670,000. Forty  
10 percent increase in their revenue range.

11 They get a fixed return on their infrastructure.  
12 They go dollar for dollar. If their revenues go up  
13 40 percent, then somebody's tell me that management  
14 is not doing something right. If you increase your  
15 revenue -- the theory is you don't supposedly lose  
16 money when you go 40 percent revenue in three years.

17 And one last thing from a social standpoint,  
18 again, because minorities do pay a disproportionate  
19 amount of their money for gas, MGE buys no gas from  
20 minorities. MGE utilizes no storage. MGE has not  
21 worked with any partnership on the new Kinder Morgan  
22 Line.

23 But more importantly the tone was set with how  
24 MGE feels about it is when ACORN two years ago, Terry  
25 Riley, who is city council here, went to meet him at

1 his big home in Lake Wood. And low and behold the  
2 president of MGE would not meet with ACORN, which is  
3 a large low income organization.

4 With these things -- and everybody can say,  
5 well, we can't be concerned with the issue of  
6 minority in natural gas, you know, because its an  
7 independent. It is part of it. The federal  
8 government has benchmarked natural gas as an industry  
9 because there are no minorities in it. You can see  
10 the few players in it and you can see the ability of  
11 MGE, who doesn't want to participate, the  
12 opportunities are there out the ying-yang for them.  
13 And I'm not talking on this bean money stuff that  
14 they slow poke and put on the paper and say we  
15 advertise and everything.

16 That's where I have a problem. It's a problem  
17 that is systemic with not only -- but in this case it  
18 is such a disparity. Not one in the country.  
19 Nothing. They could work together to build an  
20 interstate pipeline, feeder line into their system.  
21 Won't do it.

22 If you allow them the rate increase what you're  
23 saying -- what the Commission is saying, minorities  
24 you're going to spend your money on it and nothing  
25 you can do. You ain't got enough political clout to

1 do anything with it. I think it's very sad. And it  
2 is cost related because we are all part of this  
3 country and this state. And whether you're white,  
4 black, Mexican, Indian, you still got to have gas to  
5 heat the home. And none of that money comes back  
6 into the community in any fashion. None of it goes  
7 back to develop business owners. It's sad.

8 If the Commission allows it that's pretty much a  
9 rubber stamp. And there's nothing else I can say. I  
10 appreciate it. And I appreciate your time on it. I  
11 thank you very much.

12 MR. WOOD: Mr. Perez, if you could please  
13 stay a moment for questions.

14 MR. PEREZ: Oh, yes. I'll answer any  
15 questions.

16 There's not much to say. The facts speak for  
17 themselves.

18 (Inaudible from Jefferson City.)

19 THE REPORTER: I can't hear.

20 MR. WOOD: We can't hear you, Kennard.

21 JUDGE JONES: You can't hear me?

22 MR. WOOD: Now it is better.

23 JUDGE JONES: Can you hear me?

24 MR. WOOD: Yes, we can hear you now.

25 JUDGE JONES: Okay. Mr. Cooper, do you

1 have questions for Mr. Perez?

2 MR. COOPER: No questions, your Honor.

3 JUDGE JONES: Mr. Franson?

4 MR. FRANSON: No questions, your Honor.

5 JUDGE JONES: Mr. Poston?

6 MR. POSTON: No questions.

7 JUDGE JONES: Thank you. Questions from  
8 Commissioner Murray?

9 COMMISSIONER MURRAY: Good evening,  
10 Mr. Perez.

11 MR. PEREZ: Yes, ma'am.

12 COMMISSIONER MURRAY: I don't recall if the  
13 judge asked you. Are you a customer of MGE?

14 MR. PEREZ: Yes.

15 COMMISSIONER MURRAY: May I ask you what  
16 you do for a living?

17 MR. PEREZ: I'm a civil engineer by  
18 profession. Used to be in construction.

19 COMMISSIONER MURRAY: And are you --

20 MR. PEREZ: I'm sorry. I used to be in --

21 COMMISSIONER MURRAY: I'm sorry.

22 MR. PEREZ: I used to be in construction  
23 till '95. And then I retired and got bored and  
24 found an industry that had been benchmarked, which  
25 was natural gas. And that's how we got started into

1           developing the only natural gas storage reserve in  
2           the entire United States that's owned by a minority.  
3           And it's the --

4                         COMMISSIONER MURRAY:  What is that?  What  
5           is the title of that?

6                         MR. PEREZ:  We have -- It's West McCloud  
7           Storage, Inc.  But we also have a production company.

8                         COMMISSIONER MURRAY:  What is that company  
9           called?

10                        MR. PEREZ:  It's Perez Natural Gas  
11           Production.

12                        COMMISSIONER MURRAY:  So your testimony  
13           here is that you think MGE should be doing business  
14           with these two firms?

15                        MR. PEREZ:  No.  I don't care about that  
16           because we've got -- to be quite honest with you,  
17           there's more business out there than we could ever  
18           imagine.

19                        But my thing is the same as when I was in  
20           construction.  We don't need any favors from MGE in  
21           Hispanic or black community.  Give us the opportunity  
22           and we'll get the work.  We don't need people to  
23           cater to us.  But open up the opportunity.  I don't  
24           need MGE.  I mean, it doesn't take a rocket scientist  
25           to see if you're the only one in the country that's

1 the only production. Especially with the Kinder  
2 Morgan line coming in.

3 But all I'll say to you --

4 COMMISSIONER MURRAY: Excuse me. Mr.  
5 Perez, how many minority storage facilities are there  
6 and how many minority natural gas companies are  
7 there, that you are aware of?

8 MR. PEREZ: In the United States?

9 COMMISSIONER MURRAY: In this region.

10 MR. PEREZ: Huh? In this area or what area  
11 do you want?

12 COMMISSIONER MURRAY: In this area.

13 MR. PEREZ: Well, in the State of Missouri  
14 there's only one, it's closer to St. Louis. In  
15 Nebraska there's one, it's in (inaudible) I believe.  
16 I believe there's three in Des Moines. In the  
17 eastern half of Kansas, because it's close to Kansas  
18 City, there are eight. Of those eight that are in  
19 Kansas they are controlled by one company.

20 Just to give you a little fact, of the 201 FERC  
21 jurisdictional, which lets you go interstate -- not  
22 intrastate -- they are controlled by 43 companies.  
23 Roughly 65 percent of the gas is controlled under  
24 FERC. If you take 45 companies, and they're all like  
25 multiple -- they own multiple facilities because



1 that's just the way it is.

2 COMMISSIONER MURRAY: I asked you about  
3 minority facilities. That's not what you're  
4 referencing now, is it?

5 MR. PEREZ: No. There's no minority  
6 facilities in the entire United States. Not one.

7 COMMISSIONER MURRAY: Okay. Thank you. I  
8 appreciate you being here.

9 JUDGE JONES: Commissioner Gaw, do you have  
10 questions?

11 COMMISSIONER GAW: Mr. Perez, how are you?

12 MR. PEREZ: Fine, sir. Thank you very  
13 much.

14 COMMISSIONER GAW: Thank you for coming. I  
15 want to make sure I understand what you just said.

16 Did you say there were no minority-owned storage  
17 facilities or did I misunderstand you just then?

18 MR. PEREZ: Yes. Of the FERC regulated  
19 storage facilities, of the 201 that are FERC  
20 regulated, there is not one in the entire United  
21 States. There is --

22 COMMISSIONER GAW: Okay, sir.

23 MR. PEREZ: There is approximately 415  
24 underground storage facilities, but they're not  
25 licensed interstate. Because you have companies line

1 Boeing, who have their own underground storage to  
2 handle their own facilities. Just very much like the  
3 gentleman said earlier. And you can look at the  
4 numbers. A third of all MGE customers are  
5 commercial. Third of their volume is commercial.

6 COMMISSIONER GAW: Okay. And when you  
7 referred to storage facilities earlier, the Perez  
8 company owned or had an interest in, those are not  
9 interstate regulated, I assume?

10 MR. PEREZ: Our facilities?

11 COMMISSIONER GAW: Yes.

12 MR. PEREZ: They are FERC regulated, as  
13 well as State of Kansas regulated. And we are --

14 COMMISSIONER GAW: They are?

15 MR. PEREZ: Yes. And through the GE  
16 company we will have our tap. But the problem is MGE  
17 holds all the capacity to bring gas in. It's  
18 basically if they don't want to buy your gas you're  
19 SOL.

20 COMMISSIONER GAW: I see.

21 MR. PEREZ: You know. But that's not the  
22 problem because we have other shippers that will buy  
23 our gas. But we don't feel that that -- it doesn't  
24 matter to us MGE not buying gas from us. I'm just  
25 pointing this out that there is no opportunity at

1 all.

2 COMMISSIONER GAW: Right.

3 MR. PEREZ: Because I don't know that I  
4 want to do business with MGE with their track record.  
5 I mean, you take the president of a company who  
6 wouldn't even meet me a representative or ACORN.  
7 What does that tell you about -- you know, you may  
8 buy your gas but he'll sit on your payment for 90 or  
9 120 days. And we all know what the volume of gas is.  
10 Even if we just sold gas to MGE, okay, at a 40  
11 percent -- let's say we go a third, they buy 53 Bcf  
12 gas a year. A third of 17 Bcf a year. At today's  
13 prices that's 7 bucks. That's a 109 million. They  
14 sit on three months, which, you know, anybody that  
15 works with corporations that don't want to do  
16 business, they can sit on 30 million dollars of your  
17 money. It don't take a rocket scientist. They can  
18 say yeah we really want all this good stuff. Thirty  
19 million dollars for a nobody is just -- I mean, it's  
20 a lot of money. I mean, it's a huge amount of money.  
21 Now, yeah, they're doing 600 million. That's only 5  
22 percent. But 30 million -- that's all relative.  
23 Half million or a million. But by the nature of gas,  
24 you know, we're basically a mom and pop, even when  
25 people hear the numbers. How can you be a minority

1 if you're doing that? Natural gas is considered  
2 small if you're under 500 million or 5,000 employees.

3 COMMISSIONER GAW: I see. Mr. Perez could  
4 you boil it down to me in a nutshell what it is you  
5 would like the Commission to do in this case?

6 MR. PEREZ: We would like for the  
7 Commission to say -- 40 percent of your demographics  
8 is minority throughout the whole area. I mean,  
9 granted, down in Joplin it's not. Warrensburg not,  
10 maybe. But overall of the 1,500,000 customers  
11 600,000, 400,000 to 600,000, whatever number you want  
12 to pick, it's going to be a substantial percentage of  
13 their total customer base.

14 There needs to be something -- not a good effort  
15 -- not a good will to say, look, we're going to give  
16 you this rate increase and future rate increases for  
17 your infrastructure or your gas purchases when you  
18 got to break it down, to say you need to be able to  
19 match it up with the opportunities that are there.  
20 Doesn't matter who they buy from in the minority  
21 community. I could care less. But minorities buy  
22 the same amount of gas here in the inner city as they  
23 do out there at Lake Wood or at Halls -- whatever  
24 they call that out there. Any of those big fancy --  
25 people buy. But the minorities pay a disproportion

1 and we get nothing back. And it's not me. I  
2 represent -- or at least I feel like I represent  
3 minority consumers as well as minority businesses.

4 COMMISSIONER GAW: Okay. Mr. Perez, thank  
5 you very much for your incite.

6 JUDGE JONES: Commissioner Clayton, do you  
7 have any questions?

8 COMMISSIONER CLAYTON: Thank you. I don't  
9 have any questions, Mr. Perez. Thank you for coming.  
10 It's very interesting. Appreciate it.

11 MR. PEREZ: Thank you very much.

12 JUDGE JONES: Thank you, Mr. Perez.

13 At this time we're going to go to Joplin.  
14 Mr. Ochoa, if you could please call the first person  
15 there to testify.

16 I'd like to remind everyone who is here, the  
17 commissioners, and whoever is testifying in Joplin  
18 and Republic, the court reporter is in Kansas City.  
19 There is a slight delay in the transmission of the  
20 audio. So we might keep that in mind to allow her to  
21 transcribe accurately.

22 Go ahead, Mr. Ochoa.

23 MR. OCHOA: Mr. Bill Pate.

24 BILL PATE,

25 being first duly sworn, was examined and testified as

1 follows:

2 JUDGE JONES: Thank you, sir. Make sure  
3 your microphone is on. If so you may need to speak  
4 up a little bit.

5 Could you say and spell your first and last name  
6 for the court reporter, please.

7 MR. PATE: My first name is Bill, B-i-l-l,  
8 the last name is Pate, P-a-t-e.

9 JUDGE JONES: Thank you, Mr. Pate. You may  
10 go ahead with your comments.

11 MR. PATE: All right. Earlier you named  
12 someone at these hearings thank the public for  
13 attending. I want to reciprocate in thanking the  
14 Commission for giving us this opportunity to make  
15 these statements.

16 I have been a resident of Joplin for over 20  
17 years. I am a satisfied customer of MGE. I have no  
18 complaints about either the service or their rates.  
19 And I think I understand based on the earlier session  
20 this evening how the proposed rate change is  
21 established.

22 I have a concern about the fact that large  
23 employers do not seem to have a proposed change as  
24 compared to residential customers. Fortunately the  
25 business life in this community seems to be good.

1 One of our largest employers in their annual report  
2 last year stated that they saw a strong established  
3 market for their product. Another one of the major  
4 employers had record third quarter earnings this  
5 year. Both medical centers have had or are currently  
6 engaged in significant construction projects.  
7 However, at this time the average per capita personal  
8 income in Joplin is 25 percent lower than the  
9 national average.

10 Consequently my concern is if this proposed rate  
11 change would be another -- let me restate that. That  
12 this proposed rate change will result in a  
13 redirection available from the middle class to the  
14 poor. In this case members of like middle wealthy,  
15 in this case to corporations' executives and  
16 stockholders. Thank you.

17 JUDGE JONES: Thank you, Mr. Pate.

18 Are there questions from MGE? Staff or  
19 Commission?

20 MR. FRANSON: No, your Honor.

21 JUDGE JONES: Office of the Public Counsel?

22 MR. POSTON: No, thank you.

23 JUDGE JONES: Commissioner Murray.

24 COMMISSIONER MURRAY: Mr. Pate, thank you  
25 for your testimony. I just have one question. That

1 is: I'm trying to be clear on what it is you're  
2 asking us this evening. I'm not sure but it sounds  
3 as if you're talking about being concerned about the  
4 way any rate increase would be distributed amongst  
5 the classes, between residential, commercial,  
6 industrial. Is that what you are speaking about?

7 MR. PATE: Yes, ma'am.

8 COMMISSIONER MURRAY: Okay. I just wanted  
9 to be sure I was hearing properly. Thank you.

10 MR. PATE: Thank you.

11 JUDGE JONES: Commissioner Gaw?

12 COMMISSIONER GAW: I don't have any  
13 questions. Thank you, Mr. Pate, for coming.

14 JUDGE JONES: Commissioner Clayton?

15 COMMISSIONER CLAYTON: Mr. Pate, I have  
16 just a couple questions. At the beginning of our  
17 testimony you stated that you were a satisfied  
18 customer of MGE; is that correct?

19 MR. PATE: That's correct.

20 COMMISSIONER CLAYTON: And by saying you're  
21 satisfied does that mean that you have received good  
22 quality of service, your gas works when you want it  
23 to?

24 MR. PATE: It does --

25 COMMISSIONER CLAYTON: Have you ever had



1 any difficulty -- excuse me. I'll let you finish.

2 MR. PATE: Do I anticipate that next  
3 question? No, I have not had any difficulty in the  
4 over 20 years where I've lived, where I do currently.

5 COMMISSIONER CLAYTON: You've had no  
6 problems with billing or with any customer service  
7 issues?

8 MR. PATE: No, sir, I have not.

9 COMMISSIONER CLAYTON: This is a real  
10 challenge asking a question and waiting for you to  
11 respond about five seconds later. This is  
12 interesting technology.

13 MR. PATE: Okay.

14 COMMISSIONER CLAYTON: Well, I appreciate  
15 you coming and I have no further questions.

16 MR. PATE: Thank you.

17 JUDGE JONES: Thank you, Mr. Pate. You may  
18 be seated.

19 Now we move to Republic. Mr. Imhoff, will you  
20 please call the first witness.

21 MR. IMHOFF: Yes, Judge, we do have another  
22 witness, so I have a total of three right now.

23 JUDGE JONES: That's fine.

24 MR. IMHOFF: Thank you. And the first  
25 witness will be Norma Hull.

1                   JUDGE JONES: Good evening, ma'am. Please  
2 raise your right hand.

3                   NORMA JEAN HULL,  
4 being first duly sworn, was examined and testified as  
5 follows:

6                   JUDGE JONES: Thank you. Will you please  
7 state and spell your first and last name for the  
8 court reporter.

9                   MS. HULL: My name is Norma, N-o-r-m-a,  
10 Jean Hull, H-u-l-l.

11                  JUDGE JONES: Thank you, ma'am. You may  
12 proceed with your testimony.

13                  MS. HULL: My comments will be brief. I  
14 believe that in order to have a free competitive  
15 service we have to have the opportunity for other  
16 people to be providing our service, which we don't  
17 have in this case. So someone needs to feel for the  
18 small person.

19                  In this case I believe that asking for a 60  
20 percent increase is ridiculous. I realize that if  
21 you can, but a lot of companies try. And asking for  
22 this increase of 60 percent, when earlier they wanted  
23 30 percent. I with we could get away from that in  
24 our society. I do believe that a 60 percent  
25 increase, with us having a couple of increases two

1 years ago, then certainly overkill.

2 And I would like to see any talk be that all  
3 service to be necessary to be shared by all customers  
4 instead of just small residential or small business  
5 customers. Thank you.

6 JUDGE JONES: Thank you, Ms. Hull.

7 Do you have questions from MGE?

8 MR. COOPER: Just one, your Honor.

9 Ma'am, would it change your testimony at all to  
10 know that the overall increase request is more along  
11 the lines of 6.8 percent?

12 MS. HULL: Why do you say that?

13 MR. COOPER: Well, because I've read the  
14 submitted document proposed.

15 MS. HULL: \$6.50. \$11.65 is more than 60  
16 percent. That's what it says it is going to  
17 increase.

18 MR. COOPER: What are you looking at right  
19 now? At the information sheet that was handed --

20 MS. HULL: I'm looking first at the charge  
21 on my bill. And the increase the customer charge  
22 will go up \$6.52 per month.

23 MR. COOPER: Okay. So you're looking at  
24 the comparison of the customer charge proposal?

25 MS. HULL: Isn't that what we're talking

1 about?

2 MR. COOPER: That's all the questions I  
3 have, Judge.

4 JUDGE JONES: Just for clarity, I believe  
5 that you were saying MGE was asking for 60 percent  
6 increase in their revenues, when in fact you're  
7 talking about the increase what the customers would  
8 pay; is that correct?

9 MS. HULL: That's correct.

10 (Inaudible)

11 JUDGE JONES: Do we have a question.

12 Any questions from Staff for the  
13 Commission?

14 MR. FRANSON: No, your Honor.

15 JUDGE JONES: Any questions from Public  
16 Counsel?

17 MR. POSTON: No, your Honor.

18 JUDGE JONES: Any questions from  
19 Commissioner Murray?

20 COMMISSIONER MURRAY: I don't think I have  
21 any questions. But I think there is some confusion  
22 with the witness' interpretation of what the rate  
23 increase is seeking.

24 It's not a 60 percent increase on a customer  
25 bill that MGE is seeking here. And if you're looking

1 at the customer charge, for example, you're looking  
2 at only one fixed amount. And I don't know offhand  
3 whether that particular piece of the equation would  
4 increase by 60 percent. But there is not a 60  
5 percent increase being sought here overall. Just to  
6 clarify that for you and ask you just to define.

7 MS. HULL: I'd like to (inaudible) --

8 THE REPORTER: I'm sorry, I need that --

9 JUDGE JONES: Go right ahead.

10 MR. WOOD: She said, "I'd like to comment  
11 to that."

12 MS. HULL: If I understand the cost before  
13 with the hearing with the Missouri Public Service  
14 Commission is that is the figure we're talking about.  
15 And unless my math has changed \$11.65 divided by the  
16 amount of the residential rate increase is going to  
17 come to 60 percent.

18 So of the explanation from the Missouri Public  
19 Service Commission officer who is here, unless I  
20 misunderstood him, it's exactly what I just explained  
21 to you. Thank you.

22 COMMISSIONER MURRAY: So are you telling us  
23 that your monthly bill for gas service is \$11 and  
24 something?

25 MS. HULL: Yes, ma'am, I am. I am saying

1           that before it came from Staff, I paid \$11.65 and now  
2           I would be paying \$18.17. If you (inaudible) if I  
3           ever get one different to that. That's a 60 percent  
4           increase.

5                         COMMISSIONER MURRAY: That's on simply the  
6           charge. And that was what I was trying to explain.  
7           You're speaking about one portion of what you are  
8           charged for. And if you look at everything that you  
9           are charged for it is not 60 percent of everything.

10                        But anyway, I don't want to get into a long  
11           explanation here. I just wanted to try to clarify  
12           that for you, so that you wouldn't be thinking that  
13           your entire gas bill would increase by 60 percent if  
14           they were granted a full rate relief request.

15                        JUDGE JONES: Now, Mr. Imhoff, when  
16           Ms. Hull is done speaking to you be sure that she's  
17           clear on what's being proposed. I'd like for her to  
18           at least leave with an understanding of what the  
19           proposed rate increase is.

20                        At this time we'll move to questions from  
21           Commissioner Gaw.

22                        Ms. Hull, would you please remain. We have two  
23           more commissioners that may have questions for you.

24                        COMMISSIONER GAW: Ms. Hull, thank you for  
25           coming tonight.

1 MS. HULL: Yes.

2 COMMISSIONER GAW: What I'd like to do, if  
3 I could, is ask Staff a couple questions real quick  
4 while you're here just so I can get clarification.  
5 Would you mind?

6 MS. HULL: I wouldn't mind.

7 COMMISSIONER GAW: Staff is here. I'm  
8 looking across to Counsel or Mr. Imhoff, whoever  
9 wishes to answer this.

10 The request --

11 JUDGE JONES: Do you want anyone --

12 COMMISSIONER GAW: Yes.

13 JUDGE JONES: Mr. Imhoff, would you please  
14 raise your right hand.

15 THOMAS IMHOFF,  
16 being first duly sworn, was examined and testified as  
17 follows:

18 COMMISSIONER GAW: MR. Imhoff, would you  
19 mind telling me what it is generally being sought by  
20 MGE in regard to the rate increase proposal?

21 MR. IMHOFF: If you look at what they have  
22 requested, they have requested an average of \$6.52  
23 per month on a residential customer's bill. That's  
24 -- and definitely on \$6.52 per month and what's --

25 THE REPORTER: They need to go one --

1 JUDGE JONES: We're not getting everything.

2 COMMISSIONER GAW: Is that average impact  
3 to residential consumers?

4 MR. IMHOFF: Yes, it is. Based on the  
5 \$6.52, full requests of 41.7 million dollars.

6 COMMISSIONER GAW: Okay. And so that is  
7 not necessarily the amount that every customer would  
8 pay as the increase in their fixed charge every  
9 month, correct?

10 MR. IMHOFF: That is correct.

11 COMMISSIONER GAW: What would the average  
12 residential bill be approximately for a customer  
13 today, without the increase? Do you know that  
14 answer? Just approximately.

15 MR. IMHOFF: Okay. Based on what we said  
16 we have requested 41.7 million -- let me do a real  
17 quick calculation.

18 COMMISSIONER GAW: If you can. It's not to  
19 be belabored.

20 MR. IMHOFF: Okay. When you look at the  
21 total bill, we're looking at approximately \$74 annual  
22 increase at the 41.7 million. And we figure the  
23 customer will probably -- customer's total bill on an  
24 annual basis will run anywhere from 800 to \$1,000 on  
25 a yearly basis. So based on that you're looking at



1           about 6 or 7 percent total overall. That's the  
2           overload computation. If you take the funded gas  
3           cost revenue as well --

4                        COMMISSIONER GAW: Okay.

5                        MR. IMHOFF: Going the full --

6                        COMMISSIONER GAW: So in other words the  
7           amount of the increase that you're talking about per  
8           month there -- and, of course, all of these are  
9           averages and can vary significantly according to how  
10          much gas you're using, I suppose. But we talking  
11          that time frame will average out per customer to  
12          about a 6 percent increase?

13                       MR. IMHOFF: Roughly, yes, that is correct.

14                       COMMISSIONER GAW: And that could vary from  
15          one customer to another.

16                       MR. IMHOFF: That is the case. That is  
17          correct.

18                       COMMISSIONER GAW: Let me ask, Ms. Hull,  
19          real quickly. Ms Hall, in regard to your bill that  
20          you have, your \$11 --

21                       MS. HULL: It's Hull.

22                       COMMISSIONER GAW: I apologize. I'm just  
23          not hearing very well here.

24                       The amount of your bill that you had, \$11, is  
25          that just the fixed amount of your bill or does that

1 include the entire amount?

2 MS. HULL: That's just the amount before I  
3 end --

4 COMMISSIONER GAW: Okay. That helps me.  
5 And as I understand it, I'm just going by what they  
6 just said, you actually would look at the entire  
7 amount of the bill and add -- if you were around the  
8 average usage add about a 6 percent if they got the  
9 full amount of their request. Does that make sense?

10 MS. HULL: I agree with you, but what I'm  
11 telling you is that the information sheet that was  
12 provided --

13 COMMISSIONER GAW: Is giving you a  
14 different impression?

15 MS. HULL: -- than the paper is saying.

16 COMMISSIONER GAW: I understand. As the  
17 judge said, if you wouldn't mind talking to  
18 Mr. Imhoff there after you finished with your  
19 testimony, to see whether or not we can get that  
20 clarified. Because we certainly would like to have  
21 information put out that gives people the impression  
22 that's easy to understand. If not it's causing a  
23 different impression than what is accurate we need to  
24 see if Staff can adjust that.

25 MS. HULL: I appreciate that. I believe



1 wanted to ask you about the quality of service. Do  
2 you believe you receive good quality of service? Can  
3 you tell me?

4 MS. HULL: (Inaudible) I'm not (inaudible)

5 MR. WOOD: We can't get her at all.

6 THE REPORTER: No.

7 COMMISSIONER CLAYTON: I understand you  
8 wish you had a choice. Does that mean no, your  
9 service is not good quality?

10 MS. HULL: I was happier when I was -- when  
11 I was on propane gas.

12 COMMISSIONER CLAYTON: Could you describe  
13 the problem with the quality of service? Is it a  
14 billing problem? Does the gas not work when you want  
15 it to work? Is it a customer service issue? Do they  
16 not respond to problems that you have? Can you  
17 describe that?

18 MS. HULL: I'd be happy to describe it as  
19 best I can. I have not had specific problems. I  
20 didn't expect specific problems. The utility  
21 commission generally take care about those types of  
22 problems.

23 What I would like is a more (inaudible)

24 COMMISSIONER CLAYTON: Thank you. Have you  
25 had problems in calling your customer service office?

1 MS. HULL: No, sir.

2 COMMISSIONER CLAYTON: Has your gas not  
3 worked at a particular time?

4 MS. HULL: No, sir. I just feel --

5 COMMISSIONER CLAYTON: I understand you  
6 want a competitive market, but that's not up for us  
7 to decide, that's up to the legislature. So I can't  
8 help in that regard.

9 But I did want to ask if you had specific  
10 problems. I can address those specific problems.

11 MS. HULL: Thank you. I don't.

12 COMMISSIONER CLAYTON: Okay. Thank you  
13 very much.

14 JUDGE JONES: Thank you, Ms. Hull. You may  
15 be seated.

16 MS. HULL: Thank you.

17 JUDGE JONES: I will also say for the  
18 interested parties, because Mr. Imhoff gave testimony  
19 after all the customers have testified I will give  
20 you an opportunity to crossexamine Mr. Imhoff if you  
21 wish to.

22 At this time we'll go to Kansas City.

23 Mr. Wood, would you please call the next  
24 witness.

25 MR. WOOD: Yes. Thank you, Judge. One

1           thing I would need to ask on behalf of the court  
2           reporter here, when we're having a discussion that's  
3           going back and forth rapidly without much delay, we  
4           are with some of the distortions we are having a hard  
5           time picking up the words at times. So if people  
6           could try to pause between questions and answers  
7           we'll try to limit the distortions and try to keep a  
8           complete record here with the court reporter.

9           Okay. Our next witness then is Ed Krawczyk.

10           JUDGE JONES: Good evening.

11                           ED KRAWCZYK,  
12           being first duly sworn, was examined and testified as  
13           follows:

14                           JUDGE JONES: Thank you. Please state and  
15           spell your first and last name.

16                           MS. HULL: My name is Ed Krawczyk, E-d  
17           K-r-a-w-c-z-y-k.

18                           JUDGE JONES: Thank you, sir. You may  
19           proceed with your testimony.

20                           MR. KRAWCZYK: Okay. As I said, my name is  
21           Ed Krawczyk. I've worked for gas service -- KPL Gas  
22           Service, and now Missouri Gas Service, well, for 23  
23           years all here in this area. So I'm an employee of  
24           Missouri Gas Energy. I'm also a customer of Missouri  
25           Gas Energy.

1 I'm also the unit president of Local 12561,  
2 United Steel Workers. I represent about a hundred  
3 members in Lee's Summit, Independence, Warrensburg  
4 and surrounding areas.

5 Missouri Gas Energy has employees working shifts  
6 that cover 24 hours a day, seven days a week,  
7 including holidays. These employees need equipment  
8 that will not only keep them safe but also the public  
9 and the customers safe. Being able to afford this  
10 equipment should not depend on the weather. The need  
11 is there and the years when revenue was high, because  
12 the weather is cold, and the expense is still there  
13 in the years when the revenue is low because of the  
14 warm weather.

15 The maintenance gas lines should not depend on  
16 the amount of gas it sells; therefore, I support this  
17 rate increase.

18 JUDGE JONES: Thank you, sir.

19 At this time questions from MGE?

20 MR. COOPER: No questions.

21 JUDGE JONES: Questions from Staff of the  
22 Commission?

23 MR. FRANSON: No questions, your Honor.

24 JUDGE JONES: Questions from Office of  
25 Public Counsel?

1 MR. POSTON: No questions. Thank you.

2 JUDGE JONES: Thank you.

3 Commissioner Murray?

4 COMMISSIONER MURRAY: I have no questions,  
5 but thank you for your testimony.

6 JUDGE JONES: And Commissioner Gaw?

7 COMMISSIONER GAW: No questions.

8 Thank you, sir.

9 JUDGE JONES: Commissioner Clayton?

10 COMMISSIONER CLAYTON: I have no questions.

11 Thank you for coming, Mr. Krawczyk.

12 JUDGE JONES: Thank you, sir. You may be  
13 seated.

14 And now we will call our second witness from  
15 Joplin.

16 MR. OCHOA: Sir, that witness would like to  
17 submit written comments. So at this time I have no  
18 one else that wishes to testify.

19 JUDGE JONES: Okay. Thank you. If there  
20 is anyone still present in Joplin when we're done  
21 with those who signed up, I will ask again at all  
22 three locations whether or not there is anyone who  
23 wishes to testify.

24 We'll move on to Republic. Mr. Imhoff?

25 MR. IMHOFF: One moment please. Yes. Will



1 a Ronny Branch please come up. All right. How about  
2 Matt Knost? We still have another witness, Judge.

3 MS. ELLIS: Yes --

4 JUDGE JONES: Would you raise your right  
5 hand, please.

6 PATTIE ELLIS,  
7 being first duly sworn, was examined and testified as  
8 follows:

9 JUDGE JONES: Thank you. Before you give  
10 comment please state and spell your first and last  
11 name for the court reporter, then you may go on with  
12 your testimony.

13 MS. ELLIS: Okay. My name is Pattie Ellis,  
14 P-a-t-t-i-e, Ellis, E-l-l-i-s.

15 JUDGE JONES: Thank you. You may proceed.

16 MS. ELLIS: Thank you so much. I prepared  
17 some stuff yesterday and I needed to be not perfect  
18 public statement today. Okay.

19 MGE is a subsidiary of Southern Union Company.  
20 There is down before you a request of nongas  
21 cost-related increase in rates going to commercial  
22 small business owners and to residents only. As far  
23 as our costs obviously.

24 Natural gas costs are down one-third of what  
25 they were a year ago. The rate increase that they

1 have asked you for and based upon this hike, which  
2 represents that 15 versus 4.5 number.

3 Southern Union Company has been very well run to  
4 those. And I will give you some demonstration.  
5 2001, revenues were 174 million dollars, that was  
6 net. 2006 to date and projection \$547,200,000 net  
7 worth. The income statement annual recorded as of  
8 today for 2004, this is just two years ago, was 14  
9 million dollars net profit. 2005 was 20 million  
10 dollars net profit.

11 Yesterday Southern Union enjoyed a 52-week high  
12 of \$28 and (inaudible) 7 cents per share. Okay. The  
13 net property in millions is a bit harder to  
14 understand because there are four figures.  
15 (Inaudible) is 3,000 million (inaudible). I'm not a  
16 math whiz. 2003, 3208; 2005, 3486. And that is  
17 million dollars. As 67 or to 64,000 shares 80  
18 percent are institutionally held. That means that  
19 those shares of stock belong to people like Price  
20 Waterhouse (inaudible) Edward Jones. Those to sell  
21 and trade those shares in blocks. 80 percent of all  
22 of the shares of this company is institutionally  
23 held.

24 (Inaudible) There is (inaudible) but we do need  
25 gas service. And we do need that services that are

1 possible and they are strongly and customers for the  
2 economy. If you have stock in SUG become very  
3 (inaudible). If you are on a fixed income of less  
4 than \$1,000 a month, 600 is not going to get you.

5 There is commission judges. I think I made my  
6 point about the disgust and the 500 percent  
7 (inaudible) adequate public to (inaudible) in this  
8 year.

9 I'll move right along. I don't want to waste  
10 any more of your time. The Providence Journal of  
11 Rhode Island is Phase II of (inaudible) of Southern  
12 Union is not (inaudible) to speak to what kind of  
13 companies Southern Union is. I'll give you a little  
14 information that you may not have.

15 But as far as environmental violation of the gas  
16 company's parent Southern Union was within does  
17 intimidate other simply means once the violation was  
18 issued to that company fined \$25,000 each day that  
19 the (inaudible) contamination isn't dealt with,  
20 according to the end director Michael Solomon. The  
21 point being, six years ago Southern Union acquired a  
22 local gas provider and energy provider. They did  
23 that at the time, knowing there was contamination at  
24 (inaudible). There has been six years to do  
25 absolutely nothing about severe contamination in the

1 ground, but they knew they thought was good. Six  
2 years (inaudible) provided comments, that is a  
3 relatively small area, 500 population, you know,  
4 people that's about there are contaminated and we  
5 know six years. That was (inaudible) shows a  
6 complete lack of regard for the community.  
7 The property (inaudible) include bankrupt.

8 I've gone door to door alone and spoken to  
9 people. And had a couple of people who were going to  
10 try and come. Had a couple of letters that I'd be  
11 glad to provide you with. Give you a couple of  
12 examples.

13 Sally Meeks, single mother, works 40 hours a  
14 week. She gets a little child support, hardworking  
15 decent woman. And she writes, "I believe that the  
16 general increase is wrong in so many ways. A single  
17 mother, with two kids, it's hard enough to pay the  
18 gas bill now. I believe people don't understand hard  
19 times" --

20 JUDGE JONES: I hate to do this, Ms. Ellis,  
21 but I'm going to have to interrupt you. The letter  
22 you are reading is written by someone who is not here  
23 to affirm that the content of it is true. Do you  
24 understand what I mean?

25 MS. ELLIS: Right.



1           may be questions from others here. But what I'm  
2           going to ask you is: Was your testimony something  
3           that you had prepared prior to tonight?

4                         MS. ELLIS: I reviewed on the Internet.

5                         JUDGE JONES: Let me rephrase that.

6                         Do you have something that you've written that  
7           you've read from tonight? Did you write down --

8                         MS. ELLIS: Do you mean here?

9                         JUDGE JONES: Yes.

10                        MS. ELLIS: No, I just had just a number of  
11           the things that I printed out.

12                        JUDGE JONES: Okay. There was a time  
13           during your testimony where we had some technical  
14           difficulty. And I don't think -- I know we couldn't  
15           hear you and I suspect Kansas City nor Joplin  
16           couldn't hear you either.

17                        What I'm going to ask you to do is give your  
18           notes to Mr. Imhoff. Mr. Imhoff will bring that  
19           information back to the Commission. I will mark it  
20           as an exhibit and attach it to the transcript this  
21           evening. Is that fine with you?

22                        MS. ELLIS: Thank you so much. That would  
23           be fine.

24                        MR. OCHOA: Judge, if I may add. This is  
25           today in Republic. It looked like Kansas City was



1 before you enter a piece into evidence that we get a  
2 chance to see the notes.

3 JUDGE JONES: Oh, sure.

4 MR. COOPER: There may not be a problem at  
5 all, but I'd just like the turn to see the notes.

6 JUDGE JONES: That will be fine. Do you  
7 have questions for Ms. Ellis?

8 MR. COOPER: No, your Honor.

9 JUDGE JONES: From the Staff for  
10 Commission?

11 MR. FRANSON: No questions, your Honor.

12 JUDGE JONES: From the Office of the Public  
13 Counsel?

14 MR. POSTON: No questions. Thank you,  
15 Ms. Ellis.

16 JUDGE JONES: Commissioner Murray, do you  
17 questions?

18 COMMISSIONER MURRAY: I have no questions.  
19 But thank you very much for your testimony.

20 JUDGE JONES: Commissioner Gaw?

21 COMMISSIONER GAW: Thank you for coming.  
22 Can you tell me, is it your opinion then that there  
23 should be no rate increase? Is that your conclusion  
24 that you want to tell us?

25 MS. ELLIS: Absolutely.



1                   COMMISSIONER GAW: Yes. Okay. And is  
2                   there anything that -- you mentioned the actions that  
3                   you were concerned about the parent company, Southern  
4                   Union.

5                   Is there anything that you wish to tell us in  
6                   regard to the operations of MGE in your area that you  
7                   have concerns about?

8                   MS. ELLIS: I do. There is an award that  
9                   was granted by the Missouri Public Service Commission  
10                  in order to help define, deflect, defraud on  
11                  fraudulent laws by the energy providers. The ruling  
12                  is named Substantial Benefit.

13                  Substantial Benefit is being allowed to be  
14                  applied at the discretion of the provider.  
15                  Substantial Benefit puts families in situations in  
16                  which prior tenants, whom they never met, had nothing  
17                  to do with, have been gained by abandoned utility  
18                  bills, and yet that new family tenant is five, \$600  
19                  deposit put on their energy services when they had no  
20                  part or usage, in order for the MGE or other provider  
21                  to recover some of their loss. Substantial Benefit  
22                  is a wonderful thing to be (inaudible) but the Public  
23                  Service Commission also allowed MGE, as well as the  
24                  other utility providers, to apply Substantial Benefit  
25                  and to give this application at its own discretion.

1           That is a disgrace. It's hurting families. I went  
2           door to door to door. I can't tell you how many  
3           families, many families average wage here is \$8 an  
4           hour. These people can't afford it.

5           You know, they move into a house where they  
6           don't think it's ever had a delinquent bill. They  
7           may have had propane prior. But they had no other  
8           reason except the prior tenant abandoned a bill.  
9           Where these tenants, they never even met these  
10          people.

11          Substantial Benefit in it's original was  
12          probably a good idea. But the utilities are being  
13          able to and allowed to apply this at their own  
14          discretion. Just they don't have to file and public  
15          hearing commission under special rules. It's time  
16          these people -- cost of living goes up. Wages and  
17          factories don't.

18          And I'm going to tell you something, it's  
19          hurting people badly and that needs to be looked at.  
20          That would be my number one complaint I should say.

21          COMMISSIONER GAW: Thank you very much,  
22          ma'am. If I could get -- that is not necessarily  
23          tied in directly to this rate case although it could  
24          be something that would come up. But to the extent  
25          that it is not I would like for our staff with the

1 consumer relations division to contact me about that  
2 question --

3 MS. ELLIS: Right.

4 COMMISSIONER GAW: -- if they're listening.  
5 And make sure that we get this witness' contact  
6 information so we can get back with her afterwards.  
7 I'm hoping that someone is listening from Staff.

8 MS. ELLIS: When you asked me about quality  
9 of service, that was just my only application. I  
10 mean, certainly we haven't had dangerous situations  
11 of are they being serviced, well, et cetera.

12 I will tell you there have been times when you  
13 call the home (inaudible) and the (inaudible).  
14 Otherwise the service is fine.

15 COMMISSIONER GAW: Okay.

16 MR. FRANSON: Commissioner Gaw, if I may.

17 Mr. Imhoff is the only one on site in Republic.  
18 And certainly he could get any specific information  
19 that this witness has. And would you like that  
20 shared with you or what kind of followup?

21 COMMISSIONER GAW: Yes. And somebody from  
22 our consumer division could let me know a little more  
23 detail about the concern --

24 MR. FRANSON: I will follow up --

25 COMMISSIONER GAW: -- issues.

1 MR. FRANSON: -- outside of this case.

2 Thank you.

3 COMMISSIONER GAW: Judge, I don't have any  
4 questions for the witness. I appreciate her coming  
5 in and sharing her comments. Thank you.

6 JUDGE JONES: Thank you, Ms. Ellis.

7 Now we'll go to Kansas City. Mr. Wood, will you  
8 please call your next witness.

9 MR. WOOD: Yes. C.C. Thompson.

10 JUDGE JONES: Good evening, sir. Please  
11 raise your right hand.

12 MR. THOMPSON: I can hardly hear you at  
13 all. In fact, I haven't been able to hear anything  
14 hardly.

15 My name is Charles C. Thompson.

16 JUDGE JONES: Please stop. Let me swear  
17 you in.

18 CHARLES C. THOMPSON,  
19 being first duly sworn, was examined and testified as  
20 follows:

21 JUDGE JONES: Would you please state and  
22 spell your first and last name.

23 MR. THOMPSON: I'll be very brief in what I  
24 have to present. The only reason I'm here --

25 JUDGE JONES: Let me -- I'm not sure what

1           your name is. Could you please state and spell your  
2           first and last name.

3                       MR. THOMPSON: My name is Charles C.  
4           T-h-o-m-p-s-o-n.

5                       JUDGE JONES: Thank you, sir. You may  
6           proceed.

7                       MR. THOMPSON: I'm a resident in  
8           Independence, Missouri. Customer of MGE.

9                       MR. WOOD: You need to talk directly --

10                      MR. THOMPSON: Now can you hear me?

11                      JUDGE JONES: Yes, we can hear you fine.

12                      MR. THOMPSON: Can you hear me now?

13                      COMMISSIONER CLAYTON: We can hear you,  
14           sir.

15                      MR. WOOD: Yeah, we can hear you fine.

16                      MR. THOMPSON: Did you get my name?

17                      JUDGE JONES: Yes, we did.

18                      MR. THOMPSON: Okay. I'm a customer of MGE  
19           in Independence. The main thing, of course, I'm  
20           upset about the high price of natural gas in recent  
21           years. I was formerly an employee of Panhandle  
22           Eastern Pipeline Company for many years.

23                      I was quite interested in the gentleman that  
24           spoke before me, and found that he was much more  
25           advised in different areas than I am. I do know that

1 Panhandle Eastern did start creating areas in Kansas  
2 where they could pump gas into old gas wells and new  
3 wells that they drilled to pump gas in and store it  
4 during the summer months when it's difficult to keep  
5 up with their large customers in the east, which  
6 allowed them to pump gas or sell gas pretty much 12  
7 months of the year on pretty much the same basis.  
8 This did cost the company some money. But in the  
9 long run it was very profitable to them in order to  
10 be able to sell more gas yearly.

11 My main complaint is about the way that our  
12 billing comes. There was a time when I get my gas  
13 bill and I could look at it and it says my delivery  
14 dates was so many days of the month, give the dates  
15 and so forth. The amount of cubic feet of gas I used  
16 that month and the price of the gas for that period  
17 of time also.

18 My gas bill is -- well, back in the '60s '70s,  
19 '80s, along in there, my gas bill run much less than  
20 \$100 a month. I think one of my gas bills last  
21 winter was \$275, which is very much of an increase  
22 for a person 80 years old.

23 I guess I've lived too long because I'm now down  
24 to my Social Security, what my wife and I have. And  
25 it creates quite a burden on the people like me. I

1 know there's many, many people in the city that's in  
2 the same shape. Probably wasn't -- didn't live as  
3 close maybe in my younger life, but now it does hurt.

4 I do know that in some cases the gas  
5 distribution companies are doing away with their  
6 meter readers. They're putting in automatic reading  
7 systems where all they have to do is punch a button  
8 and they can get your meter reading any time of the  
9 month, any time of the day. It's resulted in a  
10 decrease of very many employees for all of the  
11 distribution companies.

12 Now as far as Panhandle Eastern, I know that  
13 they got down -- for some reason they got down pretty  
14 bad and they merged with Duke Energy, which was an  
15 electrical power company. Of course they were  
16 spreading out like Panhandle was trying to do for  
17 many years, before Panhandle invested millions of  
18 dollars in the Alaska pipeline. They had four or  
19 five pipelines through this area, anywhere from size  
20 of 24-inch to 36-inch pipeline. They could pump a  
21 lot of gas.

22 Now then I see in the little pamphlet that I got  
23 with my gas bill that they became a subsidiary of --  
24 a division of Southern Union Gas Company. As the  
25 person ahead of me explained, which you got a pretty

1 good understanding of the situation.

2 When we look at this it kind of brings back the  
3 memories of some years ago when our gasoline expenses  
4 for our cars. Now then with the combining of the  
5 many gas companies going into different areas and  
6 joining with power companies and everything else,  
7 these companies have to pay for those purchases and  
8 it appears that they're doing it to the residents of  
9 the country who are especially the homeowners who  
10 have to have the gas supply.

11 So I am hoping that you folks can consider very  
12 carefully to allow a 41 million-dollar increase a  
13 year, which would probably raise my monthly rate  
14 \$6.52, smaller general groups \$8.81. But there's no  
15 extra charge for large general service or large  
16 volume services. I'm sure there's quite a bit of  
17 that.

18 But on the other hand then they say that they  
19 got a relief from the Internal Revenue for  
20 residential customers for an average of 55 cents.  
21 General service customers were 74 cents. Large  
22 general service customers \$4.41. Large volume  
23 customers 22.68. It don't seems to be an average of  
24 how they ask for the rate increases and so forth.

25 I know back in the years when Panhandle Eastern



1           was related -- had to ask for -- regulated by the  
2           federal government, and they applied for many years  
3           to get deregulated. When they did that's when they  
4           come down and invest millions of dollars in various  
5           things and what put them under.

6                        So other than asking that you be very  
7           considerate in your undertaking here, I appreciate  
8           you letting me come and speak. This is my first time  
9           to such a thing. The only reason I come is because I  
10          heard that very few people do come and make their  
11          wishes known, so thank you very much.

12                       JUDGE JONES: Thank you, sir. If you could  
13          remain seated, there may be questions from the  
14          Commission.

15                       Any questions from MGE?

16                       MR. COOPER: No, your Honor.

17                       JUDGE JONES: Staff of Commission?

18                       MR. FRANSON: No, your Honor.

19                       JUDGE JONES: Office of Public Counsel?

20                       MR. POSTON: No, your Honor. Thank you.

21                       JUDGE JONES: And Commissioner Murray, do  
22          you have a question?

23                       COMMISSIONER MURRAY: I have no questions.  
24          Thank you, Mr. Thompson.

25                       JUDGE JONES: Commissioner Gaw?

1                   COMMISSIONER GAW: Mr. Thompson, thank you  
2 very much for taking your time to come down and talk  
3 to us this evening. It's very much appreciated.

4                   MR. THOMPSON: Thank you.

5                   COMMISSIONER GAW: I'd like to know one  
6 thing if you wouldn't mind. I can't read what your  
7 hat says.

8                   MR. THOMPSON: Says, "First Armor Division  
9 World War II."

10                  COMMISSIONER GAW: Yes, sir. Did you serve  
11 in World War II?

12                  MR. THOMPSON: I was in the First Armor  
13 Division, Combat Engineers of heavy equipment. Our  
14 main job was rebuilding bridges which the Germans  
15 blew out and such things as that. Used our heavy  
16 equipment in various ways.

17                  COMMISSIONER GAW: Sir, I think I can speak  
18 on behalf of everyone that's present. I just want to  
19 say thank you for what you've done for all of us.

20                  MR. THOMPSON: Thank you.

21                  JUDGE JONES: Just a second, Mr. Thompson.  
22 Commissioner Clayton?

23                  COMMISSIONER CLAYTON: That's okay. That's  
24 fine. No questions.

25                  JUDGE JONES: Do we have another witness in

1 Republic, Mr. Imhoff?

2 MR. IMHOFF: Yes, we do. Could a Roni  
3 Blanche please come up here.

4 JUDGE JONES: Good evening. Please raise  
5 your right hand.

6 RONI BLANCHE,  
7 being first duly sworn, was examined and testified as  
8 follows:

9 JUDGE JONES: Thank you. Please state and  
10 spell your first and last name for the court  
11 reporter.

12 MS. BLANCHE: It's Roni Blanche, R-o-n-i  
13 B-l-a-n-c-h-e.

14 JUDGE JONES: Thank you, ma'am. You may  
15 proceed with your testimony.

16 MS. BLANCHE: Thank you. I have two  
17 comments and I will keep them brief. First of all, I  
18 would like to ask about the new MGE proposal that was  
19 discussed that 2004 was the last increase. I asked  
20 Mr. Imhoff how often these rate increases can be  
21 proposed. He said potentially it takes 11 months to  
22 get a rate case finalized and it takes time to  
23 prepare the rate case and so forth. So it's just  
24 been barely two years ago and it takes at least 11  
25 months to go through that process, it appears that

1 the rate increases or rate cases are perpetual. I'll  
2 make that comment.

3 I also ask the MGE gentleman that is here what  
4 the last rate increase was. And they believed the  
5 proposal was for 32 million and they believe that 200  
6 -- I'm sorry, 18 million was what was finally  
7 granted. So it appears that they intend to ask for  
8 their entire amount because they believe they won't  
9 get it.

10 What I would like to know or have looked into is  
11 how much they actually need, not what they believe  
12 they need to ask for because they don't think they  
13 would get it. Apparently the specifics of the rate  
14 increase, the supplier that we would have, which the  
15 earlier lady addressed, this is prepared by MGE and  
16 it says, "Under the filing the monthly increase for  
17 average customers in each rate class appears below."  
18 And for residential customers it says "6.52 per  
19 month."

20 My bill every month when we have no gas usage at  
21 all is \$12.73. If you add \$6.52 per month increase  
22 to that, that would make it \$19.25 for using no gas  
23 at all, just the basic fixed cost, which I calculate  
24 at 34 percent. So that's what we're looking at as a  
25 potential cost to us every month.

1           As a suggestion in these areas of the rate  
2           increase, here in Republic we have a lot of  
3           development, subdivisions, businesses and so forth.  
4           And it might be something to look into to have those  
5           developers somehow share a portion of the cost since  
6           it was mentioned that the fixed costs go directly to  
7           delivery systems, supply lines and so forth. That  
8           has to be a portion of this burden all of this  
9           increased development, adding lines and so forth. So  
10          perhaps some of the developers could add to -- or  
11          excuse me, share in some of those costs.

12          The second point I'd like to make goes to the  
13          green flyer that we were given here tonight. It says  
14          the Missouri Public Service Commission is  
15          recommending mid-range rate increase of approximately  
16          14 million. I would agree that would be a more  
17          acceptable amount rather than the 41.7 million.  
18          However, it also says that Staff is proposing to  
19          eliminate the volumetric rate and go to a fixed  
20          delivery charge. I do have an issue with this.

21          It does not seem equitable to have a fixed  
22          delivery charge. I live in a two-person household.  
23          It doesn't seem fair that we would be required to pay  
24          the same amount as a larger household. Also, we only  
25          use natural gas for heating. We do use a lot of wood

1 heat in the winter to moderate costs. So we would be  
2 paying potentially the same for just heating the  
3 house occasionally, as a customer who used natural  
4 gas for heat, water heating and cooking, et cetera.  
5 So I think that would not be an equitable proposal.

6 Also I believe using a fixed delivery charge  
7 discourages conservation efforts. I am not in  
8 agreement with that. The current water delivery  
9 system that we have in the subdivision where I live  
10 uses a flat rate regardless of usage. I see a lot of  
11 waste because of that flat rate. I would have  
12 concerns that conservation would not be in people's  
13 minds with the fixed delivery charge.

14 Thank you for your time.

15 JUDGE JONES: Thank you, ma'am.

16 Do we have questions from any of the parties?

17 MR. COOPER: No, your Honor.

18 JUDGE JONES: Office of the Public Counsel?

19 MR. POSTON: No, thank you.

20 JUDGE JONES: Thank you.

21 Commissioner Murray?

22 COMMISSIONER MURRAY: No questions. Thank  
23 you.

24 JUDGE JONES: Commissioner Gaw?

25 COMMISSIONER GAW: I have another question

1 of Staff. Based upon what she just testified to,  
2 which I appreciate knowing --

3 JUDGE JONES: That would be Mr. Imhoff  
4 there in Republic.

5 COMMISSIONER GAW: Mr. Imhoff --

6 JUDGE JONES: Or you can Mr. Wood, who is  
7 in Kansas City.

8 COMMISSIONER GAW: -- or Mr. Wood, who  
9 wishes to answer my question? Mr. Wood raised his  
10 hand.

11 MR. IMHOFF: Commissioner Gaw, maybe we  
12 better hear your question before we pick the right  
13 recipient.

14 COMMISSIONER GAW: I would like to know  
15 about this so-called decoupling question officially.  
16 And whether or not Staff is indeed proposing we  
17 eliminate the volumetric portion of the rate here,  
18 that is not tied to the PGA?

19 MR. IMHOFF: Yes, Staff is proposing what's  
20 been called a delivery charge, and to do with the  
21 volumetric rate for the large site.

22 COMMISSIONER GAW: So that would mean then  
23 that if Staff's position were adopted that there  
24 would not be volumetric charge on the portion that is  
25 not related to PGA? Is that correct or not?

1 MR. IMHOFF: That is correct.

2 COMMISSIONER GAW: What conservation  
3 programs is Staff proposing to go along with that to  
4 ensure that we do not have the problem of  
5 discouraging conservation that this witness has just  
6 testified about? I'd like to hear about the  
7 conservation program as you're going to propose as a  
8 part of this decoupling to make sure this mechanism  
9 is not discouraging conservation. Not in detail,  
10 just in general. I'll be sure to ask those detailed  
11 questions at the appropriate time.

12 MR. IMHOFF: Well, in general we view that  
13 one of the primary drivers for conservation is the  
14 actual high price of the commodity itself, as well  
15 as --

16 COMMISSIONER GAW: So in other words you  
17 don't have the -- I'm sorry, court reporter, for  
18 interrupting -- but Mr. Wood could be answering this  
19 question and then you could hear a little more  
20 specifically, instead of Mr. Imhoff.

21 Mr. Imhoff, in answering my question, which was:  
22 What conservation programs are you proposing to go  
23 along with this decoupling mechanism? The answer  
24 would be none?

25 MR. WOOD: May I --



1 MR. IMHOFF: We do have appropriate  
2 rates --

3 MR. WOOD: Tom. Can I talk to -- I need to  
4 be sworn.

5 MR. IMHOFF: -- things like that we do have  
6 with company costs.

7 COMMISSIONER GAW: So no new conservation  
8 programs?

9 MR. IMHOFF: Not that I'm aware of.

10 COMMISSIONER GAW: All right. I'd like to  
11 go back to the witness and just thank you for  
12 pointing that out to me, ma'am. It's very helpful  
13 for me to have that information.

14 MS. BLANCHE: Thank you.

15 COMMISSIONER GAW: That's all the questions  
16 I have for the time being about this issue.

17 JUDGE JONES: Mr. Franson, do you want to  
18 ask a question of any other witness?

19 MR. FRANSON: No, your Honor.

20 COMMISSIONER MURRAY: Mr. Imhoff?

21 JUDGE JONES: Commissioner Murray wants to  
22 ask a question of Mr. Imhoff.

23 COMMISSIONER MURRAY: That question is very  
24 -- can Staff pre-file testimony in this case?

25 MR. IMHOFF: Yes, they have.

1                   COMMISSIONER MURRAY: Did you promote that  
2                   in your pre-file testimony?

3                   MR. IMHOFF: Staff witnessed and  
4                   (inaudible) did.

5                   COMMISSIONER MURRAY: And that's been  
6                   available to the commissioners since it has been  
7                   filed? All of us have had that knowledge available  
8                   to us; is that correct?

9                   MR. IMHOFF: It was filed, yes.

10                  COMMISSIONER MURRAY: All right. And it is  
11                  filed before this commission, correct?

12                  MR. IMHOFF: Yes, it is.

13                  COMMISSIONER MURRAY: All right. Thank  
14                  you.

15                  COMMISSIONER GAW: Thank you, Commissioner  
16                  Murray. Commissioner Murray, thank you very much for  
17                  pointing out to me. I hope you have read all the  
18                  testimony already for this case. I'm sure you  
19                  probably have, haven't you?

20                  I guess she's not got an answer for that. Thank  
21                  you.

22                  JUDGE JONES: Commissioner Clayton, do you  
23                  have a question for the witness?

24                  COMMISSIONER CLAYTON: Yes. Is the witness  
25                  still around? Thank you, Mr. Imhoff. You can --

1 MS. BLANCHE: I'm sorry. I thought you  
2 were done.

3 COMMISSIONER CLAYTON: Well, not quite. I  
4 want to thank you for stirring up that interesting  
5 conversation here this evening.

6 I wanted to ask you about quality of service.  
7 You are a customer of MGE; is that correct?

8 MS. BLANCHE: Yes, sir.

9 COMMISSIONER CLAYTON: And are you  
10 satisfied with the quality of service that you have?

11 MS. BLANCHE: We have had no problems.

12 COMMISSIONER CLAYTON: Any problems with  
13 billing or customer service?

14 MS. BLANCHE: No.

15 COMMISSIONER CLAYTON: Okay. Do you have  
16 any idea what your average gas bill is on a monthly  
17 basis, in total? If you don't want to share that  
18 with me that's perfectly fine.

19 MS. BLANCHE: I wouldn't know average. But  
20 I know last year in the winter months our highest  
21 bill was about \$70, 75, because we did use a lot of  
22 wood heat.

23 COMMISSIONER CLAYTON: I was going to say,  
24 if it's only \$70 that's quite low for last winter.

25 MS. BLANCHE: Yes. We try to moderate it

1 with using wood heat as much as we can, yes.

2 COMMISSIONER CLAYTON: Okay. Thank you  
3 very much for coming this evening.

4 JUDGE JONES: Thank you, ma'am. You may be  
5 seated.

6 Mr. Wood, would you call the next witness from  
7 Kansas City, please.

8 MR. WOOD: Yes. And by the way, Judge, if  
9 you need to swear me in to ask questions during this  
10 hearing feel free to, okay.

11 Now our next witness is Joe Athenas.

12 JUDGE JONES: Good evening. Please raise  
13 your right hand.

14 JOSEPH ATHENAS,  
15 being first duly sworn, was examined and testified as  
16 follows:

17 JUDGE JONES: Thank you. Will you please  
18 say and spell your first and last name.

19 MR. ATHENAS: Joseph, J-o-s-e-p-h, Athenas,  
20 A-t-h-e-n-a-s.

21 JUDGE JONES: Thank you, sir. You may  
22 proceed with your testimony.

23 MR. ATHENAS: Okay. I had taken the  
24 opportunity to go up on the Internet yesterday. And  
25 MGE keeps quoting, in fact, that they're not --

1           although they're a subsidiary they are not part of  
2           Southern Union Earnings Conference.

3                     But I did take the opportunity to look at their  
4           stocks. And the lady earlier was exactly correct.

5                     And by the way, I am an MGE customer in Kansas  
6           City.

7                     That the close was at 2798. 52-week high they  
8           list as 2791. 52-week low at 2166. Less than a year  
9           the stock increased five plus dollars. They've got a  
10          rolling earnings per share, not a gee whiz we add  
11          earnings per share per year. A rolling earnings  
12          \$1.69 with a price ratio of 16.56 price per earnings  
13          ratio. There's only 119,564,000 shares outstanding,  
14          with the market capitalization of over 3 billion. On  
15          their sheet it says -- because I didn't check their  
16          10K sheet, is 3,345,000 -- correction, \$45,400,720.  
17          This means actually that they are cash rich.

18                    Now I'd like to say that maybe MGE isn't doing  
19          that well. But when I compare my 2004 gas bill with  
20          my 2005 gas bill, we all know we had Katrina, which  
21          apparently somehow got into Colorado and Oklahoma,  
22          you know, because I'm not quite sure how they tie  
23          their gas costs to the cost of gasoline. But that  
24          was the argument at the time.

25                    The price performance for one year, one month

1           increase was 7 percent, six months 12.5 percent, and  
2           15.3 percent over a twelve-month period. They're  
3           cash rich. They've got an over 15 percent increase  
4           on cost.

5           And my own personal gas bill that I just brought  
6           up, 2004 versus 2005, was not that big of change in  
7           volume went somewhere from a maximum gas bill the  
8           coldest month with \$169, but not that great a change  
9           in volume because I'm a single guy, I don't slam the  
10          door every ten minutes, I don't have kids, went to  
11          \$278 and some change. I don't quite remember. But  
12          that's been in the 30 percent increase.

13          So that would make me against fixed delivery  
14          charge versus volumetric charge to start with those.  
15          People who use the most ought to pay the most. Which  
16          gets me also at a point where I don't feel like there  
17          should be a rate increase of \$6.52 for residential  
18          when they're already making a 30 percent increase on  
19          gas.

20          Now theoretically this year there wasn't a  
21          hurricane so they can't use that excuse the price  
22          comes down. But there is still going to be a  
23          percentage increase over the precious year because  
24          they'll point to operational costs of transporting  
25          and so forth.

1           On the residential charge and the small general  
2           services charge, kind of see that -- I checked with  
3           one of the gas company employees in the back. They  
4           said they don't have cost of living increases for  
5           their employees, but they have merit increases for  
6           outstanding employees, et cetera. So I don't  
7           understand the increase from that viewpoint that  
8           they're not guaranteeing all their workers some  
9           increase, just guaranteeing the workers that they  
10          think is the best of the best.

11          Then there's, well, residential and small  
12          general services. My father used to own a store, our  
13          payment an increase. Large general services get no  
14          change for the Wal-Mart's and the Targets. And I'm  
15          not quite sure why Missouri would back or the gas  
16          company back the Targets and the Wal-Mart's and the  
17          Sprints now not being charged in relation to this  
18          increase. But the residents to pick it up and, in  
19          fact, make it to where the small businessman -- I  
20          don't know how many we have here, we may have some.  
21          But I'm not quite sure why he should be less  
22          competitive suddenly when they've already got an edge  
23          on the volume that they can buy. And it's true. My  
24          dad did sales rep, so I know if you ask for a  
25          reduction in price you get it. There's always some

1 little benefit there.

2 Large volume services, well, I can see that.  
3 Open auditorium games and so forth, all of a sudden  
4 we're fixing their meal. This should have at least  
5 been distributed to everyone if based, you know, on  
6 their cash balance sheet not be here at all.

7 I do see, you know, in reasonableness there  
8 should be some exclusions. Maybe large volume  
9 customers like UMKC. Say the metropolitan junior  
10 college of Kansas City, probably large volume users.  
11 I don't know for sure because I didn't research it.  
12 But those that are for the public good I can go ahead  
13 and see doing that. Private colleges? Not so much.  
14 For hospitals, things that make sense, I can see them  
15 with a no volume charge whatsoever.

16 That's all I have to say and thank you for your  
17 time.

18 JUDGE JONES: Thank you, sir. At this time  
19 questions from Commissioner Murray?

20 COMMISSIONER MURRAY: I have no questions.  
21 Thank you for your testimony.

22 JUDGE JONES: Commissioner Gaw?

23 COMMISSIONER GAW: No questions. Thank you  
24 for coming, sir.

25 JUDGE JONES: Commissioner Clayton?



1                   COMMISSIONER CLAYTON: No questions. thank  
2                   you, sir.

3                   JUDGE JONES: Thank you, Mr. Athenas. You  
4                   may be seated.

5                   MR. ATHENAS: Take care.

6                   JUDGE JONES: I'm going to assume there  
7                   aren't any more witnesses in either Republic or  
8                   Joplin. I'm going to keep going with Kansas City.  
9                   If there is someone there to testify we'll come back  
10                  in just a moment.

11                  MR. WOOD: Kennard, are you ready for the  
12                  next witness in Kansas City?

13                  JUDGE JONES: Yes, sir.

14                  MR. WOOD: Okay. I have Susan Gardner, but  
15                  she has canceled.

16                  I now have a Joe Blount. Okay, he's coming up.

17                  JUDGE JONES: Good evening, sir. Please  
18                  raise your right hand.

19                                 JOE BLOUNT,  
20                  being first duly sworn, was examined and testified as  
21                  follows:

22                  JUDGE JONES: Thank you. Will you please state  
23                  and spell your first and last name for the court  
24                  reporter.

25                  MR. BLOUNT: My first name is Joe, spelled

1 J-o-e. My last name is Blount. Think the governor's  
2 name and add an O, so it is B-l-o-u-n-t.

3 JUDGE JONES: Thank you, sir. You may  
4 proceed with your testimony.

5 MR. BLOUNT: I have three points I'd like  
6 to make. The first is that there is a change in  
7 structure that involves a change from a progressive  
8 form of service fee on the volume charge to a flat  
9 fee on the volume charge -- instead of a volume  
10 charge and that is to a regressive fee structure.

11 The second point is that the volume charge has  
12 built into it a weak form of motivation for the  
13 conservation. We personally use that in terms of  
14 upgrading our furnace and putting in a heat pump in  
15 order to reduce our gas usage. This change in  
16 structure removes that motivation for conservation.

17 The third point is that I don't see transparency  
18 in available information. The flyer that I received  
19 in my bill was very opaque about the change in  
20 structure. When I called and talked to MGE they were  
21 very confused about the change in structure and once  
22 told me they would continue a volumetric charge.  
23 Although this evening before we began I confirmed  
24 that the volumetric charge will be removed.

25 Those are the three points. I can answer

1 questions relating to the details.

2 JUDGE JONES: Commissioner Murray, do you  
3 have questions?

4 COMMISSIONER MURRAY: No, I don't believe I  
5 do. But thank you for being here this evening.

6 JUDGE JONES: Commissioner Gaw?

7 COMMISSIONER GAW: Again, thank you for  
8 coming. Can you tell me a little bit about your  
9 concerns again about the movement away from  
10 volumetric charges?

11 MR. BLOUNT: Perhaps an example would make  
12 it clear. Someone with a \$400,000 house that pays a  
13 volumetric charge that averages, let just say \$300 a  
14 year, will now pay less. They'll pay \$78 a year.  
15 Versus someone who is poor, uses no air-conditioning  
16 in the summer, depends upon gas for heat in the  
17 winter, they will be paying more because their  
18 average volumetric charge over the course of a year,  
19 they pay no volumetric charge at all through spring,  
20 summer and fall, and they only pay a small volumetric  
21 charge in winter. Their total cost will go up.

22 So in other words, we're reducing the price for  
23 heavy users and we're increasing the price for small  
24 quantity users.

25 COMMISSIONER GAW: Yes, sir. Have you



1                   COMMISSIONER CLAYTON: No questions for me.  
2 Thank you for coming, sir.

3                   JUDGE JONES: Thank you, sir. You may be  
4 seated.

5                   Mr. Wood, would you call the next witness from  
6 Kansas City, please.

7                   MR. WOOD: Yes. Is an Evaline Taylor?

8                   EVALINE TAYLOR,  
9 being first duly sworn, was examined and testified as  
10 follows:

11                  JUDGE JONES: Would you please state and  
12 spell your name for the court reporter, and then you  
13 may go along with your comments.

14                  MS. TAYLOR: It's Evaline, E-v-a-l-i-n-e,  
15 Taylor, T-a-y-l-o-r.

16                  I'm here this evening on behalf of our  
17 organization NAHRA, which is an human rights  
18 organization. I'm also an MGE customer as well.

19                  But we're here to say that we don't want to see  
20 an increase due to the fact that the customers, the  
21 MGE customers, in the urban core are suffering  
22 drastically. Winter is approaching. Every year we  
23 do have to help lots of folks try to find funds and  
24 things for their gas bill. There are senior citizens  
25 struggling right now just to have food and to get

1           their prescriptions. So it is such a devastating  
2           issue that is going on here right now.

3                     Now, we have had a few chilly days. We have  
4           spoke with people who their bill has been running  
5           maybe 35 to \$36. We just had a few chilly days and  
6           the bill has automatically went up to like 100 and  
7           some dollars, so we're very concerned about that.

8                     Due to that fact we believe that there should  
9           probably be some legislation put in place for low  
10          income people to only pay based on their income  
11          because they cannot afford all across the board based  
12          on the salaries that they make, the unemployment  
13          rates and all of that. It's just horrible. So we do  
14          believe that there should be some legislation put  
15          into place.

16                    Also, one gentleman mentioned earlier about the  
17          ACORN group who had rallied around the MGE company.  
18          Our organization also connected with them to bring  
19          light to the situation in the city. Again, they did  
20          rally there. They came down twice. They were lied  
21          to. I hate to use that terminology but that's what  
22          it was. They were lied to. They said, they told us  
23          to come at a certain time, we got there, they  
24          wouldn't let you in. The people were all upset.  
25          Just everything.

1           So again, we are concerned -- there are people  
2           who have lived in their homes for -- their homes are  
3           paid for. The elderly people, they're leaving their  
4           homes because of the high gas bills. And lots of  
5           them have weatherization, all the necessary things  
6           that are needed. But the price just keeps going up.

7           Due to that fact, we are saying that -- we don't  
8           care if it's \$2 more. Based on the situation right  
9           now, we are asking that they really look at that and  
10          possibly try to do something different. That's why  
11          I'm here. Thank you.

12           JUDGE JONES: Thank you, ma'am.

13           Commissioner Murray, do you have any questions?

14           COMMISSIONER MURRAY: No but thank you for  
15          your time this evening, ma'am.

16           MS. TAYLOR: Thank you.

17           JUDGE JONES: Commissioner Gaw, do you have  
18          questions?

19           Just a moment Ms. Taylor.

20           COMMISSIONER GAW: Ma'am, thank you very  
21          much for coming tonight.

22           Do you have any input or have any knowledge  
23          about the amount of assistance that may be avail to  
24          the community action agency there at this point?

25           MS. TAYLOR: It depends. We usually attend

1 the meetings that they have so that we can  
2 participate in that program. Make sure that we got  
3 out into the community with applications. Make sure  
4 the folks get what they need. I have not attended  
5 that meeting as of yet. I don't know if they've had  
6 it yet or not. The president would probably know.  
7 But we do -- we're very active with that because we  
8 want to make sure that everyone can get the  
9 assistance that they need.

10 It appears that around this time of year this is  
11 when the bills tend to start rising.

12 COMMISSIONER GAW: Yes, ma'am. Do you know  
13 whether or not -- do you have any knowledge in regard  
14 to the number of people that are disconnected right  
15 now as compared to what it was in the past years at  
16 this same time?

17 MS. TAYLOR: I have not -- I don't have the  
18 statistics here with me, but we do keep track of  
19 that. We probably have that in our office. I don't  
20 bring that with me this evening. But it's getting  
21 greater. The number is getting greater.

22 There are people that are in need that you would  
23 not believe. I mean years. A year or so. It's just  
24 got out of control and out of hand.

25 COMMISSIONER GAW: Yes, ma'am. Thank you



1 very much. We appreciate your help.

2 MS. TAYLOR: Thank you.

3 JUDGE JONES: And Commissioner Clayton?

4 COMMISSIONER CLAYTON: Ms. Taylor, what was  
5 your organization again?

6 MS. TAYLOR: NAHRA, National Association of  
7 Human Rights in America.

8 COMMISSIONER CLAYTON: National  
9 Association of Human Rights?

10 MS. TAYLOR: Uh-huh.

11 COMMISSIONER CLAYTON: Is that based in  
12 Kansas City or is that based elsewhere?

13 MS. TAYLOR: Yes, based in Kansas City.

14 COMMISSIONER CLAYTON: When was this  
15 meeting that you mentioned? When was it supposed to  
16 take place with MGE?

17 MS. TAYLOR: Oh, this has been a while back  
18 when they had -- they Marched to MGE to bring  
19 awareness to the situation. The ACORN, the National  
20 -- that's a national group also, ACORN.

21 COMMISSIONER CLAYTON: I'm familiar with  
22 ACORN.

23 When did that march take place?

24 MS. TAYLOR: It was probably last year some  
25 time.

1                   COMMISSIONER CLAYTON: Okay. And you  
2 mentioned that MGE was not truthful -- or you said  
3 that they lied --

4                   MS. TAYLOR: They kind of put us off. They  
5 said -- from what we understand. Because ACORN set  
6 this up. And when we heard about it, knowing the  
7 condition that the people were in, naturally we  
8 wanted to support them. So we just went along with  
9 what they had told us as far as how it was set up.

10                  When we got there, they were supposed to be  
11 there at a certain time to meet with certain people.  
12 And when they got there they were told that the  
13 people had left. Just different things. So I think  
14 they came twice and they had the same type of  
15 problem.

16                  COMMISSIONER CLAYTON: So was your  
17 organization ever able to meet with MGE?

18                  MS. TAYLOR: No.

19                  COMMISSIONER CLAYTON: Has NAHRA tried to  
20 reschedule a meeting or set up any meetings?

21                  MS. TAYLOR: No, we haven't. At this time  
22 we have not.

23                  COMMISSIONER CLAYTON: Do you all have an  
24 ongoing relationship with the City of Kansas City or  
25 Jackson County with regards to weatherization or

1 energy assistance?

2 MS. TAYLOR: Yes, we do. We're always at  
3 City Hall. We have a problem that we feel they don't  
4 do enough advertisement, especially for seniors. We  
5 ask, "How do you get that information out?" They  
6 have not been very productive with that. So we also  
7 have offered to assist in the area as far as getting  
8 the information out to the community.

9 COMMISSIONER CLAYTON: Okay. Ms. Taylor,  
10 thank you very much for coming tonight. I  
11 appreciate it.

12 JUDGE JONES: Thank you, ma'am, you may be  
13 seated.

14 Mr. Wood, I believe you probably have one more  
15 witness?

16 MR. WOOD: Yes, I do. I have an Al Hutton.  
17 Is Al Hutton here? It appears that maybe Mr. Hutton  
18 has stepped out.

19 Does anybody else wish to testify? Okay, I have  
20 no takers.

21 JUDGE JONES: We'll go to Mr. Imhoff in  
22 Republic.

23 Mr. Imhoff, you had one more or someone else  
24 that wanted to testify?

25 MR. IMHOFF: No, we don't. Everyone has

1 left.

2 JUDGE JONES: Okay. And is there anyone in  
3 Republic? Mr. Ochoa, can you hear me?

4 Let's kill Republic and go to Joplin. Can we do  
5 that? They're done completely. Can you call them or  
6 something?

7 COMMISSIONER CLAYTON: Is there anyone  
8 there to testify?

9 JUDGE JONES: Well, there is not  
10 supposedly, but someone may have showed up. Do we  
11 have telephone numbers for Gregg or Tom? He's  
12 standing at the mike for a reason.

13 MR. IMHOFF: There is no one else here in  
14 Republic.

15 JUDGE JONES: Thank you. Mr. Imhoff, you  
16 can go ahead and get back home.

17 MR. IMHOFF: Thank you, Judge.

18 JUDGE JONES: Mr. Ochoa, your telephone  
19 will be ringing here in a moment. You might want to  
20 answer that.

21 COMMISSIONER CLAYTON: He hears you.

22 Do you have any more witnesses? No one left.

23 JUDGE JONES: I'll make it clear for the  
24 record that there are no more witnesses in either  
25 Republic or Joplin. And I'm sure she's aware there

1 is no one left in Kansas City.

2 With that in mind we will close the record and  
3 discontinue the hearing. Thank you all for  
4 attending.

5 (Public Hearing closed at 7:35 p.m.)

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