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Issues:
Witness: Eve A. Lissik
Sponsoring Party: MGCM
Type of Exhibit: Rebuttal Testimony
Case No.: GC-2006-0491
Date Testimony Prepared: October 6, 2006

**ON BEHALF OF THE
MUNICIPAL GAS COMMISSION OF MISSOURI**

REBUTTAL TESTIMONY

OF

EVE A. LISSIK

**MISSOURI PIPELINE COMPANY
MISSOURI GAS COMPANY**

CASE NO. GC-2006-0491

**Jefferson City, Missouri
October, 2006**

**** Denotes Highly Confidential Information ****

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**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

The Staff of the Missouri)	
Public Service Commission)	
)	
Complainant)	
v.)	Case No. GC-2006-0491
)	
Missouri Pipeline Company, LLC)	
and Missouri Gas Company, LLC)	
)	
Respondents)	

AFFIDAVIT OF EVE A.LISSIK

STATE OF MISSOURI)	
)	SS
COUNTY OF BOONE)	

Eve A. Lissik, being first duly sworn in her oath, states:

1. My name is Eve A. Lissik. I work in the City of Columbia, Missouri and I am employed by the Missouri Joint Municipal Electric Utility Commission as the Director of Energy Services and Assistant to the General Manager.
2. Attached hereto and made part hereof for all purposes my Rebuttal Testimony on behalf of the Municipal Gas Commission of Missouri consisting of _____ pages, all of which have been prepared in written form for introduction into evidence in the above referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Eve A. Lissik

Subscribed and sworn to before me this _____ day of October, 2006.

Notary Public

My Commission expires:

**REBUTTAL TESTIMONY
OF
EVE A. LISSIK
ON BEHALF OF THE
MUNICIPAL GAS COMMISSION OF MISSOURI
CASE NO. GC-2006-0491
MISSOURI PIPELINE COMPANY
MISSOURI GAS COMPANY**

Q. Please state your name and business address.

A. My name is Eve A. Lissik, and my business address is the Missouri Public Utility Alliance, 2407 West Ash Street, Columbia, Missouri, 65203.

Q. By whom are you employed and in what capacity?

A. I am employed as the Director of Energy Services and Assistant to the General Manager with the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), an organization that is part of the Missouri Public Utility Alliance ("MPUA").

Q. Please describe your educational background and professional work experience.

A. I graduated from Syracuse University with a Bachelor of Science degree in Biology in 1977, and received a Doctor of Philosophy degree in Engineering from Cornell University in 1988. Prior to joining the MJMEUC in 2001, I was employed by the Missouri Public Service Commission ("MoPSC" or "Commission"). During my eleven years on the Staff of the MoPSC, I worked as an engineer and economic analyst, a technical advisor to the Commissioners and the engineering supervisor in the Electric Department of the Commission's Utility Operations Division. I also served as a member

1 of the Staff Subcommittee on Energy resources and the Environment, and a member and
2 Co-chair of the Staff Subcommittee on Strategic Issues for the Committee on Electricity
3 for the National Association of Regulatory Utility Commissioners. Before my
4 employment with the Commission, I was employed as an assistant professor of
5 Agricultural Engineering at the University of Missouri in Columbia. I am a licensed
6 Professional Engineer in the state of Missouri (No. E-28354).

7 **Q. Have you previously submitted testimony before the Commission?**

8 A. Yes. I have submitted testimony on issues related to class cost of service
9 and rate design in both natural gas and electric rate cases and on issues related to electric
10 utility operation and transmission before the Commission, and have also submitted
11 testimony regarding the depreciation of natural gas assets before the Federal Energy
12 Regulatory Commission. Schedule 1 contains a list of these cases.

13 **Q. What is the purpose of your rebuttal testimony?**

14 A. The purpose of my rebuttal testimony is to respond to the Direct
15 Testimony of Robert E. Schallenberg. At pages 20 through 34, Mr. Schallenberg
16 discusses an alleged tariff violation in which Missouri Pipeline Company ("MPC") and
17 Missouri Gas Company ("MGC") (collectively referred to as the "pipelines") provided
18 transportation discounts to an affiliate marketer Omega Pipeline Inc. As discussed in Mr.
19 Schallenberg's testimony, the discounted rate provided to the pipeline affiliate became
20 the maximum rate that the pipelines could charge non-affiliates. Recognizing that the
21 pipelines did not offer this discounted rate to the Municipal Gas Commission of Missouri
22 ("MGCM"), Staff seeks "refunds to non-affiliated shippers for amounts charged for
23 transportation service more than those charged Omega." (Schallenberg, Direct Testimony

1 at page 36). The purpose of my testimony is to address the overcharges for transportation
2 services incurred by the MGCM on behalf of its member cities: St. James, St. Robert and
3 Waynesville (“Cities”) from the Missouri Pipeline Company (“MPC”) and Missouri Gas
4 Company (“MGC”) for the period from May 1, 2005 through April 30, 2006.

5 **Q. What is the Municipal Gas Commission of Missouri?**

6 A. MGCM is a statewide municipal joint action agency specifically
7 authorized by Missouri law (Section 393.700 et. seq., RSMo) to operate as a gas utility
8 for the benefit of the combined requirements of its members. It is also part of MPUA.
9 The MGCM currently has 14 Missouri municipal natural gas systems as members
10 ranging from approximately 200 to over 74,000 meters. These municipal natural gas
11 systems serve over 82,000 retail customers in the state. The Missouri cities of St. James,
12 St. Robert, Waynesville and Richland (which takes its natural gas service from the City
13 of Waynesville), entities within MGCM, all own and operate municipal gas systems that
14 are captive customers of either MPC, MGC or both. Both of these entities have been
15 named as Respondents in Staff’s Complaint.

16 **Q. What are the overcharges?**

17 A. For the period from May 1, 2005 through April 30, 2006 the City of St.
18 James incurred transportation overcharges of **_____**, the City of St. Robert
19 was overcharged **_____** and the City of Waynesville was overcharged
20 **_____**. Combined the MGCM was overcharged **_____** by MPC
21 and MGC for transportation services provided to the Cities.

22 **Q. What is the basis for these overcharges?**

1 A. These overcharges stem from the difference in transportation rates charged
2 the cities and the transportation rates charged to the pipeline affiliate, Omega Pipeline
3 Company (“Omega”), by the pipelines. In the tariff sheets for MPC and MGC, Section
4 3.2 Range of Rates, Sheet Nos. 5 and 6 of the FIRM PROVISIONAL
5 TRANSPORTATION SERVICE RATE SCHEDULE, it states:

6 “b. For all Transportation Agreements entered into by the Transporter with
7 any affiliate of the Transporter after the effective date of tariff sheets
8 having a Date of Issue of January 18, 1985 in those instances in which the
9 term of the Agreement is greater than three (3) months:

10
11 (1) The lowest transportation rate charged to an affiliate shall be the
12 maximum rate that can be charged to non-affiliates. Any
13 renegotiation or other type of modification to the rates of any then
14 –effective Transportation Agreement is to be considered an
15 applicable Transportation Agreement for the purpose of setting this
16 maximum rate for non-affiliates. (emphasis added)
17

18 Had the Cities received the lowest transportation rates afforded the affiliates of
19 MPC and MGC they would have obtained savings in the amount of ** _____ **.

20 **Q. Would you please explain the calculation of these overcharges?**

21 A. The calculations for these overcharges are presented in Schedules 2, 3 and
22 4 for the Cities of St. James, St. Robert and Waynesville respectively. For the period
23 from May 1, 2005 through April 30, 2006 the cities paid the maximum tariffed
24 reservation rate of \$4.3181/ Decatherm (“Dt.”) and the maximum commodity rate of
25 \$0.1699/Dt. for firm transportation service on MPC. In addition, the Cities paid a
26 ** _____ ** reservation rate and ** _____ ** commodity rate for firm transportation
27 on MGC. The Cities monthly reservation quantities (Capacity) and volumes (Usage) in
28 Dt on MPC and MGC are presented in Schedules 2A, 3A and 4A along with the

1 respective reservation and commodity charges incurred as a result of these transportation
2 charges.

3 During this timeframe, the City St. James was charged a total of **_____**
4 for transportation service on MPC and MGC combined, the City of St. Robert was
5 charged **_____** and the City of Waynesville was charged **_____**.

6 Based on the Direct Testimony of MoPSC Staff Witness Robert Schallenberg, the
7 lowest reservation rates charged to affiliates of MPC and MGC during the same
8 timeframe were **_____** on MPC and **_____** on MGC. The corresponding
9 lowest commodity rates charged the affiliates were **_____** on MPC and
10 **_____** on MGC.

11 Had the Cities been afforded these affiliate rates, the City of St. James would have
12 only paid **_____** in transportation charges (Schedule 2-B).

13 The City of St. Robert would have been charged **_____** (Schedule 3-B)
14 and the City of Waynesville would have paid **_____** (Schedule 4-B). The
15 difference between the actual charges paid by the Cities and the charges that they should
16 have incurred are:

17 **_____**

18 **_____**

19 **_____**

20 **_____**

21 **Q. What action is MGCM seeking in this case?**

22 A. The MGCM is requesting that the Commission order MPC and MGC to
23 find that refunds are due in the amounts of **_____** to the City of St. James,

1 ** _____ ** to the City of St. Robert, and ** _____ ** to the City of
2 Waynesville.

3 **Q. Does the MGCM have any other concerns with respect to**
4 **transportation rates charged by MPC and MGC to the Cities?**

5 A. The MGCM reserves the right to continue to investigate the impact of the
6 MoPSC Staff's complaint in this case on the transportation rates charged to the Cities.
7 Specifically, this testimony does not address Staff's requested relief that "non-affiliated
8 shipper rates be reduced to the level provided to the affiliate Omega as specified by the
9 tariff." (Schallenberg, Direct Testimony at page 36). Furthermore, as Intervenors in Case
10 No. GR-2006-0278, we will reserve our concerns about the revenue requirements of and
11 rates charged by MPC and MGC in that investigation.

12 **Q. Does that conclude your rebuttal testimony?**

13 A. Yes it does.
14
15
16