

Exhibit No.:

Issues:

MKP/RPC Pipeline
Adjustment

Witness:

Michael J. Wallis

Sponsoring Party:

MO PSC Staff

Case No.:

GR-96-450

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

FILED²

OCT 12 2001

Missouri Public
Service Commission

DIRECT TESTIMONY

OF

MICHAEL J. WALLIS

MISSOURI GAS ENERGY

a division of

Southern Union Company

CASE NO. GR-96-450

Exhibit No.

11

Date 9/17/01

Case No.

GR-96-450

Reporter

KPR

Jefferson City, Missouri

August 1998

Direct Testimony of
Michael J. Wallis

1 Missouri.

2 Q. Have you previously filed testimony before this Commission?

3 A. Yes. Schedule 1, attached to my direct testimony, is a list of cases in which
4 I have filed testimony before this Commission.

5 Q. What is the purpose of your direct testimony?

6 A. The purpose of my direct testimony is to support the Staff's proposed Mid-
7 Kansas Partnership/Riverside Pipeline Company (MKP/RPC) pipeline adjustment of
8 \$4,532,450 to the total gas costs, in Missouri Gas Energy (MGE or Company) 1996/1997
9 Actual Cost Adjustment (ACA) filing.

10 Q. Please discuss the Staff's proposed MKP/RPC pipeline adjustment.

11 A. During the 1996/1997 ACA period, MGE incurred \$34,940,235 in natural
12 gas costs (fixed and variable transportation charges and gas supply costs) with respect to
13 its gas supply and transportation contracts with MKP/RPC. However, Staff believes that
14 the contractual services which MGE received (during the 1996/1997 ACA period) from
15 MKP/RPC for \$34,940,235 could have been obtained from Williams Natural Gas
16 Company (WNG) for a total price of \$30,407,785.

17 The Staff's \$4,532,450 MKP/RPC pipeline adjustment is based on (1) MGE's
18 response to Staff Data Request No. 23, wherein Company provided its own estimate of
19 what the MKP/RPC transportation services would have cost had they been provided by
20 WNG (given that the gas supply volumes could have been nominated and transported on

Direct Testimony of
Michael J. Wallis

1 WNG) and (2) the Staff's review of the Inside FERC Gas Market Report (IFGMR) first-
2 of-the-month WNG index prices for the 1996/1997 ACA period.

3 Q. Please explain your calculation of the Staff's proposed \$4,532,450
4 MKP/RPC pipeline adjustment.

5 A. Staff's proposed \$4,532,450 MKP/RPC pipeline adjustment was
6 calculated by (1) comparing the actual fixed and variable transportation charges paid by
7 MGE to MKP/RPC to MGE's estimated WNG (Company's response to Staff Data
8 Request No. 23) fixed and variable transportation charges, (2) comparing the actual gas
9 supply charges paid by MGE to MKP/RPC to the Staff's estimate of gas supply costs on
10 WNG [which was calculated by multiplying the actual monthly delivered MKP/RPC
11 volumes by 104% (MGE's incentive plan benchmark) of the IFGMR first-of-the-month
12 WNG index prices for the 1996/1997 ACA period], and (3) netting the amounts, derived
13 in 1 and 2 above, to arrive at the Staff's proposed adjustment.

14 Q. Please summarize your direct testimony.

15 A. During the 1996/1997 ACA period, MGE incurred \$34,940,235 in natural
16 gas costs (fixed and variable transportation charges and gas supply costs) with respect to
17 its gas supply and transportation contracts with MKP/RPC. Based on (1) MGE's response
18 to Staff Data Request No. 23 and (2) the Staff's review of the IFGMR first-of-the-month
19 WNG index prices for the 1996/1997 ACA period, Staff believes that the contractual
20 services which MGE received, during the 1996/1997 ACA period from MKP/RPC, could
21 have been obtained from WNG for a total price of \$30,407,785. As a result, Staff

Direct Testimony of Michael J. Wallis

proposes an adjustment to reduce MGE's total gas costs, per its 1996/1997 ACA filing, by \$4,532,450.

Q. Does this conclude your direct testimony?

A. Yes, it does.

My Commission Expires: ROBERTA A. McKIDDY
Notary Public, State of Missouri
County of Cole
My Commission Expires 09/11/99

SUMMARY OF RATE CASE INVOLVEMENT

MICHAEL J. WALLIS

COMPANY NAME	CASE NO.
St. Joseph Light & Power Company	GR-88-115
Capital City Water Company	WR-88-215
GTE North Incorporated	TR-89-182
The Empire District Electric Company	WR-90-56
The Empire District Electric Company	ER-90-138
Ozark Natural Gas Company	GA-90-321
United Cities Gas Company	GR-91-249
St. Joseph Light & Power Company	EC-92-214
Western Resources Inc.	GR-93-140
Tartan Energy Company, L.C.	GA-94-127
Associated Natural Gas Company	GR-94-189
Associated Natural Gas Company	GR-95-213
Missouri Public Service	GR-95-273
Union Electric Company	EM-96-149
Laclede Gas Company	GR-96-181
Missouri Public Service	GR-96-192
Laclede Gas Company	GR-96-193
Associated Natural Gas Company	GR-96-227
Atmos Energy Corporation and United Cities Gas Company	GM-97-70
Associated Natural Gas Company	GR-97-272
Missouri Gas Energy	GO-97-409
United Cities Gas Company	GO-97-410
Missouri Gas Energy	GC-98-335