

Exhibit No.
Issue: Right-of-Way Clearing
Witness: Steven R. Teter
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District Gas Co.
Case No:
Date Testimony Prepared: June 2009

**Before the Public Service Commission
of the State of Missouri**

Direct Testimony

Of

Steven R. Teter

June 2009

DIRECT TESTIMONY
OF
STEVE TETER
ON BEHALF OF
THE EMPIRE DISTRICT GAS COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO:

1 **INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Steven R. Teter and my business address is 920 Highway H,
4 Henrietta, Missouri 64036

5 **Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS MATTER?**

6 A. I am appearing on behalf of The Empire District Gas Company ("EDG"). EDG is
7 a wholly owned subsidiary of The Empire District Electric Company ("Empire"
8 or "Company") that was formed to hold the Missouri Gas assets acquired from
9 Aquila, Inc. on June 1, 2006.

10 **Q. WHO IS YOUR EMPLOYER AND WHAT POSITION DO YOU HOLD?**

11 A. I am employed by Empire as Director of Gas Operations.

12 **Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND.**

13 A. I hold a Bachelor's Degree in Civil Engineering from Finlay Engineering College,
14 Kansas City, Missouri.

15 **Q. PLEASE INDICATE YOUR PROFESSIONAL EXPERIENCE.**

1 A. Prior to joining Empire I held various engineering and management positions for
2 Aquila and it's predecessor companies for 26 years, working throughout what is
3 now Empire's Missouri gas systems from 1980 to 2006 as a Senior Engineer,
4 Operations Manager and Director of Operations.

5 **PURPOSE**

6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

7 A. My testimony will describe a new Right-of-Way clearing program that EDG has
8 recently implemented. Since this program was not in place during the test year
9 used in this rate case, an adjustment has been included in the rate case to include
10 the annualized ongoing costs associated with the program in the overall revenue
11 requirement.

12 **Q. HOW MANY MILES OF RIGHT-OF-WAY ("ROW") ARE INCLUDED IN**
13 **THE PROGRAM?**

14 A. EDG owns and operates approximately 265 miles of natural gas pipeline. Most of
15 this pipeline is located in areas that are subject to prolific woody vegetation
16 growth in and along the route of these pipelines, thus requiring a periodic re-
17 clearing of the original pipeline ROW.

18 **Q. DID THE PRIOR OWNER OF THE NATURAL GAS PROPERTY**
19 **MAINTAIN THE PIPELINE ROW?**

20 A. Yes, but during the last 10 years the property was owned by Aquila, Inc., the
21 resources dedicated to ROW clearing were limited. As a result, the conditions
22 along the ROW have deteriorated and steps must be taken to improve the
23 operating conditions along the Company's pipeline ROW. The deterioration in

1 the ROW can impair gas operations and safety requirements if it is left
2 unchecked.

3 **Q. PLEASE DESCRIBE THE ROW CLEARING PROGRAM THAT EDG**
4 **IMPLEMENTED.**

5 A. Due to the current condition of the ROW, EDG has implemented a multi-year
6 program to improve the existing right-of-way conditions along its natural gas
7 pipelines in Missouri. The primary goals of this program are as follows:

- 8 • Make the presence of the pipelines more visible, thus reducing the chance of
9 third-party damage to the pipeline.
- 10 • Enhance EDG's ability to conduct effective and efficient pipeline surveys as
11 required by state and federal regulation.
- 12 • Improve and expedite access to the pipelines during routine and non-routine
13 maintenance activities.
- 14 • Promote environmental balance along the right-of-way by controlling erosion and
15 providing for the growth of suitable vegetation.

16 The core component of this plan is the establishment of a five-year cycle of clearing that
17 would allow for each segment of pipeline operated by EDG to be cleared every fifth year.
18 More specifically EDG's plan calls for the clearing of the following ROW:

- 19 • **June/08 - June/09** - Clear 55 miles of pipeline in the Chillicothe area
20 (Completed)
- 21 • **June/09 - June/10** - Clear 55 miles of pipeline in the Clinton-Nevada area

1 • **June/10 - June/11** - Clear 10 miles of pipeline in the Sedalia area, 5 miles in
2 Henrietta and 40 miles in Chillicothe

3 • **June/11 - June/12** - Clear 60 miles of pipeline in the Maryville area

4 • **June/12 - June/13** - Clear 40 miles of pipeline in the Chillicothe area

5 **Q. HOW DID YOU ESTIMATE THE COST ASSOCIATED WITH THE ROW**
6 **CLEARING PROGRAM?**

7 A. Based upon our previous experience with ROW clearing and an actual cost of
8 approximately \$2,000 per mile of pipeline ROW cleared in 2008, we prepared the
9 clearing schedule displayed above and estimated annual costs of approximately
10 \$110,000. This schedule and budget will support our main goal of clearing all of
11 the EDG's pipeline right-of-way during the next five years. Upon completion of
12 this initial five-year clearing cycle, the program will be reviewed to evaluate its
13 overall effectiveness and the effect the initial clearing cycle may have on ongoing
14 right-of-way clearing costs.

15 **Q. WHAT LEVEL OF NORMALIZED COST FOR THIS PROGRAM HAS**
16 **BEEN INCLUDED IN THIS RATE CASE?**

17 A. We have included adjustments of \$24,906 for the Northwest Territory and
18 \$37,254 for the North and South territory. The adjustments result in a normalized
19 level of \$110,000 for the test year.

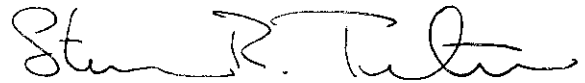
20 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY AT THIS TIME?**

21 A. Yes, it does.

AFFIDAVIT OF STEVEN R. TETER

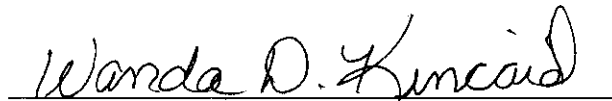
STATE OF MISSOURI)
) ss
COUNTY OF JASPER)
 Ray

On the ____ day of June 2009, before me appeared Steven R. Teter, to me personally known, who, being by me first duly sworn, states that he is the Director of Gas Operations of The Empire District Gas Company and acknowledged that he has read the above and foregoing document and that the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.



Steven R. Teter

Subscribed and sworn to before me this 2 day of June 2009.


Notary Public

My commission expires: 10-31-09.

WANDA D. KINCAID Notary Public - Notary Seal State Of Missouri - Ray County Commission # 05400973 My Commission Expires: October 31, 2009
