

FILED

MISSOURI GAS ENERGY  
A division of Southern Union Company

JUL 29 2004

Missouri Public Service Commission  
DATA INFORMATION REQUEST RESPONSE

Missouri Public Service Commission

Case Number: GR-2004-0209

Data Request No 0322

Exhibit No. 50  
Case No(s) GR 2004-0209  
Date 7-23-04 Rptr JS

Requested From: Mark Oligschlaeger

Date Requested: 5/26/2004

Information Requested:

See attached. (Note: the Staff is not requesting expedited treatment for this data request.)

Please provide the following regarding the retention of Eric Herschman, James I. Warren, Thomas J. Sullivan, Roger A. Morin, John J. Gillen, John C. Dunn and F. Jay Cummings by the Company in Case No. GR-2004-0209:

- 1A) The name(s) of the employee(s) that made the decision to acquire the services of each of the consultants used in this case.
  - 1B) The basis for the decision to acquire the services of each of the consultants used in this case.
  - 1C) Copies of all documentation related to the deliberation and decision to acquire the services of each of the consultants used in this case.
  - 1D) The date the decision was made to acquire the services of each of the consultants used in this case.
  - 1E) A copy of the Company's policies and procedures used to acquire the services of each of the consultants used in this case.
  - 1F) A copy of the Company's policies and procedures used to acquire the services of third party vendors, if different from the response to 1E above.
  - 1G) A copy of the Request for Proposal (RFP) that was sent to each of the consultants used in this case to acquire their services.
  - 1H) To the extent that no RFPs were issued regarding the retention of the consultants used in this case, please provide: a) any documentation of authorization to forego the competitive bid process, and b) specific documentation or description regarding the type of process used to select the consultant.
- 2) The name(s) of the individual(s) responsible for writing and designing the RFP provided above if not identified in the documentation provided above.
  - 3) A copy of the vendor list of consultants that received a RFP for each service that MGE has used an outside entity in this case.
  - 4) Copies of the documentation received from all respondents to the RFPs; including, but not limited to: a detailed fee schedule; scope of work to be performed; schedule for the work to be performed; the names of all of the individuals assigned to the project; and the specific scope of work to be performed by each individual.
  - 5) Copies of all memos, e-mails, correspondence, rankings or other documentation generated in the process of evaluating the responses to the RFPs and the ultimate selection of the consultants used in this case.
  - 6) A copy of the final contract awarded to each consultant.
  - 7) Copies of all of the bills received from each consultant to date, and on an ongoing basis, detailing the work performed, the individual(s) performing the work and the corresponding fee.

The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2004-0209 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

Date Response Received: \_\_\_\_\_

Signed By: Michael Roach  
Director, Pricing and Regulatory Affairs

Date: 6/18/04

## MISSOURI GAS ENERGY

A division of Southern Union Company

8) All correspondence (telephone conversations, notes, e-mails, letters, documents and meeting notes) related to communication between the Company and each consultant, to date and on an ongoing basis.

9) For each consultant (except Mr. Hirschman), a ten-year history of the consultant's work in the area presented in this case including: a) a listing of the rate cases in which the consultant participated; b) the jurisdiction in which the consultant's area was presented, and c) and whether the jurisdiction adopted the position advocated by the consultant.

**Requested By:** Mike Noack

**Information Provided:**

please refer to the attached .pdf file

*The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2004-0209 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.*

Date Response Received: \_\_\_\_\_

Signed By: \_\_\_\_\_

Director, Pricing and Regulatory Affairs

Date: \_\_\_\_\_

**MISSOURI GAS ENERGY**

A division of Southern Union Company

**Missouri Public Service Commission  
DATA INFORMATION REQUEST RESPONSE**

**Case Number: GR-2004-0209**

Data Request No 0323

**Requested From:** Mark Oligschlaeger

**Date Requested:** 5/26/2004

**Information Requested:**

In regard to MGE's consultant John M. Quain, please provide the same information that was requested concerning the other outside consultants used by MGE in this case in Staff Data Request No. 322.

**Requested By:** Mike Noack

**Information Provided:**

Please refer to the response to DR 0322.

*The information provided in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to promptly notify the requesting party if, during the pendency of Case No. GR-2004-0209 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.*

Date Response Received: \_\_\_\_\_

Signed By:  \_\_\_\_\_

Director, Pricing and Regulatory Affairs

Date: 6/18/04

## Response to Staff DR #322 and 323

### Information requested:

See attached. (Note: the Staff is not requesting expedited treatment for this data request.) Please provide the following regarding the retention of Eric Herschman, James I. Warren, Thomas J. Sullivan, Roger A. Morin, John J. Gillen, John C. Dunn and F. Jay Cummings by the Company in Case No. GR-2004-0209:

1A) The name(s) of the employee(s) that made the decision to acquire the services of each of the consultants used in this case.

*The decision to retain Messrs. Herschmann, Sullivan, Morin, Dunn, Cummings and Quain for purposes of this proceeding was made by Rob Hack in consultation with Rick Marshall, Dennis Morgan and Jim Oglesby.*

*The decision to retain Mr. Warren was made by Steve McGregor in consultation with Rob Hack.*

*The decision to retain Mr. Gillen was made by Rick Marshall in consultation with Rob Hack.*

1B) The basis for the decision to acquire the services of each of the consultants used in this case.

*Subject to, and without waiving, the objection already lodged, these individuals were retained based on the belief that each was necessary for an effective presentation of the Company's position on the issues and that each was well qualified for the assigned task.*

1C) Copies of all documentation related to the deliberation and decision to acquire the services of each of the consultants used in this case.

*No such documentation exists that is not protected from disclosure by the attorney-client privilege.*

1D) The date the decision was made to acquire the services of each of the consultants used in this case.

*The decision to retain Messrs. Sullivan, Dunn, Cummings and Quain for purposes of this proceeding was made in the summer or fall of 2003, prior to the filing of the case.*

*The decision to retain Mr. Herschmann for purposes of this proceeding was made in November or December of 2003.*

*The decision to retain Mr. Morin for purposes of this proceeding was made after April 15, 2003 and before May 24, 2003.*

*The decision to retain Mr. Warren for purposes of this proceeding was made after April 15, 2003 and before May 24, 2003.*

*The decision to retain Mr. Gillen for purposes of this proceeding was made after April 15, 2003 and before May 24, 2003.*

1E) A copy of the Company's policies and procedures used to acquire the services of each of the consultants used in this case.

*See attached policy, which became effective 2/24/04.*

1F) A copy of the Company's policies and procedures used to acquire the services of third party vendors, if different from the response to 1E above.

*See response to 1E), above.*

1G) A copy of the Request for Proposal (RFP) that was sent to each of the consultants used in this case to acquire their services.

*No RFPs were issued.*

1H) To the extent that no RFPs were issued regarding the retention of the consultants used in this case, please provide: a) any documentation of authorization to forego the competitive bid process,

*No such documentation exists.*

and b) specific documentation or description regarding the type of process used to select the consultant.

*The attached documentation is all that exists; the process was consultative among the individuals identified in 1A), above.*

2) The name(s) of the individual(s) responsible for writing and designing the RFP provided above if not identified in the documentation provided above.

*Not applicable; see response to 1G), above.*

3) A copy of the vendor list of consultants that received a RFP for each service that MGE has used an outside entity in this case.

*Not applicable; see response to 1G), above.*

4) Copies of the documentation received from all respondents to the RFPs; including, but not limited to: a detailed fee schedule; scope of work to be performed; schedule for the work to be performed; the names of all of the individuals assigned to the project; and the specific scope of work to be performed by each individual.

*Not applicable; see response to 1G) above.*

5) Copies of all memos, e-mails, correspondence, rankings or other documentation generated in the process of evaluating the responses to the RFPs and the ultimate selection of the consultants used in this case.

*Not applicable; see response to 1G) above.*

6) A copy of the final contract awarded to each consultant.

*See attached. No engagement letter or contract exists related to the services of John Gillen. The other contracts or engagement letters which exist have already been provided in response to earlier data requests.*

7) Copies of all of the bills received from each consultant to date, and on an ongoing basis, detailing the work performed, the individual(s) performing the work and the corresponding fee.

*Billings are being provided as they come in.*

8) All correspondence (telephone conversations, notes, e-mails, letters, documents and meeting notes) related to communication between the Company and each consultant, to date and on an ongoing basis.

*See letter to Robert Franson from Paul Boudreau.*

9) For each consultant (except Mr. Hirschman), a ten-year history of the consultant's work in the area presented in this case including: a) a listing of the rate cases in which the consultant participated; b) the jurisdiction in which the consultant's area was presented, and c) and whether the jurisdiction adopted the position advocated by the consultant.

- *Thomas J. Sullivan—a listing of the cases in which Thomas Sullivan has filed testimony is included in Schedule TJS-1 attached to his testimony. Mr. Sullivan cannot recall the conclusions reached in each case.*
- *Roger A. Morin—a listing of the cases in which Professor Morin has participated is included in Schedule RAM-1 attached to his testimony. Professor Morin cannot recall the conclusions reached in each case.*

- *John J. Gillen—see attached.*
- *John C. Dunn—see attached. Mr. Dunn does not recall the conclusions reached in each case.*
- *F. Jay Cummings—see attached.*
- *John Quain—see attached.*

**Information provided:** *in italics, above.*

## APPROVAL TO HIRE PROFESSIONAL CONSULTANTS

Issued: 2/24/04

Whereas Southern Union Company, its divisions and subsidiaries (collectively referred to as the "Company") wish to implement the following Company policy (the "Policy"), which shall govern the hiring of outside professional consultants, as that term is defined below.

### Definition:

The term consultant ("Consultant") as used herein is defined to include but not be limited to all professional advisors providing consulting and/or contracted services in the areas of law, tax, accounting, public and investor relations, collections, advertising, lobbying/governmental relations, investments, information technology, financial, environmental, employee benefits, auditing, regulatory, energy services, architectural/engineering and human resources.

### Policy:

Consultants may only be engaged with the prior written consent of the Company's President and Chief Operating Officer when the estimated annual cost of such Consultant exceeds \$10,000 or when the duration of such consultant's work and/or contract exceeds six months.

In any instance, either because of an exception (as defined below) or when the estimated annual cost of such Consultant is less than \$10,000 or the term of such engagement is less than six months, written notification of such must be sent to the attention of the Office of the President. Such notification must include all information sought through letters A - H, below.

### Employee Responsibilities:

Company employees wishing to engage the services of a Consultant under the terms described above must complete and submit to the Office of the President a written request, which includes the following information:

- A) Employee/department and division/subsidiary seeking approval to hire Consultant;
- B) Purpose of hiring Consultant;
- C) Name of Consultant and Consultant's firm;
- D) Duration or time-period for which Consultant is being sought;
- E) Consultant's pay structure and estimated total cost of Consultant's work for the Company;

- F) Whether the agreement with Consultant is intended to be written or verbal;
- G) Explanation of preference to contract with desired Consultant over others considered;
- H) Explanation of whether it is intended for the desired Consultant to replace any existing employee or contracted professional;
- I) Written approval of divisional/subsidiary House/General Counsel;
- J) Written approval of divisional/subsidiary President and Chief Operating Officer (at corporate level, written approval of appropriate Executive Vice President).

Exception:

Due to the type of work and dollars associated with the Company's interstate natural gas transmission and liquefied natural gas assets, approval to hire a Consultant must only be sought from Southern Union's President and Chief Operating Officer when the estimated annual cost of such Consultant exceeds \$100,000 or when the duration of such consultant's work and/or contract exceeds six months. Notification, pursuant to this exception, is still required in accordance with the Policy.

Authorization:

Upon receiving a written request to hire a Consultant, the Company's President and Chief Operating Officer will review such request and, through his office, will confer with all necessary executive officers and Company employees in order to reach a decision. Within a reasonable period of time, the requestor will be notified as to the approval or denial of his or her request. Executive Vice Presidents of the Company will receive a copy of all approved requests.

Conclusion:

This Policy shall become effective immediately and is not intended to override any divisional/subsidiary Consultant authorization policy or guidelines currently in place. However, if there is any conflict between an existing divisional/subsidiary policy and this Policy, the terms of this Policy shall govern and control.





Corporate Tax Department  
Memorandum

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**Date:** 05/14/2004  
**To:** Tom Karam  
**From:** Steve McGregor  
**Subject:** Request for Approval to Hire Jim Warren with Thelen Reid Law Firm to Assist with the Missouri Gas Energy Rate Case

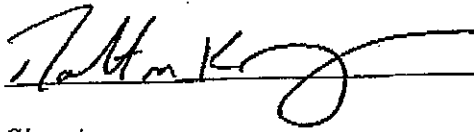
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Pursuant to Company Policy ("Policy"), I hereby request approval to hire Thelen Reid Law Firm to assist in tax matters related to the MGE rate case.

Following is the required Policy information.

- A. Requestor: Stephen McGregor, Vice President – Tax
- B. Purpose: To assist in supporting MGE rate base inclusion of the AMT credit and NOL carryforward. Currently, the MPSC staff is denying rate base treatment for these items. If we are successful, MGE annual earnings would increase in the range of \$500,000 to \$1.5MM, and possibly more.
- C. Consultant: Thelen Reid Law Firm – Jim Warren
- D. Duration: Approximately 3 months.
- E. Consultant's Cost: Approximately \$10,000
- F. Written/Verbal Agreement: Written.
- G. Explanation of Preference: Due to special projects, the Tax Group needs outside assistance to complete the required rebuttal testimony and research needed in a timely manner. Jim Warren was recommended by Woody Sharpe of PWC. I have worked with Jim in the past when he was a tax partner with PWC and I am very impressed with his performance.
- H. Replace Employee/Contractor?: It is not intended that this consultant would replace any existing employee or contractor.

I. Approval by: Corporate Tax Counsel

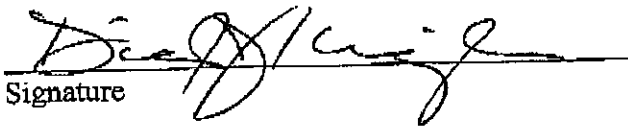


Signature

5/14/04

Date

J. Approval by: David J. Kvapil, EVP & CFO

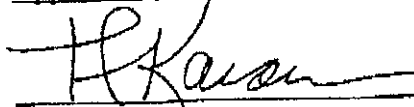


Signature

05/14/04

Date

K. Approval by Thomas F. Karam



Signature

5.14.04

Date

## MEMORANDUM

To: Tom Karam  
From: Rob Hack  
Date: 5/27/04  
Re: Request for approval to hire Roger Morin to assist with MGE rate case.

Pursuant to Company Policy ("Policy"), I hereby request approval to hire Roger Morin to assist in rate of return matters related to the MGE rate case.

Following is the required Policy information.

- A. Requestor: Robert J. Hack, Vice President – Pricing & Regulatory Affairs, MGE.
- B. Purpose: To assist in supporting MGE rate of return position. Currently, the MPSC staff OPC are recommending overall rates of return less than 7.5% and returns on equity no higher than approximately 9.5%. If we are successful, MGE annual earnings would increase in the range of \$23 MM.
- C. Consultant: Roger Morin
- D. Duration: Approximately 3 months.
- E. Consultant's Cost: Approximately \$30,000
- F. Written/Verbal Agreement: Written.
- G. Explanation of Preference: Due to the dollar magnitude of the issue and Professor Morin's distinguished qualifications, his outside assistance is needed to complete the required rebuttal testimony and research needed in a timely manner. Professor Morin has authored texts recognized as authoritative in the field and has expressed a desire to work on this project. Due to severe time constraints associated with testimony filing deadlines, I approved prior to obtaining formal, up-line approval.
- H. Replace Employee/Contractor?: It is not intended that this consultant would replace any existing employee or contractor.
- I. Approval by: MGE Counsel

/s/ Robert J. Hack

5/27/04

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Signature

Date

J. Approval by: Jim Oglesby, President and COO

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

K. Approval by Thomas F. Karam

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## MEMORANDUM

To: Tom Karam  
From: Rick Marshall  
Date: 6/2/04  
Re: Request for approval to hire John Gillen, CPA, to assist with MGE base rate proceeding.

Pursuant to Company Policy ("Policy"), I hereby request approval to hire John Gillen to assist in capital structure matters related to the MGE base rate proceeding.

Following is the required Policy information.

- A. Requestor: Richard N. Marshall, Vice President and Treasurer
- B. Purpose: To assist in supporting MGE's capital structure position. Currently, the MPSC staff OPC are recommending the use of a consolidated capital structure for determining rates in this proceeding, which produces a less than 26% common equity component.
- C. Consultant: John Gillen
- D. Duration: Approximately 3 months.
- E. Consultant's Cost: Approximately \$10,000
- F. Written/Verbal Agreement: Verbal.
- G. Explanation of Preference: Mr. Gillen is a Certified Public Accountant. While employed by PricewaterhouseCooper's, Mr. Gillen was the partner on several client audits, including Southern Union Company. His in-depth knowledge of the Company's financial statement and overall expertise provide ideal qualifications to provide expert witness testimony. The purpose of Mr. Gillen's testimony is to show the correct methodology for computing the capital structure of Southern Union Company excluding panhandle Eastern Pipe Line Company. Mr. Gillen's participation will help ensure the best possible outcome in the rate proceeding.
- H. Replace Employee/Contractor?: It is not intended that this consultant would replace any existing employee or contractor.
- I. Approval by: Richard N. Marshall, Vice President and Treasurer

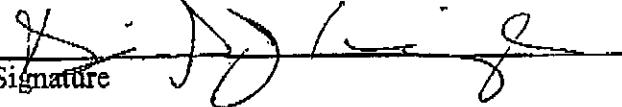
Richard N. Marshall

6/2/04


Signature

Date

J. Approval by: David J. Kvapil, Executive Vice President and CFO

 6-2-4  
Signature Date

K. Approval by Thomas F. Karan, President and COO

 6-7-04  
Signature Date

**Thelen Reid & Priest LLP**  
Attorneys At Law

James I. Warren  
212.603.2072 Direct Dial  
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Tel. 212.603.2000  
Fax 212.603.2001  
www.thelenreid.com

May 21, .

Rob,  
Pls review.

Thanks

Stephen D. McGregor  
Vice President - Tax  
Southern Union Company  
One PEI Center  
Wilkes-Barre, PA 18711

Re: **Representation of Southern Union Comp**

Dear Steve:

I would like to welcome you as a client of Thelen Reid & Priest LLP. We have found that it is important to express as clearly as possible our expectations and intentions when taking on a new legal representation. For that reason, and also because the law requires us to put certain information in a written agreement with clients, I have prepared this letter agreement and enclosed a statement of our Billing and Payment Policies.

We have already discussed the nature of legal services for which you have retained our firm. So that we have a common understanding about the scope of our legal representation, I would like to set out briefly here what you have asked us to do.

The scope of the engagement will be to provide regulatory consulting services to Southern Union Company in connection with Missouri Gas Energy's current rate case at the Missouri Public Service Commission. These services are anticipated to include the production and filing (on behalf of MGE) of written prefiled rebuttal testimony in the docket, assistance in responding to data requests, as well as live rebuttal testimony at hearing.

As a condition of your becoming and continuing as a client of our firm, we request that you agree to the enclosed Billing and Payment Policies. Please confirm your agreement by executing the enclosed copy of this letter in the space provided and returning it to me.

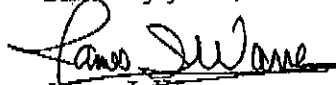
Naturally, we trust and hope that you will be satisfied with our services and will return to us for your future legal needs. If you request additional services from us in the future which are either related or unrelated to the scope of the representation described above, it is understood that those future legal services will be provided by us under the same billing and payment terms as are set forth in this letter and the attachment.

Stephen D. McGregor  
May 21, 2004  
Page 2

**Thelen Reid & Priest LLP**

On behalf of our entire firm, I thank you for the confidence you have shown in us by retaining Thelen Reid & Priest LLP. We look forward to working with you.

Sincerely yours,

  
~~James T. Warren~~

The foregoing is agreed to.

**SOUTHERN UNION COMPANY**

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_