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| Exhibit No. | |
| Issue: | Gas Transportation |
| Witness: | Richard Haubensak |
| Sponsoring Party: | Constellation NewEnergy- Gas Division, LLC |
| Type of Exhibit: | Rebuttal Testimony |
| Case No.: | GR-2009-0355 |
| Date Testimony Prepared: | September 28, 2009 |

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

**CASE NO. GR-2009-0355
MISSOURI GAS ENERGY**

REBUTTAL TESTIMONY

OF

RICHARD HAUBENSAK

ON BEHALF OF CONSTELLATION NEWENERGY-GAS DIVISON, LLC

September 28, 2009

**REBUTTAL TESTIMONY
OF
RICHARD HAUBENSAK**

TABLE OF CONTENTS

| | | |
|----|--------------------|-----|
| I. | Rebuttal Testimony | 1 |
| | Schedule RJH 4 | pdf |

1
2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Richard Haubensak. My business address is 12120
4 Port Grace Boulevard, Suite 200, LaVista, Nebraska, 68128.

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

6 A. I am a self-employed consultant. I am testifying in this case on
7 behalf of Intervenor, Constellation NewEnergy-Gas Division, LLC
8 ("Constellation"). Constellation is a major marketer of natural gas
9 on the Missouri Gas Energy ("MGE") distribution system.

10 **Q. DID YOU PREVIOUSLY PRESENT DIRECT TESTIMONY IN THIS CASE?**

11 A. Yes, I did.

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. I wish to comment on the "Staff Report: Class Cost-of-Service and
14 Rate Design," prepared by the Staff of the Missouri Public Service
15 Commission for this case and filed on September 3, 2009.
16 Specifically, I want to address the Staff's comments related to the
17 proposed changes in the transportation tariff as proposed by MGE.

18 **Q. PLEASE PROCEED.**

19 A. As I stated in my direct testimony (page 12, line 21 – page 13, line
20 4): "The local distribution company should design its transportation
21 rules to 'mirror' the applicable interstate pipeline to insure they
22 recover all the penalties coming from the interstate pipeline from
23 the party on their system responsible for the penalty. Anything more

1 than that, such as being allowed to call an OFO day when one is
2 not being called by the interstate pipeline, means they are
3 attempting to recover from someone else a penalty that the other
4 party is not responsible for.” An OFO day is an Operational Flow
5 Order, as described in my direct testimony on page 11.

6 **Q. DOES STAFF AGREE WITH YOU?**

7 A. The Staff Report recommends approval of all of MGE’s proposed
8 transportation tariff changes in this case. Approval of all of these
9 changes means MGE would be at times penalizing marketers and
10 customers purchasing their own gas supplies by adjusting the
11 cashout price when MGE is not being subject to the same
12 provisions in the applicable interstate pipeline tariff.

13 **Q. ARE THERE ANY SPECIFIC STATEMENTS IN THE STAFF REPORT**
14 **THAT YOU WISH TO CHALLENGE?**

15 A. Yes, there are. On page 21, line 3, the Staff Report states: “The
16 ability of transport customers to buy and sell gas from MGE is far
17 more beneficial to the transport customer than to MGE or its ‘firm’
18 customers.” This statement is simply not accurate. With MGE’s
19 proposed changes, endorsed by the Staff, MGE will always be able
20 to recover any incremental costs or any fluctuations in gas prices
21 caused by transportation customer activity, which is fine. However,
22 the proposed changes, coupled with the ability to call an OFO
23 without the applicable pipeline calling an OFO, means that at times

1 MGE will be unfairly making money off the transportation customers
2 by overcharging when marketers' nominations are less than actual
3 deliveries to their customers, or underpaying when marketers'
4 nominations are greater than actual deliveries to their customers.
5 With the ability to call an OFO whenever they want, coupled with
6 the lower tolerances for cashouts, MGE is effectively penalizing
7 marketers and other transportation customers and giving
8 themselves much more freedom to have significant fluctuations
9 between how much gas they purchase for their sales customers
10 and how much gas they deliver to them.

11 **Q. HAS MGE EVER CALLED AN OFO WHEN ITS INTERSTATE PIPELINE**
12 **HAS NOT?**

13 A. Not only does MGE apparently believe it has the right to call an
14 OFO when its interstate pipeline has not, but MGE called an OFO
15 for the *entire month of September* 2009 when its interstate pipeline
16 had not called an OFO. This extraordinary "OFO month" (instead of
17 the typical "OFO day") subjects Constellation, other marketers and
18 all transportation customers to greater penalties for imperfect
19 balancing of nominations and deliveries, while allowing MGE to
20 over-nominate or under-nominate its own supplies without risk of
21 similar penalties from its interstate pipeline. This situation is
22 patently unfair and should not be allowed by this Commission. As I
23 stated in my direct testimony, MGE's inability to forecast the

1 needs of its own sales customers should not result in tighter
2 balancing requirements for marketers like Constellation who have
3 contracted with some other party to purchase gas supplies and
4 meet the needs of their customers.

5 **Q. HOW SHOULD THE COMMISSION ENSURE THAT MGE CANNOT**
6 **ARBITRARILY DECLARE OFO DAYS?**

7 A. The Commission should order MGE to add language to its tariff that
8 limits the circumstances under which MGE can call an OFO day or
9 issue an Operational Flow Order (OFO). Specifically, MGE should
10 be required to add language to its Missouri tariff that says the
11 following. "An Operational Flow Order (OFO) Day shall be a day
12 which may be declared by the Company whenever any of the
13 following five conditions occurs or is anticipated to occur: (a) when
14 the Company experiences failure of transmission, distribution, gas
15 storage or gas manufacturing facilities; (b) when transmission
16 system pressures or other unusual conditions jeopardize the
17 operation of the Company's system; (c) when the Company's
18 transportation, storage, and supply resources are being used at or
19 near their maximum rated deliverability; (d) when any of the
20 Company's transporters or suppliers call the equivalent of an OFO
21 Day; or (e) when the Company is unable to fulfill its firm contractual
22 obligations or otherwise when necessary to maintain the overall
23 operational integrity of all or a portion of the Company's system."

1 This language is modeled after language in the Iowa tariff of
2 MidAmerican Energy Company, which is attached to this rebuttal
3 testimony as Schedule RJH 4.

4 **Q. IS A “CRITICAL DAY” IN THE IOWA TARIFF THE SAME AS AN OFO**
5 **DAY IN MGE’S SERVICE AREA?**

6 A. Yes. Critical days, Operational Flow Order (OFO) days, and SOL
7 (System Over-run Limitation) days all have the same meaning and
8 purpose in the industry.

9 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**


10 A. Yes, it does.

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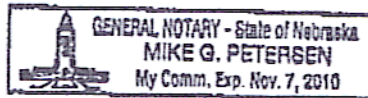
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| In the Matter of Missouri Gas Energy and |) | |
| Its Tariff Filing To Implement a General |) | Case No. GR-2009-0355 |
| Rate Increase for Natural Gas Service |) | |

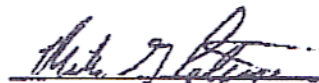
AFFIDAVIT OF RICHARD HAUBENSAK

Richard Haubensak, of lawful age, on his oath, states that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Rebuttal 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.


Richard Haubensak

Subscribed and sworn before me this 28th day of September 2009.




Notary Public

My Commission Expires: Nov 7 2010