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**Missouri Public
Service Commission**

Exhibit No.:

Issue: Lost Revenues

Witness: Mark L. Oligschlaeger

Sponsoring Party: MoPSC Staff

Type of Exhibit: Cross-Surrebuttal Testimony

File No.: GU-2011-0392

Date Testimony Prepared: November 15, 2011

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DEPARTMENT

CROSS-SURREBUTTAL TESTIMONY

OF

MARK L. OLIGSCHLAEGER

**MISSOURI GAS ENERGY,
A Division of Southern Union Company**

FILE NO. GU-2011-0392

*Jefferson City, Missouri
November, 2011*

Staff Exhibit No. 3
Date 11/30/11 Reporter JMB
File No. GU-2011-0392

1 **CROSS-SURREBUTTAL TESTIMONY**

2 **OF**

3 **MARK L. OLIGSCHLAEGER**

4 **MISSOURI GAS ENERGY,**
5 **A Division of Southern Union Company**

6 **FILE NO. GU-2011-0392**

7 Q. Please state your name and business address.

8 A. Mark L. Oligschlaeger, P.O. Box 360, Suite 440, Jefferson City, MO 65102.

9 Q. Are you the same Mark L. Oligschlaeger who has previously filed rebuttal
10 testimony in this proceeding?

11 A. Yes, I am.

12 Q. What is the purpose of this cross-surrebuttal testimony?

13 A. The purpose of this testimony is to respond to the rebuttal testimony of
14 The Office of the Public Counsel witness Shawn Lafferty on the issue of lost revenues in this
15 proceeding, and to provide additional information concerning quantification of the lost
16 revenue impact to Missouri Gas Energy (MGE) in this proceeding.

17 Q. What portion of Mr. Lafferty's testimony are you addressing?

18 A. At pages 15-17 of his rebuttal testimony, Mr. Lafferty comments generally on
19 the difficulty in accurately quantifying the financial impact of any lost revenues Missouri Gas
20 Energy (MGE or "Company") has experienced due to the May 2011 tornado. At page 17,
21 lines 10-14 of his rebuttal Mr. Lafferty states:

22 **Given the alleged loss in customers is not static (i.e., some customers will**
23 **reconnect to the system during the re-building process) normal customer**
24 **growth and loss, difficulties in tracking individual customers and the**

1 historical volatility in month to month and year over year billed customers,
2 obtaining a reasonable estimate of any loss becomes nearly impossible.
3 (Emphasis added.)

4 Q. Do you agree with Mr. Lafferty's testimony on this point?

5 A. Yes, I do.

6 Q. Are customers reconnecting to MGE's system at this time?

7 A. Yes. Attached as Schedule 1 is an article from the Joplin Globe dated
8 May 15, 2011, entitled *Joplin Showing Housing Rebound*. This article indicates that repair
9 and rebuilding efforts are already under way for nearly half of the Joplin homes affected by
10 the tornado.

11 Q. Are you aware of any additional information concerning return of large
12 customers to service in Joplin?

13 A. Yes. Staff understands that Wal-Mart, one of the larger commercial businesses
14 in the Joplin tornado impact area, has re-opened.

15 Q. What relevance does this information have pertaining to accurate
16 quantification of the impact of the tornado on MGE's annual revenue levels?

17 A. Both the quantification of the tornado's impact found in MGE witness
18 Michael R. Noack's direct testimony at pages 9-10 and in my rebuttal testimony at
19 pages 14-16 are calculated on an annual basis. That is, these calculations assume that
20 customers displaced by the storm will not be taking gas service for at least one year's time.
21 As rebuilding continues, this assumption may not be true for a significant portion of the
22 affected Joplin customer base.

1 Q. Given the ongoing rebuilding, are both Mr. Noack's quantification and Staff's
2 quantification of annual revenue loss impact as discussed in our respective testimonies
3 overstated?

4 A. Yes.

5 Q. Does this conclude your cross-surrebuttal testimony?

6 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

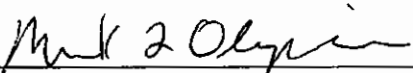
OF THE STATE OF MISSOURI

In the Matter of the Application of Missouri)
Gas Energy for the Issuance of an Accounting) File No. GU-2011-0392
Authority Order Relating to its Natural Gas)
Operations and for a Contingent Waiver of the)
Notice Requirement of 4 CSR 240-4.020(2))

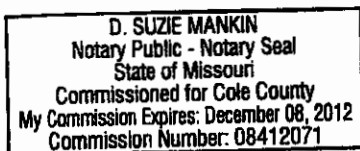
AFFIDAVIT OF MARK L. OLIGSCHLAEGER

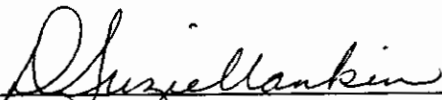
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Mark L. Oligschlaeger, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Cross Surrebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Cross Surrebuttal 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.


Mark L. Oligschlaeger

Subscribed and sworn to before me this 15th day of November, 2011.




Notary Public

The Joplin Globe, Joplin, MO

November 14, 2011

Joplin showing housing rebound

From staff reports
news@joplinglobe.com

JOPLIN, Mo. —

Nearly half of the 7,500 homes affected by the May 22 tornado are either under repair or are being rebuilt in Joplin, according to city officials. As of the end of last week, city building permits had been filed for repairs, rebuilding or new construction for 3,639 dwellings that include single-family homes, duplexes and apartments. More than half of the permits call for repairs or reconstruction in excess of \$100,000.

“This is a significant number,” City Manager Mark Rohr said in a statement. “We are encouraged by the resiliency of our citizens. We also recognize that the city is an active partner with them in this resurgence and are working to ensure positive growth throughout our community.”

A post-tornado housing market analysis commissioned by the city indicated that a total of 3,100 housing units needed to be replaced. Of those, 1,400 would be rental dwellings, and of that number, 560 should be “affordable” spaces, the study said. The remaining 1,700 housing units would be owner-occupied homes.

Schedule 1