

Exhibit No.: _____
Issues: Local Public Hearing
Testimony
Witness: Steve Holcomb
Sponsoring Party: Missouri Gas Energy
Case No.: GR-2009-0355
Date Testimony Prepared: October 14, 2009

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY
CASE NO. GR-2009-0355

FILED²

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Missouri Public
Service Commission

SURREBUTTAL TESTIMONY OF
STEVE HOLCOMB

Jefferson City, Missouri

October 2009

MGE Exhibit No. 19
Case No(s) GR-2009-0355
Date 10-26-09 Rptr KF

**SURREBUTTAL TESTIMONY OF
STEVE HOLCOMB
CASE NO. GR-2009-0355
OCTOBER 2009**

INDEX TO TESTIMONY

	<u>Page Number</u>
Introduction	1
Automated Meter Reading Practices	3
Leak Surveys	4
Meter Changes	6

**SURREBUTTAL TESTIMONY OF
STEVE HOLCOMB
CASE NO. GR-2009-0355
October 2009**

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

2 A. My name is Steve Holcomb, 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 the Vice President of Field Operations for Missouri Gas Energy (“MGE” or
7 “Company”), a division of Southern Union Company.

8

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

10 A. I graduated from the University of Missouri – Rolla with a Bachelor of Science Degree in
11 Engineering Management in 1975

12

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

14 A. I have served as the Vice President of Field Operations for MGE since 2002. After
15 graduating from college in December 1975 I have been employed by Missouri Gas
16 Energy or one of its predecessor companies in the Kansas City metropolitan area since
17 January 1976. I have held the following positions:

18 • 1976 Engineer in Training

19 • 1977-79 Engineer

- 1 • 1979-80 Division Engineer I
- 2 • 1980-84 Construction & Maintenance Superintendent
- 3 • 1984-90 Division Superintendent
- 4 • 1990-91 Manager of Construction
- 5 • 1991-92 Manager of Design
- 6 • 1992-96 Manger of Distribution
- 7 • 1996-2000 Project Manager
- 8 • 2000-2002 Director of Field Operations
- 9 • 2002-present Vice President of Field Operations

10

11 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

12 A. I will address some of the testimony from the local public hearing that was held in Joplin,
13 Missouri, on August 31, 2009. Specifically, I will address the testimony of Jerry Riley
14 and Ronald J. Twenter.

15

16 **Q. HAVE YOU ANALYZED THE TESTIMONY OF THESE WITNESSES FROM**
17 **THE HEARING?**

18 A. Yes. Mr. Riley and Mr. Twenter testified that they were formerly employees of the
19 Company. They testified that they both retired shortly after Southern Union acquired the
20 Company in 1994. As a result, their understanding of Company operations appears to be
21 either second-hand or many years old. Their testimony is not detailed with regard to the
22 practices and procedures to which they refer. The approach in my testimony, therefore, is

1 to provide the Commission with a general background on MGE's practices in certain of
2 these areas where Messrs. Riley and Twenter appear to raise concerns.

3
4 **Q. HOW DO YOU RESPOND TO THE CONCERNS RAISED ABOUT THE**
5 **IMPLEMENTATION OF AN AUTOMATED METER READING PROGRAM?**

6 A. Automated Meter Reading ("AMR") technology is commonly used by local distribution
7 companies, has been available for over several decades, and has been used by MGE since
8 the mid 1990's. AMR eliminates the need for MGE employees to enter onto customer
9 properties or into homes or businesses to read meters. AMR technologies have enabled
10 natural gas distribution companies like MGE to improve data collection systems while
11 keeping gas meter reading costs down. AMR technologies involve placing an ERT
12 (Encoder-Receiver-Transmitter) device on a customer's natural gas meter, which reports
13 natural gas use by radio frequency to mobile receivers placed in AMR vehicles.

14
15 MGE has found that AMR technology has improved the efficiency and accuracy of its
16 meter reading and data acquisition systems. AMR has decreased the potential for human
17 error by eliminating manual reads and manual data entry. AMR has also decreased the
18 need for estimated meter reads, which were required when meter readers were unable to
19 access hard-to-reach meters (indoor meters or meters behind locked gates). The decrease
20 in estimated meter reads has led to greater customer satisfaction.

21
22 **Q. IS SYSTEM SAFETY COMPROMISED BY THE USE OF AMR**
23 **TECHNOLOGY?**

1 A. No. In many ways, system safety - along with accuracy - is enhanced with AMR
2 technology. AMR technology's precise capture of monthly meter readings more
3 accurately highlights significant increases in gas use (which may indicate a gas leak), and
4 results in the generation of a service order that is assigned to an MGE serviceperson for
5 investigation. AMR technology will also result in the generation of a service report for a
6 malfunctioning ERT, which may indicate a malfunctioning meter, diversion, or theft of
7 natural gas.

8
9 Although it is true that MGE personnel are not on customer property every month to read
10 meters, Mr. Riley's testimony made it sound as if MGE personnel would inspect
11 customer equipment and piping on a monthly basis during each meter read. This was
12 simply not the case. MGE meter reading personnel would be trained to look for evidence
13 of gas leaks while reading meters (evidence of dead vegetation, the smell of natural gas
14 odorant, etc.), but they would not inspect customer equipment in every home as Mr. Riley
15 seemed to assert.

16
17 **Q. WHAT TESTIMONY DID MR. RILEY AND MR. TWENTER PROVIDE ABOUT**
18 **LEAK SURVEYS IN GENERAL?**

19 A. Mr. Riley and Mr. Twenter seem to assert that the implementation of AMR technology,
20 elimination of manual meter reading, and purported elimination of leak survey
21 departments have compromised customer safety. This is simply not the case.

22

1 **Q. HAS THE RESTRUCTURING OF LEAK SURVEY DEPARTMENTS**
2 **IMPACTED CUSTOMER SAFETY?**

3 A. No. Customer safety has not been impacted by the restructuring of the leak survey
4 departments. Regardless of department structure, MGE follows Public Service
5 Commission gas safety regulations regarding leak surveys and will continue to do so.

6
7 As Mr. Riley and Mr. Twenter testified, MGE used to have defined Leak Survey
8 departments in each operating area. Presently, the leak survey function remains, but the
9 department structure has changed. Depending on the operating area, MGE may still
10 have employees assigned to specific Leak Survey Departments whose sole function is to
11 check for leaks in accordance with Commission regulations. In other service areas, the
12 Leak Survey Department was eliminated and its personnel were merged into the
13 Installation and Service (I&S) department. In those areas, I&S personnel are assigned
14 leak survey duties along with installation and service functions in customer homes.
15 There has been no change, however, in the frequency of those leak surveys that are
16 required by regulation.

17
18 **Q. WHAT ARE THE COMMISSION REGULATIONS REGARDING LEAK**
19 **SURVEYS?**

20 A. The Commission's Gas Safety Standards are found in 4 CSR 240-40. Depending on the
21 type of pipe, the location of pipe, condition of the pipe, condition of the surrounding
22 soil, or size of pipe, MGE may be required to conduct leak surveys as often as four times
23 a year or every three years.

1

2 **Q. DID MGE CHANGE THE FREQUENCY OF LEAK SURVEYS AFTER IT**
3 **CHANGED ITS LEAK SURVEY DEPARTMENT STRUCTURE?**

4 A. No. MGE's I&S personnel are required to conduct leak surveys for each customer on a
5 service call. These checks are incorporated into the Company's service records, which
6 are also used to track aggregate leak survey information. Dedicated leak survey
7 personnel are also tasked to conduct surveys, but all of this information is aggregated,
8 analyzed, and monitored to ensure that the Company fulfills its regulatory obligations
9 for leak surveys. Leak surveys are still conducted in walking leak surveys, mobile leak
10 truck surveys, or other survey methods. All of these leak survey methods are detailed in
11 the regulations and in MGE's operating standards.

12

13 **Q. PLEASE EXPLAIN MR. RILEY'S TESTIMONY ON METER CHANGES.**

14 A. MGE has to replace customer meters in certain circumstances – a meter failure,
15 replacement of an obsolete meter, or scheduled meter replacement. In those instances,
16 MGE uses a bypass device called a "Grunsky bag." A Grunsky bag is an auxiliary gas
17 tank that allows a service person to change a meter without interrupting the flow of gas
18 to a customer home or business. This device substantially enhances customer service by
19 keeping an uninterrupted flow of gas to the customer's home and therefore eliminating
20 the need for the customer to grant MGE access to their appliances. Specifically, it
21 eliminates the customer's need to wait at home for MGE service personnel on what
22 should be a routine operation to change out MGE equipment. Without this device, MGE
23 personnel would have to access the customer's home or business to re-light pilot lights

1 that would have otherwise been extinguished after the flow of gas was interrupted. The
2 use of the Grunsky bag also eliminates the need to coordinate with customers to obtain
3 access to their premises, which assists with scheduling and staffing requirements.

4

5 **Q. IS THE USE OF THE GRUNSKY BAG A NEW PROCEDURE?**

6 A: No. Grunsky bag or similar bypass methods have been used by local distribution
7 companies for decades.

8

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

10 A. Yes, at this time.

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.

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Case No. GR-2009-0355

AFFIDAVIT OF STEVE HOLCOMB

STATE OF MISSOURI)

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ss.

COUNTY OF JACKSON)

Steve Holcomb, 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.



STEVE HOLCOMB

Subscribed and sworn to before me this 14th day of October 2009.



Notary Public

My Commission Expires: 11-14-11



ANGELA ANN WEBER
My Commission Expires
November 14, 2011
Cass County
Commission #97983864