Exhibit No.
Issue: Certified Territory
Witness: Ronald F. Gatz
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Empire District
Case No: GA-2007-0289
Date Testimony Prepared: September 2007

Before the Public Service Commission of the State of Missouri

Rebuttal Testimony

Of

Ronald F. Gatz

September 5, 2007

REBUTTAL TESTIMONY
OF
RONALD F. GATZ
ON BEHALF OF
THE EMPIRE DISTRICT GAS COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO: GA-2007-0289

INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Ronald F. Gatz and my business address is 602 Joplin Street, Joplin, Missouri 64801.

Q. ARE YOU THE SAME RONALD GATZ WHO PREVIOUSLY FILED DIRECT TESTIMONY ON BEHALF OF THE EMPIRE DISTRICT GAS COMPANY ("EDG" OR "EMPIRE") IN THIS CASE?

A. Yes.

PURPOSE

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS CASE?

A. My testimony will address several issues contained in the direct testimony filed by Michael Noack on behalf of Missouri Gas Energy ("MGE") and Henry Warren of the Staff of the Missouri Public Service Commission ("Commission").

Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY FILED BY MICHAEL NOACK ON BEHALF OF MGE IN THIS CASE?

A. Yes.

Q. DO YOU AGREE WITH MR. NOACK'S CHARACTERISATION OF THE CURRENT MGE SERVICE TERRITORY ADJACENT TO SECTIONS 13 AND 14 OF TOWNSHIP 52 NORTH, RANGE 35 WEST AT PAGE 3 OF HIS DIRECT TESTIMONY?

A. No, I do not. Beginning at page 3, line 1 and continuing through line 18 of page 3 of the testimony, Mr. Noack briefly describes the gas service MGE is currently providing in the land sections adjacent to the service territory MGE is seeking in this case, Sections 13 and 14 of Township 52 North, Range 35 West. In addition this part of the Noack direct testimony describes the filing and approval of several tariff sheets by MGE in 1997 that purportedly defined the service territory MGE had in Missouri at that date. Both of these descriptions are inaccurate. More specifically, the Noack direct at lines 1 and 2 indicate that MGE is currently providing natural gas service in Sections 10 and 12 of Township 52 North Range 35 West. If accurate, this means that MGE is providing natural gas service in an area in which it does not hold a certificate from the Missouri Public Service Commission. Furthermore, these specific sections, 10 and 12 were granted to EDG or its predecessor in the mid 1950's by a Commission order in Case No.

13,172. I have previously mentioned this territorial encroachment by MGE in my direct testimony in this case and Mr. Noack's direct testimony confirms this encroachment.

Q. DO YOU AGREE WITH MR. NOACK'S CONTENTION AT PAGE 3, LINES 11 AND 12 OF HIS DIRECT TESTIMONY THAT THE TARIFF FILING IN GA-96-130 AND GA-96-285 DEFINED THE MGE SERVICE TERRITORY IN MISSOURI AT THAT TIME?

A. No, I do not, especially with respect to MGE's authorized service territory in Platte County, Missouri. The tariff filing made by MGE in connection with GA-96-130 and GA-96-285 included inaccurate references to MGE's service territory in Platte County, Missouri that inappropriately included references to service territory granted to EDG and its predecessor in Case No. 13,172. As I mentioned in my direct testimony, MGE should be required to correct its tariff sheets that display its service territory to reflect only those land sections in which it holds a valid certificate from the Commission.

Q. DO YOU AGREE WITH MR. NOACK'S CHARACTERIZATION AT PAGE 4, LINE 14 OF HIS DIRECT TESTIMONY OF WHERE MGE IS CURRENTLY CERTIFICATED?

A. No, I do not, for the same reasons as stated above.

Q. PLEASE LIST THE LAND SECTIONS IN MGE'S CURRET TARIFF THAT ARE IN FACT PART OF THE AUTHORIZED SERVICE AREA OF EDG IN PLATTE COUNTY, MISSOURI.

A. MGE's current tariff includes references to the following sections of Platte County, Missouri that are in fact part of EDG's authorized service territory:

- Sections 1, 2, 3, 10, 11 and 12 of Township 52 North, Range 35 West and Sections 4, 5 and 6 of Township 52 North, Range 34 West.

All of these incorrect references to service territory in Platte County, Missouri in MGE's tariff should be eliminated.

Q. ARE THERE OTHER AREAS ADJACENT TO EDG'S AUTHORIZED SERVICE AREA AROUND PLATTE CITY THAT APPEAR TO BE IN ERROR IN THE MGE TARIFF FILING THAT IS ATTACHED TO MR. NOACK'S TESTIMONY?

A. Yes. Sections 4, 5 ,6, 7, 8 and 9 of Township 52 North, Range 35 West; and Sections 1 and 12 of Township 52 North, Range 36 West; and Sections 1, 2 and 3 of Township 52 North, Range 34 West; and Sections 4, 5 and 6 of Township 52 North, Range 33 West. All of these incorrect references to MGE service territory in the Platte City area should be eliminated.

Q. HAS MGE OR ITS PREDECSSORS REQUESTED AUTHORITY FROM THE COMMISSION TO PROVIDE GAS SERVICE IN ANY OF THE SECTIONS YOU LISTED ABOVE?

A. No. To the best of my knowledge, MGE has not requested authority from the Commission to provide natural gas service in any of these sections of Platte County, Missouri and has not been granted a certificate to provide service in these sections by the Commission.

Q. DOES THE MGE TARIFF FILING IN 1997 AND THE STAFF MEMO RELATED TO THAT FILING, WHICH HAS BEEN ATTACHED TO MR. NOACK'S DIRECT TESTIMONY, GRANT MGE A CERTIFICATE TO PROVIDE GAS SERVICE IN THE SECTIONS OF PLATTE COUNTY THAT WERE PREVIOUSLY GRANTED TO EDG?

A. In my opinion it does not. This filing appears to be a house keeping filing and was not intended to be a filing related to any expansion of MGE's authorized service territory. The hand-written note that appears on the second page of the attachment to Mr. Noack's direct testimony confirms my opinion.

Q. HOW DOES THE HAND-WRITTEN NOTE READ?

A. It reads as follows: "The purpose of this filing is to show the Company's current service area, and does not expand to any area that it currently does not serve."

Q. DOES THE STAFF MEMO ATTACHED TO MR. NOACK'S TESTIMONY DISCUSS BOTH TRANSMISSION AND SERVICE AREA CERTIFICATES?

A. Yes. The first page of the attachment mentions both of these types of certificates.

Q. WHY IS THIS DISTINCTION IMPORTANT IN THIS CASE?

A. It is important in this case due to the fact that The Gas Service Company, the predecessor to MGE, was authorized by the Commission to build a natural gas transmission line across retail natural gas service territory granted to EDG and its predecessor. This transmission line enabled The Gas Service Company to provide gas service to the airport in Kansas City, not the service territory granted to EDG. The transmission line certificate also does not give MGE authorization to serve

customers in Sections 13 and 14 that MGE is requesting in this case. The MGE filing and its tariffs did not differentiate between these two distinct types of certificate rights.

Q. DO YOU CONCUR WITH MR. NOACK'S CONCLUSION ON PAGE 6 LINES 1 THROUGH 3 THAT DUPLICATION OF FACILITIES IN THE SEVEN BRIDGES DEVELOPMENT SHOULD BE AVOIDED?

A. Yes. However, since the Seven Bridges development started in Section 12 and future phases extend into Section 11, both of which are certificated to EDG and not MGE, the existing facilities of MGE that serve Seven Bridges should be transferred to EDG or abandoned to avoid duplication of facilities. Since EDG has a certificate for Sections 11 and 12, EDG – and **not** MGE – should be granted the certificate to serve the requested sections to serve the entire development, including the expansion into Sections 13 and 14, and avoid duplication of facilities and increased safety concerns inherent with multiple providers in the same development.

Q. HAVE YOU REVIEWED THE DIRECT TESTIMONY FILED BY HENRY WARREN OF THE COMMISSION STAFF?

A. Yes, I have.

Q. DO YOU AGREE WITH MR. WARREN'S STATEMENT AT PAGE 3, LINE 24 THAT EDG HOLDS A CCN TO SERVE SECTIONS 10, 11 AND 12 IN TOWNSHIP 52 NORTH, 35 WEST IN PLATTE COUNTY, MISSOURI?

A. Yes, I do.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY AT THIS TIME?

A. Yes, it does.

AFFIDAVIT

STATE OF MISSOURI)
) ss
COUNTY OF JASPER)

On the 7th day of September 2007, before me appeared Ronald F. Gatz, to me personally known, who, being by me first duly sworn, states that he is the Vice President & Chief Operating Officer 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.

Ronald F. Gatz

Subscribed and sworn to before me this 7th day of September 2007.

SHERRI J. BLALOCK
Notary Public - Notary Seal
State of Missouri
Commissioned for Newton County
My Commission Expires: November 16, 2010
Commission Number: 06969626

Sherri J. Blalock
Notary Public

My commission expires: Nov. 16, 2010.