Exhibit No.: _____
Issue: Environmental costs
Witness: Alan F. Fish
Exhibit Type: Rebuttal Testimony
Sponsoring Party: Missouri Gas Energy
Case No.: GR-2004-0209
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MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2004-0209

# REBUTTAL TESTIMONY

OF

ALAN F. FISH

ON BEHALF OF MISSOURI GAS ENERGY

Jefferson City, Missouri

May 2004

**REBUTTAL TESTIMONY OF ALAN F. FISH**
**ON BEHALF OF**
**MISSOURI GAS ENERGY**

**Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

A. Yes. My name is Alan Fish, and my business address is Southern Union Company, 221 West 6th Street, Suite 1900, Austin, Texas, 78701.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am employed by Southern Union Company ("Southern Union") as Director, Environmental Services. This means that I serve as the environmental director for Southern Union's gas distribution divisions, which include Missouri Gas Energy ("MGE" or "Company"), PG Energy and New England Gas, and for all Southern Union subsidiaries.

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.**

A. I received a Bachelor of Science degree with a major in Geology from Stephen F. Austin State University in August, 1984. From 1989 through 1992, I served as a project coordinator in the Petroleum Storage Tank Division of the Texas Water Commission (now known as the Texas Commission on Environmental Quality) in Austin, Texas. From 1992 through June, 1995, I was a Senior Project Manager/Associate Scientist for EnecoTech Environmental Consultants, Inc. in Austin, Texas, specializing in a variety of environmental projects associated with the oil and gas industry. In July, 1995, I joined Southern Union as Environmental Compliance Specialist and was promoted to Manager then Director, Environmental Services for the

Company. This position is responsible for all environmental-related issues for Southern Union. I am a Professional Geologist (Texas License # 740) and a licensed Corrective Action Project Manager (CAPM) with the TCEQ (CAPM License # 00093).

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

A. The purpose of my testimony is to address the direct testimony of Public Counsel witness Kim Bolin (at pages 9-12) concerning manufactured gas plant ("MGP") related expenditures in Missouri. Specifically, I will 1) explain the kinds of MGP-related expenditures MGE has incurred in the past; 2) demonstrate why MGE is certain to continue to incur MGP-related expenditures in the future; and 3) provide an "order of magnitude" to demonstrate that MGE's future MGP-related expenditures will be substantial.

**Q. PLEASE EXPLAIN WHAT KINDS OF MGP-RELATED EXPENDITURES MGE HAS INCURRED IN THE PAST.**

A. During the twelve months ending June 30, 2003, MGE incurred approximately $2,789,198.86 in MGP-related costs. The majority of these costs were spent on the remediation of MGP-impacted soil of the MGP site located at 1st & Campbell (Station A) in Kansas City, MO.

Representatives of the Port Authority of Kansas City, MO, indicated its intention to demand that MGE assume responsibility for the further assessment and potentially the removal (if necessary) of all MGP-related material located on the Riverfront Development site. MGE paid the Port Authority $3.4 million in settlement of this demand and paid the state of

Missouri $120,000 in settlement of Natural Resource Damage claims in 2003.

**Q. WHY IS MGE CERTAIN TO CONTINUE TO INCUR MGP-RELATED EXPENDITURES IN THE FUTURE?**

A. The Missouri Department of Natural Resources ("MDNR") will require removal of source material from Station A North, Station B (located at 223 Gillis in Kansas City, MO) and the MGP structures located on the railroad right-of–way north of the Port Authority property along the riverfront in Kansas City, MO. The following statement is included in the MDNR's June 21, 2000 letter regarding Station A: "Source removal or in-situ remediation in the areas of heaviest tar contamination appears to be necessary to prevent further contamination of groundwater." The following statement is included in the MDNR's May 7, 2001 letter regarding Station B: "As an initial direction toward a remedial strategy, I would suggest that tar-saturated soil needs to be remediated (for example, excavation) due to its expected high PAH content and the long-term risk it poses to groundwater."

On April 28, 2004 MDNR issued a letter to the Company stating that a work plan must be submitted within 60 days to address a leaking underground storage site at 402 Cedar Street in St. Joseph, MO. This facility is located on a former MGP site and the site investigation will likely identify MGP-impacted material.

**Q. CAN YOU PROVIDE AN "ORDER OF MAGNITUDE" TO DEMONSTRATE THAT MGE'S FUTURE MGP-RELATED EXPENDITURES WILL BE SUBSTANTIAL?**

A. Yes. MDNR is requesting additional assessment off site at Station A and Station B. Additional remediation will be required and the future cost of this effort will likely be between $1 and $10 million to achieve site closure on Station A and Station B. Additional costs are likely to address off-site contamination.

The St. Joseph MGP site is currently being investigated due to the above-referenced underground storage tank release. The costs of investigation and remediation of the MGP will likely exceed $1 million.

Other owned sites that are included on the MDNR's list of sites to investigate include East 5th Street in Joplin, MO, 23rd and Pleasant in Independence, MO There are other non-owned MGP sites within MGE's service territory for which MGE may have some potential liability.

MGE will continue to expend money on its owned and non-owned MGP sites, as necessary. In addition, sites for which MDNR requires remediation to address MGP impact, MGE anticipates spending in excess of one million dollars on investigation and remediation activities necessary to obtain MDNR site closure.

**Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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|---|---|---|
| In the Matter of Missouri Gas Energy's Tariff Sheets Designed to Increase Rates for Gas Service in the Company's Missouri Service Area. | ) ) ) ) | Case No. GR-2004-0209 |

AFFIDAVIT OF ALAN F. FISH

STATE OF TEXAS )
) ss.
COUNTY OF TRAVIS )

Alan F. Fish, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.

ALAN F. FISH

Subscribed and sworn to before me this 21st day of May, 2004.

Notary Public

My Commission Expires: 1/27/2004