

Exhibit No.: _____
Issues: Environmental AAO
Witness: Crystal Callaway
Sponsoring Party: Missouri Gas Energy
Case No.: GU-2007-0480
Date Testimony Prepared: April 10, 2008

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GU-2007-0480

DIRECT TESTIMONY OF

CRYSTAL CALLAWAY

Jefferson City, Missouri

April 2008

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APRIL 2008

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

3 A. My name is Crystal Callaway and my business address is 3420 Broadway, Kansas
4 City, Missouri 64111.

5

6 **Q. WHAT POSITION DO YOU HOLD WITH MISSOURI GAS ENERGY?**

7 A. I am employed by Missouri Gas Energy ("MGE"), a division of Southern Union
8 Company ("Company"), as an Environmental Compliance Specialist.

9

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
11 **EXPERIENCE.**

12 A. I have a Bachelor of Science in Chemistry with a minor in Biology and a Bachelor
13 of Science in Nursing from Missouri Western State University. I am a licensed
14 Registered Nurse in Missouri and a Certified Hazardous Materials Manager. I
15 have over 11 years experience in environmental compliance, hazardous waste
16 operations, hazardous materials emergency response and various environmental
17 remediation projects. In addition to my compliance responsibilities for 16 MGE
18 locations, I am currently the on-site MGE representative during the
19 investigation/remediation efforts being conducted at two former manufactured gas

1 plant sites that existed at the MGE properties located at 223 Gillis St., Kansas
2 City, MO, and 402 Cedar St., St. Joseph, MO.

3
4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. The purpose of my testimony is to describe the types of environmental compliance
7 activities MGE has undertaken or will be undertaking in the future and provide an
8 estimate of the cost associated with these activities. This information has been
9 provided to Mr. Noack for use in his testimony requesting that the Commission
10 grant MGE an Accounting Authority Order for these costs.

11
12 **Q. CAN YOU PLEASE PROVIDE THE COMMISSION WITH A SHORT**
13 **HISTORY OF MGE'S ENVIRONMENTAL ACTIVITIES SINCE**
14 **PURCHASING THE COMPANY FROM WESTERN RESOURCES IN**
15 **1994?**

16 A. My knowledge of MGE's environmental activities since MGE was purchased
17 from Western Resources is based on a review of corporate files and environmental
18 records for those activities that took place prior to the initial date of my
19 employment on March 6, 2006. The review of files revealed typical activities
20 associated with natural gas utility company environmental matters, such as
21 regulated underground storage tank ("UST") removals, spill prevention, control,
22 and countermeasure ("SPCC") plans, former manufactured gas plant ("FMGP")
23 investigations, removal of equipment containing regulated substances, asbestos

1 abatement/surveys, lead paint abatement/surveys, stormwater permits, hazardous
2 waste notifications and reporting, Tier II reports, and the like. In the past two
3 years of my employment, several environmental projects have been conducted to
4 provide a safe work environment for our employees and to comply with regulatory
5 requirements. The three major environmental projects conducted are the work at
6 the St. Joseph, Station A and Station B locations.

7
8 At the MGE facility in St. Joseph, these environmental activities include a
9 removal action of impacted soil from former (fuel) USTs; and continued
10 monitoring and recovery from a single monitoring well impacted with light non-
11 aqueous phase liquid (“LNAPL”) associated with the former USTs. Numerous
12 investigation and sampling activities associated with the St. Joseph FMGP have
13 been conducted and are under way, including, but not limited to: generation of
14 work plans to conduct the initial site characterization; preparation of the initial
15 site characterization report to Missouri Department of Natural Resources
16 (“MDNR”); phase I site assessment conducted as a requirement for the
17 Brownfields/Voluntary Cleanup Program (“BVCP”) application process; and a
18 survey to identify asbestos in any on-site structures.

19
20 In addition to the St. Joseph location, FMGP investigation, sampling, and
21 remediation activities have been conducted at Station A (north and south) located
22 at 1st and Campbell Street in Kansas City and Station B, located at 223 Gillis in
23 Kansas City. In connection with investigation and sampling activities, Station B

1 is also currently undergoing a large scale removal action in accordance with the
2 BVCP. In addition to MGP related activities, the following projects have been
3 completed at the 223 Gillis location: regulated equipment removal; asbestos floor
4 tile removal; lead paint abatement; and tank (proofing) decommissioning.

5
6 **Q. HAS MGE INCURRED ANY COSTS IN CONNECTION WITH THESE**
7 **ENVIRONMENTAL ACTIVITIES?**

8 A. Yes, MGE has incurred or will incur costs in connection with environmental
9 activities. The majority of these costs are associated with the former MGP site
10 activities. These costs include monies to investigate and/or remediate MGP-
11 impacted soil and groundwater at the MGP sites located at 1st & Campbell
12 (Station A north and south), 223 Gillis (Station B) in Kansas City, MO, and 402
13 Cedar St., St. Joseph, MO, and include, but are not limited to: records and
14 historical maps research; property surveys; building demolition leaving
15 undepreciated and unrecovered building costs; excavation test trenching; soil
16 boring activities; installation of groundwater monitoring wells; soil and
17 groundwater laboratory analysis; evaluation of field and laboratory data and
18 evaluation of the overall condition of the site; excavation and hauling of impacted
19 soil and debris; landfill disposal; water pumping, storage, treatment and/or
20 disposal; report preparation and submittal of completed documentation to the
21 appropriate regulatory agencies.

22

1 **Q. WHAT WORK IS CURRENTLY ONGOING OR SCHEDULED TO**
2 **BEGIN IN 2008?**

3 A. MGE is currently completing a removal action at the Station B FMGP in Kansas
4 City. This removal action is being conducted in accordance with guidelines set
5 forth in the MDNR BVCP. Upon completion of the removal action, additional
6 groundwater sampling required by MDNR will be conducted on a quarterly basis
7 for approximately one year, at a minimum. Costs associated with the remediation
8 activities will be known with certainty only when the work is complete, but at this
9 time MGE estimates the total costs will be between \$2.2 million and \$10 million
10 in order to achieve site closure on the Station B parcel.

11
12 In addition to the Station B removal action, a soil erosion repair plan was
13 implemented on the Station A south parcel located at 1st and Campbell.
14 Additional monies will continue to be incurred in 2008 for groundwater sampling,
15 remedial investigation and remedial planning activities required by MDNR BVCP
16 on both the Station A south and north parcels. Additional investigation,
17 remediation and monitoring activities may be required on adjacent (railroad)
18 properties. Costs associated with the investigation and remediation activities will
19 be known for certain only when the work is complete, but MGE estimates the
20 total costs will exceed several hundred thousand dollars in order to achieve site
21 closure for Station A.

1 Cost will be incurred in 2008 related to the FMGP site located at the MGE facility
2 at 4th and Cedar Streets in St. Joseph. At this site, MGE enrolled in the MDNR
3 BVCP in early 2007 as a result of closure of certain activities associated with the
4 MDNR UST program. As part of the application process of the BVCP, a phase I
5 environmental assessment was conducted in early 2007. The initial site
6 assessment/characterization was conducted in late 2007 and early 2008.
7 Supplemental investigation activities and a removal action have been scheduled to
8 commence in summer 2008. Upon completion of the removal action, at a
9 minimum, additional groundwater sampling will be required by MDNR. Costs
10 associated with the remediation activities will be known for certain only when the
11 work is complete, but MGE estimates that the cost of these investigation and
12 remediation efforts will exceed several million dollars.

13

14 **Q. ARE THERE OTHER SITES OWNED BY MGE/SOUTHERN UNION**
15 **COMPANY IN MISSOURI THAT ARE ON MDNR'S LIST TO**
16 **INVESTIGATE?**

17 A. Yes. These sites include property at East 5th Street in Joplin and 23rd and Pleasant
18 Streets in Independence. To date no FMGP investigation activities or regulatory
19 driven remedial actions have been initiated at these two property locations. At
20 such time that MGP investigation and remediation activities are warranted, MGE
21 estimates amounts in excess of several million dollars may be spent on these
22 properties to obtain site closure from MDNR but is unable to predict with
23 certainty the timing or the amount of such expenditures.

1

2 In addition, there are other FMGP sites located within MGE's service territory
3 that are not owned by MGE, but for which MGE may have some potential
4 liability.

5

6 **Q. IS IT POSSIBLE TO PREDICT THE TIMING AND MAGNITUDE OF**
7 **ANY MGP INVESTIGATION AT THIS TIME?**

8 A. No. Even once the investigative and remedial process has been initiated, the
9 timing and magnitude of any investigative and remedial activity at MGE sites is
10 subject to numerous variables.

11

12 **Q. CAN YOU PROVIDE AN EXAMPLE OF ONE SUCH VARIABLE?**

13 A. One factor that greatly influences the timing and magnitude of any investigative
14 and remedial action is the actions of the state and/or federal environmental
15 agencies which exercise jurisdiction over the FMGP sites and regulate the
16 investigative and remedial activities. Companies performing investigative and
17 remedial activity submit proposals to the oversight agency for approval in each
18 step of the investigative and remedial process. A response to the submittal
19 typically revolves around the agency's desire for additional information and
20 perhaps a differing scope of investigation or remediation activities; hence,
21 affecting the scope and timing of the activities and the corresponding magnitude
22 of the associated costs. The timing of an agency response to a submittal can vary
23 significantly ranging from a few weeks to a few years.

1

2 **Q. WHAT IS ANOTHER FACTOR WHICH CAN INFLUENCE TIMING**
3 **AND MAGNITUDE OF AN INVESTIGATION?**

4 A. FMGP sites were operated up to 125 years ago and have been lying inactive and
5 generally undetected/unnoticed for up to 100 years in some cases. The remnants of
6 the FMGPs are generally no longer visible; they became obscured long ago and
7 are generally below the ground. As such, it is impossible to ascertain the
8 magnitude of something that cannot be seen. No one can ascertain the scope of
9 the investigation, assessment and remediation activities, or the magnitude of the
10 associated costs, until the investigation, assessment and remediation activities are
11 conducted. Thus, there is uncertainty as to the ultimate cost of the remediation
12 efforts, usually until the remediation is nearly complete.

13

14 **Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?**

15 A. Yes, it does.

