

Exhibit No.: _____
Witness: Robert J. Hack
Sponsoring Party: Missouri Gas Energy
Type of Exhibit: Surrebuttal
Case No.: GR-96-450
Date Testimony Prepared: July 16, 2001

MISSOURI PUBLIC SERVICE COMMISSION

FILED³

JUL 18 2001

MISSOURI GAS ENERGY

Missouri Public
Service Commission

CASE NO. GR-96-450

SURREBUTTAL TESTIMONY OF
ROBERT J. HACK

Jefferson City, Missouri

July 18, 2001

SURREBUTTAL TESTIMONY

OF ROBERT J. HACK

CASE NO. GR-96-450

JULY 18, 2001

1 **Q. WOULD YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Robert J. Hack, and my business address is 3420 Broadway, Kansas City,
3 Missouri 64111.

4

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am Vice President, Pricing and Regulatory Affairs for Missouri Gas Energy
7 ("MGE"), a division of Southern Union Company.

8

9 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

10 A. I graduated from Southern Methodist University in 1983 with a B.A. in English
11 Literature. In 1986, I graduated from the University of Kansas School of Law.

12

13 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

14 A. I have been in my present position since October 1998.

15

16 Upon graduating from law school I worked for a small general practice law firm in
17 Kansas City. I then worked for the State Tax Commission in Jefferson City, where I
18 was a hearing officer responsible for presiding over property tax appeal proceedings.

1 My utility-related career began in 1989 when I was hired as an Assistant General
2 Counsel for this Commission. In 1993 I was named General Counsel for this
3 Commission, a position I held until I resigned in July of 1996. I began my career
4 with MGE in September 1996 as a Senior Attorney.

5
6 My current responsibilities at MGE include overall responsibility for state regulatory
7 matters as well as legal matters.

8
9 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

10 A. In response to the rebuttal testimony of Mr. Shaw for the Staff of the Commission, I
11 will provide the Commission with my responses to all of the data requests that were
12 propounded to me by the Commission's Staff in this proceeding. I also state my
13 availability to answer questions during the hearing of this matter.

14
15 **Q. DID THE COMMISSION STAFF DIRECT ANY DATA REQUESTS TO YOU**
16 **DURING THE COURSE OF THIS PROCEEDING?**

17 A. Yes. In the Spring of 2001, the Commission Staff directed a number of data requests
18 to me. Those data requests, and my responses, are attached as Schedule 1 to this
19 testimony.

1 **Q. ARE YOUR ANSWERS TO THE DATA REQUESTS SHOWN IN SCHEDULE**
2 **1 TRUE AND CORRECT TO THE BEST OF YOUR INFORMATION,**
3 **KNOWLEDGE AND BELIEF?**

4 **A. Yes.**

5

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

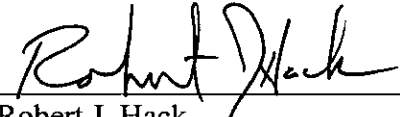
7 **A. Yes, at this time.**

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

In the matter of Missouri Gas Energy's)	
Gas cost adjustment tariff revisions to)	Case No. GR-96-450
Be reviewed in its 1996-1997 annual)	
Reconciliation adjustment account.)	

AFFIDAVIT OF ROBERT J. HACK

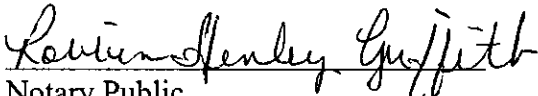
Robert J. Hack, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



Robert J. Hack

Subscribed and sworn to before me this 16th day of July 2001.





Notary Public

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: 6037

Requested From: Missouri Gas Energy

Date Requested:

Information Requested:

Please provide a detailed narrative of Mr. Hack's recollection of the settlement negotiations that led to the May 2, 1996 Stipulation and Agreement.

Requested By: MPSC Staff

Information Provided:

Ms. Penny Baker had been the MoPSC staff attorney originally assigned to Case No. GR-94-228 et al., to the best of Mr. Hack's recollection. Due to a medical condition that became apparent in January or February of 1996, re-assignment of attorney staffing responsibilities was made necessary for the then-impending pre-hearing conference and, if necessary, the evidentiary hearing that was scheduled thereafter. Through discussions in the General Counsel's office around that time period (primarily between Mr. Hack and Mr. Keevil, but also more than likely involving Ms. Baker), it was agreed that Mr. Hack would handle the responsibilities associated with the prehearing conference (including the drafting of a Stipulation and Agreement for settled issues) and, for those aspects of the case that were not settled, that Mr. Keevil would handle the responsibilities associated with the evidentiary hearing.

The settlement negotiations for this case primarily took place over an intensive one-week period, to the best of Mr. Hack's recollection, although continued conversations and drafting took place beyond this one-week period. As Mr. Hack recalls, the negotiations most likely occurred in March and/or April of 1996.

The primary negotiations occurred between the Staff and KPOC, with some involvement by Western Resources and MGE. To the best of Mr. Hack's recollection, the primary participants for the MoPSC Staff were Mr. Tom Shaw, Mr. Mike Wallis, Mr. David Sommerer and Mr. Hack (with Mr. Ken Rademan providing guidance to Messrs. Shaw, Wallis and Sommerer). Mr. Hack recalls that Riverside was primarily represented by Mr. Dennis Langley, Mr. Tino Monaldo and Mr. Rick French. MGE was present by Mr. Gary Duffy and Mr. Mike Langston and Western Resources was present by either Mr. Mike Peters, Mr. Don Barry or Mr. Marty Bregman and, possibly, Mr. Tangeman. Mr. Hack does not recall the Office of the Public Counsel playing a significant role during the negotiations.

Upon reaching an agreement in principle orally, Mr. Hack recalls that KPOC took the first effort at drafting a comprehensive agreement. Upon receipt and review of this first draft, Mr. Hack recalls that the MoPSC Staff was not comfortable with the drafting approach taken by KPOC in this first draft (primarily, as Mr. Hack recalls, due to the excessive use of multiple modifiers, adjectives and adverbs throughout the document) and, consequently, the MoPSC Staff thereafter assumed primary drafting responsibilities. At that point, the drafting and negotiations primarily took place by telephone, facsimile and possibly e-mail. Mr. Hack recalls being the primary draftsman for the MoPSC Staff, although the document was revised numerous times and reviewed by numerous members of the MoPSC Staff prior to execution and filing of the Stipulation and Agreement on May 2, 1996.

Date Response Received: _____

Signed By: _____

Vice President, Pricing & Reg. Affairs

Date: _____

SCHEDULE 1

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 J. Hack
Vice President, Pricing & Reg. Affairs

Date: 4/17/01

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: 6039

Requested From: Missouri Gas Energy

Date Requested:

Information Requested:

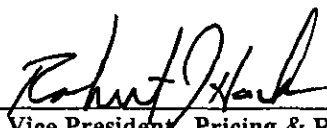
Please provide copies of all notes, correspondence, drafts of the 1996 stipulation, and memos, in Mr. Hack's possession relating to the May 2, 1996 stipulation and agreement.

Requested By: MPSC Staff

Information Provided:

Mr. Hack has nothing in his possession relating to the May 2, 1996, Stipulation and Agreement that is responsive to this request and not a privileged attorney/client communication.

Date Response Received: _____

Signed By: 
Vice President, Pricing & Reg. Affairs

Date: 4/12/01

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: 6040

Requested From: Missouri Gas Energy

Date Requested:

Information Requested:

What other PSC Staff attorneys were involved in the negotiations of the May 2, 1996 Stipulation and Agreement?

Requested By: MPSC Staff

Information Provided:

To the best of Mr. Hack's recollection, no MoPSC Staff attorneys other than Mr. Hack were involved in the negotiation of the May 2, 1996, Stipulation and Agreement. Because Ms. Penny Baker had been assigned the case prior to Mr. Hack's assumption of responsibility for the pre-hearing conference, it is likely that Mr. Hack consulted with Ms. Baker during the course of the negotiations and drafting. Whether this actually occurred, Mr. Hack does not recall. In addition, because the May 2, 1996, Stipulation and Agreement addressed a matter then on appeal in the Cole County Circuit Court to which Mr. Keevil was then assigned, Mr. Hack likely consulted with Mr. Keevil during the course of the negotiations and drafting. Whether this actually occurred, Mr. Hack does not recall.

Date Response Received: _____

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

Date: 4/12/01