

Exhibit No.: \_\_\_\_\_  
Issues: Environmental AAO  
Witness: Michael R. Noack  
Sponsoring Party: Missouri Gas Energy  
Case No.: GU-2007-0480  
Date Testimony Prepared: May 28, 2008

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GU-2007-0480

SUPPLEMENTAL DIRECT TESTIMONY OF

MICHAEL R. NOACK

Jefferson City, Missouri

May 2008

MBE Exhibit No. 2  
Case No(s) GU-2007-0480  
Date 8-11-08 Rptr FF

**SUPPLEMENTAL DIRECT TESTIMONY OF MICHAEL R. NOACK**

**CASE NO. GU-2007-0480**

**MAY 2008**

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

3   A.   My name is Michael R. Noack and my business address is Missouri Gas Energy,  
4       3420 Broadway, Kansas City, Missouri 64111.

5

6   **Q.   ARE YOU THE SAME MICHAEL R. NOACK WHO HAS FILED DIRECT**  
7       **TESTIMONY IN THIS CASE?**

8   A.   Yes I am.

9

10   **Q.   WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT**  
11       **TESTIMONY IN THIS PROCEEDING?**

12   A.   The purpose of my supplemental direct testimony is to update that portion of my  
13       answer that is found on page 6, lines 18 – 22, of my direct testimony.

14

15   **Q.   WHAT IS THE UPDATE THAT NEEDS TO BE MADE TO YOUR**  
16       **ANSWER ON PAGE 6 OF YOUR DIRECT TESTIMONY?**

17   A.   In further reviewing these costs, MGE has discovered that the costs associated  
18       with the \$1,740,895 offset to operating expenses have been previously included in  
19       either the \$10,368,998 of total environmental costs, or, in some cases, were  
20       Southern Union payroll costs allocated to MGE and previously recovered through

1 rates. Thus, the \$1,740,895 of costs should not be used to offset the insurance  
2 recoveries.

3

4 **Q. AFTER CORRECTING THE OFFSET TO THE INSURANCE**  
5 **RECOVERIES, DOES MGE CURRENTLY HAVE UNREIMBURSED**  
6 **EXPENSES ASSOCIATED WITH FORMER MANUFACTURED GAS**  
7 **PLANT (FMGP) SITES RECORDED ON ITS BOOKS FOR 2007?**

8 A. No. MGE still had a balance of net recoveries of \$1,562,765 as of September 30,  
9 2007. By March 31, 2008, that balance had shrunk to \$467,844.95. It is expected  
10 that by the end of the second quarter of 2008, MGE will show a balance of  
11 unreimbursed FMGP costs. This unreimbursed balance is expected to grow  
12 further in the latter half of 2008 and early 2009 as remediation activities are  
13 undertaken in St. Joseph, Missouri.

14

15 **Q. DO YOU HAVE ANY OTHER UPDATES TO YOUR DIRECT**  
16 **TESTIMONY?**

17 A. No, I do not.

18

19 **Q. DOES THAT CONCLUDE YOUR SUPPLEMENTAL DIRECT**  
20 **TESTIMONY?**

21 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the Matter of the Application of       )  
Missouri Gas Energy, a Division of       )  
Southern Union Company, for an       )  
Accounting Authority Order Concerning       )  
Environmental Compliance Activities       )

Case No. GU-2007-0480

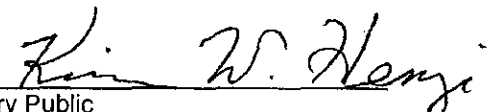
AFFIDAVIT OF MICHAEL R. NOACK

STATE OF MISSOURI       )  
                                      )  
COUNTY OF JACKSON       )       ss.

Michael R. Noack, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Supplemental Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Supplemental Direct 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.

  
MICHAEL R. NOACK

Subscribed and sworn to before me this 28<sup>th</sup> day of MAY 2008.

  
Notary Public

My Commission Expires: 2-3-11

