

Exhibit No.: _____
Witness: **Michael R. Noack**
Type of Exhibit: **Rebuttal Testimony**
Sponsoring Party: **Missouri Gas Energy**
Case No.: **GC-2001-593**
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MISSOURI PUBLIC SERVICE COMMISSION

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CASE NO. GC-2001-593

**Missouri Public
Service Commission**

REBUTTAL TESTIMONY OF
MICHAEL R. NOACK
ON BEHALF OF
MISSOURI GAS ENERGY

Jefferson City, Missouri

December 19, 2001

REBUTTAL TESTIMONY OF MICHAEL R. NOACK

CASE NO. GC-2001-593

December 19, 2001

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

3 A. My name is Michael R. Noack and my business address is 3420 Broadway,
4 Kansas City, Missouri 64111.

5

6 **Q. BY WHOM ARE YOU EMPLOYED?**

7 A. I am employed by Missouri Gas Energy (MGE), a division of Southern Union
8 Company (Company), as Manager of Pricing and Regulatory Affairs.

9

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

12 A. I received a Bachelor of Science in Business Administration with a major in
13 Accounting from the University of Missouri in Columbia in 1973. Upon
14 graduation, I was employed by Troupe Kehoe Whiteaker & Kent (TKWK), a
15 Certified Public Accounting Firm in Kansas City, Missouri. I spent
16 approximately 20 years working with TKWK or firms that were formed from
17 former TKWK employees or partners. I was involved during that time in public
18 utility consulting and financial accounting, concentrating primarily on rate cases
19 for electric and gas utilities and financial audits of independent telephone
20 companies across the United States. In 1992, I started Carleton B. Fox Co. Inc. of
21 Kansas City which was an energy consulting company specializing in billing

1 analysis and tariff selection for large commercial and industrial customers. In July of this
2 year I started my position with MGE. Presently I hold in good standing, a Certified
3 Public Accountant certificate in the state of Kansas and am a member of the Kansas
4 Society of Certified Public Accountants.

5
6 **Q. DO YOU HAVE ANY RESPONSIBILITY WITH REGARD TO THE TARIFFS**
7 **OF MGE?**

8 A. As manager of pricing and regulatory affairs, it is my responsibility to be sure that the
9 charges being billed by MGE to its customers are in compliance with the tariffs approved
10 by the Missouri Public Service Commission.

11
12 **Q. ARE YOU FAMILIAR WITH THE COMPLAINT FILED ON APRIL 20, 2001 AT**
13 **THE MISSOURI PUBLIC SERVICE COMMISSION BY TXU ENERGY**
14 **SERVICES, INC. AND SCHREIBER FOODS, INC. AGAINST MISSOURI GAS**
15 **ENERGY (MGE)?**

16 A. Generally, yes. I have read the complaint and I have read MGE's answer to the
17 complaint and I have been involved in the case since it was filed.

18
19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

20 A. The purpose of my testimony is to respond on behalf of MGE to the prefiled direct
21 testimony of Mark Wolf for TXU Energy Services (TXUES) and Edward Mars for
22 Schreiber Foods, Inc. (Schreiber) in connection with the complaint filed on behalf of
23 TXUES and Schreiber in Case No. GC-2001-593. I will be the overall witness for MGE.

1 Ms. Teresa Villanueva is also filing prepared testimony but her testimony is limited to the
2 facts concerning what she did in July 2000 in notifying Schreiber of the problem.
3

4 **Q. WHAT IS YOUR UNDERSTANDING OF THE NATURE OF THE**
5 **COMPLAINT?**

6 A. My understanding is that TXUES and Schreiber are complaining about MGE sending a
7 bill to Schreiber because no gas was nominated or scheduled for delivery to Schreiber's
8 Mount Vernon, Missouri facility in July 2000. They generally complain that MGE
9 should have provided more notice than it did, including sending Schreiber a bill every
10 day. They asked that the Commission issue an order "invalidating the penalty charge" on
11 the last page of the complaint.
12

13 **Q. WHAT IS THE STATUS OF THE "PENALTY CHARGE" AT THIS TIME?**
14

15 A. It is not a "penalty charge." The tariff refers to it as an unauthorized use charge.
16 Schreiber has been paying its regular bills but the unauthorized use charge sent because
17 of the lack of a nomination for the month of July 2000 has never been paid. The
18 principal amount outstanding is \$58,851.47. Although Schreiber has not paid the
19 unauthorized use charge, MGE has not made any attempt to shut off transportation
20 service to Schreiber to collect the charge, given that this complaint is pending at the
21 Commission. So basically, MGE has sent a bill to Schreiber for \$58,851.47 and it has not
22 been paid.
23

1 **Q. CAN YOU BRIEFLY CHARACTERIZE MGE'S RESPONSE TO THE**
2 **COMPLAINT?**

3 A. Without getting into the details and legal defenses, I can summarize MGE's position by
4 saying that MGE believes there is no basis for the complaint and that it ought to be
5 dismissed. MGE believes the Commission should rule that Schreiber should be required
6 to pay the unauthorized use charge of \$58,851.47 because MGE's tariff calls for that to
7 be paid by any customer in a similar factual situation. No nomination was made for
8 Schreiber's Mount Vernon plant for the month of July 2000 with the interstate pipeline
9 that Schreiber was using. MGE's tariff calls for the assessment of an unauthorized use
10 charge for any transportation customer who takes volumes of gas from MGE's system
11 without a nomination. MGE properly followed its Commission-approved tariff in this
12 situation. MGE actually did more than the tariff required in terms of trying to alert our
13 customer to the problem early on. MGE is not to blame for the failure of a transportation
14 customer to nominate volumes on an interstate pipeline. The rules approved by the
15 Commission call for a customer in this situation to pay an unauthorized use charge and
16 there are no rules in place that allow MGE to forgive the charge. Pursuant to MGE's
17 tariffs, all transportation customers have electronic gas measurement facilities that report
18 volumes through a bulletin board system maintained by MGE. Through this system,
19 every transportation customer may verify its daily volume usage, and is responsible for
20 insuring that it has adequate volumes delivered to MGE for redelivery to its end-use
21 facilities to meet its demand.

1 **Q. YOU SAID THAT SCHREIBER WAS A "TRANSPORTATION" CUSTOMER.**
2 **WHAT DOES THAT MEAN?**

3 A. It basically means that Schreiber, like many other large commercial or industrial
4 customers, has chosen to take on the responsibility of buying its own natural gas rather
5 than having MGE buy gas for it. There is a separate set of provisions in MGE's tariff,
6 approved by the Commission, that apply to transportation customers. I can explain the
7 difference between regular customers and transportation customers generally by
8 contrasting the type of service provided to Schreiber with the type of service MGE
9 provides to a typical residential customer.

10
11 **Q. PLEASE DO THAT.**

12 A. I'll start out by explaining the type of service we provide to a regular customer. For a
13 typical residential customer, MGE arranges to buy natural gas from various suppliers in
14 various locations around the country. MGE contracts with different interstate pipelines,
15 such as Williams Gas Pipelines Central ("Williams") and Panhandle Eastern Pipeline to
16 transport that gas from natural gas producing areas to MGE's systems in various parts of
17 the state. Basically, when an appliance or furnace of an MGE residential customer calls
18 for gas, it is there. The meter measures how much gas is used. The gas that MGE bought
19 is sold to the customer when it goes through the meter. Each month, we send a bill to the
20 customer. The bill covers both the provision of service and the cost of the gas that MGE
21 bought and then sold to the customer. So for regular customers, we buy the natural gas
22 and re-sell it to the customer on a delivered basis as and when the customer needs it.

1 Transportation customers are different. We do not go out and buy gas for them.
2 Transportation customers have decided, for whatever reason, that they want to handle the
3 acquisition of the natural gas they need on their own. So they either contract with a
4 producer of natural gas or they go to a broker or marketer who has gas. They tell that
5 entity how much they want and where they want it delivered. Supplying natural gas in
6 that fashion is an unregulated business. The supplier can be anybody from a large
7 producer such as Exxon Mobil down to a sole proprietorship.

8
9 Buying the gas is just half of the task though. You also have to physically get the gas
10 from where it is to where you want it. Generally, you have to obtain space on an
11 interstate pipeline like Williams that is going to transport the gas for you. They have
12 their own procedures on how you do that. Just like a trucking company you hire to haul
13 your furniture if you move to a new house, as you would expect, the interstate pipeline
14 generally wants to know how much you want to transport and when you are going to be
15 transporting it. There is only so much space within the pipe and that space is apportioned
16 by people contracting for it.

17
18 It is much more complex and has much more detail than I am explaining here, but
19 generally once you have a contract right to transport gas on the pipeline, you have to
20 "nominate" or tell them how much of your gas you want the pipeline to transport each
21 month. Assuming you do that correctly, and your broker or supplier has arranged to put
22 the gas you purchased into the pipeline at some point, the interstate pipeline will transport
23 the amount of gas you nominate to the connection between the interstate pipeline and

1 MGE's system (sometimes called a "city gate"). Separately, then, MGE will continue the
2 transportation and deliver the customer's gas to the customer's meter by transporting it
3 over MGE's system pursuant to the tariffs of MGE approved by the Commission.
4

5 As with our residential customers, MGE sends a transportation customer a bill each
6 month, too. But the bill sent to a transportation customer does not normally have any
7 "natural gas" part to it. As with the interstate pipeline, the service we are providing to the
8 transportation customer is generally just hauling the customer's own gas from the city
9 gate to the customer's meter. The charges we make are just for the transportation on our
10 system, not for the gas itself.
11

12 **Q. HOW LONG HAVE THERE BEEN TRANSPORTATION CUSTOMERS ON**
13 **MGE'S SYSTEM?**

14 A. Transportation came about as a result of changes in federal law changing the nature of the
15 business of interstate pipelines. I believe there have been transportation customers on
16 what is now the MGE system since the late 1980's.
17

18 **Q. APPROXIMATELY HOW MANY TRANSPORTATION CUSTOMERS DOES**
19 **MGE HAVE?**

20 A. There are approximately 403 customers.
21

22 **Q. HAS MGE EVER SENT BILLS FOR UNAUTHORIZED USE CHARGES TO**
23 **OTHER TRANSPORTATION CUSTOMERS?**

1 A. Yes.

2

3 **Q. IS SCHREIBER THE BIGGEST TRANSPORTATION CUSTOMER MGE HAS**
4 **IN TERMS OF THE VOLUME OF NATURAL GAS TRANSPORTED EACH**
5 **MONTH?**

6 A. No.

7

8 **Q. IS SCHREIBER THE SMALLEST?**

9 A. No.

10

11 **Q. IS SCHREIBER THE OLDEST TRANSPORTATION CUSTOMER IN TERMS**
12 **OF HAVING HAD THAT TYPE OF SERVICE FOR THE LONGEST TIME?**

13 A. No.

14

15 **Q. IS SCHREIBER THE NEWEST?**

16 A. No.

17

18 **Q. WHAT IS YOUR UNDERSTANDING OF WHY THIS CONTROVERSY AROSE?**

19 A. My understanding is that the critical thing was that Williams did not show any
20 nomination for Schreiber for the month of July 2000 for its Mount Vernon plant.

21

22 **Q. WHOSE OBLIGATION WAS IT TO MAKE THE NOMINATION?**

1 A. It was either Schreiber's itself, or Schreiber could contract with someone else to
2 do that work for them.

3

4 **Q. DID MGE HAVE ANY OBLIGATION TO MAKE THE NOMINATION?**

5 A. Not at all. We do not make nominations for any of our transportation customers.
6 We make nominations on pipelines for the supply needed for our system sales
7 customers, but not the gas supply of our transportation customers.

8

9 **Q. YOU EXPLAINED EARLIER THAT TAKING GAS WITHOUT A**
10 **NOMINATION IS A VIOLATION OF MGE'S TARIFF, FOR WHICH AN**
11 **UNAUTHORIZED USE CHARGE IS MADE. WHY DOES MGE HAVE A**
12 **TARIFF PROVISION LIKE THAT?**

13 A. One answer is that the Commission ordered MGE to have such a tariff provision.
14 Another is that there has to be some method of keeping track of what gas belongs
15 to what customer and an incentive for one customer not to take more than it is
16 entitled to.

17

18 **Q. CAN YOU EXPLAIN THAT LAST PART?**

19 A. Let me try to explain it with a simple example. Let's say that Schreiber, or
20 TXUES acting for Schreiber, put 100 cubic feet of gas into Williams out in
21 Oklahoma somewhere after nominating 100 cubic feet for the month on Williams.
22 Let's say Schreiber burns those 100 cubic feet in its Mount Vernon plant. It used
23 what it nominated, so there is no problem. It is said to be "in balance." Now let's

1 change the example and say that Schreiber nominated 100 cubic feet, and put 100
2 cubic feet into the pipeline, but it ran an extra shift at the plant, and ended up
3 using 150 cubic feet – half again as much as it nominated. It is out of balance.
4 Where did that extra gas it used come from?

5
6 Well, the gas that is put into the Williams pipeline for Schreiber is mixed in with
7 the gas of dozens or perhaps hundreds of other entities. There is no way to
8 separately identify it from anyone else's gas. The same is true when the gas
9 leaves the Williams system and goes into MGE's system. It is in the same pipe as
10 MGE's gas or the gas that other transportation customers have purchased. There
11 also is no automatic valve on Schreiber's gas meter at its plant in Mount Vernon
12 that MGE can operate by remote control if MGE finds out that Schreiber is using
13 more than it nominated. For purposes of this simple example, if Schreiber burns
14 more gas than it nominated, Schreiber has taken gas in the pipeline or on MGE's
15 system that belongs to someone else and used it without permission.

16
17 **Q. IS THERE A PRACTICAL CONSEQUENCE TO A TRANSPORTATION**
18 **CUSTOMER TAKING GAS THAT IT DOESN'T OWN?**

19 A. There can be. The concept of allowing transportation customers to obtain and
20 manage their own gas comes with the responsibility of taking only what you are
21 entitled to. During some periods of the year, such as the summer, it is generally
22 not a problem if a transportation customer is out of balance because the demand
23 on the pipeline is generally lower than at other times of the year. It doesn't

1 normally present any hazards to anyone. It can be a different story when the
2 temperatures are extremely cold and the pipeline is operating at full capacity to
3 deliver natural gas to heat homes and businesses. The pipeline can issue orders to
4 its customers to stop transporting. MGE can issue orders to its customers to
5 curtail non-essential uses so there is enough gas for people to use to keep warm.
6 In critical periods, a transportation customer that takes more than it is entitled to
7 can deprive someone else of gas they need.

8

9 **Q. HAVE YOU BEEN ABLE TO DETERMINE WHY NO NOMINATION**
10 **WAS MADE BY OR FOR SCHREIBER FOR JULY 2000?**

11 A. Not completely. We asked in discovery for Schreiber and TXUES to send us a
12 copy of the documents they have created in their search for an answer. Basically,
13 they provided us with a printout of a collection of e-mail messages. It looks to me
14 from those messages that Evan Moore of TXUES was having some trouble that
15 he reported on July 5 in an e-mail message to Mark Wolf. Apparently there was a
16 problem with him making the nominations for Schreiber and one other customer.
17 He made a comment with regard to the Schreiber nomination that "it (the system)
18 still does not like it." There is another e-mail message from Mark Wolf to Evan
19 Moore on July 5, 2000, in response, that says, "We need to get these noms in. So
20 try this, if it doesn't work calls (sic) WNG. Please keep me posted."

21

22 **Q. WHAT IS YOUR IMPRESSION OF THOSE AND THE OTHER**
23 **MESSAGES?**

1 A. There was a problem that TXUES knew about on July 5, 2000, the essence of
2 which is that the nominations were not being accepted by the Williams electronic
3 process, and as a result, Williams delivered no gas to MGE for Schreiber's
4 account.

5
6 **Testimony of Mark Wolf**
7

8 **Q. LET'S TURN TO THE PREPARED DIRECT TESTIMONY OF MARK**
9 **WOLF ON BEHALF OF TXUES. ON PAGE 2, HE SAYS THAT TXUES**
10 **NOMINATES VOLUMES OF NATURAL GAS TO MEET ITS**
11 **CUSTOMERS' ANTICIPATED NEEDS WITH WILLIAMS PIPELINE**
12 **VIA COMPUTER. DO YOU AGREE WITH THAT GENERAL**
13 **STATEMENT?**

14 A. Yes.
15

16 **Q. MR. WOLF THEN SAYS ON PAGE 2 AT LINE 3 THAT WILLIAMS, IN**
17 **TURN, NOTIFIES MGE OF THESE NOMINATED VOLUMES FOR ALL**
18 **CUSTOMERS. DO YOU AGREE WITH THAT?**

19 A. Partly. The use of the word "notifies" might imply to someone that Williams
20 takes some affirmative step to contact someone at MGE and impart some specific
21 information to MGE. That assumption would be incorrect. In actuality, the
22 nominations appear on a computer screen, which MGE can access. I think it
23 would be more correct for Mr. Wolf to say that Williams posts the nomination
24 information on its electronic bulletin board for any interested and authorized party
25 to view.

1

2 **Q. DO YOU AGREE WITH MR. WOLF THAT EXCEPT FOR JULY 2000,**
3 **THE NOMINATION PROCESS FOR SCHREIBER HAS WORKED AS**
4 **ANTICIPATED AND WITHOUT A PROBLEM?**

5 A. Yes.

6

7 **Q. DO YOU AGREE WITH MR. WOLF ON PAGE 2 WHERE HE SAYS**
8 **THERE WAS A “MISTAKE SOMEWHERE IN THE PROCESS OF**
9 **NOMINATION”?**

10 A. He does make that statement, and then he says that either TXU did not properly
11 make the computer nomination with Williams, or Williams did not properly book
12 the nomination. I tend to believe, from what I have seen, that TXUES did not
13 properly make the computer nomination with Williams, that TXUES knew at the
14 time that the nomination was not properly made, and that TXUES did not follow
15 up and fix the known problem before it was too late. If that were what you want
16 to call a “mistake” then I would agree that there was a mistake made by TXUES.
17 There certainly was no mistake made by Schreiber or MGE.

18

19 **Q. ON LINES 16 AND 17 OF PAGE 2 OF MR. WOLF’S TESTIMONY, HE**
20 **SAYS THAT TXUES DID NOT REALIZE THERE WAS ANY PROBLEM**
21 **WITH THE NOMINATION UNTIL IT WAS CONTACTED BY**
22 **SCHREIBER FOODS THAT A PENALTY HAD BEEN BILLED. DO YOU**
23 **AGREE WITH THAT?**

1 A. The internal e-mail messages I have seen from TXUES indicate to me that Mr.
2 Wolf and Mr. Moore of TXUES were both aware of a problem with the
3 nomination. Mr. Wolf told Mr. Moore to call Williams about it on July 5, 2000.
4 So I believe TXUES was aware of the problem with the nominations on July 5,
5 2000, as reflected in the e-mail messages.

6

7 **Q. MR. WOLF STATES ON PAGE 2 OF HIS DIRECT TESTIMONY ON**
8 **LINES 19 THROUGH 22 THAT NO ONE FROM MGE CONTACTED**
9 **TXUES REGARDING THE LACK OF NOMINATION ON WILLIAMS**
10 **FOR SCHREIBER. DO THOSE ALLEGATIONS COINCIDE WITH**
11 **YOUR UNDERSTANDING OF THE SITUATION?**

12 A. No they do not.

13

14 **Q. PLEASE EXPLAIN.**

15 A. I would refer you to the prepared testimony of Teresa Villanueva, where she
16 testifies that she contacted people both at Schreiber and TXUES prior to July 31,
17 2000, about the lack of a nomination.

18

19 **Q. WHY IS JULY 31, 2000 AN IMPORTANT DATE?**

20 A. Because if TXUES or Schreiber had made a nomination for July on or before July
21 31, 2000, we would not have this problem. Williams' tariffs allowed them to
22 make a nomination up to the last day of the month. If they knew they had a
23 problem on July 5, and MGE's employee talked to both Schreiber and TXUES

1 people about it prior to July 31, then MGE did more than was required of it and
2 TXUES had plenty of time to fix the problem.

3
4 **Q. ON PAGES 3 AND 4, MR. WOLF MAKES SEVERAL ALLEGATIONS**
5 **THAT MGE SHOULD HAVE DONE MORE TO CONTACT SOMEONE**
6 **ABOUT THE PROBLEM, INCLUDING PROVIDING WRITTEN**
7 **NOTICE, AND THAT MGE HAD A "DUTY" IN THIS SITUATION,**
8 **WHICH IT DID NOT FULFILL. DO YOU AGREE WITH THOSE**
9 **ALLEGATIONS?**

10 **A.** No, I do not. The tariffs filed and approved by the Missouri Public Service
11 Commission govern what MGE will do when a customer takes delivery of gas
12 when there is no nomination in place for that customer. The tariff is very specific
13 and does not read that MGE will charge penalties when they feel like it. If a
14 particular action is taken, in this case no nomination being made, the tariff calls
15 for a specific reaction, which in this case is an unauthorized use charge to
16 Schreiber of \$58,851.47.

17
18 **Q. HOW WAS THE \$58,851.47 CALCULATED?**

19 **A.** We set out the calculations in paragraph 36 of the answer filed with the
20 Commission on June 7, 2001.

21
22 **Q. ARE YOU AWARE OF ANY CONTENTIONS THAT MGE**
23 **CALCULATED THE UNAUTHORIZED USE CHARGE IMPROPERLY?**

1 A. I have not seen anything where someone has alleged an improper calculation.

2

3 **Q. WHAT HAPPENS TO UNAUTHORIZED USE CHARGES COLLECTED**
4 **BY MGE?**

5 A. There is a tariff provision, which says they are credited back to the sales
6 customers of MGE.

7

8 **Q. DOES MGE MAKE ANY PROFIT OFF OF UNAUTHORIZED USE**
9 **CHARGES?**

10 A. No. They are passed right back to the ratepayers.

11

12 **Q. SO IS IT FAIR TO SAY THAT MGE HAS NO MONETARY INCENTIVE**
13 **TO ASSESS UNAUTHORIZED USE CHARGES?**

14 A. That is a fair statement. My understanding is that those charges are in place to
15 assure that the transportation customers do not abuse the system.

16

17 **Q. ON PAGE 4, LINES 17 – 22 OF MR. WOLF’S TESTIMONY, HE STATES**
18 **THAT MGE VIOLATED ITS DUTY OF “REASONABLE DILIGENCE”**
19 **PER PARAGRAPH 8 OF THE SAMPLE TRANSPORTATION**
20 **CONTRACT ON SHEET 52 OF MGE’S TARIFF. DO YOU AGREE**
21 **WITH THAT ALLEGATION?**

22 A. No, I do not. First, he is quoting from a “form” of a contract that the Commission
23 has approved rather than any specific contract between MGE and Schreiber.

1 MGE has no contract with TXUES. Second, if you consider the entire sentence
2 that Mr. Wolf refers to, you will see that it is not talking about "reasonable
3 diligence" with regard to notifying a customer of the customer's own failure to
4 make a nomination. The sentence says that MGE "shall use reasonable diligence
5 to provide a regular supply of natural gas subject to the priority of service
6 provisions and other terms of Company's filed tariffs, but does not guarantee such
7 supply. Company does not assume responsibility for interruption of service,
8 whether caused by inadequacy of supply, equipment, facilities or because of
9 uncontrollable forces, except when such interruption is the result of reckless,
10 willful or wanton acts of Company, its agents or employees." I have attached a
11 copy of Sheet 52 from our tariff as Schedule MN-1. Therefore, Mr. Wolf is
12 expanding the scope of the reasonable diligence far beyond what the tariff
13 actually says.
14

15 **Q. WAS THERE ANY INTERRUPTION OF THE SUPPLY OF NATURAL**
16 **GAS TO SCHREIBER IN JULY OF 2000?**

17 A. No, there was not. In fact, MGE delivered gas to Schreiber, and Schreiber used
18 the gas, even though there were no nominations in place. The delivery of those
19 volumes without a nomination is the reason the unauthorized use charge was
20 assessed, pursuant to the provisions of MGE's tariff.
21

22 **Q. HAS MR. WOLF CITED ANY OTHER PROVISION OF MGE'S TARIFF**
23 **WHICH HE SAYS REQUIRES MGE TO MAKE CALLS TO**

1 **CUSTOMERS OR THE BROKERS OR MARKETERS HIRED BY**
2 **CUSTOMERS WHEN NO NOMINATION IS APPARENT?**

3 A. Not specifically. He does cite a provision about billing that appears on Sheet
4 61.3. The tariff does not require MGE to notify its end-user customer, or the
5 marketer/broker involved, that no nomination exists for a given month. The calls
6 that are placed to the end-user by MGE when we see no nomination are a courtesy
7 that MGE provides because we do not wish to charge unauthorized use charges to
8 our customers without first attempting to resolve the situation. Marketers/brokers
9 are not contacted by MGE because customers can change their marketer/brokers
10 from month to month depending upon their contract. MGE does not have any
11 contractual arrangement with marketers/brokers such as TXUES. MGE's contract
12 is with the actual customer connected to our system.

13
14 **Q. WHAT IS MGE'S RESPONSE TO MR. WOLF'S CONTENTION THAT**
15 **THE TARIFF LANGUAGE ON SHEET 61.3 STATES THAT IF A**
16 **NOMINATION IS NOT IN PLACE, MGE MUST BILL THE**
17 **UNAUTHORIZED USE CHARGE DAILY?**

18 A. Mr. Wolf is reading too much into the wording of the tariff sheet. I have attached
19 a copy of it to my testimony as Schedule MN-2. The tariff language states that
20 unauthorized use charges will be assessed to transportation customers on a daily
21 **basis** in three specified situations. One of the specific situations is "in the event
22 no nomination exists for such customer (zero nomination)" which is what
23 occurred here. It then says the Company will bill unauthorized use charges on a

1 daily basis pursuant to this rate schedule. Note that it does not say that a bill will
2 be sent each day. The key word is basis – the foundation on which the calculation
3 of the unauthorized use charges rest. If there is a pipeline or MGE curtailment
4 and the customer uses in excess of their nomination, the unauthorized use charges
5 are based on the number of days of the curtailment and the excess usage each day.
6 There are no MGE customers billed on a daily basis that I am aware of.
7

8 **Q. WHAT DOES MGE'S TARIFF SAY ABOUT THE FREQUENCY WITH**
9 **WHICH BILLS WILL BE ISSUED BY MGE?**

10 A. We have a provision on sheet R-47 that says the Company shall render bills at an
11 interval of approximately one month. A copy of that sheet is attached as
12 Schedule MN-3. There are exceptions in the case of initial, corrected or final
13 bills. (See Sheet R-6) There is no authorization anywhere in our tariff that says
14 that MGE can actually send bills every day to the same customer.
15

16 **Q. MR. WOLF'S PREPARED DIRECT TESTIMONY INDICATES ON**
17 **PAGES 5 AND 6 THAT HE BELIEVES MGE SHOULD HAVE SENT A**
18 **BILL TO SCHREIBER EVERY DAY DURING JULY 2000 WITH A**
19 **PENALTY CALCULATION ON IT, SO SCHREIBER WOULD HAVE**
20 **KNOWN THERE HAD BEEN NO NOMINATION MADE. WHAT IS**
21 **YOUR RESPONSE TO THAT?**

1 A. There is nothing in the tariff that indicates MGE is required to do that. To do that
2 would be an impossibility in some instances and, in my opinion, would only serve
3 to confuse or irritate customers.
4

5 **Q. WHY DO YOU SAY THAT?**

6 A. As I indicated earlier, Williams' tariff allows a transportation customer to make a
7 nomination for the month up to the last day of the month. Typically, it takes
8 MGE's billing system 10 days to actually render a bill. Using the theory
9 described by Mr. Wolf, MGE would have to know several days before the start of
10 a particular month what the nomination was for a customer in order to send a bill
11 to that customer on the first day of the month. We would also have to know how
12 much gas the customer uses on every day. Let's assume, just for the sake of
13 argument, that Mr. Wolf is a large customer who doesn't make his nomination
14 until the 15th of the month for that month. That means, under Mr. Wolf's theory
15 that we would have to start sending Mr. Wolf a bill on the first day of the month
16 in which he has not made a nomination. We would not have a nomination for the
17 month because he has not been required to make it yet. We would not have any
18 usage for the month because it is just the first day. So we would not have any
19 information to bill him with. At the end of the first day, utilizing the electronic
20 gas measurement (EGM) equipment, we could take a special electronic meter
21 reading and determine how much gas he used for the first day of the month.
22 With no nomination in place, and with him taking gas on the first day, it would be
23 theoretically possible for MGE to create a bill at the end of the first day showing

1 his unauthorized use, and create a bill and put it in the mail on the second day,
2 which he would probably get in another day or two depending on where he is and
3 how fast the mail service is, that shows an unauthorized use charge. We could
4 theoretically repeat the process each day thereafter, sending a new, cumulative
5 bill each day. I say theoretically here because our computers are not programmed
6 to do this, and to do so would take considerable time, effort and expense. If Mr.
7 Wolf finally gets around to making his nomination for the month on the 15th, he
8 would get a bill somewhere around the 17th that would essentially say "Never
9 mind all those unauthorized use charges" and all those bills we sent you every day
10 for the past two weeks or so. If he waits until the last day of the month to make
11 the nomination, we will have sent him about 30 bills that all will have been
12 essentially useless information. I ask you, what have we really accomplished with
13 that scenario except for MGE to go through a lot of processes and generate a lot
14 of paper to send what turns out to be a false message to a customer, who is
15 supposed to know in the first place whether he made his own nomination? I just
16 don't see the point in requiring MGE to go to that extra effort and expense for the
17 benefit of a customer who is supposed to be sophisticated enough in the ways of
18 business to handle the procurement and delivery of his own natural gas in the first
19 place.

20
21 **Q. YOU INDICATED PREVIOUSLY YOUR UNDERSTANDING AFTER**
22 **REVIEWING THE RESPONSES TO DATA REQUESTS THAT TXUES**

1 **WAS AWARE THEY WERE MISSING NOMINATIONS FOR ONE OF**
2 **THE SCHREIBER LOCATIONS. IS THAT CORRECT?**

3 A. Yes. I have attached as Schedule MN-4 a copy of various e-mails between
4 primarily Mark Wolf and Evan Moore, which were provided to us in response to a
5 discovery request. Due to the small type size in the original, I have arranged for
6 the copy attached here to be enlarged by ten percent to make it easier to read. I
7 have also had a handwritten number in a circle placed by most of the messages for
8 reference purposes. Other than those changes, it is the same as it was provided to
9 us. The e-mail marked as number 16 dated July 5, 2000 (and appearing on page
10 7 of 10 in the Schedule) from Mr. Moore to Mr. Wolf indicates that he had
11 entered nominations for all the customers with the exception of Schreiber and
12 Hillshire. The responding e-mail from Mr. Wolf to Mr. Moore marked as number
13 15 and also dated July 5, 2000 states, "We need to get these noms in. So try this,
14 if it doesn't work calls (sic) WNG. Please keep me posted."
15 Additionally, in an e-mail dated August 21, 2000 and marked as number 14,
16 starting on page 6 of 10 in Schedule MN-4, Mr. Wolf writes to Mr. Moore "If
17 you couldn't get the nominations to go through you should have called WNG and
18 asked them what the problem was." It later goes on to state "So instead of
19 asserting something that isn't true why not call WNG and try to get a retroactive
20 nomination in place. This appears to be a case where you dropped the ball now
21 let's see what can be done to get it corrected." "I also see on the WNG statement
22 that there was a zero nomination for St. Joseph Foods you may want to check up

1 on that one as well. The penalty on them will be even larger since they are a big
2 customer.”

3
4 It is obvious to me from these e-mails that not only did TXUES realize that there
5 was a problem with their nominations, but also that they were responsible to the
6 customer if in fact the nominations were not entered properly.

7
8 **Q. ON PAGE 6, MR. WOLF INDICATES ON LINES 7 THROUGH 10 THAT**
9 **THE NATURAL GAS TRANSPORTATION BUSINESS HAS CHANGED**
10 **OVER THE YEARS AND MGE’S TARIFF MAY NOT ACCURATELY**
11 **REFLECT HOW BUSINESS IS DONE, SO MGE SHOULD REQUEST**
12 **THAT THE COMMISSION ALLOW IT TO MODIFY THE TARIFF. DO**
13 **YOU AGREE WITH THAT?**

14 **A.** No. The text of Sheet 61.3 accurately reflects, “how business is done” and has for
15 many years.

16 **Testimony of Mr. Mars**

17
18 **Q. HAVE YOU ALSO REVIEWED THE PREPARED DIRECT TESTIMONY**
19 **OF MR. MARS ON BEHALF OF SCHREIBER FOODS, INC.?**

20 **A.** Yes I have. Mr. Mars makes essentially the same arguments that Mr. Wolf did in
21 his testimony. He points out on page 4 of his testimony the “reasonable
22 diligence” language in the transportation contract and the language on sheet 61.3
23 related to billing the penalty on a daily basis. My response to those arguments is
24 the same as the response to Mr. Wolf’s testimony.

1 Summary

2 **Q. DO YOU BELIEVE MGE HAS DONE ANYTHING IN CONFLICT WITH**
3 **ITS TARIFF IN DEALING WITH EITHER SCHREIBER FOODS OR**
4 **TXUES?**

5 A. No I do not. The responsibility for nominations lies either with Schreiber or
6 TXUES depending on how they contracted between themselves. We have
7 presented a witness who says she made several attempts to notify Schreiber that a
8 nomination was not in place and notified Mr. Moore of TXUES of the same lack
9 of nomination when he called Ms. Villanueva. MGE is not required by the tariff
10 to even make those calls in the first place. TXUES's internal correspondence
11 indicates it was aware of the problem on July 5, 2000. When July 31, 2000 came
12 and went without a nomination for the month, MGE followed its tariff provision
13 to the letter and billed Schreiber for unauthorized use charges. There is nothing in
14 the tariff that gives MGE discretion to forgive such charges.

15
16 **Q. DOES THAT COMPLETE YOUR PREPARED REBUTTAL TESTIMONY**
17 **AT THIS TIME?**

18 A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

TXU Energy Services, Inc., and
Schreiber Foods, Inc.
Complainants,

v.

Missouri Gas Energy, a Division of
Southern Union Company,
Respondent.

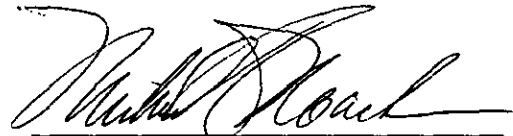
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Case No. GC-2001-593

AFFIDAVIT OF MICHAEL R. NOACK

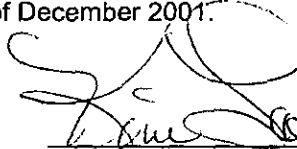
STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss.

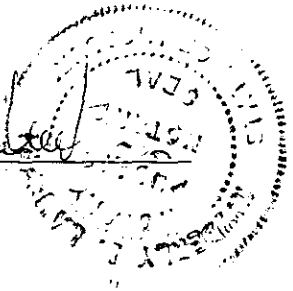
Michael R. Noack, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


MICHAEL R. NOACK

Subscribed and sworn to before me this 10th day of December 2001.

KIMBERLY D. LAMBERT
Notary Public - State of Missouri
County of Platte
My Commission Expires May 26, 2003


Notary Public



My Commission Expires: _____

FORM NO. 13

P.S.C. MO. No. 1

Canceling P.S.C. MO. No. 1

First Revised

Original

SHEET No. 52

SHEET No. 52

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas
Missouri Public
Service Commission

SALE or TRANSPORTATION of NATURAL GAS CONTRACT

REC'D AUG 28 1998

7. This Contract, and the rates and service hereunder, shall be subject to regulation by the regulatory authority having jurisdiction; to all applicable present and future state and federal laws; and to all rules, regulations, and orders of any other regulatory authority having jurisdiction of the subject matter or either of the parties hereto.

8. Company shall use reasonable diligence to provide a regular supply of natural gas subject to the priority of service provisions and other terms of Company's filed tariffs, but does not guarantee such supply. Company does not assume responsibility for interruption of service, whether caused by inadequacy of supply, equipment, facilities or because of uncontrollable forces, except when such interruption is the result of reckless, willful or wanton acts of Company, its agents or employees.

9. The provisions of this Contract shall not be changed except in writing duly signed by Company and Customer, however, the Contract is subject to valid orders of legally constituted regulatory bodies having jurisdiction of the Company's rates.

10. No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Contract shall operate or be construed as a waiver of any future defaults, whether of a like or of a different character.

11. This contract shall insure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.

Missouri Public
Service Commission

98-140
FILED SEP 02 1998

DATE OF ISSUE August 28 1998
month day year

DATE EFFECTIVE SEP 02 1998
month day year

ISSUED BY: Charles B. Hernandez

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Schedule MN-1

P. 1 of 1

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

<u>TRANSPORTATION PROVISIONS</u>	Missouri Public Service Commission
<u>TRPR</u>	REC'D AUG 28 1998
<u>UNAUTHORIZED USE CHARGES</u>	
<p>Unauthorized use charges will be assessed to transportation customers for all natural gas volumes taken in excess of customer's authorized gas volumes delivered to a Company's delivery location, for the customer's account, plus any Contract Demand level. Unauthorized use charges will be assessed to transportation customers on a daily basis:</p> <ol style="list-style-type: none">1. during times of an MGE curtailment, and/or2. during times of an interstate pipeline interruption or curtailment, and/or3. in the event no nomination exists for such customer (zero nomination). <p>The Company will bill unauthorized use charges to transportation customers on a daily basis pursuant to this rate schedule, in addition to any upstream penalties assessed directly to the customer by the delivering pipeline, and/or penalties assessed to the Company by the delivering pipeline, which can be directly attributed to unauthorized use by such customer(s).</p> <p><u>Unauthorized Use Charges</u></p> <ol style="list-style-type: none">1. \$1.50 for each Ccf of unauthorized use, plus2. 125% (one-hundred and twenty-five percent) of the currently effective Purchased Gas Adjustment rate, excluding the refund factor, if any, plus3. all interstate pipeline penalties and other charges incurred by the Company which are attributable to a customer's unauthorized use. <p>All interstate penalties and other charges shall be attributed and assigned to unauthorized use by specific transportation customers.</p>	

DATE OF ISSUE August 28 1998
month day year

DATE EFFECTIVE September 27 1998
month day year
SEP 02 1998

ISSUED BY: Charles B. Hernandez

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

Missouri Public
Service Commission
98-140

FILED SEP 02 1998

Schedule MN-2
p. 1 of 1

P.S.C. MO. No. 1
Canceling P.S.C. MO. No. 1

Sixth Revised
Fifth Revised

Missouri Public
Service Commission
SHEET No. R-47
SHEET No. R-47
REC'D APR 09 2001

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

GENERAL TERMS AND CONDITIONS FOR GAS SERVICE

7.02 BILLING PERIOD: Except as otherwise provided in these General Terms and Conditions for Gas Service, the Company will read the customer's meter in accordance with its cycle billing procedure and bills based on such readings will be rendered at intervals of approximately one month. If the Company changes a meter reading route or schedule which results in a change of nine (9) days or more of a billing cycle, notice shall be given to the affected customer at least fifteen (15) days prior to the date the customer receives a bill based on the new cycle. The Company shall have the right to read meters bi-monthly and render bills at approximate one-month intervals. The interim bill shall be based on estimated consumption with any adjustments being made in the next billing month in which a meter reading is obtained.

Proration Rule - For billing periods less than twenty-six (26) days, the Customer Charge shall be calculated by dividing the number of days in the customer billing period by thirty (30) days, multiplied by the applicable Customer Charge.

7.03 DESCRIPTION: This Average Bill Calculation (ABC) plan is designed so that, to the extent possible, each of a subscribing customer's bills over a twelve-month period, from August to July, will be the same amount. This ABC plan amount is based on historical billings, as adjusted to reflect expected prices and usage, and is reviewed twice each year and, if necessary, adjusted at that time for overcollections or undercollections. In special circumstances, such as significant rate changes or abnormal weather, additional reviews and, if necessary, adjustments will be allowed. The Commission Staff and the Office of the Public Counsel will be notified if additional adjustments are made.

AVAILABILITY: The ABC plan is available to customers who qualify to receive service under Sheet No. 25, Residential Gas Service. At Company's option, Small General Service customers, based on usage patterns and payment history, may be allowed to participate in the ABC plan under the same conditions. To qualify, the Company's Customer Service Department must receive a request to be placed on the plan, the customer must not have been disqualified by the provisions from being on the plan and the customer must have been in compliance with the General Terms and Conditions as approved by the Commission.

To qualify for the ABC plan, a new customer must establish an acceptable credit rating in compliance with the Company's General Terms and Conditions, which may include providing a deposit.

DATE OF ISSUE March 1 2001
month day year

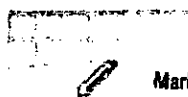
DATE EFFECTIVE May 30 2001
month day year

ISSUED BY Robert J. Hack Missouri Public
Service Commission
Vice President, Pricing and Regulatory Affairs

FILED MAY 30 2001

Missouri Gas Energy
Kansas City, MO. 64111

Schedule MN-3
p. 1 of 1



Mark Wolf
08/28/2000 07:23 PM

①

To: Amy Hunt/Operations/Pittsburgh/EES/US@EESINC, Susan Forslund/Operations/Pittsburgh/EES/US@EESINC, Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC

cc:

Subject: Re:

----- Forwarded by Mark Wolf/Marketing/Kansas City/EES/US on 08/28/2000 06:18 PM -----



Evan Moore
08/28/2000 06:17 PM

②

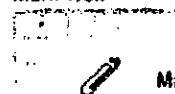
To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC

cc:

Subject: Re:

yes williams will do the retro, however they need to have everybody on board.

Mark Wolf



Mark Wolf
08/28/2000 06:01 PM

③

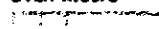
To: Evan Moore/Trading/Houston/EES/US@EESINC

cc:

Subject: Re:

I still believe that your best is going to be getting Williams to do a retro active nomination. Have you spoken with them?

Evan Moore



Evan Moore
08/28/2000 05:39 PM

④

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC

cc:

Subject: Re:

still working on it. the first lady i spoke with was less than understanding. i am trying to speak with renee next.

⑤

Mark Wolf




Mark Wolf
08/25/2000 05:20 PM

SCHEDULE MN-4
p. 1 of 10

To: Evan Moore/Trading/Houston/EES/US@EESINC
cc:

Subject:


How is our little problem with Schreiber. Are we getting it resolved?

 Mark Wolf
08/28/2000 07:01 PM


6
To: Evan Moore/Trading/Houston/EES/US@EESINC
cc: (bcc: Susan Forslund/Operations/Pittsburgh/EES/US)

Subject: Re: 

I still believe that your best is going to be getting Williams to do a retro active nomination. Have you spoken with them?
Evan Moore


 Evan Moore
08/28/2000 05:39 PM

7
To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc:

Subject: Re: 

still working on it. the first lady i spoke with was less than understanding. i am trying to speak with renee next.

Mark Wolf

 Mark Wolf
08/25/2000 05:20 PM

8
To: Evan Moore/Trading/Houston/EES/US@EESINC
cc:

Subject:

How is our little problem with Schreiber. Are we getting it resolved?

Schedule MN-4
p. 3 of 10



Mark Wolf
08/21/2000 05:27 PM

(9)

To: Susan Forslund/Operations/Pittsburgh/EES/US@EESINC, Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC
cc:

Subject:

----- Forwarded by Mark Wolf/Marketing/Kansas City/EES/US on 08/21/2000 04:22 PM -----



Evan Moore
08/21/2000 04:04 PM

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc:

(10)

Subject:

mark

ok.... i spoke with williams and they said it sounds like an mg&e issue. so of course i spoke with mg&e. they told me the following:

- 1.) that they did call schrieber to tell them that there was not a nom in place for them about mid-month.
- 2.) that the customer numbers for schrieber are 8904/ml. vernon and 6279 for the other.
- 3.) they download the info from williams system.
- 4.) they did see a nom for hillshire/st. jo foods.
- 5.) and that it sounds like i need to be talking to wng

just to keep you up to date.

evan

Schedule MN-4
p. 4 of 10

Mark Wolf

08/21/2000 12:45 PM

11

To: Evan Moore/Trading/Houston/EES/US@EESINC
cc: Amy Hant/Operations/Pittsburgh/EES/US@EESINC, Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC, Susan Forslund/Operations/Pittsburgh/EES/US@EESINC, Chuck Higdon/Trading/Houston/EES/US@EESINC

Subject: Re: williams

That you might be interested. This is the confirmation I got back from you after I responded to your July 5, 2000 email. You confirmed that both of these are done.

----- Forwarded by Mark Wolf/Marketing/Kansas City/EES/US on 08/21/2000 11:39 AM -----

Evan Moore
07/10/2000 08:18 AM

12

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc:

Subject: Re: williams

mark

schriber and hillshire are in, hillshire got in today for flow started on 7/11. i grossed up the volume to 832/d.
 $564 \times 31 = 17,484$ $17,484/21 = 832.5/d$.

i found that schriber was already in at 111/d.

thank you for your patience in this matter.

evan

Schedule MN-4
p. 5 of 10

Evan Moore
08/21/2000 01:36 PM

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc: Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC, Chuck Higdon/Trading/Houston/EES/US@EESINC, Amy Hunt/Operations/Pittsburgh/EES/US@EESINC, Susan Forslund/Operations/Pittsburgh/EES/US@EESINC

Subject: Re: williams

mark

i am sorry for implying that you did not respond to the my-email. i do not look to you to handle every part of my job that doesn't go smoothly i look to you for help and to provide correct information. to imply that i do not nominate a customer just because the system doesn't like it is incorrect. i look on the bulletin board, call wng and call you if there is a problem. furthermore, i am proactive. that is why i have been bugging you for location numbers and such and why i have reloaded the nominations instead of taking the easier way of just modeling the information. the reason i have reloaded the noms is that there was inaccurate information in the older nominations as well as customers showing up on more than one contract. some of the customers showing up on multiple contracts was my fault. but a majority of it was not.

i am calling mge and wng to see what we can do

i agree with your latest with the responses. i am also not looking to point the finger, all i want is resolution to this issue.

hillshire dba st joseph foods(cust # 9447- loc # 23576) is in, has been in, and is flowing on contract # ra 4834 for a volume of 419/d eff. dates 08/01/00 - 09/01/00.

hillshire dba st joseph foods(cust # 9447- loc # 23576) flowed on contract # ra 4769 for a volume of 832/d eff. dates 07/11/00 - 08/01/00.

what report are you looking at that ? do i need to call wng to make sure they see what i see? i have checked on the wng system and there are noms in it for st. jo both in july and in aug. maybe a glitch with their system?

evan
Mark Wolf

Mark Wolf
08/21/2000 11:36 AM

To: Evan Moore/Trading/Houston/EES/US@EESINC
cc: Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC, Chuck Higdon/Trading/Houston/EES/US@EESINC, Amy Hunt/Operations/Pittsburgh/EES/US@EESINC, Susan Forslund/Operations/Pittsburgh/EES/US@EESINC

Subject: Re: williams

Evan:

You will see below I did reply to your July 5 email. If you couldn't get the nomination to go through you should have called WNG and asked them what the problem was. It should not be my job to handle every part of your job that doesn't go smoothly. You just don't nominate gas because there system wouldn't take it. You call them discuss it or submit a paper nom if you have to. You are the one with access to the WNG bulletin board. The loc# you were given was correct and is beside the point. You have access to all the point information I don't. If it is not working you need to be proactive enough to get the problem solved.

Schedule MN-4
p. 6 of 10

Your premise that I didn't reply is incorrect. I am not looking to place blame I am looking for a solution. So instead of asserting something that isn't true why not call WNG and try to get a retroactive nomination in place. This appears to be a case were you dropped the ball now let's see what can be done to get it corrected.

I also see on the WNG statement that there was a zero nomination for St. Joseph Foods you may want to check up on that one as well. The penalty on them will be even larger since they are a big customer.

----- Forwarded by Mark Wolf/Marketing/Kansas City/EES/US on 08/21/2000 11:20 AM -----

 Mark Wolf
07/05/2000 05:41 PM

To: Evan Moore/Trading/Houston/EES/US@EESINC
cc:

Subject: Re: williams 


Evan,

The location # for Hillshire dba St. Joseph Foods is 23576-250 not the number you have listed.

We nominated gas to Schreiber last month why don't you see how you had it listed in the system for June00? Just a thought.

We need to get these noms in. So try this, if it doesn't work calls WNG. Please keep me posted.

Evan Moore

 Evan Moore
07/05/2000 04:11 PM

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc:

Subject: williams

markus

sorry it took so long but here is your conformation for the williams retail nominations. i will provide you with the exact brackdown by contract in the next day or so.

i named all retail customers at the volumes that you specified in you first of the month spreadsheet except the two i have listed below.

i will check with williams but perhaps you might want to get involved as well. two retails were not tied to the billing locations that i had for them or had some other problem. they are:

customer	location #	cust. #	daily vol	
1.) hillshire	012746	09447	564/d	i know this is a new customer
so that could be the problem.				
2.) schreiber	017456	06279a	104/d	we spoke of this one as well
but it (the system) still does not like it.				

if you have any questions, please call.

Schedule MMJ-4
p. 7 of 10

out it (the system) still does not like it.

if you have any questions, please call.

thanks
evan

Mark Wolf



Mark Wolf
08/21/2000 09:56 AM

To: Evan Moore/Trading/Houston/EES/US@EESINC
cc: Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC, Chuck Higdon/Trading/Houston/EES/US@EESINC, Amy Hunt/Operations/Pittsburgh/EES/US@EESINC, Susan Forslund/Operations/Pittsburgh/EES/US@EESINC

Subject: Schreiber Foods (Mt. Vernon, MO)

(17)
This customer received a \$78,000.00 bill from MGE for natural gas and penalties because we did not schedule natural gas to this customer. I requested 104/day for this customer, you confirmed the nomination to me and gas was not delivered. If you can not work something out with the utility and/or pipeline for some sort of retroactive nom or reallocation than this is going to have to be paid for the customer.

I have tried to work with you to provide all of the information you need. A better job has to be done in confirming what you are scheduling with the pipeline. I hope no other customers were missed. I don't understand how this can happen, but things seem a little disorganized from my perspective and we need to get it corrected before more expensive problems occur.

The customer is faxing me a copy of the MGE bill and I will have it available for you if you wish to see it. We need to make a quick determination of how this will be handled so I can let the customer know.

Incase you need to know the customer ID# is 06279A.

Schedule MN-4
p. 8 of 10

Mark Wolf

09/15/2000 11:41 AM

To: Amy Hunt/Operations/Pittsburgh/EES/US@EESINC
cc: Susan Forslund/Operations/Pittsburgh/EES/US@EESINC, Evan Moore/Trading/Houston/EES/US@EESINC, Mike
Gibbs/Marketing/Pittsburgh/EES/US@EESINC, Chuck Higdon/Trading/Houston/EES/US@EESINC

Subject: Schreiber Food-Mt. Vernon penalty invoice

Amy,

I received a call from them today and they want to know what to do with their penalty bill. Evan is still working on the problem, but the bill is due. Someone is either going to need to call MGE and try to get an extension until the problem is worked out with WNG or we are going to need to send him money to pay the bill. Thoughts?

Schedule MN-4

p. 9 of 10

Evan Moore
08/21/2000 12:17 PM

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc: Mike Gibbs/Marketing/Pittsburgh/EES/US@EESINC, Chuck Higdon/Trading/Houston/EES/US@EESINC, Amy Hunt/Operations/Pittsburgh/EES/US@EESINC, Susan Forslund/Operations/Pittsburgh/EES/US@EESINC

Subject: Re: Schreiber Foods (Mt. Vernon, MO)

Mark

perhaps if you reread the e-mail that i sent you on July 5, 2000 at 4.11 pm, you would see that i did intact confirm that all retails noms were in place and at the volumes that you requested except for the two (2) customers that i listed. one of those customers i listed was schrieber foods custmar 06279A. as you will again read in the e-mail, i stated that the location # that was provided to me was incorrect. i also suggested that you may want to get involved. looking back, i did not recieve an answer to this e-mail.

as we have discussed several times in the past, i need the correct location number in addition to the customer number. i believe that when you get the customer number, you should be able to aquire the location number. i do not understand why this is not standard procedure. i agree that there has been some confusion over the past couple of months. that is why i have taken the time, with your help, to update/correct the information on the spreadsheets and to stop using the modeling fuction available on williams pipeline

i will contact mge to see if there is anything we can do on a retroactive basis and keep you informed.

for your convience, i have included a copy of my e-mail dated 7/05/200.

thanks
evan

Evan Moore
07/05/2000 04:11 PM

To: Mark Wolf/Marketing/Kansas City/EES/US@EESINC
cc:

Subject: williams

markus

sorry it took so long but here is your conformation for the williams retail nominations. i will provide you with the exact brackdown by contract in the next day or so.

i nomed all retail customers at the volumes that you specified in you first of the month spreadsheet except the two i have listed below.

i will check with williams but perhaps you might want to get involoved as well. two retails were not tied to the billing locations that i had for them or had some other problem. they are:

customer	location #	cust. #	daily vol	
1.) hillshire	012746	09447	564/d	i know this is a new customer so that could be the problem.

Schedule MN -4
p. 10 of 10