

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Evidentiary Hearing

September 10, 2008
Jefferson City, Missouri
Volume 4

In the Matter of the Application)
of Missouri Gas Energy, A Division)
of Southern Union Company For An)
Accounting Authority Order) Case No. GU-2007-0480
Concerning Environmental Complaint)
Activities)

KENNARD L. JONES, Presiding,
SENIOR REGULATORY LAW JUDGE.

ROBERT M. CLAYTON III,
TERRY JARRETT,
KEVIN GUNN,
COMMISSIONERS.

REPORTED BY:
KELLENE K. FEDDERSEN, CSR, RPR, CCR
MIDWEST LITIGATION SERVICES

1 APPEARANCES:

2 DEAN L. COOPER, Attorney at Law
3 Brydon, Swearngen & England, P.C.
4 312 East Capitol
5 P.O. Box 456
Jefferson City, MO 65102-0456
(573)635-7166
dcooper@brydonlaw.com

6 FOR: Missouri Gas Energy
7 A Division of Southern Union Company.

8 MARC D. POSTON, Senior Public Counsel
9 P.O. Box 2230
200 Madison Street, Suite 650
Jefferson City, MO 65102-2230
10 (573)751-4857

11 FOR: Office of the Public Counsel
and the Public.

12 ROBERT S. BERLIN, Senior Counsel
13 P.O. Box 360
200 Madison Street
Jefferson City, MO 65102
14 (573)751-3234

15 FOR: Staff of the Missouri Public
16 Service Commission.

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1 P R O C E E D I N G S

2 (EXHIBIT NO. 14HC WAS MARKED FOR
3 IDENTIFICATION BY THE REPORTER.)

4 JUDGE JONES: We are on the record with
5 Case No. GU-2007-0480, the matter of MGE, Missouri Gas
6 Energy's application for an Accounting Authority Order.
7 We are reconvening a hearing to hear testimony from
8 Crystal Callaway. Mr. Cooper?

9 MR. COOPER: Yes, your Honor. Missouri Gas
10 Energy would call Ms. Callaway.

11 JUDGE JONES: Ms. Callaway, could you
12 please step to the podium, and will you please raise your
13 right hand.

14 (Witness sworn.)

15 JUDGE JONES: Thank you. You may be
16 seated. Mr. Cooper, you may proceed.

17 MR. COOPER: Thank you, your Honor.

18 CRYSTAL CALLAWAY testified as follows:

19 DIRECT EXAMINATION BY MR. COOPER:

20 Q. Would you please state your name.

21 A. Crystal Callaway.

22 Q. And by whom are you employed and in what
23 capacity?

24 A. Missouri Gas Energy, Environmental
25 Compliance Specialist.

1 Q. Have you caused to be prepared for the
2 purposes of this case certain direct and surrebuttal
3 testimony in question and answer form?

4 A. That's correct.

5 Q. Is it your understanding that that
6 testimony has been marked as Exhibits 5 and 6 for
7 identification?

8 A. Yes.

9 Q. Do you have any changes that you would like
10 to make to that testimony at this time?

11 A. No.

12 Q. If I were to ask you the questions which
13 are contained in Exhibits 5 and 6 today, would your
14 answers be the same?

15 A. Yes.

16 Q. Are those answers true and correct to the
17 best of your information, knowledge and belief?

18 A. Yes.

19 MR. COOPER: Your Honor, I would offer
20 Exhibits 5 and 6 into evidence and tender the witness for
21 cross-examination.

22 JUDGE JONES: Any objections to Exhibits 5
23 or 6?

24 (No response.)

25 JUDGE JONES: Hearing none, Exhibit 5 and 6

1 are admitted into the record.

2 (EXHIBIT NOS. 5 AND 6 WERE RECEIVED INTO
3 EVIDENCE.)

4 JUDGE JONES: Okay. Who wants to cross
5 first? Mr. Poston, do you have any questions?

6 MR. POSTON: Yes, I do.

7 JUDGE JONES: You can go ahead. Is that
8 the order we did that last time, did you go first?

9 MR. POSTON: I think Staff went first, but
10 it doesn't matter to me.

11 JUDGE JONES: Okay. Go ahead, Mr. Poston.

12 CROSS-EXAMINATION BY MR. POSTON:

13 Q. Good morning.

14 A. Good morning.

15 Q. My name is Marc Poston, and I am the
16 attorney representing Office of the Public Counsel and the
17 public, MGE's customers. And you're an environmental
18 compliance specialist; is that correct?

19 A. That's correct.

20 Q. And how many environmental compliance
21 specialists does MGE employ?

22 A. Just one.

23 Q. Just you?

24 A. Uh-huh.

25 Q. And you state in your testimony that you're

1 the onsite representative for two of the manufactured gas
2 plant sites; is that correct?

3 A. I am the MGE onsite representative, that's
4 correct. We just completed Station B parcel in 2008, and
5 now I'm at the St. Joe site.

6 Q. Okay.

7 JUDGE JONES: Let me interrupt you-all.
8 Are your microphones on? Is there a green light on the
9 base there just below the mic? Is that light on?

10 MR. POSTON: She doesn't have one of those.

11 THE WITNESS: I don't have one.

12 JUDGE JONES: Mr. Poston, is yours on?

13 MR. POSTON: Can you hear me? The light's
14 on.

15 JUDGE JONES: Sorry to interrupt you.

16 MR. POSTON: Can you hear me?

17 JUDGE JONES: I can hear you. I just want
18 to make sure the webcast can.

19 BY MR. POSTON:

20 Q. So in your testimony, I thought you said
21 you were the onsite rep for Station A in St. Joe; is that
22 correct?

23 A. Station A and B and then St. Joseph site.

24 Q. Okay. So three sites?

25 A. Actually, Station A and Station B are in

1 close proximity to each other, and Station A, we didn't do
2 a lot of work over there. We had to go over and do some
3 soil erosion repair. So it was more just Station B Gillis
4 location.

5 Q. Okay. And so how are the job duties
6 different from -- you said in your testimony you had
7 compliance responsibility for 16 sites and then the onsite
8 responsibilities for these two sites. How is that
9 different?

10 A. The onsite project management is in
11 assistance with our corporate office, and my compliance
12 duties actually for the 16 sites, the MGE sites, that
13 position is more permitting and hazardous waste disposal,
14 any type of asbestos removal action, mercury removal.
15 Those are the sorts of duties that I normally do.

16 Q. And have you been an onsite representative
17 for any other former manufactured gas plant sites with MGE
18 or any other employer?

19 A. No, I have not.

20 Q. I'd like to discuss each of these sites,
21 and there's five total that MGE's wanting to defer costs
22 for; is that correct?

23 A. That is correct.

24 Q. And were any of the sites used to provide
25 natural gas to consumers in any other state, Kansas, or

1 were these all for Missouri, to your knowledge?

2 A. I don't know the answer to that.

3 Q. And currently, all five sites, are they all
4 owned by Southern Union?

5 A. That's correct.

6 Q. Or MGE. And when did each site manufacture
7 gas? Do you know when that occurred on each site?

8 A. I can give you some approximate dates. I
9 know that manufactured gas ended at most of the sites
10 around the early 1900s to 1930.

11 Q. Do you know if any of these sites
12 manufactured gas during Western Resources' ownership of
13 the properties?

14 A. I don't know the answer to that.

15 Q. And what is the hazardous substance that
16 needs to be cleaned up at these sites?

17 A. Most of the chemicals of concern related to
18 manufactured gas plant sites is coal tar and benzene-like
19 type chemicals.

20 Q. And that's the same for all five sites,
21 it's the coal tar and benzene that's being cleaned up?

22 A. That's correct.

23 Q. Do you know when each site was identified
24 as a Super Fund site?

25 A. As a Super Fund site?

1 Q. As a hazardous site under CERCLA?

2 A. Back in the early 19 -- or 1990, 1991 time
3 frame, the EPA did some initial preliminary assessments at
4 each one of these sites. A report was generated from
5 those sites, at which time nothing become of that. They
6 just simply stated no further removal action planned at
7 most of these sites.

8 So it wasn't until late 1999, 2003 time
9 frame that Station A and Station B were identified, and at
10 the point Super Fund was looking to enroll us in the Super
11 Fund program, and at that time we went into the voluntary
12 cleanup program.

13 Q. And the coal tar and the other substance
14 you identified, how is it disposed at these sites? How
15 was it originally disposed at these sites?

16 A. Back in the late 1800s and 1900s, it was
17 simply just left in the ground.

18 Q. Just dumped onto the ground?

19 A. That's correct.

20 Q. Was it ever stored into tanks or any type
21 of underground storage tank --

22 A. No.

23 Q. -- anything like that?

24 A. No.

25 Q. Do you know if the hazardous substance

1 that's in the ground now has ever been moved, relocated,
2 dug up and moved on the property, anything like that?

3 A. No, not that I'm aware of.

4 Q. And is the reason for Southern Union's
5 liability at this site, is it as owner only as far as
6 under CERCLA, has it been identified as owner and not an
7 arranger or transporter, anything like that?

8 A. I don't know. That's a legal
9 determination.

10 Q. Do you know at the time that these sites
11 were purchased by Southern Union, what these sites were
12 being used for? Were they still being used to provide
13 gas, natural gas?

14 A. I don't know. I just started with MGE in
15 the 2006 time frame. I know that currently, since my
16 employment, it's been used as service facilities.

17 Q. All five of them? All five sites?

18 A. That's correct.

19 Q. What do you mean by service facility?

20 A. We have our day-to-day operations there.
21 So we have fleet trucks at each facility, and that's where
22 our workers show up to start their days.

23 Q. And can you tell me what MGE has done to
24 remediate each site? What has been done so far to clean
25 up these sites?

1 A. We have the two parcels which I mentioned
2 earlier, Station A, which we have a north and a south
3 location. We also have Station B, what we refer to as
4 Station B at Gillis Street. To date there's been
5 preliminary assessments. There's been initial site
6 assessment characterization, and there has been removal
7 action at Station A South and at Station B parcel.
8 Station North is still in an investigation phase.

9 At St. Joseph, an initial site assessment's
10 been conducted, and right now we're in the removal action,
11 and it's currently ongoing.

12 Q. Okay. So the only -- so there's
13 Station A South and North, so those are divided into two
14 different --

15 A. That's correct.

16 Q. -- hazardous sites, I guess?

17 A. That's correct.

18 Q. Only one has been remediated. Is it fully
19 remediated?

20 A. We have an interim no further action for
21 soil only on the Station A South parcel. We still have
22 groundwater issues that will have to be addressed.

23 Q. And so the other sites, there's a Joplin
24 site, Independence site; is that correct?

25 A. That's correct.

1 Q. Has there been any remediation there?

2 A. There has not. Not to my knowledge.

3 Q. And when do you expect remediation will be
4 finished on each of the sites?

5 A. That's hard to predict because, you know,
6 since I started in 2006, we've been through several
7 phases, and it's all regulatory driven, so based on MDNR's
8 responses to reports and documents that we submit to them.
9 As far as when a no further action letter will be sent to
10 us, it could be a couple of years from now.

11 Q. What still needs to be done at each site,
12 do you know?

13 A. Station B, we just finished a removal
14 action in April of 2008. So at this point we are
15 generating a report to go in to MDNR. It's scheduled to
16 go in probably next month to MDNR. It's a removal action
17 plan report, to give them some kind of indication on the
18 removal action of the soil that we did out there from
19 January to April.

20 Station A South, we still have groundwater
21 issues to address. Station A North has not been
22 addressed. St. Joe site, we are addressing the soil
23 issues right now. So we'll have to continue to do some
24 groundwater as well.

25 Q. Then on the Joplin and Independence?

1 A. Joplin and Independence, nothing has been
2 done.

3 Q. Or nothing still needs to be done, to your
4 knowledge?

5 A. No. We will be more than likely required
6 to do something on both of those sites.

7 Q. And in your opinion, did MGE act to
8 remediate these sites as quickly as possible?

9 A. I guess that would be an opinion. However,
10 Super Fund -- actually on the Kansas City and the
11 St. Joseph site, Super Fund was going to take an
12 authoritative action, and MGE made a business decision to
13 enter into the voluntary cleanup program instead of going
14 to Super Fund.

15 Q. Can you explain that? What does that mean,
16 go to Super Fund?

17 A. Okay. Super Fund actually comes out and,
18 like I said, they did preliminary assessments on all these
19 MGP sites, on ours in particular back in the early 1990s.
20 And at the time, from that generated -- if they did not
21 score high enough or posed an eminent threat to the
22 environment or to human health, then they simply wrote
23 them as a no further removal action planned at the time.

24 However, in the late 1990s, Super Fund
25 started readdressing, relooking at some of these sites to

1 see, No. 1, were they -- what actually was done out there,
2 if any removal action had been done at these sites. So
3 they're reinvestigating these sites essentially now that
4 they know, because in those initial days, in the
5 preliminary assessment, no sampling, no other type
6 investigation other than they showed up onsite, they
7 looked to see if any of the former manufactured gas plant
8 structure still existed and that was about it.

9 So Super Fund actually under CERCLA went
10 out. If they didn't score high enough under Super Fund,
11 you can go to a National Priority Listing, an NPL list,
12 which none of these scored high enough to go to NPL.
13 However, some sites did make it to the CERCLA, Super Fund.

14 Two sites, Kansas City -- from the history
15 that I've read, Kansas City, actually Super Fund was
16 looking at that site heavily. And at the time, instead of
17 going to Super Fund, the decision was made by MGE to enter
18 into the voluntary cleanup program, which is another way,
19 actually a more economical way to address these sites.

20 Q. Could MGE have voluntarily started to clean
21 these sites prior to when it decided or made that
22 decision?

23 A. That would be speculation.

24 Q. Why do you say that would be speculation?
25 What was preventing them from cleaning these sites?

1 A. You know, there's so many decisions once
2 again that are involved in taking any of these sites and
3 remediating them. And MGE, I mean, to my extent, I'm the
4 only environmental compliance person they have, and this
5 is not a part of my normal function, my job function. We
6 have to hire environmental firms that have -- you know,
7 consultants that have engineers, geologists. You know,
8 you have to involve so many other people that it's not
9 just something you can go clean up a site and do that kind
10 of activity.

11 Q. Are you the first environmental compliance
12 specialist MGE has employed, to your knowledge?

13 A. No.

14 Q. There was --

15 A. I think my predecessor, I believe, was in
16 an environmental health and safety capacity role. So I
17 am, I think, the first time where MGE has separated out
18 environmental from health and safety. So now they employ
19 a health and safety person and an environmental person.

20 Q. And what costs are you estimating it will
21 take to fully remediate each site?

22 A. You know, once again, that's speculation
23 because these sites are -- each one of them are different.
24 I mean, just from the Station B site that I just
25 remediated to the St. Joe, there's -- there's just a

1 difference in them, and so to know and to try to speculate
2 what the costs are associated with these, you can't. You
3 can't until you get to a point where you're at the end or
4 near the end, and maybe at that point you can get a
5 general idea what the cost associated with that's going to
6 be.

7 Q. You gave some estimates in your testimony,
8 right?

9 A. I did. That's correct.

10 Q. And did those estimates include amounts
11 that have already been paid --

12 A. No. That's --

13 Q. -- by Southern Union?

14 A. There was 3.2 million documented which was
15 a proposal that we received from one of our consultants
16 for the St. Joseph site. Also in that document you'll see
17 some of the 2007, there were some costs incurred in 2007,
18 and then on Station B Kansas City site there were some
19 costs that ran over from 2007 into early 2008.

20 Q. And do you know the approximate value of
21 the properties where these sites are located?

22 A. I do not.

23 Q. And are you familiar with the practices to
24 dispose of the coal tar from these sites at the time the
25 gas was manufactured?

1 A. Once again, at that time that gas was --
2 when it was manufactured, it was simply left in the
3 ground.

4 Q. And was that the common practice around the
5 nation --

6 A. Yes.

7 Q. -- to your knowledge?

8 A. Yes.

9 Q. Was to leave it in the ground and not put
10 it in any type of tank or anything like that?

11 A. That's correct.

12 Q. And do you know if any of the original
13 manufactured gas plant operators sold the byproducts, the
14 tar or pitch that was created?

15 A. I don't know.

16 Q. So you wouldn't know if SC Barrett
17 Manufacturing, are you familiar with that company?

18 A. I have heard that that company maybe
19 existed from our Kansas City site. That's all I know
20 about it. I really don't know that much history on the
21 Barrett company.

22 Q. What do you know about it?

23 A. Just that it was a plant that maybe sold
24 some pitch from the byproducts of coal tar. I don't know
25 any more than that.

1 Q. Are one or more of these sites where
2 remediation is possible located along a railroad?

3 A. Most of them are near a railroad parcel.

4 Q. Do you know if Southern Union or MGE intend
5 to go after the railroad as a potential PRP?

6 A. I wouldn't have that information.

7 Q. And to your knowledge, is MGE preparing to
8 file a request for a rate increase any time soon?

9 A. I don't have that. Maybe Mr. Noack would.
10 I wouldn't. I'm not sure.

11 MR. POSTON: That's all I have. Thank you.

12 JUDGE JONES: Thank you, Mr. Poston. Now
13 we'll hear from the Staff of the Commission.

14 CROSS-EXAMINATION BY MR. BERLIN:

15 Q. Thank you, Ms. Callaway. I'm Bob Berlin.
16 I represent the Staff of the Commission. I'll try not to
17 ask duplicative questions.

18 You indicated to Mr. Poston that you have
19 been employed by MGE since 2006; is that right?

20 A. That's correct, March 6, 2006.

21 Q. Did you begin as a full-time or part-time
22 employee?

23 A. A full-time.

24 Q. And your educational background is?

25 A. I have a bachelor of science degree in

1 chemistry, minor in biology, and a bachelor of science in
2 nursing.

3 Q. Have you worked in the environmental
4 compliance field prior to your MGE employment?

5 A. Yes, I have.

6 Q. Where?

7 A. I worked with Siegel Environmental, also a
8 company called ManTech Environmental and Safety Clean and
9 Siegel Environmental.

10 Q. And could you briefly describe again for me
11 the duties in your current compliance specialist job?

12 A. Sure. Most of those have to do with
13 permitting. Obviously we have to have water permits, air
14 permits, hazardous waste permits. Most of my job duties
15 are with our permitting. I also take care of all the
16 hazardous waste operations. I conduct DOT-type training
17 for some of our pipeline folks that haul hazardous
18 chemicals. Any time we have asbestos pipe situations or
19 mercury regulator removal, I would assist with that.

20 Q. And did you receive from the company a
21 written job description when you began employment?

22 A. Yes, I did.

23 Q. And does that job description specifically
24 mention manufactured gas plant matters as part of your
25 duties?

1 A. It does not.

2 Q. And have you provided that job description
3 to the Staff?

4 A. I'm not sure if it's been submitted. I am
5 assuming it has been submitted with my documents.

6 Q. And at MGE, do you work -- you indicated
7 some other environmental types of matters you have
8 responsibility for, but at MGE, do you -- obviously you
9 must work other environmental projects besides MGP
10 matters; is that correct?

11 A. Other environmental type projects, yes,
12 asbestos and UST removal actions and decommissioning of
13 odorant tanks.

14 Q. Are any of those projects located as well
15 at the MGP sites?

16 A. There was actually both. I vaguely
17 remember I saw documentation in my review of files, there
18 were USTs at one point at the Station B parcel that were
19 removed before my employment. And then at the St. Joseph
20 site, the USTs were also removed before my employment.
21 However, when I started in '06, we still had some removal
22 action that had to occur associated with the UST.

23 Q. How about asbestos?

24 A. Yes. We had on our property normal, like,
25 asbestos tile that we chose to go ahead and remove to

1 update some of our facilities, and we had some lead paint
2 type issues that we had and did some removal actions; once
3 again, some what we called onsite, like, a proving tank in
4 our meter shop that we had to decommission.

5 Q. How much of your time is spent on MGP
6 matters, generally speaking?

7 A. Generally speaking, I mean, when I come
8 onboard, like I said, with MGE in 2006, wasn't aware of
9 MGPs and their existence and all of that. Recently, I
10 would say, in a review of files when I first come onboard
11 it was more of intermittent type work. Whereas, today
12 there's more activity at these sites, so I've been
13 spending a little more time with it. However, I'm not
14 onsite each and every day. I have consultants onsite
15 overseeing the project.

16 Q. And in your job, do you account for time
17 spent specifically on MGP matters?

18 A. Do I account specifically? As far as
19 documenting or --

20 Q. Right.

21 A. Not really, no.

22 Q. And would you know whether the MGP cost
23 amount of \$845,000, and that's the number that was
24 accumulated as of June 30, 2008, do you know if that
25 amount includes any of your salary?

1 A. I wouldn't -- I would not know that answer.

2 Q. So you wouldn't know whether that includes
3 any travel expenses?

4 A. I don't believe it does, but I am not --
5 I'm not sure.

6 Q. And you indicated to Mr. Poston that you
7 replaced someone at MGE?

8 A. Actually, when I came onboard, the position
9 was one position. It was environmental health and safety.
10 That's what most companies do. And they decided that we
11 had a lot of health and safety issues that could actually
12 be filled by -- the duties were such that it needed to be
13 filled by one individual, so they decided to hire an
14 environmental compliance specialist.

15 Q. Are you familiar at all with the New
16 England Gas Company, another Southern Union affiliate?

17 A. Yes.

18 Q. And does New England Gas Company also
19 employ an environmental compliance specialist?

20 A. I believe they have an EH&S person. So I
21 think the role is one individual that fills that role.

22 Q. And do you frequently consult with that
23 person?

24 A. Not their EH&S personnel, no.

25 Q. Do you consult with anyone at New England

1 Gas Company on environmental MGP matters?

2 A. I do have another individual up there
3 that -- actually, he's a project manager that oversees
4 some of the manufactured gas plant work, and I consult
5 with him.

6 Q. And you had indicated to Mr. Poston that
7 you have responsibility for Kansas City Stations A and B
8 and St. Joe; is that correct?

9 A. That's correct.

10 Q. Do you have any other responsibilities for
11 MGP matters elsewhere?

12 A. As I stated to him, we have Joplin and an
13 Independence MGP site. No work is currently started at
14 either one of those sites. So currently Station B, A and
15 B and the St. Joseph facility is the only sites that I've
16 been onsite with.

17 Q. And so of the sites you named, those are,
18 the best of your knowledge, the MGP sites that MGE owns?

19 A. That's correct, the five sites.

20 Q. The five sites?

21 A. Uh-huh.

22 Q. And how many sites has MGE been named as a
23 PRP?

24 A. Once again, that's a legal determination.
25 I wouldn't have that information.

1 Q. Well, I'm only asking if you know whether
2 the company was named as a PRP.

3 A. I do not know.

4 Q. And are you aware if any other PRPs have
5 been identified for MGE's MGP sites?

6 A. No, I'm not aware.

7 Q. So you're not able to name any other PRPs
8 for any other MGE sites?

9 A. No, I'm not.

10 Q. Are the company's MGP costs expected to go
11 on into the foreseeable future?

12 A. The costs that are associated with these
13 MGP sites are not a continuous in that once you have
14 completion, the costs are done. Once you obtain that no
15 further action letter, you no longer -- you no longer
16 incur costs.

17 Q. So you would anticipate costs to be
18 incurred at least up until the time you receive the no
19 further action letter?

20 A. You're going to have different costs
21 associated with each site, yes, until you get a no further
22 action letter on these sites.

23 Q. Now, after you get the no further action
24 letter, are there any activities that are conducted after
25 that fact?

1 A. No.

2 Q. So after you receive a no further action
3 letter, there is no more monitoring of the site?

4 A. No. No.

5 Q. And are you aware of the company's
6 estimates of MGP expenditures that it expects to incur in
7 the future?

8 A. I am not aware.

9 Q. Are you aware of any projection of a
10 budgeted amount for 2009?

11 A. Yes. I have a document which I prepared
12 that's marked highly confidential that gives some
13 estimates of what was spent on MGPs and what maybe is
14 anticipated, but there's no way really to budget per se
15 for these sites, because these sites we don't know until
16 they, you know, until like either Super Fund or they're
17 actually being looked upon do we know at a point in which
18 they're going to need to be remediated.

19 Q. Ms. Callaway, what type of document do you
20 have in your possession that shows a budgeted amount for
21 2009?

22 A. I have this sheet, highly confidential
23 sheet (indicating).

24 Q. Is that part of your -- that's not part of
25 your testimony, is it, your prefiled?

1 MR. COOPER: No, I don't believe it is.

2 MR. BERLIN: Judge, I'd like to get a copy
3 of what she has in terms of projected costs for 2009, and
4 if we need to go in-camera to discuss that --

5 JUDGE JONES: Does anyone have any
6 objection to that? Mr. Cooper?

7 MR. COOPER: No, your Honor.

8 JUDGE JONES: We can do that, then. Is
9 that the only copy you have?

10 THE WITNESS: Yes, sir.

11 JUDGE JONES: We'll mark that as
12 Exhibit 14.

13 MR. BERLIN: I think I premarked
14 Exhibit 14.

15 JUDGE JONES: You have marked yours 14.
16 We'll mark that as Exhibit 15, and we'll make copies after
17 we're done. Do you need to look at it?

18 MR. COOPER: Could we go off the record
19 just for a moment?

20 JUDGE JONES: Sure. Let's go off the
21 record.

22 (AN OFF-THE-RECORD DISCUSSION WAS HELD.)

23 JUDGE JONES: We're back on the record with
24 the testimony of Ms. Callaway. It was determined off the
25 record that the exhibit we talked about on the record

1 isn't needed after all. Let's move on with the questions.

2 MR. BERLIN: Thank you.

3 BY MR. BERLIN:

4 Q. Ms. Callaway, we were talking a little bit
5 earlier about a no further action letter. Has MGE
6 received any no further action letters, to your knowledge?

7 A. We have an interim no further action letter
8 for Station A South for soil only.

9 Q. And what is an interim no further action
10 letter?

11 A. Actually, that's going to be updated. I
12 just had conversations with MDNR in regards to that, and
13 that will be changed from an interim to simply a no
14 further action for soil on that site.

15 Q. For soil?

16 A. For soil only. We still have saturated
17 zone groundwater issues on that site.

18 Q. And do you have any expected date to
19 receive a no further action letter for Station B or
20 St. Joe?

21 A. No, I do not.

22 Q. So the no further action, just so I
23 understand it, that will specify whether it's for
24 groundwater or something else?

25 A. That's correct.

1 Q. And are you aware of any of the company's
2 estimates of MGP recoveries that it expects to recover in
3 the future, that is any recoveries from PRPs or insurance?

4 A. No, I'm not. Maybe Mr. Noack would, but
5 I'm not sure.

6 Q. Do you have an estimate -- just a minute.
7 Do you have an estimate of the amount of recovery that MGE
8 expects to recover from Western Resources by January 31st,
9 2009?

10 A. I do not.

11 Q. Now, what costs would you judge or
12 determine to be considered recurring from year to year on
13 different sites? Are legal costs, litigation, monitoring,
14 contracting, engineering, planning, what kinds of costs do
15 you see going -- recurring from year to year at different
16 sites?

17 A. Once again, I guess we don't ever know what
18 the projected costs associated with these sites are going
19 to be. I mean, you go out there, you perform an initial
20 site assessment, site characterization. You go from that
21 step to step B, which might be another supplemental type
22 investigation, and then usually at that point you go to
23 maybe some type of removal action. And it's different at
24 each site. So to project costs is -- you can't. There's
25 too many variables that exist.

1 Q. But the type of costs, you indicated in
2 your response, cover a broad ground, broad range of
3 activities if you will?

4 A. That's correct.

5 Q. And is it likely MGE would continue to
6 incur those costs?

7 A. I mean, I guess until such point the no
8 further action letter is received, I mean, we will have
9 costs associated with these MGP sites.

10 Q. And just so I understand, and we touched on
11 this earlier, but when you receive that no further action
12 letter, that is a very specific letter, whether it's
13 groundwater or whether it's soil removal; is that correct?

14 A. That's correct.

15 Q. So it's possible to receive a no further
16 action letter that is limited to that particular cleanup
17 activity, right? You would need to seek another no
18 further action letter?

19 A. If you're -- that's correct. If you're
20 dealing with soil and you only have a no further action
21 for soil, obviously you still have groundwater issues, so
22 yes, you would have to obtain a no further action letter
23 also for groundwater.

24 Q. So is it correct to say that you're dealing
25 with both soil and groundwater activities at each of the

1 sites?

2 A. That's correct.

3 Q. And for how many sites has remediation work
4 been completed in Missouri?

5 A. In Missouri or with MGE?

6 Q. With MGE in Missouri.

7 A. With MGE Missouri? Only the Station A,
8 Station B parcels and St. Joseph currently.

9 Q. And so you would -- would you consider
10 the -- and I believe you said you got a no further action
11 letter for groundwater at Station A?

12 A. Station A South.

13 Q. Station A South?

14 A. Yes.

15 Q. And that would mean there's no further
16 action for groundwater; is that correct?

17 A. For soil. For soil for Station A South,
18 there's a no further action letter.

19 Q. Okay. And to your knowledge, MGE hasn't
20 closed any sites since January of 1994?

21 A. Closed any sites?

22 Q. Right. There's no site closure, to your
23 knowledge?

24 A. The only -- I only know about the no
25 further action for soil for Station A South.

1 Q. All right. Now, with regard to MGE's FMGP
2 sites, how long, based on your knowledge, has MGE incurred
3 MGP costs at Kansas City Station A site?

4 A. I believe in 1999.

5 Q. How long -- how long in Kansas City
6 Station B?

7 A. The Station B parcel just probably since
8 2006.

9 Q. How about St. Joe?

10 A. St. Joe, 2007.

11 Q. How long has MGE been incurring costs at
12 Joplin and Independence sites?

13 A. Joplin, no actions have been taken with
14 regard to those parcels.

15 Q. But you anticipate action to be taken in
16 the future; is that right?

17 A. That's correct.

18 Q. I'm just going through this a minute. I
19 know Mr. Poston had asked you many of the questions that I
20 had.

21 You indicated that earlier, in response to
22 a question from Mr. Poston, that MGE made a business
23 decision to engage in a voluntary cleanup program?

24 A. That's correct.

25 Q. When was that decision made?

1 A. For which parcel? For the Station A
2 parcel --

3 Q. Yes.

4 A. -- 1999, I believe. And then with the
5 St. Joe, it was early 2007.

6 Q. And Station B?

7 A. And the Station B parcel was probably
8 around that time frame, around the 2005, 2003 time frame.

9 Q. And you had indicated that it was an
10 economical way to address remediation or cleanup efforts.
11 How so?

12 A. With the voluntary cleanup program in
13 Missouri, it gives -- it's more economical in the fact
14 that Super Fund is a directive, and at the point that
15 Super Fund comes in and takes over a site, there's no
16 really direction from the property owner at that point to
17 clean up. Super Fund takes over and they're in charge.
18 They usually hire their own contractors and consultants to
19 clean up a site, and these are usually very long and
20 drawn-out-type cleanup projects with them.

21 Whereas, with the voluntary program it's
22 simply oversight and guidance from that program, and it
23 gives you a lot more opportunity to go ahead and hire your
24 own contractors and consultants. Allows you to get the
25 project done much quicker than under the Super Fund

1 program.

2 Q. Could you briefly describe the MGP-related
3 costs? I think earlier you described a coal tar and I
4 think you mentioned benzene.

5 A. Uh-huh.

6 Q. Are there any other contaminants or costs
7 related to those cleanup activities?

8 A. I mean, the main chemical of concern is
9 coal tar at any of these sites. Benzene is a byproduct.
10 Naphthalene is a byproduct. You may see heavy metals on a
11 lot of these sites and what we refer to as PAHs, petroleum
12 aromatic hydrocarbons. You see a number, a wide range of
13 types of chemicals associated with a gas plant site.

14 Q. And would you agree that that's pretty
15 standard for a manufactured gas plant?

16 A. As far as the chemicals are concerned?

17 Q. Right.

18 A. Yes.

19 Q. And so to clean up those chemicals from an
20 MGP site, whether that MGP site would be in Missouri or
21 elsewhere, the expenses to clean those up would be
22 similar?

23 A. They could be.

24 Q. And so would you agree that there's a
25 similarity of MGP-related expenses for investigation

1 purposes?

2 A. I mean, each site I guess again is
3 different, but the cost -- so, I mean, identifying the
4 cost is hard to do that, but as far as similarity, I guess
5 I would be making an educated guess in that they could
6 be -- usually it's always -- it's usually more, you know,
7 depending on the structures that exist on the site.
8 There's so many variables on these gas plant sites, it's
9 difficult to say that one cost is specific for each site.

10 Q. But from a broad point of view perspective,
11 there are significant perhaps or just some level of
12 investigation costs at MGP sites?

13 A. Some level of investigation costs.

14 Q. You're going -- at the MGP sites, would it
15 be correct to assume that there's some level of
16 investigation costs that one would incur in cleaning those
17 sites up?

18 A. Yes. There is a wide range of costs that
19 are associated with these gas plants, and because of the
20 different phases, I guess is kind of what you're saying,
21 there is cost associated with those different phases.

22 Q. So there would be costs associated with
23 assessment as well, correct?

24 A. Yes.

25 Q. And remediation efforts?

1 A. Yes. That's correct.

2 Q. And possibly monitoring?

3 A. Yes.

4 Q. And even legal and litigation expenses?

5 A. I guess. I don't know.

6 Q. Okay. And finally, in your opinion, how
7 far into the future do you believe MGE will be dealing
8 with manufactured gas plant matters?

9 A. That would be speculation. I have no idea.
10 I mean, we've only done the three that I -- since I've
11 been with MGE, and so I don't know. It's based on several
12 variables, and you're working with a regulatory agency, so
13 you're kind of at their mercy on whether or when they
14 officially decide that a site is clean.

15 MR. BERLIN: Thank you, Ms. Callaway. I
16 have no further questions.

17 THE WITNESS: Thank you.

18 JUDGE JONES: Commissioner Jarrett?

19 COMMISSIONER JARRETT: Ms. Callaway, I
20 don't have any questions, and I hope you're feeling better
21 today than you were the last time.

22 THE WITNESS: Thank you.

23 COMMISSIONER JARRETT: So thank you.

24 THE WITNESS: Thank you.

25 JUDGE JONES: Commissioner Gunn?

1 COMMISSIONER GUNN: I don't have any
2 questions.

3 JUDGE JONES: Move to redirect.
4 Mr. Cooper?

5 MR. COOPER: Just a moment, your Honor.

6 REDIRECT EXAMINATION BY MR. COOPER:

7 Q. Earlier I think Mr. -- both Mr. Poston and
8 Mr. Berlin asked you about your job duties. Do you
9 remember that?

10 A. Yes.

11 Q. And I believe your title is environmental
12 compliance specialist; is that correct?

13 A. That's correct.

14 Q. When you think about the duties associated
15 with being a compliance specialist, what duties do you
16 think of?

17 A. Permitting type issues, hazardous waste
18 disposal, DOT, hazardous waste operations training, those
19 sorts of duties.

20 Q. Does that form the bulk of your duties?

21 A. Yes, it does.

22 Q. Mr. Berlin asked you whether MGP cleanup is
23 listed in your description and job duties. Do you
24 remember that?

25 A. Yes, I do.

1 Q. I think you said that it is not, correct?

2 A. It is not.

3 Q. When you interviewed for this job, did you
4 discuss MGP sites at all?

5 A. No.

6 Q. There was a reference during Mr. Berlin's
7 questioning to a 2009 budgeted amount. Do you remember
8 that?

9 A. Yes.

10 Q. Is there a 2009 budgeted amount or was that
11 what you were referring to at the time?

12 A. I was referring to this other highly
13 confidential document. There was not a budgeted amount.

14 Q. And just generally what numbers are
15 reflected that you were referring to?

16 A. This was incurred costs from 2007 and 2008
17 on the Kansas City site and the St. Joseph site.

18 Q. To include projected costs through 2008?

19 A. That's correct.

20 Q. Now, I believe the projected number that
21 was included in your testimony and that's summed up on the
22 sheet you're referring to is approximately 3.2 million; is
23 that correct?

24 A. That's correct.

25 Q. Today, is that estimate higher or lower?

1 A. That number is higher.

2 Q. You were asked some questions about the
3 nature of no further action letters, and you mentioned
4 that the company had received a no further action letter
5 related to soil at one of the sites, correct?

6 A. That's correct.

7 Q. Are you familiar with the Port Authority
8 project in Kansas City?

9 A. Am I familiar with the Port Authority
10 project?

11 Q. Yes, as it relates to MGP cleanup.

12 A. All I am aware of is from review of
13 documents and essentially that we had some type of
14 agreement that we entered into with the Port Authority.
15 That's all I --

16 Q. Are you familiar with whether there was
17 ever a no further action letter issued in regard to that
18 site?

19 A. Yes, there has been. It was issued to them
20 September 19, 2007.

21 Q. And was that a more global type no further
22 action?

23 A. It was. It included soil and groundwater.

24 Q. And where is that project located? Is it
25 near your Station A and B?

1 A. It is to the north of our site.

2 Q. In response to some questions from
3 Mr. Berlin, you went through kind of a laundry list of
4 chemicals that I believe you said might be present at an
5 MGP remediation site. Do you remember that?

6 A. Yes.

7 Q. Would all those chemicals be present at
8 every MGP remediation site?

9 A. Similar type chemicals would be associated
10 at any MGP site, yes.

11 Q. Would there be variations from site to
12 site?

13 A. There could be, yes, depending on the type
14 of gas process that was implemented back in the
15 manufactured gas plant days.

16 MR. COOPER: That's all the questions I
17 have, your Honor.

18 JUDGE JONES: Okay. Thank you,
19 Ms. Callaway. You may step down.

20 THE WITNESS: Thank you.

21 JUDGE JONES: You're excused.

22 MR. BERLIN: Judge, I do have an exhibit
23 I'd like to enter into the record.

24 JUDGE JONES: Okay. We'll mark it as
25 Exhibit 14.

1 MR. BERLIN: Highly confidential.

2 JUDGE JONES: Highly confidential. Does
3 everyone have a copy of it?

4 MR. BERLIN: May I approach?

5 JUDGE JONES: Yes.

6 MR. BERLIN: Judge --

7 JUDGE JONES: Do we need to go off the
8 record to discuss whether or not this should be admitted?

9 MR. BERLIN: I think I can speak generally
10 enough about this exhibit --

11 JUDGE JONES: Go right ahead.

12 MR. BERLIN: -- to avoid going in-camera.
13 I'll let Mr. Cooper interject if he thinks that we're
14 going -- that we need to go in-camera.

15 This is Data Request No. 23. It is a
16 response by the company to a request issued on July 17th.
17 It was requested from Mr. Noack. And this contains a
18 response from WestStar Energy, Mr. Bregman, to Mr. Morgan,
19 who testified on the 11th, and it also contains
20 Mr. Morgan's reply of September 5th to Mr. Bregman of
21 WestStar.

22 Now, I would like to enter this into the
23 record because the letter -- these letters are directly
24 responsive to Commissioner Murray's in-camera questions
25 during the hearing of August 11. And the letter, that

1 August 11th date is when Mr. Morgan was present at
2 hearing. The certified mail return receipt is dated
3 August 11th. So he would not have had that with him at
4 the time.

5 MR. COOPER: If you will, and it may
6 shorten this up, I think we would recognize this -- it
7 continues a series of correspondence that was initiated by
8 the -- by correspondence that was found in Mr. Morgan's
9 surrebuttal testimony. We would have no objection to the
10 admission of this. I think you had told me you wanted to
11 offer this document. We have no objection.

12 MR. BERLIN: Yes, I intend to offer it into
13 the record.

14 JUDGE JONES: With no objection, then,
15 Exhibit 14 is admitted into the record.

16 (EXHIBIT NO. 14HC WAS RECEIVED INTO
17 EVIDENCE.)

18 MR. BERLIN: Thank you, Judge.

19 JUDGE JONES: Does anyone else have
20 anything else they'd like to discuss on the record?

21 MR. COOPER: No, your Honor.

22 MR. POSTON: Is this confidential?

23 MR. BERLIN: This is HC.

24 JUDGE JONES: With that, then, we are off
25 the record.

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I N D E X

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MGE'S EVIDENCE:

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CRYSTAL CALLAWAY

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1 C E R T I F I C A T E

2 STATE OF MISSOURI)
3) ss.
4 COUNTY OF COLE)

5 I, Kellene K. Feddersen, Certified
6 Shorthand Reporter with the firm of Midwest Litigation
7 Services, and Notary Public within and for the State of
8 Missouri, do hereby certify that I was personally present
9 at the proceedings had in the above-entitled cause at the
10 time and place set forth in the caption sheet thereof;
11 that I then and there took down in Stenotype the
12 proceedings had; and that the foregoing is a full, true
13 and correct transcript of such Stenotype notes so made at
14 such time and place.

15 Given at my office in the City of
16 Jefferson, County of Cole, State of Missouri.

17 _____
18 Kellene K. Feddersen, RPR, CSR, CCR
19 Notary Public (County of Cole)
20 My commission expires March 28, 2009.
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25