

EX 126

Exhibit No.:  
Issues: Rate Design  
Witness: Michael J. Ensrud  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: GR-2006-0422  
Date Testimony Prepared: November 21, 2006

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**REBUTTAL TESTIMONY**

**OF**

**MICHAEL J. ENSRUD**

**MISSOURI GAS ENERGY**

**CASE NO. GR-2006-0422**

Jefferson City, Missouri  
November 2006

**FILED<sup>2</sup>**

FEB 07 2007

Missouri Public  
Service Commission

Staff  
Date 1-8-07 Case No. GR-2006-0422  
Reporter

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

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-2006-0422

**AFFIDAVIT OF MICHAEL J. ENSRUD**

STATE OF MISSOURI     )  
                                  ) ss  
COUNTY OF COLE     )


Michael J. Ensrud, of lawful age, on his oath states: that he has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 2 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
Michael J. Ensrud

Subscribed and sworn to before me this 20<sup>th</sup> day of November, 2006.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #08942086

  
Notary Public

My commission expires 9-21-10

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**REBUTTAL TESTIMONY**  
**OF**  
**MICHAEL J. ENSRUD**  
**MISSOURI GAS ENERGY**  
**CASE NO. GR-2006-0422**

Q. Please state your name and business address.

A. My name is Michael J. Ensrud, P.O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Michael J. Ensrud who filed Direct Testimony in this case?

A. Yes, I am.

Q. What issue will you be addressing?

A. I will be addressing the direct testimony of Michael Noack on page 27. MGE does not agree with my proposal concerning a twelve-month minimum bill recovery period for seasonal disconnect. MGE prefers their seven-month maximum seasonal disconnect policy that excludes those customers who where involuntarily disconnected. This means the customer who is involuntarily disconnected will only pay the \$45.00 traditional reconnection fee no matter how long the customer was disconnected.

If the customer declares that they are a seasonal disconnect customer, MGE's proposal is to charge the customer the greater of the \$45.00 traditional reconnection fee or the cumulative "basic service charge" that are missed during the seasonal disconnect up to seven months. Staff's present understanding is that MGE's "basic service charge" is the equivalent of Staff's proposed "delivery charge". At the eighth month of a seasonal disconnect, MGE proposes to only charge \$45.00 for reconnection.

Rebuttal Testimony of  
Michael J. Ensrud

1 MGE's proposal is perceived as a being a lesser deterrent to the practice of seasonal  
2 disconnect, when compared to Staff's dual-component reconnection charge - meaning both the  
3 traditional reconnection charge of \$45.00 and the assessment of the cumulative missed  
4 delivery charges. Staff's proposal would apply the two-component reconnection charge to  
5 those who were involuntarily disconnected, as well as those who declare themselves to be  
6 seasonal disconnect customers. Staff's proposal would be for twelve months, as opposed to  
7 MGE's seven-month proposal.

8 While Staff remains dubious that MGE's proposal will act as an effective deterrent to  
9 seasonal disconnects, Staff believes that MGE deserves a chance to demonstrate the  
10 effectiveness of its proposal. Staff wants to implement the minimum penalty that is effective  
11 in deterring the practice of seasonal disconnects. The purpose of penalty is to deter action,  
12 not to punish. If a proposal containing a smaller "penalty" would constitute an effective  
13 deterrent, then Staff believes that proposal would accomplish the goals of eliminating  
14 seasonal disconnects. There may be merit in trying lesser penalties to test if they are  
15 sufficient to stop seasonal disconnect. A more stringent deterrent can be implemented in  
16 future rate cases, if MGE's proposal fails.

17 MGE's minimal proposal can be viewed as an acknowledgement that seasonal  
18 disconnects are a problem in need of a solution. While still advocating the merits of my  
19 Direct Testimony, I am willing to allow MGE's proposal to be implemented in order to see the  
20 deterrent effect.

21 Q. Does that conclude your Rebuttal Testimony?

22 A. Yes, it does.