

Exhibit No.
Issue: Certified Territory
Witness: Steven R. Teter
Type of Exhibit: Direct Testimony
Sponsoring Party: Empire District
Case No: GA-2007-0289
Date Testimony Prepared: July 13, 2007

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

Direct Testimony

Of

Steven R. Teter

July 13, 2007

DIRECT TESTIMONY
OF
STEVE TETER
ON BEHALF OF
THE EMPIRE DISTRICT GAS COMPANY
BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO: GA-2007-0289

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

6 A. I am employed by The Empire District Gas Company (“Empire” or “Company”)
7 as Director of Gas Operations.

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

9 A. I hold a Bachelor’s Degree in Civil Engineering from Finlay Engineering College,
10 Kansas City, Missouri.

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

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

1 **PURPOSE**

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

3 A. My testimony will describe some of the historical events that are related to
4 Missouri Gas Energy's incursion into Empire's certified natural gas service
5 territory in Platte County.

6 **Q. WHEN DID EMPIRE OR THE PREVIOUS OWNER OF THE**
7 **PROPERTY, AQUILA, INC., BECOME AWARE OF MGE'S CLAIM**
8 **THAT IT HAD COMMISSION AUTHORIZATION TO PROVIDE**
9 **NATURAL GAS SERVICE TO CUSTOMERS IN SECTIONS OF PLATTE**
10 **COUNTY THAT HAD ALREADY BEEN CERTIFIED TO AQUILA?**

11 A. In June of 1999 Aquila, the previous owner of the property, became aware of
12 MGE's plans to install facilities in the Southeast Quarter Section of Section 6,
13 T52N, R34W, to serve the Oak Creek Subdivision. This incursion into the Aquila
14 natural gas service territory was discussed with local MGE representatives and
15 MGE stopped the construction of new natural gas facilities in this area. Aquila
16 proceeded to install the natural gas facilities required to provide gas service in the
17 Oak Creek Subdivision.

18 **Q. WHAT WERE SOME OF AQUILA'S CONCERNS ABOUT MGE'S**
19 **INCURSION INTO THE OAK CREEK SUBDIVISION?**

20 A. The safety of our customers and the general public was most definitely one of our
21 concerns. Since Aquila was the only certified supplier of natural gas in that area
22 we were concerned about the confusion two gas utilities operating in the same

1 area could create for our existing customers, public response personnel, one call
2 locate systems and our own employees during gas emergency response situations.

3 **Q. WHAT ADDITIONAL STEPS DID AQUILA TAKE AS A RESULT OF**
4 **THE MGE ACTIVITY IN THE OAK CREEK SUBDIVISION?**

5 A. As a result of this event, on August 12, 1999, Aquila had its attorney send a letter
6 to MGE referencing Commission Case No. 13172 which clearly lists the sections
7 in Platte County that Empire (or previously Aquila) is certified to serve. That
8 letter also requested that MGE supply copies of any documentation they had
9 concerning MGE's certified service territory in Platte County, Missouri

10 **Q. DID MGE RESPOND TO THE AUGUST 12, 1999 LETTER FROM**
11 **AQUILA'S ATTORNEY?**

12 A. I am not aware of any MGE response to this inquiry.

13 **Q. WHEN DID AQUILA OR EMPIRE BECOME AWARE OF THE NEW**
14 **RESIDENTIAL DEVELOPMENT THAT HAS TAKEN PLACE AND IS**
15 **CURRENTLY UNDER ADDITIONAL DEVELOPMENT IN SECTIONS**
16 **14, 13 AND 12 IN T52N, R35W OF PLATTE COUNTY, MISSOURI?**

17 A. In January of 2004, I personally became aware that a subdivision called Seven
18 Bridges was in the planning stages. At that point, all of the planning information
19 that we had access to, indicated that the Seven Bridges construction, as planned,
20 was to take place in Sections 13 and 14 T52N, R35W of Platte County, Missouri.

21 **Q. WHEN DID AQUILA OR EMPIRE FIRST BECOME AWARE THAT**
22 **MUCH OF THE DEVELOPMENT ASSOCIATED WITH SEVEN**
23 **BRIDGES PHASE 1 AND 2 WAS UNDERWAY IN SECTION 12, NOT**

1 **SECTIONS 13 AND 14, AND THAT MGE HAD INSTALLED FACILITIES**
2 **IN SECTION 12 TO SERVE THIS DEVELOPMENT?**

3 A. During Aquila's ownership of the property, I was not aware of any MGE
4 construction activity in Section 12 of Township 52 North, Range 35 West in
5 Platte County. Empire purchased the natural gas system from Aquila on June 1,
6 2006. It was not until July or August of 2006 that I become aware that the Seven
7 Bridges development was under way in Section 12, not sections 13 and 14 as
8 previously thought, and that MGE had installed natural gas facilities and was
9 serving customers in Empire's certified gas territory.

10 **Q. WHAT ACTIONS DID EMPIRE TAKE WHEN IT BECAME AWARE**
11 **THAT MGE WAS INSTALLING NATURAL GAS DISTRIBUTION**
12 **FACILITIES IN SECTION 12 AND PROVIDING GAS SERVICE TO**
13 **CUSTOMERS?**

14 A. On September 6, 2006 I sent an email to the Vice-President of Field Operations
15 for MGE asking him to investigate this matter and get back to me.

16 **Q. PLEASE DESCRIBE YOUR SEPTEMBER 6TH EMAIL TO MGE'S VICE-**
17 **PRESIDENT OF FIELD OPERATIONS IN MORE DETAIL.**

18 A. I basically indicated there was some confusion in MGE tariffs surrounding the
19 authorized natural gas service provider in Section 12 of Township 52 North,
20 Range 35 West and that Aquila/Empire had been granted the certificate for
21 Section 12 in 1956 and wanted the opportunity to serve the customers that MGE
22 was currently serving in the Seven Bridges development.

1 **Q. WHAT WAS MGE'S VICE-PRESIDENT OF FIELD OPERATIONS**
2 **RESPONSE TO YOUR EMAIL?**

3 A. On September 28, approximately three weeks later, MGE's Vice-President of
4 Field Operations sent me an email asking if I had received anything from him in
5 the mail. I indicated that I had and requested a face-to-face meeting to discuss the
6 situation. He and I had a face-to-face meeting on October 16, 2006.

7 **Q. DID THIS CORRESPONDENCE PROVIDE YOU WITH ANY**
8 **DOCUMENTATION INDICATING THAT MGE HAD A CERTIFICATE**
9 **FROM THE MISSOURI PUBLIC SERVICE COMMISSION ALLOWING**
10 **THEM TO CONSTRUCT AND OPERATE A NATURAL GAS**
11 **DISTRIBUTION SYSTEM IN SECTION 12 OF T52N, R35W?**

12 A. No.

13 **Q. WHAT TOOK PLACE IN YOUR FACE-TO-FACE MEETING ON**
14 **OCTOBER 16TH?**

15 A. We discussed the Platte County Section maps that both companies had prepared,
16 and how they related to a copy of Missouri Public Service Commission Case No.
17 13,172 in which Empire's Platte County service territory is clearly defined. We
18 also clarified the fact that Empire or its predecessor has provided gas service in
19 Section 12 of Township 52 North, Range 35 West since October of 1995 and has
20 never refused service to anyone in that section when asked. MGE then proposed
21 that we abandon our certificate to serve the customers in Sections 10, 11 and 12 of
22 T52N, R35W. EDG offered to purchase all of MGE's facilities that they

1 currently operate without a certificate in Section 12 of T52N, R35W at MGE's
2 current book valve.

3 **Q. HAS MGE STOPPED THE EXPANSION OF ITS NATURAL GAS**
4 **DISTRIBUTION SYSTEM IN SECTION 12 AS A RESULT OF YOUR**
5 **CORRESPONDENCE OR MEETING?**

6 A. No. MGE has continued its expansion in not only Section 12, but Sections 13 and
7 14.

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

9 A. Yes, it does.