

Exhibit No.: _____
Issues: Request for Certification
Witness: Michael R. Noack
Sponsoring Party: Missouri Gas Energy
Case No.: GA-2007-0289
Date Testimony Prepared: July 13th, 2007

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GA-2007-0289

DIRECT TESTIMONY OF

MICHAEL R. NOACK

Jefferson City, Missouri

July 2007

MGE Exhibit No. 1
Case No(s). GA-2007-0289
Date 10/25/07 Rptr MV

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Missouri Gas Energy,)
a Division of Southern Union Company, for a Certificate)
of Public Convenience and Necessity Authorizing it to)
Construct, Install, Own, Operate, Control, Manager and) Case No. GA-2007-0289
Maintain a Natural Gas Distribution System to Provide)
Gas Service in Platte County, Missouri, as an Expansion)
Of its Existing Certified Area)

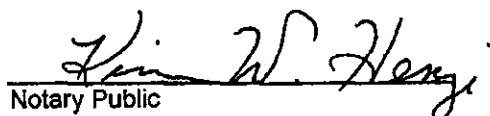
AFFIDAVIT OF MICHAEL R. NOACK

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 Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Direct 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 11th day of JULY 2007.


Notary Public

My Commission Expires: Feb. 3, 2011



DIRECT TESTIMONY OF MICHAEL R. NOACK

CASE NO. GA-2007-0289

JULY 13th, 2007

1

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

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

6

7 **Q. WHO ARE YOU EMPLOYED BY?**

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

10

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

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

1 analysis and tariff selection for large commercial and industrial customers. In
2 July of 2000 I started my employment with MGE. Presently I hold in good
3 standing, a Certified Public Accountant certificate in the state of Kansas and am a
4 member of the Kansas Society of Certified Public Accountants.

5
6 **1. EXECUTIVE SUMMARY**

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
8 **PROCEEDING?**

9 A. The purpose of my testimony is to support MGE's request for certification in
10 sections 13 and 14 in Township 52 North, Range 35 West in Platte County,
11 Missouri.

12 MGE filed an application along with supporting appendices on January 31, 2007
13 requesting the Commission grant it authority to "construct, install, own, operate,
14 control, manage and maintain a system for the provision of natural gas service to
15 the public pursuant to its approved rates, rules and regulations" in the above
16 mentioned sections. Developers have requested MGE to provide natural gas
17 service in this area for new residential subdivisions and anticipated commercial
18 development.

19
20 **2. BACKGROUND**

21
22 **Q. HOW LONG HAS MGE BEEN SERVING THE SECTIONS ADJOINING**
23 **THE REQUESTED TERRITORY?**

1 A. MGE has been serving customers in Section 10 of Township 52 North, Range 35
2 West since 1992. In Section 12 of Township 52 North, Range 35 West, MGE or
3 its predecessors has been serving a customer since 1960. Directly to the northeast
4 and east of Section 13 (where MGE is requesting certification) MGE currently
5 serves customers in residential subdivisions off the same supply line as will be
6 used to serve Sections 13 and 14.

7 In docket GA-96-130 and GA-96-285, due to uncertainties in the geographic
8 boundaries of MGE service area, the Commission ordered Staff and the Company
9 to cooperate in preparing and filing a tariff defining the service territory of MGE.
10 Staff and the Company examined all of the certificates issued to Gas Service
11 Company or its predecessor companies and determined the sections that MGE
12 was authorized to provide service. MGE filed a tariff reflecting its service
13 territory on February 21, 1997. Staff prepared a memorandum (attached as
14 Exhibit A) which explained this process and why a metes and bounds description
15 of MGE's service area was not practical.

16 The Commission approved the tariffs filed by MGE on May 14, 1997. Since that
17 time MGE has continued serving existing customers well as new customers in
18 Sections 10 and 12 to the immediate north and Sections 7 and 18 to the east.
19

20 **Q. WHEN DID MGE ENTER INTO THE AGREEMENT WITH THE**
21 **DEVELOPERS OF SEVEN BRIDGES TO EXTEND THE NATURAL GAS**
22 **FACILITIES?**

23 A. The developers of Seven Bridges contacted MGE about providing gas service to
24 the subdivision. MGE's contract with the developers of Seven Bridges for the

1 extension of natural gas facilities was signed on January 6, 2006. MGE began
2 construction of these extension facilities shortly after the contract was signed.
3 MGE began serving customers in the first phase of the Seven Bridges subdivision
4 (section 12) in early 2006. Currently there are 38 homes being served in the
5 subdivision from the natural gas main extension.

6
7 **3. APPLICATION**

8 **Q. MR. NOACK, WOULD YOU PLEASE EXPLAIN THE PURPOSE OF THE**
9 **APPLICATION WHICH HAS BEEN FILED?**

10 **A.** Yes. As stated above, MGE currently has a contract with the developer of Seven
11 Bridges subdivision to extend the natural gas facilities to the subdivision. Seven
12 Bridges is a large residential subdivision with several phases which will be
13 located in Sections 11, 12, 13 and 14 of Township 52 North, Range 35 West.
14 MGE is currently certificated in Sections 11 and 12 (P.S.C. Mo. No. 1 Original
15 Sheet No. 6.15 with an effective date of May 21, 1997) but not in Sections 13 or
16 14. The application filed on January 31, 2007 requests certification in Sections 13
17 and 14.

18
19 **Q. WHY IS MGE QUALIFIED TO PROVIDE SERVICE TO THE PART OF**
20 **SEVEN BRIDGES IN SECTIONS 13 AND 14?**

21 **A.** Currently MGE has facilities in place to serve the subdivision in the Sections 11
22 and 12 immediately north of the two sections which are the subject of this
23 application. MGE's 12" supply line (the Leavenworth line) runs through the
24 sections immediately to the north of the requested sections. This line was built to

1 serve the KCI airport and adjacent areas. MGE also has an adequate supply of gas
2 and adequate pipeline transportation capacity with which to serve customers in
3 sections 13 and 14.

4 **Q. HOW DOES MGE ANTICIPATE FINANCING THIS NATURAL GAS**
5 **FACILITIES EXTENSION?**

6 A. As part of the contract, the developer made a construction advance to MGE which
7 covered the cost of the extension of the facilities to phases one through four of the
8 subdivision. This advance is subject to partial refund based on the number of
9 houses in the subdivision which connect to the natural gas facilities.

10
11 **Q. HAS MGE PREPARED A SCHEDULE WHICH DETAILS THE**
12 **ECONOMICS OF THE NATURAL GAS FACILITIES EXTENSION AND**
13 **DOES THE SCHEDULE SHOW THE EXTENSION INTO SECTIONS 13**
14 **AND 14 TO BE ECONOMICALLY FEASIBLE?**

15 A. Yes. Appendix C of the application, filed in this docket, is a schedule showing
16 the estimated construction costs, advances by the developers and the estimated
17 margin received from the customers using natural gas. As reflected in Appendix
18 C, MGE will profit from serving these additional customers.

19
20 **Q. WHY IS GRANTING MGE'S APPLICATION IN THE PUBLIC**
21 **INTEREST?**

22 A. MGE is currently providing service in Missouri and therefore has the expertise,
23 experience and financial qualifications to provide gas service in Sections 13 and
24 14. The extension of facilities to Sections 13 and 14 is economically feasible

1 because it produces margin to the Company. Finally, MGE is already serving a
2 portion of the Seven Bridges development and should be allowed to serve the
3 entire development so that duplication of facilities is avoided.
4

5 **4. CONCLUSION**

6 **Q. WHAT ARE YOU ASKING THE COMMISSION TO DO IN THIS**
7 **PROCEEDING?**

8 A. MGE is requesting an order from the Commission granting it a certificate of
9 convenience and necessity to construct, install, own, operate, control, manage and
10 maintain a system for the provision of natural gas service to the public pursuant to
11 its approved rates, rules and regulations, in Sections 13 and 14, Township 52
12 North, Range 35 West in Platte County, Missouri.
13

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

15 A. Yes it does.
16

UTILITY OPERATIONS DIVISION ROUTING SLIP

File No. 9700571

To:	Initial	Assigned:	From:	Initial	Date	Revised
Chair Zobrist	<i>[Signature]</i>	Mr. McDuffey	<i>[Signature]</i>	5-9-97	5-9-97	
Commissioner Crumpton	<i>[Signature]</i>	Mr. Straub	<i>[Signature]</i>	5/9/97		
Vice Chair Dramer	<i>[Signature]</i>	Mr. Matkowi	<i>[Signature]</i>	5/9/97		
		Mr. Goldammer	<i>[Signature]</i>	5/12/97		
Agenda Date:	5/14	Legal	<i>[Signature]</i>	5/12/97		
Final Agenda: May 20, 1997		Staff Deadline: May 12, 1997: 5:00pm				
Commission Action:		Staff Recommends:				
Approve <input checked="" type="checkbox"/>	Suspend <input type="checkbox"/>	Approval <input checked="" type="checkbox"/> Suspension <input type="checkbox"/>				

30-AM

Company: Missouri Gas Energy
Effective Date: May 21, 1997
Purpose: Implement tariff sheets to clarify its service area

On February 21, 1997, Missouri Gas Energy (MGE or Company) of Kansas City, Missouri filed tariff sheets to clarify the geographic boundaries of its service area. On April 11, 1997, MGE requested a thirty (30) day extension of the effective date to May 21, 1997 at the request of the Missouri Public Service Commission Staff (Staff) for additional time to investigate and review the tariffs. The proposed tariff sheets will be located in the section titled "Index of Certificated Areas".

The Commission Rule 4 CSR 240-2.060(Rule) requires a metes and bounds description of the certificated service area. Company filed these tariff sheets to comply with the Rule and to reflect the Missouri Public Service Commission (Commission) orders issued in Case Nos. GA-96-130 and GR-96-285. The order in Case No. GA-96-130 states that MGE and the Staff are to cooperate in preparing tariff sheets setting out the plat and legal description of the current and complete service area of MGE. The order in Case No. GR-96-285 states that MGE has committed to filing tariff sheets by February 28, 1997 with metes and bounds descriptions and maps showing certificated service areas in the State of Missouri.

Staff and Company have reviewed certificates of convenience and necessity (CCN) cases and Company service orders in the development of the proposed tariff sheets. The CCN cases were granted in either a transmission or service area certificate making the development of a service area stated in a metes and bounds format very difficult. Therefore, the description of the Company's proposed service area was developed by listing the service area by township, range and section. The township, range and section format is utilized by other regulated energy utilities under the jurisdiction of the Commission. In Staff's opinion a township, range and section format satisfies the Rule, therefore Staff has no objection to this format.

MGE has not filed tariff sheets containing a map of its service territory. MGE is working on a process that will transfer to a tariff sheet its service area maps and still maintain its legibility. MGE plans to file the tariff sheets containing the maps by June 1, 1997.

Exhibit A

Energy Routing Slip, File No. 9700571-
Missouri Gas Energy, Page 2 of 2

The Commission's Energy - Rates Staff has reviewed this filing and has no objections to the proposed tariff sheets. Because this filing was made on greater than thirty (30) days notice, no order is necessary to indicate approval. Staff is unaware of any issue currently pending before the Commission which affects or is affected by this filing. Therefore, Staff has no objections to allowing the following tariff sheets, as filed on February 21, 1997, and extended on April 11, 1997, to go into effect on and after May 21, 1997, the requested effective date:

P.S.C. MO. No. 1

First Revised SHEET No. 6 Canceling Original SHEET No. 6

Original SHEET No. 6.1
Original SHEET No. 6.2
Original SHEET No. 6.3
Original SHEET No. 6.4
Original SHEET No. 6.5
Original SHEET No. 6.6
Original SHEET No. 6.7
Original SHEET No. 6.8
Original SHEET No. 6.9
Original SHEET No. 6.10
Original SHEET No. 6.11
Original SHEET No. 6.12
Original SHEET No. 6.13
Original SHEET No. 6.14
Original SHEET No. 6.15
Original SHEET No. 6.16

The purpose of this filing is to show the company's current service territory, and does not expand to any area that it currently does not serve.

*MPR
5/14/97*

Pool-It Fax Note		7871	Date	5/14/97	Page	2
To	Coke Block		From	M/GC		
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Fax	816-368-5255		Fax	522 251-1561		