

Exhibit No.:
Issue: ACA Documentation
Witness: Anne M. Allee
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2006-0422
Date Testimony Prepared: December 11, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

SURREBUTTAL TESTIMONY

OF

ANNE M. ALLEE

MISSOURI GAS ENERGY

CASE NO. GR-2006-0422

Jefferson City, Missouri
December 2006

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

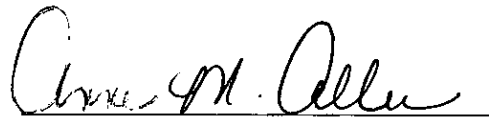
In the Matter of Missouri Gas Energy's Tariff)
Sheets Designed to Increase Rates for Gas Service)
in the Company's Missouri Service Area.)

Case No. GR-2006-0422

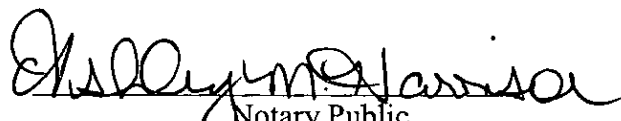
AFFIDAVIT OF ANNE M. ALLEE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

Anne M. Allee, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.


Anne M. Allee

Subscribed and sworn to before me this 8th day of December 2006.


Notary Public



ASHLEY M. HARRISON
My Commission Expires
August 31, 2010
Cole County
Commission #06B92978

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SURREBUTTAL TESTIMONY

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ANNE M. ALLEE

MISSOURI GAS ENERGY

CASE NO. GR-2006-0422

Q. Please state your name and business address.

A. Anne M. Allee, P.O. Box 360, Jefferson City, Missouri 65102.

Q. By whom are you employed and in what capacity?

A. I am a Regulatory Auditor with the Missouri Public Service Commission (Commission).

Q. Are you the same Anne M. Allee that filed direct testimony in this case?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Missouri Gas Energy (MGE, Company) witness Michael R. Noack regarding the Staff's recommendation of adding ACA documentation requirements to MGE's PGA tariff.

EXECUTIVE SUMMARY

Q. Please summarize the issue addressed in your surrebuttal testimony.

A. The Staff recommends adding ACA documentation requirements to MGE's PGA tariffs. It is MGE's position that the Staff should initiate a rule making which would include all LDCs of the state rather than using this rate proceeding to insert ACA documentation requirements in its PGA tariff. It is the Staff's opinion that changes to MGE's

1 PGA clause should be made in this rate case. The PGA clause is not governed by
2 Commission rules, therefore it is appropriate to make changes to MGE's PGA clause in this
3 rate case. The PGA requirements are currently contained in MGE's Tariff, Sheet Numbers 14
4 through 24.3.

5 **ACA DOCUMENTATION – PGA TARIFF CHANGE.**

6 Q. Mr. Noack points out on page 5, lines 5-9, of his rebuttal testimony that Staff's
7 proposed language requires MGE to provide **all** documentation supporting its gas purchasing
8 decisions for the ACA period. What is your response to this statement?

9 A. It is the Staff's intent to receive the significant documentation which MGE
10 relied on in preparing its ACA filing. It isn't Staff's intent for the Company to provide each
11 and every piece of information related to natural gas procurement for the ACA period. For
12 example, the Staff probably wouldn't need to see all of emails received or generated by MGE
13 personnel related to gas procurement. After considering Mr. Noack's rebuttal testimony, it
14 would be acceptable to Staff to remove the word "all" from the tariff language proposed in
15 my direct testimony. Removing the word "all" does not change the original intent of the
16 Staff's proposed tariff language. Schedule 1 attached to my surrebuttal testimony shows a red-
17 lined version of the tariff language as proposed in my direct testimony with the word "all"
18 removed. The revised language shown in Schedule 1 is acceptable to the Staff.

19 Q. Where do you propose that this language be inserted into MGE's tariffs?

20 A. The ACA filing requirements could be inserted in the Tariff Sheets in either of
21 these places:
22
23

Schedule	Sheet No.	Section (These are existing sections)	Subsection (new subsection)
PGA, Purchased Gas Cost Adjustment	15.1	I. Applicability	C. ACA Documentation
PGA, Purchased Gas Cost Adjustment	17.1	III. Calculation of the Actual Cost Adjustment (ACA)	A. ACA Documentation

1 Q. Mr. Noack states in his rebuttal testimony that at the same time MGE makes its
2 ACA filing, it also submits workpapers supporting its ACA filing. He also notes that Staff
3 hasn't made allegations that MGE's documentation and planning is insufficient or inadequate.
4 Is this correct?

5 A. Yes. Staff isn't proposing this tariff language as a result of MGE's inadequate
6 or insufficient ACA documentation nor should this recommendation be viewed as a reflection
7 of MGE's cooperation with the Staff during its ACA review. Currently, MGE answers the
8 Staff's data requests submitted in an ACA case in a timely manner.

9 Q. If MGE is responsive to Staff's data requests, why is Staff proposing that MGE
10 submit its ACA documentation at the time of its ACA filing?

11 A. The goal of this recommendation is to improve the ACA process by making it
12 more efficient.

13 Q. How would this requirement increase the efficiency of the ACA process?

14 A. MGE's ACA period is the 12 months ending June 30th of each year. MGE
15 historically has made its ACA filing during the month of November of each year, three to four
16 months after the end of the ACA period. Currently, the Staff submits approximately 100 data
17 requests when beginning its ACA review. If the Commission adopts the Staff's
18 recommendation, MGE would submit most of the Staff's normally requested information to
19 support its ACA filing upfront, thereby decreasing the number of initial data requests and
20 accelerating the Staff's ACA review and recommendation.

1 Q. How much sooner do you anticipate the ACA recommendation being filed?

2 A. The Staff anticipates that it may speed up the filing of its ACA
3 recommendation by at least 20 to 30 days depending upon Staff's other workload
4 requirements. It is the Staff's expectation that this simple requirement will enhance and speed
5 up the ACA review process, though it will be known for certain when these requirements are
6 fully implemented. If this requirement doesn't improve the ACA process, MGE or Staff
7 could suggest modifications to the requirements in its next rate case. In the past, MGE has
8 filed a rate case about every 2 years.

9 Q. Mr. Noack states on page 5, lines 18 – 23, of his rebuttal testimony that the
10 only appropriate way to implement the Staff's recommended ACA documentation
11 requirements is in a rulemaking which would include all of the LDCs in the state. Do you
12 agree that a rulemaking is the appropriate forum?

13 A. No. The PGA/ACA process is not governed by Commission rule; the PGA
14 clause is a section in each LDC's tariff. Therefore this rate case is an appropriate forum to
15 propose changes. Being in the tariff gives the parties more flexibility to make necessary
16 changes in a volatile market on a timelier basis. On the other hand, if these requirements were
17 to be addressed in a rulemaking, any changes would involve all LDCs when a change may be
18 needed for only one specific LDC. In addition to describing how the PGA and ACA rates are
19 to be calculated, MGE's PGA clause already contains other PGA information requirements.
20 For example, the PGA clause requires that all PGA filings shall be accompanied by detailed
21 workpapers supporting the filing in an electronic format. The PGA requirements are currently
22 contained in MGE's Tariff, beginning with Sheet Number 15.

23 The tariff language being proposed by Staff, as shown in Schedule 1, simply requests

1 that MGE provide documentation to support its ACA including documentation related to
2 actual costs and billed revenues, prudence of its natural gas planning and operating decisions,
3 financial impact on customers, and copies of contracts in affect during the ACA period. The
4 proposed tariff language does not prescribe the exact documentation to be maintained by the
5 Company. The proposed tariff language only requires the Company's documentation to be
6 submitted concurrently with its ACA filing.

7 Q. Will this requirement place an additional burden or costs on MGE?

8 A. No. The Staff isn't asking that new or additional information be created. It is
9 simply asking that MGE provide information that it already has in its possession. MGE's
10 ACA period begins July 1st and ends June 30th each year. So, for example, when MGE made
11 its ACA filing in November 2006, that filing applied to the 12 months ended June 2006. This
12 means that the Company has had a portion of the information requested by Staff for as long as
13 15 months prior to its ACA filing. Additionally, some of MGE's planning information would
14 have been prepared in advance of the ACA period so that it could use this information in its
15 decision making for the ACA period. The Staff is simply proposing that the Company be
16 required to provide the information it relied upon in making its purchasing decisions for the
17 ACA period.

18 Q. Does this conclude your surrebuttal testimony?

19 A. Yes, it does.

Concurrently with the Company's annual Actual Cost Adjustment (ACA) filing the Company shall:

- Provide documentation to support the Company's ACA to reconcile the Company's actual gas costs with its billed revenues. Provide all documentation of the natural gas purchases (commodity, demand or reservation charges or other charges) of the LDC to support that the claimed costs are properly attributed to the ACA period and that the pipelines, natural gas suppliers, and any other vendors have charged or invoiced the LDC for the volumes nominated and received at the proper rates.
- Provide documentation to support the prudence of the Company's natural gas supply planning, capacity planning, purchasing practices, and operating decisions for the ACA period.
- Provide documentation of the financial impact on customers of the LDC's use of its gas supply, transportation and storage contracts.
- Provide a copy of all contracts in effect at any time during the ACA period. Include copies of all contracts related to the procurement of natural gas including but not limited to transportation, storage, and supply contracts and all schedules and exhibits and letter agreements related to gas procurement, gas costs and/or gas constraints.

The documentation provided shall include fully functioning electronic versions.

The term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed electronic or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to the LDC and its employees, contractors, agents or others employed by or acting in its behalf.