Exhibit No.:
Issue: 1996 Stipulation and Agreement
Witness: Dennis M. Langley
Type of Exhibit: Surrebuttal
Sponsoring Party: Mid-Kansas Partnership/
Riverside Pipeline Company, L.P.
Case No.: GR-96-450
Date Testimony Prepared: July 11, 2001

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

CASE NO. GR-96-450

SURREBUTTAL TESTIMONY
OF
DENNIS M. LANGLEY

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the matter of Missouri Gas Energy's Gas Cost Adjustment Tariff Revisions to be reviewed in Its 1996-1997 Annual Reconciliation Adjustment Account.	))))	Case No. GR-96-450

SURREBUTTAL TESTIMONY OF
DENNIS M. LANGLEY

Q. Please state your name.

A. My name is Dennis M. Langley.

Q. Are you the same Dennis M. Langley who previously filed Rebuttal Testimony in this proceeding?

A. Yes I am.

Q. What is the purpose of your surrebuttal testimony?

A. My testimony will address the Staff witnesses' allegations, contained in Staff's rebuttal testimony, that the Stipulation and Agreement filed on May 2, 1996, in Case Nos. GR-94-101 and GR-94-228, and approved by the Commission on June 11, 1996, did not forever settle the prudence of the agreements referred to in the Stipulation and Agreement as the "Missouri Agreements," which included the Mid-Kansas II Agreement.

Q. Please continue.

A. In my rebuttal testimony, pages 3 through 9, I discussed the fact that the prudence of executing the Mid-Kansas II Agreement was settled forever by the Stipulation and Agreement in Case Nos. GR-94-101 and GR-94-228 and that therefore the

Staff is precluded from proposing its disallowance in this case, the circumstances surrounding the negotiation and drafting of the Stipulation and Agreement, and the intent of the parties in executing the Stipulation and Agreement. Therefore, I will not repeat that discussion here. However, in their rebuttal testimony, Staff witnesses Wallis (pages 1-2), Sommerer (pages 5-12) and Shaw (pages 12-16) take the position that it was not Staff's intent to permanently preclude prudence reviews of the Missouri Agreements (including Mid-Kansas II) by the execution of the Stipulation and Agreement, but that prudence reviews were merely temporarily suspended. On page 16 of his testimony, Mr. Shaw makes reference to "assurances" received from "Staff's General Counsel at that time," *i.e.*, the time of entering into the Stipulation and Agreement.

Q. Who was General Counsel at the time of the Stipulation and Agreement?

A. Mr. Rob Hack was General Counsel at the time. As stated in my rebuttal testimony, Mr. Hack drafted the Stipulation and Agreement, and was the person responsible for negotiating the Stipulation and Agreement on behalf of Staff. Mr. Shaw admitted during his deposition that Mr. Hack was responsible for drafting the Stipulation (page 47) and negotiated the Stipulation on Staff's behalf (page 10). These pages of Mr. Shaw's deposition are attached as Schedule DML-7.

Q. Has any new information been obtained regarding the intent of the parties with regard to the May 2, 1996, Stipulation and Agreement?

A. Yes. In March 2001, Staff sent a data information request (Data Request No. 6038) to Mr. Hack (who is now employed by MGE) in which Staff asked for Mr.

Hack's recollection of the intent of the parties with regard to the prudence of the Missouri Agreements (which include the Mid-Kansas II Agreement). Mr. Hack's response to Staff's data request, which is attached to this testimony as Schedule DML-8, clearly and directly refutes the Staff's rebuttal testimony and supports my rebuttal testimony regarding the intent of the parties in executing the Stipulation and Agreement when he states:

> it is Mr. Hack's recollection that, by executing and filing the agreement, the parties intended that the MoPSC conclusively and finally resolve all issues associated with the prudence of the execution of the "Missouri Agreements" and that, on a going forward basis beginning with the ACA period commencing July 1, 1996, the only aspect of the "Missouri Agreements" that would be subject to review and possible adjustment on prudence grounds was the manner in which MGE operated under the "Missouri Agreements" (i.e., volumes taken, etc.).

Q. Please summarize your surrebuttal testimony.

A. The recollection of the individual Staff admits was responsible for drafting and negotiating the May 2, 1996, Stipulation and Agreement on Staff's behalf is that the parties intended the Stipulation and Agreement to forever resolve the prudence of the execution of the "Missouri Agreements", which includes the Mid-Kansas II Agreement. This recollection was given in response to a Staff data information request sent by Staff *after* Staff filed its rebuttal testimony in this case. The rebuttal testimony of Staff witnesses Wallis, Sommerer and Shaw, who were *not* the Staff members with primary responsibility for negotiating and drafting the Stipulation and Agreement, regarding the intent of the parties in executing the Stipulation and Agreement is incorrect. As discussed in my rebuttal

testimony, and as confirmed by Mr. Hack, the intention of the parties was to forever settle the prudence issue regarding the Mid-Kansas II Agreement.

Q. Does this conclude your surrebuttal testimony?

A. Yes, at this time.

PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

In the Matter of Missouri Gas Energy's Gas Cost Adjustment Tariff Revisions to be Reviewed in its 1996-1997 Annual Reconciliation Adjustment Account.	)))))	Case No. GR-96-450 October 28, 1998 Jefferson City, Mo.

DEPOSITION OF THOMAS SHAW,

a witness, produced, sworn and examined on the 28th day of October, 1998, between the hours of 8:00 a.m. and 6:00 p.m. of that day at the law offices of Brydon, Swearengen & England, 312 East Capitol, in the City of Jefferson, County of Cole, State of Missouri, before

KELLENE FEDDERSEN, CSR, RPR
ASSOCIATED COURT REPORTERS, INC.
714 West High Street
P.O. Box 1308
JEFFERSON CITY, MO 65109
(573) 636-7551

and Notary Public within and for the State of Missouri, commissioned in Cole County, in the above-entitled cause, on the part of MGE, taken pursuant to agreement.

Q. When you say the Staff had a clear understanding, who would that have been?

A. That would have been myself, Mr. Sommerer, our counsel at that time, Mr. Rademan, who's division director. I can't think of any others at this time.

Q. Who was your counsel?

A. At one point it started out to be Penny Baker Wright, and I think she ultimately left on maternity leave. I believe Mr. Keevil took that over. He took over the hearing portion on the other issue that went to hearing, and I think he also was involved in the settlement negotiations of the Mid-Kansas contract for a brief period of time. And then Mr. Hack ultimately took over the negotiations and filed the Stipulation.

Q. When you say some -- that Western Resources had a clear understanding, who are the parties, who are the individuals that you contend had that clear understanding?

A. Don Berry. I'm not sure if he actually signed off on the Stipulation and Agreement. Marty Bregman. I would think Bill Brown. I'm not sure. He was a witness in that case, and also Rick Tangman.

Q. And let's cover the Mid-Kansas people.

A. You would have Dennis Langley, Tino Monaldo.

the settlement of 101/228 ACA?

A. Sure.

Q. I see you referring to what I assume is the 101/228 settlement document?

A. That's right.

Q. You have that in front of you?

A. Uh-huh.

Q. To your knowledge, who generated the working draft of the 101/228 settlement document?

A. I think Mr. Hack was responsible for the one, drafting each of -- each of the drafts of the settlement and circulating it to the various parties for comment.

Q. You never received a draft from Mr. French, for example?

A. I don't think so.

Q. Did you receive a draft from Mr. Duffy?

A. Not of the initial document from anyone. I think Mr. Hack took the first shot at putting something on some paper for -- as the starting point, yes.

Q. Just to cover me, you didn't receive the copy from me either?

A. No.

MR. STEWART: Unless there's a big

MISSOURI GAS ENERGY
A Division of Southern Union Company

MISSOURI PUBLIC SERVICE COMMISSION
DATA INFORMATION REQUEST RESPONSE
Missouri Rate Case No: GR-96-450
Data Request No: 6038

Requested From: Missouri Gas Energy

Date Requested:

Information Requested:

Please provide dates that negotiations were held, and Mr. Hack' recollection of the intent of the parties with regard to the prudence of the "Missouri Agreement".

Requested By: MPSC Staff

Information Provided:

Mr. Hack has no specific recollection as to the dates of the negotiations beyond what is set forth in the response to MGE-6037.

Upon reviewing the May 2, 1996, Stipulation and Agreement, it is Mr. Hack's recollection that, by executing and filing the agreement, the parties intended that the MoPSC conclusively and finally resolve all issues associated with the prudence of the execution of the "Missouri Agreements" and that, on a going forward basis beginning with the ACA period commencing July 1, 1996, the only aspect of the "Missouri Agreements" that would be subject to review and possible adjustment on prudence grounds was the manner in which MGE operated under the "Missouri Agreement" (i.e. volumes taken, etc.). Compliance review (i.e. review of billing and payment accuracy), and possible adjustment on such grounds, was also preserved for the "Missouri Agreements" for periods beginning on an after July 1, 1994, by the intent of the parties in the May 2, 1996, Stipulation and Agreement.

Date Response Received: _____

Signed By: Robert D. Hack
Vice President, Pricing & Reg. Affairs

Date: 7/12/01

Schedule DML-8

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's Gas Cost Adjustment Tariff Revisions To Be Reviewed in its 1996-1997 Annual Reconciliation Adjustment Account.	))))	Case No. GR-96-450

County of Johnson)
)
State of Kansas)

AFFIDAVIT OF DENNIS M. LANGLEY

Dennis M. Langley, being first duly sworn, deposes and states that he is the witness who sponsors the accompanying testimony and schedules entitled surrebuttal testimony; that said testimony and schedules were prepared by him or under his direction and supervision; that if inquiries were made as to the facts in said testimony and schedules, he would respond as therein set forth; and that the aforesaid testimony and schedules are true and correct to the best of his knowledge, information and belief.

Dennis M. Langley

Subscribed and sworn to before me this 11 day of July, 2001.

Maureen A Befort
Notary Public

My Commission expires:

NOTARY PUBLIC -- State of Kansas
MAUREEN A. BEFORT
My Appt. Exp. 05-02-05

05-02-05