

FILED

~~EXHIBIT 2000~~

Missouri Public  
Service Commission

Exhibit No.:	
Witness:	George E. Swogger
Type of Exhibit:	Rebuttal
Sponsoring Party:	Noranda Aluminum, Inc.
Case No.:	GM-2000-312

FILED

MAR 1 2000

NORANDA ALUMINUM, INC.

Missouri Public  
Service Commission

INTERVENOR

TESTIMONY OF

GEORGE E. SWOGGER

BEFORE THE

PUBLIC SERVICE COMMISSION

Docket No. GM-2000-312

1                               BEFORE THE PUBLIC SERVICE COMMISSION  
2   STATE OF MISSOURI  
3  
4  
5

6   In the matter of the Joint                       )  
7   Application of Atmos Energy                    )  
8   Corporation and Arkansas Western               )  
9   Gas Company, d/b/a Associated                   )  
10  Natural Gas Company, for an order               )  
11  authorizing the sale and transfer               )  
12  of certain assets of Associated                   )  
13  Natural Gas Company located in                   )  
14  Missouri to Atmos Energy                        )  
15  Corporation and either authorizing               )  
16  the transfer of existing                         )  
17  Certificates of Public Convenience               )  
18  and Necessity or granting a New                   )  
19  Certificate of Public Convenience                )  
20  and Necessity to Atmos Energy                    )  
21  Corporation in conjunction with                  )  
22  same.    )

Case No. GM-2000-312

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25                               PREPARED REBUTTAL TESTIMONY OF  
26                               GEORGE E. SWOGGER, ADMINISTRATIVE  
27                               MANAGER OF NORANDA ALUMINUM, INC. IN  
28                               NEW MADRID, MISSOURI ON ASSOCIATED NATURAL  
29                               GAS COMPANY AND ATMOS ENERGY CORPORATION'S APPLICATION  
30                               FOR SALE OF ASSETS IN CASE NUMBER GM-2000-312  
31  
32

33   Q.    State your name.

34   A.    George E. Swogger.

35   Q.    Where do you reside?

36   A.    Sikeston, Missouri.

37   Q.    By whom are you employed?

38   A.    Noranda Aluminum, Inc.

39   Q.    In what capacity?

40   A.    Administrative Manager.

1 Q. Please state your employment background.

2 A. After my graduation from West Virginia University where I  
3 obtained a Bachelor of Science in Industrial Engineering in  
4 1974, I was employed by Alcoa as a Senior Industrial Engineer  
5 in Davenport, Iowa from 1974 to 1978. In 1978, I then was  
6 employed by Nichols Homeshield, Inc. in Davenport, Iowa, where  
7 I was the Manager of Industrial Engineering and Rod Mill  
8 Superintendent in 1978 and the Coil Coating Superintendent  
9 from 1978 through 1980. In 1980, I became employed by Noranda  
10 Aluminum, Inc. in New Madrid, Missouri first as a Chief  
11 Industrial Engineer from 1980 to 1984, and I have been in my  
12 present position as Administrative Manager since 1984, through  
13 and including the present date.

14 Q. Do you, on behalf of Noranda Aluminum, Inc., ("Noranda") have  
15 any objections to the proposed sale and transfer of Associated  
16 Natural Gas Company's ("ANG") Missouri assets to Atmos Energy,  
17 Inc. ("Atmos"), so that Atmos becomes the provider of  
18 Noranda's gas transportation provider?

19 A. Yes, on behalf of Noranda, I have several.

20 Q. What is the nature of those objections?

21 A. First of all, as this Commission may be aware from ANG's last  
22 rate case, Noranda has a history of taking the position that  
23 all rates and charges by ANG (or its successors) should be  
24 cost based in order to avoid one class subsidizing other

1 classes of customers who are not paying their actual cost of  
2 service. ANG has in the past likewise usually supported cost  
3 of service rates (albeit using a different methodology than  
4 Noranda to determine costs). As of this date, Noranda has not  
5 seen any evidence that Atmos is likewise committed to cost  
6 based rates. Noranda, absent such evidence and absent a  
7 commitment by Atmos to cost based rates, does object to the  
8 sale to Atmos.

9 Q. Does Noranda have any other objections?

10 A. Yes. As noted in my direct testimony on rate design in Case  
11 No. GR-97-272, ANG has in the past has been very cooperative  
12 in dealing with Noranda, as far as the transportation service  
13 is concerned, as well as explaining the bill process, the  
14 nature of bills, etc. While Noranda and ANG have had  
15 disagreements in the past (a \$12,500.00 monthly customer  
16 charge being one such issue), we have always found that ANG's  
17 representatives have been ready, willing and able to meet with  
18 Noranda at a moment's notice to at least address Noranda's  
19 concerns on gas transportation issues, if not resolve them.  
20 Such access and commitment to customer's concerns are valued  
21 highly by Noranda.

22 Noranda's second objection to the proposed sale is due to  
23 Noranda's concern that the same access and commitment do not  
24 seem to be present with Atmos.

1           Shortly after Atmos and ANG filed the instant proceeding,  
2 I, as well as other Noranda personnel, had a brief meeting  
3 with an ANG and an Atmos representative. I and the other  
4 Noranda personnel were concerned about various aspects of the  
5 sale which were not addressed in that meeting. Accordingly,  
6 I directed Noranda's attorney to set up another meeting with  
7 Atmos' attorney and representatives of Atmos to discuss  
8 Noranda's concerns about the sale. This meeting was scheduled  
9 for January 21, 2000. That meeting was cancelled a day or two  
10 previous to January 21, 2000, due to the "busyness of Atmos  
11 personnel schedules", with a commitment to reschedule  
12 "shortly". As of the date of the filing of this testimony,  
13 the meeting has not been scheduled, and apparently, Atmos has  
14 no intention of rescheduling said meeting.

15           If Atmos has no intent in meeting with Noranda (its  
16 largest volumetric customer in the subject territory) to  
17 address its concerns about the sale now, why would we believe  
18 that Atmos has any commitment to addressing customer concerns  
19 after the proposed sale is approved.

20 Q. Do you, on behalf of Noranda, have any other objections?

21 A. Yes. It is my understanding that Atmos has indicated that it  
22 will "honor" the current transportation contract between  
23 Noranda and ANG until it expires. This causes very great  
24 concern. If Atmos has decided to "honor" or accept the

1 contract, then necessarily, it must have considered to  
2 "dishonor" or reject the contract.

3 No customer should have its contract rejected by Atmos  
4 and a new contract or terms unilaterally imposed upon it. The  
5 apparent attitude of Atmos that such action by it is possible,  
6 is sufficient ground, in and of itself, for rejection of the  
7 proposed sale. At the very least, if this Commission does  
8 approve the sale, it should be made contingent upon Atmos  
9 accepting and honoring all contracts between ANG and its  
10 current Missouri customers.

11 Q. Does Noranda have any other objections?

12 A. Yes. We have learned that Atmos may be considering filing for  
13 a rate increase sometime soon after the Commission approves  
14 the sale (assuming it does). This causes Noranda a great deal  
15 of concern.

16 ANG in No. GR-97-292 recently received a relatively large  
17 rate increase. Why would a new owner need a rate increase  
18 over and above that? Would it be to pay for the cost of the  
19 acquisition premium that Atmos is paying in this case?

20 If this information is correct, Atmos should explain why  
21 they are attempting to buy this territory if it is  
22 contemplating a rate increase case in the near future.

23 Under the decision of the last rate case (which is still  
24 under appeal), Noranda has been compelled to pay more than its

1 cost of service for transportation service, regardless of  
2 which cost of service study one uses from that case. As such,  
3 Noranda is already paying too much for its service. Noranda  
4 strenuously objects to Atmos seeking to purchase this service  
5 territory from ANG if it intends to increase such overpayment  
6 even more.

7 Q. Do you have any further comments?

8 A. Yes. Noranda feels constrained to object to the instant sale.  
9 While it is possible that Atmos will provide Noranda with the  
10 information that will alleviate Noranda's concerns, to date it  
11 has not seen fit to meet with Noranda to discuss these  
12 matters.

13 While ANG and Noranda's relationship has at times been  
14 rocky on certain issues, at the very least ANG has always been  
15 willing to meet and consider (if not agree to) Noranda's  
16 positions and arguments

17 Accordingly, at this time Noranda objects to the sale.  
18 To paraphrase an old saying, "Better to deal with the devil  
19 you know than the one you don't."

20 Q. Does this conclude your rebuttal testimony?

21 A. Yes, it does.

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Natural Gas Company, for an order )  
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Corporation and either authorizing )  
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and Necessity or granting a New )  
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and Necessity to Atmos Energy )  
Corporation in conjunction with )  
same. )

Case No. GM-2000-312

**AFFIDAVIT**

STATE OF MISSOURI )

) ss.

COUNTY OF NEW MADRID )

GEORGE E. SWOGGER, of lawful age and being first duly sworn upon his oath, deposes and states:

1. My name is George E. Swogger. I reside in Sikeston, Missouri, and I am the Noranda Aluminum, Inc. Administrative Manager.
2. Attached hereto and made a part hereof for all purposes is my testimony consisting of pages 1 through 6, inclusive.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions propounded therein are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
GEORGE E. SWOGGER



Subscribed and sworn to before me, a Notary Public, on this  
29th day of February, 2000.

SALLIE J. DIERCKE  
Notary Public -- State of Missouri  
County of New Madrid  
My Commission Expires Jan. 09, 2002

(SEAL)

  
NOTARY PUBLIC

My commission expires:

1-9-2002