Exhibit No.	________
Issue:	Gas Transportation
Witness:	Richard Haubensak
Sponsoring Party:	Constellation NewEnergy-Gas Division, LLC
Type of Exhibit:	Direct Testimony
Case No.:	GR-2009-0355
Date Testimony Prepared:	September 3, 2009

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILED[2]

NOV 09 2009

Missouri Public Service Commission

CASE NO. GR-2009-0355
MISSOURI GAS ENERGY

DIRECT TESTIMONY

OF

RICHARD HAUBENSAK

ON BEHALF OF CONSTELLATION NEWENERGY-GAS DIVISON, LLC

September 3, 2009

Constellation Exhibit No. 84
Case No(s). GR-2009-0355
Date 10-26-09 Rptr KF

DIRECT TESTIMONY

OF

RICHARD HAUBENSAK

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I. QUALIFICATIONS AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Richard Haubensak. My business address is 12120 Port Grace Boulevard, Suite 200, LaVista, Nebraska, 68128.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a self-employed consultant.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I have a Bachelor of Science in Business Administration with a major in accounting from Midland College in Fremont, Nebraska. I have a Masters of Business Administration degree from the University of Nebraska at Omaha. I started my career in the natural gas industry with Northern Natural Gas in 1965. Since 1981 to the present I have worked in the area of natural gas regulation. For six years I was a member of the American Gas Association's Rate and Strategic Planning Committee. I was Vice President of Natural Gas Regulation for Aquila Energy until I retired from that firm in 2001. Since 2001 I have worked as an independent consultant in the natural gas industry. During my career I have testified or managed rate case applications in Colorado, Florida, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, West Virginia, and the Texas Railroad Commission.

Q. **FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

A. I am testifying in this case on behalf of Intervenor, Constellation NewEnergy-Gas Division, LLC ("Constellation"). Constellation is a major marketer of natural gas on the Missouri Gas Energy ("MGE") distribution system.

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

A. I have reviewed the proposed MGE tariffs in this case with an eye toward ensuring they do not create unreasonable barriers to customers wanting to receive transportation service from an alternate provider, a gas marketer such as Constellation.

Q. **WHAT IS GAS TRANSPORTATION?**

A. Transportation is an arrangement in which the customer purchases their natural gas supply directly from a producer, or through a marketer, rather than receiving sales service from the utility. Sales service includes both the cost of the natural gas supply and the utility's charge for providing the utility service. In both transportation and sales service, the utility's local distribution system is the conduit for bringing the natural gas to the customer.

Q. **WHAT IS YOUR OPINION OF THE TRANSPORTATION TARIFFS AS PROPOSED BY MGE IN THIS CASE?**

A. I have two issues with the proposed tariffs. First, MGE continues to limit transportation service only to those customers "the Company expects will exceed 15,000 Ccf in any one month of a 12-month billing period." In addition, MGE requires balancing and cash-out rules that I believe are unnecessary and are detrimental to customers wanting to receive transportation service.

Q. WHAT DOES CONSTELLATION REQUEST REGARDING MGE'S TARIFF REVISIONS?

A. Constellation requests MGE's threshold be changed to allow transportation to non-residential gas customers with annual usage of 30,000 Ccf per year. In addition, Constellation requests that MGE's requirement for balancing be modified, and that monthly imbalances be carried over where allowed by the applicable interstate pipeline.

II. THE THRESHOLD FOR ELIGIBILITY FOR TRANSPORTATION

Q. DOES CONSTELLATION HAVE REASON TO BELIEVE SMALLER CUSTOMERS IN MGE'S SERVICE AREA DESIRE A TRANSPORATION SERVICE?

A. Yes, Constellation provides transportation service to commercial and industrial customers across the nation. In virtually all jurisdictions where Constellation serves, Constellation provides these transportation services to small commercial and industrial customers. It is reasonable to believe that the demand in these other jurisdictions is also present in MGE's Missouri service territory.

Q. DOES CONSTELLATION PROVIDE TRANSPORATION SERVICE TO RESIDENTIAL CUSTOMERS?

A. No, it does not. Constellation's policy is that the residential market is best-served by the utility in the form of traditional sales service, and I agree.

Q. WHAT ELGIBILITY THRESHOLD FOR TRANSPORTATION SERVICE DO YOU PROPOSE IN THIS CASE?

A. If MGE were ordered to open their system to additional transportation customers, I believe an appropriate initial threshold would be the minimum level of 30,000 Ccf per year currently in place on the Kansas Gas Service system. That system is just across the river from MGE's service territory in the Kansas City area. A number of commercial enterprises in the Kansas City area that have establishments on both sides of the state line already avail themselves of transportation service from the Kansas Gas Service, but do not qualify for transportation from MGE because of the substantially higher threshold in place on the Missouri side of the river. This change would mean that customers in MGE's proposed Large General Service (LGS) class would be eligible for transportation service if they had annual usage of 30,000 Ccf per year.

Q. SO YOU ARE NOT PROPOSING THAT ADDITIONAL CUSTOMERS BE PLACED IN MGE'S LARGE VOLUME SERVICE (LVS) CLASS?

A. That is correct. The terms for being in the Large Volume Service (LVS) class would remain the same as proposed by MGE. I am simply proposing that the threshold for transportation be lowered so that higher-volume customers in the Large General Service (LGS) class can qualify. This is consistent with how MGE handles customers choosing their School Transportation Program. The Customer Charge and the Commodity Charge for that service are based on the class of service the customer would otherwise qualify for.

Q. WHAT ELGIBILITY THRESHOLDS FOR TRANSPORTATION SERVICE DO OTHER GAS UTILITIES EMPLOY?

A. The threshold for transportation varies from one utility to another. For example, on the Ameren-UE system, transportation service is available to all non-residential customers regardless of annual volumes. The threshold on the Empire District system is only 5,000 Ccf per year. As I said earlier, on the Kansas Gas Service system, which serves the Kansas side of the Kansas City area, the threshold is 30,000 Ccf per year. Other Kansas gas utilities, including Atmos and Black Hills, have even lower thresholds for transportation eligibility. In 2007, the Iowa Utilities Board ordered that Iowa utilities open up their systems to all non-residential customers desiring transportation service. In Nebraska, the two major gas utilities, Black Hills and Source Gas, offer transportation service to all commercial and industrial customers, regardless of size. Attached to this testimony are the applicable tariff pages for the utilities identified above. (Schedule RJH 1) Also attached is the order of the Iowa Utilities Board opening up transportation to all non-residential small volume customers. (Schedule RJH 2)

In Iowa, as in Missouri, transportation to smaller customers was first opened up to schools. Then governmental entities were added to the eligibility for transportation. Transportation to residential customers was considered, but determined not to be a viable option. In its 2007 Order, the Iowa Board said that, "small volume transportation service for some

MidAmerican and IPL customers is desired and will be utilized by those customers who find that the service provides a benefit to them." (Schedule RJH 2, at page 11.) The Iowa gas utilities were directed to file permanent, small volume transportation service tariffs

Q. DOES CONSTELLATION NEWENERGY PRESENTLY PROVIDE TRANSPORATATION SERVICE TO SMALLER CUSTOMERS ON THE SYSTEMS YOU HAVE JUST MENTIONED?

A. Yes, other than the Ameren-UE service territory. Constellation NewEnergy provides transportation service to smaller customers in Kansas, Iowa and Nebraska. In Empire District Gas Company's Missouri service territory, Constellation provides transportation service to smaller commercial customers than it is allowed to serve in MGE's service territory. Constellation does not serve at present in eastern Missouri, in the Ameren-UE territory.

Q. DOES CONSTELLATION PROVIDE TRANSPORTATION TO CUSTOMERS IN EACH OF THE KANSAS AND NEBRASKA UTILITIES MENTIONED ABOVE?

A. Yes, they do. Constellation also provides transportation service on all three major utilities in Iowa – Alliant, Black Hills and MidAmerican.

Q. HOW LONG HAS MGE'S ELIGIBILITY THRESHOLD FOR TRANSPORTATION SERVICE BEEN AT ITS CURRENT LEVEL?

A. MGE's existing threshold of 15,000 Ccf in any one month of a 12-month billing period has not changed since MGE acquired the property from Western Resources in 1994.

Q. WHAT CAN A GAS MARKETER SUCH AS CONSTELLATION OFFER TO CUSTOMERS THAT MGE DOES NOT?

A. Sometimes a gas marketer such as Constellation can offer a lower price for the natural gas commodity it purchases for delivery to a transportation customer. More importantly, a marketer can offer end-users price protection so that a price can be locked in for an extended period of time. While MGE changes its gas commodity costs to customers on a quarterly basis, through the Purchased Gas Adjustment (PGA), Constellation may offer its transportation customers a fixed price that they can depend on for up to 24 months. In addition, Constellation provides a pre-packaged, diversified portfolio consisting of a strategic blend of fixed price, call options, and index-priced gas. The objective of this offering is to reduce exposure to high prices while still allowing the customer to benefit in a falling market. Lowering the eligibility threshold for transportation would allow non-profit organizations, like schools, the opportunity to lock in a price, which greatly assists them in budgeting for the future. These options would also be a benefit to other small-volume customers, such as motels, restaurants, laundromats, apartment complexes, colleges, etc. to be able to lock in a gas price for an extended period of time.

Q. **ARE THERE ANY BARRIERS THAT SOMETIMES KEEP SMALL-VOLUME CUSTOMERS FROM CHOOSING TRANSPORTATION?**

A. Yes, there could be if unnecessary incremental costs to choose the transportation alternative are imposed, or if requirements such as installation of telemetry equipment are required. There should be minimal incremental costs, if any, for customers to choose the transportation alternative, and there should not be a requirement that telemetry equipment be installed.

Q. **WHAT IS TELEMETRY EQUIPMENT?**

A. Telemetry equipment, sometimes referred to as electronic flow measurement equipment or electronic gas measurement devices, is equipment that measures the volume of gas taken daily (and sometimes hourly) by the customer. This equipment is certainly necessary for measuring the volume of gas taken by large-volume industrial customers. However, for small-volume customers, where the load is very predictable, this equipment is not necessary. Also, the cost of the equipment, which usually is paid for by the customer becomes a deterrent to a customer choosing a transportation service.

Q. **CAN YOU IDENTIFY ANY JURISDICTIONS WHERE TELEMETRY EQUIPMENT IS NOT REQUIRED TO RECEIVE SMALL-VOLUME TRANSPORTATION SERVICE?**

A. Yes, I can. First of all, utilities in Missouri do not require the installation of telemetry equipment for customers on the school program. In addition, telemetry equipment is not presently required on the Empire District system for small-volume transportation customers. In Iowa and Nebraska, none of the utilities require installation of telemetry equipment in order to receive small-volume transportation service. This is also true for the Kansas Gas Service customers across the river from the MGE service territory.

Q. DOES IT MAKE SENSE THAT SMALL-VOLUME CUSTOMERS IN MISSOURI WITH SIMILAR LOAD CHARACTERISTICS TO THE SCHOOLS BE REQUIRED TO HAVE TELEMETRY EQUIPMENT INSTALLED TO RECEIVE TRANSPORTATION SERVICE, WHILE THE SCHOOLS DO NOT HAVE THIS REQUIREMENT?

A. I do not believe so. The requirements to provide transportation service to non-school customers should be the same as the requirements to serve the school customers. The Iowa Utilities Board, in its 2007 order opening up transportation service, eliminated any requirement for telemetry equipment for small-volume non-school customers just as they previously had not required telemetry equipment for the schools.

Q. ARE YOU AWARE OF SMALL-VOLUME CUSTOMERS ON THE MGE SYSTEM THAT WOULD LIKE TO HAVE A TRANSPORTATION OPTION?

A. Yes, I am. Attached to my testimony are letters from a number of MGE customers which are not currently eligible for transportation service that would like to have a transportation option. (Schedule RJH 3) I believe additional

MGE customers have sent similar letters to the Commission in reference to this case, also supporting lowering the transportation eligibility threshold.

Q. IF MGE WERE TO OPEN UP TRANSPORTATION SERVICE TO MORE CUSTOMERS, WOULD THAT NEGATIVELY IMPACT CUSTOMERS CHOOSING TO STAY ON SALES SERVICE?

A. No, it would not, if done properly. The tariffs of the other utilities I've identified above have provisions for balancing, and cash-outs and incremental fees to cover the cost of providing transportation service and to protect the customers choosing to stay on sales service from incurring any additional costs.

III. THE BALANCING AND CASH-OUT PROVISIONS OF MGE'S TARIFF

Q. YOU INDICATED EARLIER THAT YOU HAVE CONCERNS WITH MGE'S TRANSPORTATION TARIFF. WHAT ARE THOSE CONCERNS?

A. The first is that MGE maintains the right to call an Operational Flow Order (OFO) day even when an OFO day is not being called by the applicable interstate pipeline. From my experience, OFO days are usually only allowed to be called by a local distribution company such as MGE when the applicable interstate gas system delivering gas to the utility calls an OFO.

Q. WHAT IS AN "OFO DAY"?

A. An OFO day usually refers to an Operational Flow Order issued by the applicable pipeline when it has concerns that it may have problems meeting everyone's delivery requirements on the pipeline, including gas utilities like MGE, marketers, and individual customers purchasing their supplies separately. Marketers like Constellation are notified of an OFO day by email and also by reading the utility's bulletin board. On an OFO day, marketers like Constellation are required to keep their nominations of gas into the system, and receipts of gas by its customers, within a five percent tolerance or be subject to penalties. This means, for example, that if Constellation nominates 10,000 Ccf on a given day and the applicable customers consume less than 9,500 Ccf or more than 10,500 Ccf on that day, Constellation will be charged penalties for being below or above the tolerance level.

Q. WHAT IS THE POLICY REASON FOR HAVING OFO DAYS?

A. In order to insure system integrity, the interstate pipeline requires each entity receiving gas supplies off the interstate pipeline to provide more exact nominations of their daily needs on the pipeline. This policy is necessary to insure, to the greatest degree possible, that everyone receives the amount of natural gas supply required to meet their needs in accordance with what they nominated to be delivered to them. Matching daily nominations with actual receipts of gas is called "balancing." Failure to comply with these tighter tolerances between daily nominations and actual gas receipts can result in significant penalties for those parties taking more gas than they nominated off the interstate system.

Q. IS THIS POLICY JUSTIFIED?

A. Balancing natural gas nominations and actual receipts is very important for an interstate pipeline. Without balancing provisions, an interstate pipeline could be in a situation where more gas could be taken out of the system than was being nominated or delivered into the system. This could result in some utilities served off the interstate pipeline not having enough gas to meet the needs of their customers.

Q. WHY SHOULDN'T MGE BE ALLOWED TO CALL OFO DAYS ON ITS OWN?

A. If MGE is allowed to call an OFO day without one being called by the applicable interstate pipeline, it means they apparently have not purchased enough natural gas supply to meet the needs of their sales customers. MGE's inability to forecast the needs of its own sales customers should not result in tighter balancing requirements for marketers like Constellation who have contracted with some other party to purchase gas supplies and meet the needs of their customers.

Q. IN GENERAL, HOW SHOULD LOCAL DISTRIBUTION COMPANIES LIKE MGE SET THE OFO AND BALANCING RULES IN THEIR RESPECTIVE TRANSPORTATION TARIFFS FOR TRANSPORTATION SERVICE?

A. The local distribution company should design its transportation rules to "mirror" the applicable interstate pipeline to insure they recover all the penalties coming from the interstate pipeline from the party on their system responsible for the penalty. Anything more than that, such as being allowed to call OFO when one is not being called by the interstate pipeline, means they are attempting to recover from someone else a penalty that the other party is not responsible for.

Q. DO YOU HAVE ANY OTHER PROBLEMS WITH THE MGE TRANSPORTATION TARIFF IN THIS CASE?

A. I do. Some interstate pipelines allow for natural gas imbalances to be carried over to the next month. MGE can certainly take advantage of this provision. However, the proposed MGE tariff does not allow for marketers and customers purchasing their own gas supplies on the MGE system to receive this same benefit. Requiring the marketer to be cashed out on a monthly basis when not required by the interstate pipeline results in the marketer being penalized on the cash-out pricing as explained starting on page 61.1 of MGE's proposed new transportation tariff. If the marketer under-nominates (nominates less gas than is actually delivered to its customers), the marketer must pay to MGE a *much* higher price for the extra gas it needed than the price MGE must pay to the marketer if the marketer *under*-nominates (nominates more gas than its transportation customers receive). If MGE can carry-over its imbalances to the next month with its interstate pipeline, but the marketer cannot do so with MGE, MGE stands to unfairly benefit at the expense of the marketer and of transportation customers. This is another example of MGE putting unnecessary restrictions in its tariff to present a barrier to customers wanting to receive transportation service.

Q. **FROM YOUR EXPERIENCE, DOES IT COST A UTILITY LIKE MGE MORE OR LESS TO PROVIDE SERVICE TO A CUSTOMER ON TRANSPORTATION COMPARED TO SERVING THE SAME SIZE CUSTOMER ON SALES SERVICE FROM THE UTILITY?**

A. In my years of experience in the natural gas industry, it costs less for a utility like MGE to serve a similarly-situated customer on transportation service versus sales service.

Q. **CAN YOU PROVIDE A BRIEF EXPLANATION FOR THIS?**

A. Yes, I can. There are some definite differences in costs to serve sales versus transportation customers:

1. A major portion of the working capital a utility must provide to stay in business is the cost of gas supply. Transportation customers or the applicable marketer provide their own gas supply, reducing the working capital requirements of the utility.

2. Utilities must maintain a gas supply department to meet the needs of their sales customers. Transportation customers lessen the burden of the utility's gas supply department.

3. Bad debt expense is a major expense for utility companies. Any bad debt expense attributable to transportation customers would be much less for the utility to bear because the gas supply portion of the bad debt has been provided by the gas marketer, such as Constellation.

4. There are some incremental expenses applicable to providing transportation service. However, these are usually set out in separate charges to the transportation customer.

IV. CONCLUSION

Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

A. First, MGE should be required to reduce its threshold for eligibility for transportation service so that smaller commercial customers could avail themselves of the opportunity to secure gas supplies at a set price for some period of time and have it transported to them by MGE. Constellation proposes the threshold be reduced from the existing standard of exceeding 15,000 Ccf in any one month of a 12-month billing period, to a threshold of using 30,000 Ccf per year. That would be a higher threshold than exists in the Ameren-UE and The Empire District Gas Company service areas, but would be consistent with the threshold of Kansas Gas Service on the other side of the Missouri River in the Kansas City area. In addition, the Commission should not allow MGE to call OFO days when the applicable interstate pipeline has not done so. MGE's tariff allows it to recover from another party (such as a gas marketer) a penalty for which the other party is not responsible. Finally, the Commission should order MGE to clarify its tariff to allow transportation customers and marketers to be able to carry imbalances over to the next month, if allowed by the applicable interstate pipeline. The tariffs proposed by MGE in this case create unnecessary and undesirable barriers to transportation service.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy And Its Tariff Filing To Implement a General Rate Increase for Natural Gas Service	)))	**Case No. GR-2009-0355**

AFFIDAVIT OF RICHARD HAUBENSAK

Richard Haubensak, 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.

Richard Haubensak

Subscribed and sworn before me this 2nd day of September 2009.

Notary Public

GENERAL NOTARY - State of Nebraska
MIKE G. PETERSEN
My Comm. Exp. Nov. 7, 2010

My Commission Expires: 11/7/10

A.

CASE NO. GR-2009-0355
MISSOURI GAS ENERGY

DIRECT TESTIMONY

OF

RICHARD HAUBENSAK

ON BEHALF OF CONSTELLATION NEWENERGY-GAS DIVISON, LLC

SCHEDULE RJH 1

Contents:

Excerpts – Transportation Tariff of –

UNION ELECTRIC COMPANY
GAS SERVICE

Filed
Missouri Public Service Commission

Applying to MISSOURI SERVICE AREA

NATURAL GAS TRANSPORTATION SERVICE

1. Availability.

* This service schedule is available: 1) to all non-residential customers on a per meter basis and 2) to the premises of "Eligible School Entities," which are the eligible school entities as defined in Section 393.310 RSMo, 3) to the premises of eligible school entities as defined in Section 393.310 RSMo which were on sales service during the immediately preceding twelve (12) months ("New Eligible School Entities"). Such service is applicable to individual customers that can individually secure and arrange for the delivery of sufficient supplies of natural gas to the Company's designated city gate and to the Eligible School Entities and New Eligible School Entities that can do so through aggregate contracts negotiated by and through a not-for-profit school association. The Company will not provide this service to any customer who uses such gas primarily to heat premises that provides temporary or permanent living quarters for individuals, unless the customer demonstrates to the Company that it has contracted for primary firm capacity with the upstream supplying intrastate and/or interstate pipelines to meet the customer's peak needs, or unless the customer demonstrates to the Company that the customer has adequate and usable alternative fuel facilities to meet the customer's energy needs.

The "transportation customer" shall be responsible for the purchase and transportation of its gas needs to the Company's city gate which serves such customer.

The Company shall not sell gas to any of its transportation customers except as specifically provided for in this service classification.

*2. Monthly Customer, EGM and Volumetric Meter Reading Rates. (4)

	Standard Transportation (1)	Large Volume Transportation (2)
Customer Charge:	$24.00	$1,205.00 per month
Electronic Gas Meter (EGM) Charges (3):		
Administrative Charge:	$40.00	$40.00 per month
Meter Equipment Charge:	Section G. Miscellaneous Charges Sheet No. 20.1, as applicable.	
Transportation Charge:		
First 7,000 Ccf	27.77¢ per Ccf	27.77¢ per Ccf
All Over 7,000 Ccf	15.53¢ per Ccf	13.34¢ per Ccf
Aggregation and Balancing Charge: Eligible School Entities and New Eligible School Entities Only	0.40¢ per Ccf	0.40¢ per Ccf

Schedule RJH 1.2

* Indicates Change.

GR-2007-0003

TRANSPORTATION SERVICE
RATE SCHEDULE SVTS-N&S

D. RATE SCHEDULE SVTS-N&S

1. Availability: Service under this rate schedule is available to Customers who cause gas to be delivered to individually metered, non-residential end-users whose individual annual usage is anticipated to be at least 5,000 Ccf, but less than 40,000 Ccf. This service will be available in all of the Company's North & South service territories.

2. Service Considerations: Customers must execute a written contract for transportation service pursuant to this rate schedule. Gas transportation agreements and applicable documents are available at the Company's electronic website www.empiredistrict.com. All small volume transportation customers must install telemetry equipment or purchase the Balancing Service provided herein. Customers must reimburse the Company for the cost incurred by the Company to install telemetry equipment and for the cost of any other improvements made by the Company in order to provide this service. Service is provided for a minimum of six (6) months.

3. Monthly Charges: End-user's monthly bill shall be determined as a sum of the following:
SMALL VOLUME TRANSPORTATION SERVICE

	SOUTH SYSTEM	NORTHSYSTEM
End-user Charge	$ 50.00 per month	$ 50.00 per month
Delivery charge, Usage (per Ccf)	$ 0.22790 per Ccf	$ 0.22790 per Ccf

4. L&U Charge: The Company's system-wide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA will be applied on a volumetric basis to the quantity of gas delivered to the end-user.

5. Interim Purchased Gas Adjustment Charges: End-users shall be charged the appropriate system's ACA, Refund, TOP and TC factors as listed on Company's sheet numbers 61-64. New customers or customers electing transportation service shall be charged the appropriate ACA charges for a period of one year after changing service to this schedule. These charges shall terminate after a customer has been served under this schedule for one year.

THE STATE CORPORATION COMMISSION OF KANSAS

INDEX NO 31.1

KANSAS GAS SERVICE
A DIVISION OF ONEOK, INC.
(Name of Issuing Utility)

SCHEDULE GTt

Rate Area "t"
(Territory to which schedule is applicable)

Replacing Schedule GTt Sheet 1
which was filed November 16, 2006

No supplement or separate understanding shall modify the tariff as shown hereon.

GENERAL TRANSPORTATION SERVICE

AVAILABILITY

Available in and around the communities specified in the Index to non-residential customers. Service is subject to the DEFINITIONS AND CONDITIONS section below.

NET MONTHLY BILL

$ 23.35 Service Charge
plus
Delivery Charge
$ 1.9127 per Mcf for all gas delivered
plus
Applicable adjustments and charges provided in Company's Ad Valorem Tax Surcharge Rider and Gas System Reliability Surcharge Rider.

The Net Monthly Bill shall be no less than the Service Charge plus any minimum charges set forth in a customer's Service Agreement.

DEFINITIONS AND CONDITIONS

1. Annual deliveries of at least 3,000 Mcf at a single location during the last 12 billing periods shall qualify a customer for service under this schedule. A customer, once qualified, shall remain eligible for service under this schedule.

2. A customer shall meet all conditions of the following tariffs to maintain service under this rate schedule:

   a. Electronic Flow Measurement Rider
   b. Company's General Terms and Conditions for Gas Service (GTC), Section 10 Requirements for Transportation Service.

	Month	Day	Year
Issued	December	18	2008
Effective	January	1	2009

By /S/
DAVID N. DITTEMORE

09-KGSG-199-TAR
Approved
Kansas Corporation Commission
December 18, 2008
/S/ Susan K. Duffy

Schedule RJH 1.4

ELECTRONIC FLOW MEASUREMENT RIDER

APPLICABILITY

Applicable to all customers served under rate schedules ST, GTk, GTt, LVTk, LVTt, WTk and WTt and located in and around the communities specified in the Index. Service is subject to the DEFINITIONS AND CONDITIONS section below.

NET MONTHLY BILL

$ 25.00	per meter	for each meter upon which Electronic Flow Measurement equipment (EFM) is installed, plus any charge to reimburse Company for the installed cost of the EFM.

DEFINITIONS AND CONDITIONS

1. EFM shall be required on all meters serving transportation accounts, except for the provisions of Definition and Condition #2 (below). Company shall install, operate, and own all EFM. Company shall provide and bill the customer the actual cost for any requested assistance beyond maintenance to Company's EFM and/or connection.

   a. The requirements of this provision shall be judged to have been met pending a customer's sequential assignment to Company's EFM installation schedule.

   b. Company may, at its sole discretion, waive the requirements of this provision for a customer which uses gas primarily during Company's off-peak season.

   c. A customer which declines Company's EFM installation, or which does not provide a Contribution in Aid of Construction (CIAC), or which does not install and/or maintain an operable dedicated telephone circuit, all as required by this rider, shall be ineligible for transportation service. Company shall promptly notify a customer of the need to install or maintain an operable dedicated telephone circuit and may, 45 days after such notification, disqualify such customer from transportation service.

ELECTRONIC FLOW MEASUREMENT RIDER (Cont.)

2. RDQ Balancing: Notwithstanding the provisions above, according to the Required Daily Quantity (RDQ) Balancing provisions in Section 11 of Company's General Terms and Conditions for Gas Service (GT&C), a customer may agree to deliver during PODBs and/or POCs a predetermined Required Daily Quantity (RDQ) of natural gas to a transportation service meter which records a peak-month usage of less than 1,500 Mcf in the most recent 12 month period ending April 30, in lieu of the Company's requirement to install EFM. However, meters upon which EFM equipment has already been installed shall not be eligible for the RDQ Balancing option and the customer shall be subject to all charges set out in the Net Monthly Bill section.

3. A customer shall reimburse Company for the installed cost of EFM which shall become the sole property of Company. This CIAC for labor, material, and overhead costs associated with the installation shall be:

$ 1,600 per meter	if the customer's existing measurement facilities do not require the use of an electronic correction device as part of the EFM, or
$ 3,400 per meter	if the customer's existing measurement facilities include or require the use of an electronic correction device as part of the EFM.

4. A customer shall make an additional CIAC sufficient to cover the cost of any non-EFM related work performed and/or equipment installed at the customer's request. All such facilities and/or equipment shall become the sole property of Company. Payment shall be due from the customer at the time equipment is installed, except that Company may permit the customer to finance the EFM over a four year period at 8% per annum.

5. Company shall endeavor to coordinate the installation of all facilities required herein with a customer as soon as practicable following the effective date of this rider. Company shall notify the customer of its intent to install EFM, as well as the scope and estimated cost thereof.

    a. A customer shall provide adequate space for the installation of the EFM.

    b. A customer shall provide and maintain, at its cost, a dedicated telephone circuit or a Company-accepted alternative, according to Company's EFM Standards. Company and the customer shall mutually agree upon electric power and telephone connection location.

	Month	Day	Year
Issued	September	17	2003
Effective	September	22	2003

By /S/
LARRY G. WILLER, DIRECTOR

03-KGSG-602-RTS
Approved
Kansas Corporation Commission
September 22, 2003
/S/ Susan K. Duffy

ELECTRONIC FLOW MEASUREMENT RIDER (Cont.)

c. A customer's acceptance of Company's installation plan shall be assumed unless the customer declines in writing within 15 days of Company's notice. The customer shall, within 45 days of acceptance, complete the installation of the required telephone circuit, at the customer's own expense, after which time Company shall install EFM equipment.

6. When an EFM installation includes an electronic correction device, and at a customer's request, Company may provide a data link or contact closure meeting Company's Standards from Company's EFM to the customer at the meter site so the customer can receive data with the same type of output signal as Company. At the customer's request, Company shall inspect and evaluate the customer's connection during normal Company working hours.

7. Upon a customer's written request made prior to April 30 of each year, and agreement by Company given prior to May 31 of that same year and which shall not be unreasonably withheld, Company may credit 50% of assessed and paid Overrun Penalties incurred by the customer in the preceding winter heating season of November through March, to EFM. The credit shall be limited to the per meter CIAC required by Definition and Condition #2 (above). A credit for EFM is available only on new, Company-installed EFM and when Company is not assessed Overrun Penalties for a similar time period pursuant to a pipeline's authorized tariff.

8. In the event the EFM should fail, uncorrected mechanical readings shall be used to establish the estimated corrected read, except for orifice meter installations where historical data shall be used to estimate billing data.

9. A customer shall hold Company harmless from all claims for trespass, injury to persons, or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of the installation, operation, or replacement of the EFM or customer connection and other necessary equipment to serve the customer unless it shall be affirmatively proved that the injury to persons or damage to property complained of has been caused by willful default or negligence on the part of Company or its accredited personnel.

10. Service under this rider is subject to the provisions and applicable charges contained in Company's GT&C or successor documents, approved by the Commission.

11. All provisions of this rider are subject to changes made by order of the Commission.

Issued	September	17	2003	03-KGSG-602-RTS
	Month	Day	Year	Approved
Effective	September	22	2003	Kansas Corporation Commission
	Month	Day	Year	September 22, 2003
By	/S/			/S/ Susan K. Duffy
	LARRY G. WILLER, DIRECTOR			

SECTION 12 - TRANSPORTATION SERVICES

A. AVAILABILITY

Available in all divisions within the State of Kansas. This service is available to any gas sales Customer with an expected annual usage of at least 15,000 CCF per year, on an individual or multiple service(s) at the same premise or contiguous property, who has purchased its own supply of natural gas and requires transportation by the Company to the Customer's facilities. This service is also available to approved, separately metered school facilities dedicated to the education of students between kindergarten and grade twelve (12). However, the threshold exemption is not applicable to day care facilities, pre-schools, post secondary institutions, for-profit schools, residences, or churches.

Qualifications for this rate schedule shall be reviewed by June 1 each year. A Customer may be removed from this rate schedule effective November 1 if the Customer's annual usage during the twelve (12) most recent billing periods ended April 30 is less than 15,000 CCF. The Customer shall be returned to this rate schedule, upon request, after re-establishing a peak delivery of at least 15,000 CCF.

B. APPLICABILITY

Applicable to any Customer who has acquired their own supply of natural gas and requires transportation by the Company to the Customer's facilities. Service is subject to suitable availability to existing facilities and shall be in accordance with a Transportation Service Agreement of not less than one (1) year. Service is provided in accordance with the requirements of the rate schedule, terms and conditions, volume determination methodology and rules and regulations as set forth herein and as required by the Commission. Transportation Service is not applicable to resale service.

End Users who elect to return to firm or interruptible sales service with the Company must give thirty (30) days written notice prior to the selected effective date. If the End User decides to return to firm or interruptible transportation service in the future, then the Customer must give the Company thirty (30) days written notice prior to the first day of the month that the Customer elects to commence transportation service.

BLACK HILLS/KANSAS GAS UTILITY COMPANY, LLC
d/b/a BLACK HILLS ENERGY Schedule SVTS-A, Fourth Revised
(Name of Issuing Utility)

KANSAS SERVICE AREA Replacing: Index No. 32, Schedule SVTS-A, 3rd Rev, Sheet 1 of 2, which was filed 5/16/2007
(Territory to which schedule is applicable)

No supplement or separate understanding shall modify the tariff as shown hereon.

SMALL VOLUME TRANSPORTATION SERVICE - AGGREGATED (SVTS-A)

1. Availability: Service under this rate schedule is available to Customers (Aggregators), who cause gas to be delivered to individually metered, non-residential End-Users whose individual annual usage is anticipated to be above 500 Mcf and not exceed 5,000 Mcf. Service under this rate schedule for delivery of gas is not available to end-users who use gas for irrigation pumping. This service is available in all service areas in Kansas.

2. Service Considerations: Customer may modify End-Users aggregated under this rate schedule during the annual enrollment and change period, as set forth in Index No. 39, Transportation Service Terms and Conditions. Service hereunder is provided with no requirements for recording equipment or telemetry at the delivery point. Without such equipment, daily deliveries must be estimated based on available data including meter reading dates, normal small volume Customer load characteristics, actual weather conditions, meter readings and other available data. Company shall estimate daily deliveries based on such data for all delivery points where recording equipment and telemetry is not installed, or where such equipment malfunctions. In the event Customer desires Company to use actual daily metered data for service hereunder, Customer shall request Company to install such recording equipment, with the Customer being responsible for costs associated with the Company acquiring and installing such recording equipment. In the event Company, in its sole opinion, determines that recording equipment is required to facilitate balancing, Company shall install such recording equipment, with Customer being responsible for costs associated with the Company acquiring and installing such recording equipment.

3. Monthly Charges: End-User's Monthly Bill shall be determined as a sum of the following:

Facility Charge:	$ 40.00	per Delivery Point per Month
Delivery Charge:	$ 0.12500	per Therm Delivered
L&U Charge:	the Company's systemwide Lost and Unaccounted (L&U) Account as computed in the Company's annual PGA, and applied on a volumetric basis to the quantity of gas delivered to the End-User.	

Issued ______________________
Month Day Year

Effective Feb. 20, 2009
Month Day Year

By ______________________
Signature

Steven M. Jurek Vice President, Regulatory Services

07-BHCG-1063-ACQ
Approved
Kansas Corporation Commission
September 17, 2008
/S/ Susan K. Duffy

RATE SCHEDULE - EO
ENERGY OPTIONS PROGRAM
(Transportation)

1. AVAILABILITY:
Available only to any Commercial or Small Industrial Firm customer in Nebraska with natural gas transportation requirements of less than 500 Therms per day for the delivery of gas owned by the customer from Black Hills Energy's Town Border Station(s) to a meter location on the customer's premise. Customer must sign a contract with a qualified Marketer participating in Black Hills Energy's Energy Options Program. An Energy Options Marketer's participation in Black Hills Energy's Energy Options Program is conditioned on the Marketer's compliance with the following requirements: 1) providing Black Hills Energy with a copy of its approved Competitive Natural Gas Provider (CNGP) certificate from the Public Service Commission and 2) entering into a "Marketer Agreement" setting forth non-discriminatory operating conditions and related requirements, rights, obligations and agreements, applied by Black Hills Energy without preference to any Marketer or affiliate. Black Hills Energy reserves the unilateral right to alter or amend or revise the requirements under this Energy Options tariff or it Marketer Agreement, subject to Commission approval.

Availability of local gas transportation services under the Energy Options Program is subject to system operational considerations. This Energy Options program is not available to Residential Customers of Black Hills Energy.

2. APPLICABILITY AND CHARACTER OF SERVICE:
This Rate Schedule shall apply to Commercial or Small Industrial Firm Customers whose natural gas transportation requirements are less than 500 Therms per day and such transportation service is not subject to interruption.

3. RATE INFORMATION:

Pipelines:	Northern Natural Gas Company Kinder Morgan, Inc. Natural Gas Pipeline Company of America (NGPL)	
Customer Charge:	\$17.00	per month
Transportation Charge:	\$.17561	per therm plus L&U Factor

Minimum monthly bill shall be the Customer Charge.

SourceGas

Nebraska Selection

The Nebraska Choice Gas Selection Period ended at midnight, April 30, 2009.

Thank you for participating!

The Choice Gas Program gives you the opportunity to choose your natural gas provider and the pricing options that best suit your needs.

You may choose your natural gas Supplier and Pricing Option any of the following ways:

- By Automatic Rollover
- Telephone
- Internet
- Through Your Supplier
- U.S. Mail

No matter which supplier you select, SourceGas will maintain your local natural gas system, read the meters, send bills and answer any inquiries you might have.

The selection period runs during the last two weeks of April every year. Should you not choose a supplier, your account will roll over to your current supplier and pricing option. If you roll over to a pricing option your final rate will be determined about 15 days after the selection period ends.

The natural gas commodity price that you, as a Choice Gas rollover customer, will be charged will not carry over from the previous year unless agreed to by the supplier. Furthermore, your final rollover price may be different from the prices quoted during the selection period.

As a Choice Gas customer, you're encouraged to participate in the selection process to ensure that you know the price you'll get for the coming year.

Schedule RJH 1.11

CASE NO. GR-2009-0355
MISSOURI GAS ENERGY

DIRECT TESTIMONY

OF

RICHARD HAUBENSAK

ON BEHALF OF CONSTELLATION NEWENERGY-GAS DIVISON, LLC

SCHEDULE RJH 2

Contents:

Order Directing Filing of Permanent Small Volume Transportation Tariffs

Iowa Utilities Board
Docket No. SPU-04-01
Issued November 5, 2007

STATE OF IOWA

DEPARTMENT OF COMMERCE

UTILITIES BOARD

IN RE: IOWA JOINT UTILITY MANAGEMENT PROGRAM, INC.	DOCKET NO. SPU-04-1

ORDER DIRECTING FILING OF PERMANENT SMALL VOLUME TRANSPORTATION TARIFFS

(Issued November 5, 2007)

PROCEDURAL BACKGROUND

On August 12, 2004, the Utilities Board (Board) issued an order approving a settlement agreement in Docket No. SPU-04-1, In re: Iowa Joint Utility Management Project, Inc. The settlement agreement expanded the existing small volume gas transportation pilot projects offered by MidAmerican Energy Company (MidAmerican) and Interstate Power and Light Company (IPL) to include governmental entities. (The pilot projects were initially limited to schools.) In the order, the Board also extended the pilot projects to August 31, 2007. In the August 12, 2004, order, the Board directed IPL and MidAmerican to file tariffs in compliance with draft tariffs attached to the settlement agreement. The order also required MidAmerican and IPL to file reports each year during the term of the pilot projects and a final report at the end of the pilot projects.

MidAmerican and IPL filed reports in 2005 and 2006 that provided the information about the pilot projects as directed by the Board's August 12, 2004, order. On February 14, 2007, the Board issued an order requesting additional information concerning the pilot projects from the utilities and from competitive natural gas providers (CNGPs) providing service under the pilot project tariffs. MidAmerican, IPL, Iowa Joint Utility Management Program, Inc. (IJUMP), Cornerstone Energy, Inc. (Cornerstone), the Consumer Advocate Division of the Department of Justice (Consumer Advocate), and U.S. Energy Services, Inc. (U.S. Energy), filed responses.

On March 26, 2007, Consumer Advocate filed supplemental comments. On April 11, 2007, IJUMP filed a supplemental response and a motion to extend the pilot projects, without modification, until April 30, 2008, and to delay the effective date of any tariff changes directed by the Board until that date. On April 13, 2007, the Board issued an order directing that answers to the IJUMP motion be filed on or before April 23, 2007. Consumer Advocate, MidAmerican, IPL, and Cornerstone filed responses to the motion filed by IJUMP.

On May 14, 2007, the Board issued an order granting IJUMP's motion and extending the pilot projects to April 30, 2008. In the order, the Board established a date for filing additional comments in response to the supplemental comments of Consumer Advocate and IJUMP. IPL filed a letter in lieu of additional comments. IJUMP and MidAmerican filed additional comments. MidAmerican's comments included the results of a study concerning how well MidAmerican's monthly-metered forecasting model predicted the daily natural gas usage of a school. On June 25, 2007, MidAmerican filed the results of a more comprehensive study of monthly-metered forecasting encompassing schools, local governments, and commercial establishments.

On September 11, 2007, MidAmerican filed the information for the period ending August 2007 as required by the August 12, 2004, order. On September 12, 2007, IPL filed the information for the period ending August 2007 as required by the August 12, 2004, order.

HISTORICAL BACKGROUND

The issue of whether to require Iowa investor-owned natural gas utilities to offer a separate transportation service to small volume customers without some of the provisions contained in existing transportation service tariffs designed for large volume customers has been considered by the Board since 1996. During this time, the Board has considered small volume transportation service along two paths: (1) through an inquiry into a mandated service option for all small volume customers, including residential customers, and (2) a more limited service originally offered as a pilot project only to schools.

A. Small volume transportation and related dockets

In 1996, large and some medium volume customers were taking advantage of the opportunity to transport natural gas instead of using system gas purchased from the utility and had been doing so since the mid-1980s. Small volume transportation customers could also take service under these tariffs, but small volume customers were not transporting natural gas because of requirements in the utility tariffs that made it uneconomical for a small volume customer to take the service. These requirements included relatively high administrative fees, telemetry requirements, capacity and storage availability to marketers, marketer requirements, and billing arrangements, along with the effect of transportation on the utility's obligation to serve.

The Board adopted rules in Docket No. RMU-96-12, In re: Natural Gas Transportation, designed to encourage small volume transportation service. The rules established limits on administrative fees, established a threshold below which telemetering equipment could not be required, mandated that utilities establish a mechanism for handling daily imbalances, established marketer requirements, and provided options for billing arrangements. These provisions were adopted to remove several of the significant barriers that had prevented small volume customers from transporting gas. The rules gave natural gas utilities the procedural option of filing proposed tariffs offering small volume transportation service in compliance with these provisions or filing plans to implement the service. All of the utilities chose to file plans rather than tariffs in what became Docket No. NOI-98-3, In re: Small Volume Gas Transportation.

On July 18, 2003, the Board issued an order closing Docket No. NOI-98-3. In that order, the Board indicated that significant changes had occurred in the natural gas industry such that implementation of a comprehensive small volume gas transportation plan, which included residential customers, would no longer be in the public interest. The Board made this statement based upon the lack of response by small volume customers who might be interested in the service and upon the increased volatility of natural gas prices. In Docket No. RMU-03-6, In re: Revisions to Small Volume Gas Transportation Service Rules, in which the Board adopted rules establishing the certification requirements for CNGPs pursuant to Iowa Code §§ 476.86 and .87, the Board rescinded the small volume transportation rules adopted in Docket No. RMU-96-12.

On October 9, 2003, the Board opened an inquiry in Docket NOI-03-5, In re: Review Of Bill Risk Management For Natural Gas Customers, to consider what alternatives might be available to small volume customers to reduce the risk of volatile natural gas prices. The Board noted the utilities had taken some action to address this potential problem by hedging the risk of natural gas price volatility and two gas utilities began hedging volumetric risk. The Board also indicated that small volume customers continued to have the ability to transport natural gas under existing transportation tariffs, albeit subject to the requirements that tended to make this option uneconomic.

On November 29, 2004, the Board issued an order in Docket No. NOI-03-5 stating that the approval of the settlement and associated tariffs in Docket No. SPU-04-1 resolved most of the issues raised in the inquiry. The tariffs approved in the settlement allowed CNGPs the opportunity to provide transportation service to governmental entities as part of an expanded pilot project for small volume transportation and many of the changes proposed by marketers were implemented.

In the November 29, 2004, order, the Board indicated that it would be premature to propose any additional changes to permanent small volume transportation rules or tariffs until the Board had a chance to review information concerning the pilot projects approved in Docket No. SPU-04-1. The Board indicated that a review of that information should give the Board a better understanding of what changes, if any, needed to be made to Board rules and to consider what requirements for small volume transportation should be adopted if the service were to be made permanent. The Board stated that Docket No. NOI-03-5 would be held open for consideration of unresolved issues raised by marketers after the Board had completed its review of the pilot projects.

B. Pilot projects

At the same time the Board was adopting small volume transportation rules and considering whether and how to implement small volume transportation for all small volume customers, IPL and MidAmerican filed proposed tariffs to implement small volume transportation pilot projects for schools in their service areas. The Iowa Association of School Boards (IASB) contacted all of the rate-regulated natural gas utilities in Iowa encouraging them to offer natural gas transportation to schools. IASB established the Iowa Joint Utility Management Program (predecessor to the IJUMP corporation that is a party to this docket) to provide assistance to schools that chose to participate in the pilot projects. IPL, MidAmerican, and Atmos Energy Company (Atmos) filed tariffs to implement the pilot projects. Peoples Natural Gas Company (predecessor to Aquila, Inc., d/b/a Aquila Networks) (Aquila) did not implement a pilot project. Schools in Aquila's service territory took service under Aquila's existing permanent transportation tariffs, which have been modified since that time to remove many of the barriers.

IES Utilities, Inc. (IES) (a predecessor of IPL), filed a proposed small volume transportation service pilot project tariff in October 1997 designed to allow public schools served by IES the opportunity to transport gas without installing telemetry equipment. IES indicated that the pilot project would provide a learning opportunity for marketers, small volume customers, and the company. On November 26, 1997, the Board issued an order approving the pilot project.

On November 14, 1997, MidAmerican filed its proposed IJUMP pilot project tariff, identified as TF-97-323. On December 12, 1997, the Board docketed the filing in response to an objection filed by Consumer Advocate regarding potential subsidization of the pilot project customers by system purchased gas adjustment (PGA) customers. On January 9, 1998, the Board issued an order approving a settlement agreement that resolved the issue of subsidization.

MidAmerican implemented the small volume transportation pilot project for schools in January 1998 consistent with the settlement agreement with the IASB. MidAmerican indicated in the filing that the pilot project was intended to provide MidAmerican with additional experience with natural gas unbundling for a group of customers that characteristically had greater requirements than the customers who were the subject of MidAmerican's first pilot project in 1996, the Rock Valley project.

MidAmerican indicated that the Rock Valley project demonstrated the interest of smaller customers in gas transportation and the administrative challenges facing utilities in implementing unbundled transportation service. The IJUMP pilot project was to give MidAmerican more information regarding the use of forecasts in lieu of daily telemetry, customer aggregation, and the appropriate level of charges for various services that were imposed in the unbundled environment, such as swing service and administrative fees.

Both the IES (now adopted by IPL) and MidAmerican pilot projects have been extended several times since they were implemented. The last extension in 2004 also expanded the pilot projects to include governmental entities.

C. Current pilot project tariffs

Under the current MidAmerican pilot project tariffs, a school or governmental entity taking firm service from MidAmerican may participate in the project by giving 60 days notice of the intent to transport gas and naming a pool operator (a CNGP certificated by the Board to provide small volume transportation service in Iowa). Under the tariffs, the customer is not required to install telemetry equipment for daily metering and MidAmerican uses a model to forecast daily gas consumption for each participant. Under the tariffs, MidAmerican manages any daily imbalances between the forecasted daily gas supply requirement and the customer's actual consumption caused by the difference between the actual weather and the forecasted weather. These differences are cashed out monthly based on the customer's actual usage and deliveries. MidAmerican charges the customer a swing service fee of $0.111 per Dth for this service. The swing service fee may be recalculated annually based upon actual volumes.

The customer is responsible for its share of any pipeline penalties caused by the pool operator's failure to deliver the forecasted daily gas requirement provided by MidAmerican. The customer is responsible for any identifiable additional costs associated with a return to system supply service. Customers are charged an administrative charge capped at $0.25 per Dth, which is currently $0.08 per Dth, and the fee is trued up annually. MidAmerican waived its reconnection fees associated with a pilot project customer terminating transportation service and returning to sales service. MidAmerican charges small volume transportation customers the energy efficiency cost recovery charge (EECR).

The IPL pilot project tariff provides that public schools, community colleges, and state and local governmental entities with heat sensitive load, delivered through one meter at one point of delivery, whose maximum daily requirements do not exceed 200 Dth, may take service under the pilot project. IPL also specifies the volume of natural gas to be delivered by the supplier to IPL's system. IPL provides a daily balancing service at the rate of $0.105 Dth for pilot project customers instead of requiring the customer to install telemetry equipment.

Customers taking service under IPL's pilot project are required to balance monthly and to cash out every six months. IPL charges a nomination and dispatching charge of $47 per month for each metering point. IPL allows a customer to return to system service between May 1 and July 1, or up until November 1, by paying an administrative fee of $50. For other periods, the customer must pay $500, the tariffed rate in IPL transportation tariffs. In addition, IPL requires a contract for one year and applies a customer charge, delivery (volumetric) charge, and any other pertinent charge in addition to the charges described above. IPL customers do not pay the EECR.

BOARD DECISION

The settlement reached in Docket No. SPU-04-1 expanded the types of customers eligible for the pilot projects to include governmental entities, extended the pilot projects until August 31, 2007, and changed some of the conditions in the pilot project tariffs. The Board has now extended the pilot projects until April 30, 2008, to allow time to complete its analysis and to allow CNGPs time to adjust to the Board's decision about permanent tariffs before the 2008-2009 winter heating season. As the Board indicated in the order approving the settlement agreement, it is time to make a decision about whether to require utilities to provide small volume transportation as a permanent service. It is not good regulatory policy to continue to extend the pilot project for the benefit of only one or two types of customers, and the Board has gathered sufficient information over the years to render a decision on this issue.

The "Historical Background" section above shows that the pilot projects allowing schools and then schools and governmental entities to take transportation service have been in effect since 1997. MidAmerican and IPL have been providing service under these pilot projects while the Board has been through several dockets to determine whether a permanent small volume transportation service open to all small volume customers, including residential customers, should be established. The Board closed those dockets when it became clear that transportation service to all small volume customers, including residential service, was not a viable option and not in the public interest. However, the pilot projects have shown that small volume transportation service for some MidAmerican and IPL customers is desired and will be utilized by those customers who find that the service provides a benefit to them.

The issues that need to be addressed to determine whether to require MidAmerican and IPL to file permanent tariffs can be separated into two categories: regulatory issues and tariff issues. The Board's discussion of the issues focuses on the comments of MidAmerican and IPL since they include the significant issues raised by other parties. The Board has summarized the issues below and has reviewed and considered all of the comments of the parties in making its decision.

A. Regulatory issues

MidAmerican sees the Board's decision concerning a permanent small volume transportation service as a fundamental change to natural gas regulation. MidAmerican suggests that expansion of small volume transportation service, on a monthly-metered basis, could potentially involve a substantial part of utility sales load. MidAmerican cautions that the Board should restructure the retail gas market only to the extent that such a determination is in the public interest, will not result in remaining PGA customers subsidizing transportation customers, not otherwise lead to increases in PGA costs, nor increase the risk profile of the gas business leading to a higher cost of capital that would adversely affect PGA and transportation customers alike.

MidAmerican states that it does not support expanding monthly-metered transportation service or making the pilot project service permanent at this time because there is not enough information to do so. MidAmerican states that it has completed an analysis that suggests that the forecasting mechanism it utilizes does not accurately forecast daily usage and results in cross-subsidies between monthly-metered participants and PGA customers. MidAmerican suggests that the Board should consider the possibility that decreases in the cost of telemetry equipment may make daily metering a more affordable option for the typical customer in the future which could reduce the desire for a monthly-metered option. MidAmerican states that if the Board decides to make the service permanent, the Board should make findings that the service in is in the public interest and address the utility's obligation to serve and, as argued by Consumer Advocate, ensure that there are no substantial cross-subsidies that could adversely affect PGA customers.

Under current Board rules and decisions, utilities are required to serve small volume customers who wish to return to system gas service and also customers who experience supply failure. MidAmerican contends that when these decisions were made, the settlement agreement in this docket had just been signed and there was no expectation of significant interest in small volume transportation. If the utility is to remain the provider of last resort for small volume transportation customers, the costs of standby service should be determined and charged to this group of customers.

MidAmerican argues that the question of the precise benefits customers seek when they participate in monthly-metered transportation service has not been fully explored and recommends that the Board solicit objective information from monthly-metered service customers and other customers who could qualify for the service, through workshops, interviews, surveys or other means, to try to determine why customers are participating in the pilot project. In addition, MidAmerican suggests that clear signals that small volume transportation customers will not be subsidized by PGA customers need to be sent so that financial markets understand that no cross-subsidization will occur. MidAmerican suggests that the ability of a customer to leave the system for another supplier is, essentially, granting of an option to the customer by the utility and the utility's customers. MidAmerican argues that without clear signals to prohibit this option, the financial markets may see this as additional risk for the utility and increases in capital cost will follow, to the detriment of the utility and its remaining gas service customers. MidAmerican recommends that the Board conduct further proceedings to consider these concerns.

IPL generally supports making the tariffs permanent if it can be shown that customers benefit from the small volume transportation service. IPL recommends the Board evaluate what benefits the customers are receiving. If the main benefit is a fixed and predictable bill, rather than gas cost savings, for example, IPL recommends a more direct approach to addressing the customer's need. IPL expresses concern about its continuing obligation to serve customers who join the small volume transportation project and believes implementing this pilot project on a permanent basis could, among other things, have a revenue impact on IPL's operations. IPL suggests being allowed to evaluate the transportation tariff in total within a revenue requirements rate case, rather than this docket.

For purposes of this proceeding, IPL recommends two possible approaches if the service is made permanent. IPL indicates that it currently offers a transportation option to non-residential customers based upon usage. To qualify for the large transportation rate, the customer's daily requirement must exceed 200 Dth average for a six-month period during any consecutive 12 months. The small volume transportation (SVT) customer qualification is a maximum of 200 Dth or less per day. IPL points out that these are the same volume qualifications for IPL's General Service and Large General Service system rates. The current SVT customer qualification requirements are similar to the qualifications for customers to participate in the pilot project (Pilot SVT). The rates between the current SVT and the Pilot SVT are similar, however, there are differences that benefit the Pilot SVT customer.

IPL suggests that under the first approach it would consolidate the two small volume offerings and determine best practices from the two projects to form a single SVT offering. To adopt this option, IPL would need to know at what level telemetering and daily balancing would be required, who should be performing the nomination function, and if the individual customer usage level were to be set too high, IPL would recommend a cap on overall participation.

The second approach would be for IPL to establish differing usage break points given the smaller size of the pilot project's customers. IPL recommends establishing a rough estimate of usage to illustrate the differences between the customers taking service under the current SVT and the Pilot SVT.

Board discussion

When the pilot projects were originally approved, the Board was actively considering whether to require utilities to remove the barriers to transportation service for small volume natural gas customers, including residential customers, found in existing transportation tariffs. In this docket, MidAmerican is raising many of the same issues that have been raised over the years in opposition to making small volume transportation service economical for small volume customers. The Board has considered these arguments in the past and recognized that many of them were persuasive when they were considered in the context of a mandated small volume transportation service open to all small volume customers, including residential customers. These arguments are not so persuasive when they are considered on the more limited basis presented in this docket. MidAmerican and IPL have questioned whether small volume customers would benefit from a small volume transportation service. IPL has also raised issues that relate to the conditions that should be included in permanent tariffs and those issues will be considered in the "Tariff Issues" section below.

In considering whether small volume customers were receiving a benefit from the small volume service, the Board has concluded that the number of customers who have taken transportation service under the pilot projects over the years demonstrates that the service provides benefits to some customers. In this docket, the suppliers of the service, CNGPs, have indicated they are generally satisfied with the terms and conditions of the service and these companies currently have customers who believe the service provides some benefit beyond what can be offered by the utilities. One benefit that suppliers have reported is that customers like the ability to stabilize the cost of gas for budgeting purposes.

Both IPL and MidAmerican have suggested that the Board conduct a study by contacting the small volume customers to determine what benefit they are receiving under the pilot project tariffs. The Board is reluctant to question the business judgment of these customers and considers a customer's voluntary participation in the pilot project to be sufficient evidence that the customer has determined it is receiving benefit from the service.

An evaluation of the number of customers taking service under the pilot project tariffs as compared to the total number of customers eligible for the service does not support MidAmerican's statements about the potential market for small volume transportation service and the effect it could have on natural gas utilities if the service were to be made permanent. In 2005, MidAmerican had 1,570 schools and 2,760 governmental entities that were eligible to take part in the project. The data shows that 566 schools and 175 governmental entities took the service in 2006. In 2006, IPL had 616 schools and 898 governmental entities eligible to take part in the project. The data shows 148 schools and no governmental entities took the service.

This data shows that the service will be taken by those entities that perceive they will benefit from the service and, judging from past participation, approximately one-third or fewer of those eligible will take the service. This information provides an indication that the numbers of customers that will take a permanent small volume transportation service will likely not be so great as to have a significant financial impact on MidAmerican or IPL and certain conditions can be placed on the service that should alleviate any remaining risk to the utilities. The primary proposed limitation would be a cap on the number of customers who can switch to the service. Imposition of a cap on the number of customers will limit the need for significant increases in expenditures by the utilities associated with the service and should reduce most of the potential financial risk that may exist. This incremental approach will also reduce the possibility of unforeseen circumstances causing significant adverse effects on PGA customers.

MidAmerican and IPL provided information regarding when the number of customers taking the service would require significant additional expenditures that provides a starting point for setting caps. MidAmerican indicated in the response to the Board's February 15, 2007, order that the total number of small volume transportation customers it could serve without adding additional staff would be approximately 1,000 customers. If staff additions were made, MidAmerican's existing billing system is projected to be able to handle about 5,000 small volume transportation customers. MidAmerican indicated in earlier filings that billing system changes would cost at least $1 million.

In response to the February 15, 2007, order, IPL indicated that it believes it could handle two to three times the number of accounts it currently has enrolled in the pilot project without a significant increase in costs. This assumes the new accounts would be similar in size to those currently taking service under the pilot.

Over the years of the pilot projects, MidAmerican and IPL should have accumulated enough information about how each pilot project has operated to address any problems with the components to be included in a permanent service. MidAmerican and IPL have been providing the service since 1998 and have made adjustments to the service over the years. There may be issues concerning the proper rates to be charged for the service, however, there is little evidence in the information presented to the Board in this docket that approval of small volume transportation service will have a significant adverse effect on MidAmerican or IPL.

One of MidAmerican's primary objections to a permanent service is that its monthly customer usage forecasts are not very accurate. MidAmerican made the choice to forecast the usage for customers under the pilot project, rather than allowing each customer to forecast its own usage. Since MidAmerican decided to perform the forecasting, it has had sufficient opportunity to refine its forecasting over the years since 1998. MidAmerican's latest filing, on June 25, 2007, purports to show that the forecast causes a daily imbalance of between 15 and 19 percent. To address this problem going forward, MidAmerican can either improve the forecasting methodology to reduce the potential for significant imbalances or it can allow small volume transportation customers to forecast their own usage.

The Board is not persuaded by MidAmerican's suggestion that the Board should wait for the cost of telemetry equipment to decline to where it makes purchasing the telemetry equipment an option for small volume transportation customers. If and when this occurs, MidAmerican can make the necessary filing to have the Board reconsider this issue. The Board is unwilling to put a decision on the issue of a permanent small volume transportation service on hold for a future event that is uncertain, at best.

The participation level under the pilot projects indicates that many, but not all, small volume customers are interested in small volume transportation service. In the absence of countervailing factors, it is generally in the public interest to supply customers with the services they want, so long as other customers are not harmed by doing so. Here, based on nearly ten years' experience with the pilot projects, it should be possible to design a small volume transportation service offering that benefits the customers who opt to use it without adversely affecting other customers.

The obligation to serve will remain in effect and IPL and MidAmerican will continue to serve as the provider of last resort. Therefore, they will be required to provide service to small volume transportation customers electing to return to system service and to provide service to small volume transportation customers in the event they experience a supply failure. Small volume customers do not have the resources to maintain backup service and are not in a position to protect themselves from failure of supply. As recognized by the Board over the years, small volume customers are less able to protect themselves in case of failure of supply and so should be allowed to return to system gas with certain reasonable restrictions. In addition, the tariffs can be structured to limit the risk of sudden shifts of customers from transportation back to system gas service.

The Board previously addressed the issue of the utility's obligation as the provider of last resort in the "Order Adopting Amendments" issued February 19, 2001, in Docket No. RMU-00-07, In re: Natural Gas Market Certification. In that docket and in the "Order Adopting Amendments" issued April 8, 2004, in Docket No. RMU-03-6, the Board stated that the utility has the obligation to supply gas to small volume transportation customers who wish to return to system gas or who wish to continue to transport and experience supply failure. Therefore, this issue had been addressed and resolved before the settlement was approved in Docket No. SPU-04-1. In addition, MidAmerican and IPL have in place tariffs that establish replacement costs to be paid when small volume transportation customers lose their supply. These tariffs were filed as required in 199 IAC 19.14(6)"g" and were approved by the Board in 2003 when Docket No. NOI-98-3 was closed. They are intended to recover costs associated with procuring short-term emergency supply and should not affect PGA customers.

As indicated earlier, reasonable conditions can be placed in permanent tariffs to limit when and under what conditions a small volume transportation customer may switch back to system gas. PGA customers can also be protected by reasonable small volume transportation switching conditions in permanent tariffs. The Board considers these protections sufficient to protect PGA customers from existing risks of significant cross-subsidization. Removal of the provider of last resort requirement would be a substantial barrier that would prevent many small volume customers from transporting gas.

Finally, the Board has held enough workshops and opened enough dockets that it is not necessary to delay a decision to allow for further discussion. MidAmerican has suggested the Board conduct surveys of small volume customers to find out what they think about the service. The Board considers the number of customers taking the service under the pilots and the inquiries it has received about expanding the service to other small volume customers to be sufficient indication that the service is perceived as beneficial by some customers. The fact that customers continue to take the service and have taken the service since 1998 also shows that some customers find the service beneficial. If the service is offered and customers do not use the service, then MidAmerican will experience less of its perceived risk.

B. Tariff issues

1. Standby service

MidAmerican concurs in the recommendation of Consumer Advocate that the Board remove the obligation to standby under 199 IAC 19.14(6)"g" in the event a customer's alternative supply is not delivered. MidAmerican points out that under the pilot project tariff, a monthly-metered customer that fails to receive gas from its supplier must pay firm supply standby service charges when it takes gas, but is not required to elect an amount of standby reserve. MidAmerican contends that monthly-metered customers should be required to provide or pay for firm capacity that can be delivered in the future.

MidAmerican asserts that even though IJUMP claims not to have had any failures of supply to its customers, the customers may not always have firm capacity to ensure future deliverability. IJUMP primarily relies on zone delivery, which is acceptable when interstate pipelines are not requiring delivery on a primary point basis; however, zone delivery may pose delivery reliability issues during periods when capacity is tight. MidAmerican indicates that it has seen tightening of available pipeline capacity recently. If significant migration to or from monthly-metered service should occur, per unit costs for MidAmerican to retain capacity as the supplier of last resort may increase. If MidAmerican is forced to retain capacity to serve existing monthly-metered customers, MidAmerican's total capacity reserve margin would likely exceed the 5 percent tolerance level approved by the Board.

The Board is not convinced that monthly-metered customers should be required to pay for firm capacity that can be delivered in the future. There are other options for limiting the risk to MidAmerican and IPL associated with small volume transportation customers coming back on the system. Limits can be set on when and how often a customer may make the switch back to system gas. If the zone delivery or the reserve margin issues become a problem for MidAmerican or IPL, those issues can be addressed in the future.

2. Predictability of load

MidAmerican indicated that it conducted an analysis to determine whether IJUMP's statement that schools and local governments have predictable load was accurate. MidAmerican states that this analysis shows this statement is not correct.

MidAmerican states that it conducted the analysis to determine how well the monthly-metered forecasting model predicted daily usage of a school by developing monthly-metered forecasts for six daily-metered schools. MidAmerican then used the monthly-metered forecasting model to calculate a daily-metered customer school account and developed a profile for six schools. On June 25, 2007, MidAmerican filed the results of an expanded study on this question.

The results of MidAmerican's analysis are shown on three attachments to the May 24, 2007, filing. The data shows that the six schools have heat sensitive loads; that the absolute average daily imbalance for the six schools was 17 percent, depending on the month; and that the variance ranged from 12 to 29 percent throughout the heating season. As another test, MidAmerican developed profiles using the actual weather and the actual usage for the six schools during the same comparison period of November 2006 to March 2007. The results show the absolute daily imbalance to be 25 percent.

MidAmerican suggests that this analysis indicates that weather is not the primary factor in the imbalance variance. It is only one of several variables, such as changes in the use of the school facilities, vacation and snow days, and special events. MidAmerican points out that less accurate forecasting or more erratic usage, or both, bring larger daily imbalances that must be covered by the PGA swing assets supporting the balancing charges being charged by MidAmerican in the pilot project.

The Board understands MidAmerican's point that forecasting daily usage is not 100 percent accurate, however, that fact is not, by itself, a reason to deny small volume transportation customers the benefits of transportation service. First, it is possible that forecasting accuracy will improve with increased experience and a larger, more diverse customer class. In addition, MidAmerican charges a swing service fee to compensate for any imbalances, that have occurred throughout the month. These imbalances are also cashed out each month. It appears that the swing service fees and other charges should cover the imbalances as demonstrated by MidAmerican's studies. Also, MidAmerican has the option to propose an alternative tariff requirement that places the forecasting requirement on customers. For all these reasons, this problem has not been shown to be so severe as to prevent the provision of a permanent small volume transportation service. These issues can be addressed in the development of the permanent tariffs.

MidAmerican also argues that IJUMP is wrong when it suggests that snow days and other erratic changes in usage benefit PGA customers since the PGA customers can use the unwanted gas. MidAmerican states that it must balance each gas day with the pipelines and this becomes more burdensome and costly when schools have reduced usage due to unanticipated closings.

The Board recognizes that schools can have unique problems with daily balancing that can affect the ability of the utility to stay in balance on a daily basis. However, as noted above, this problem may be alleviated by opening small volume transportation to a more diverse group. It can also be addressed through adjustments or accommodations in the permanent tariffs such as the weekend swing service discussed below.

3. Weekend swing service

MidAmerican supports the establishment of an optional weekend swing service with proper allocation of costs to a permanent monthly-metered service.

This is an issue that was raised by MidAmerican in meetings with Board staff last year. Some type of optional swing service could help to address the forecasting problem. This is an issue MidAmerican can address by working with the CNGPs and developing proposed tariff provisions for the Board's consideration.

4. Use of affidavits to establish firm capacity

MidAmerican agrees with IJUMP that CNGPs could provide an affidavit to the utility that customers have only used "primary firm pipeline capacity" for service as long as the capacity provides for point deliveries, rather than primary zone deliveries.

On this record, it is not clear that the issue of point deliveries to zone deliveries is a current problem. If MidAmerican and IPL believe it is, they can propose a requirement in permanent tariffs that small volume customers, or the CNGPs on behalf of the customer, provide an affidavit that they only use "primary firm pipeline capacity."

5. Penalty mechanism

MidAmerican states that it has a tiered penalty mechanism in place with two penalty charges: one applicable to over-and under-deliveries on non-critical days ($5 per Dth) and the other for failure to deliver the forecasted requirement on critical days

($30 per Dth, or three times the Chicago index price). MidAmerican states that it does not see any reason to change this tier system, as suggested by IJUMP. The two-tiered penalty mechanism gives a strong incentive for transporters to perform during critical periods.

Based on this record, the Board is satisfied with the two-tiered penalty mechanism MidAmerican has in place. This issue can be reviewed when proposed permanent tariffs are filed, if necessary.

6. Pipeline capacity concerns

MidAmerican questions whether IJUMP has presented two inconsistent recommendations concerning pipeline capacity. First, according to MidAmerican, IJUMP states that customers should pay for capacity acquired to serve customer needs as a sales service customer for either one year or for a lesser period if proper advance notice has been provided. Second, IJUMP wants its customers to have the right to freely jump back and forth between sales and transportation service with 60 days' notice by paying a $25 switching fee to be charged only after switching for the third time in a 12-month period. MidAmerican states that there should be a corresponding capacity charge to be applied at all times (both while the customer takes sales service and while the customer takes monthly-metered small volume transportation service) or else the utility will be forced to pass the capacity costs on to PGA customers.

The Board agrees that reasonable limits will need to be placed on a small volume transportation customer's ability to return to system gas. However, the Board is concerned that a capacity charge that includes future capacity for the small volume customer may be a barrier to the small volume customer being able to take the service and will not establish this requirement as part of the permanent service.

7. Administrative charges

MidAmerican states that IJUMP's suggestion that monthly administrative per-customer charges should be minimal, as low as $10 per account, is not based on utility cost of service. MidAmerican contends that cost of service is the most appropriate basis for setting charges for monthly-metered transportation service and that the cost of providing monthly-metered transportation service may depend more on the number of customers than on the volume of gas taken.

This is an issue that will need to be addressed separately for each utility. It appears that MidAmerican may need to adjust its rates if a permanent service is approved. MidAmerican has a volumetric charge in its pilot project tariffs while IPL has a fixed charge. IPL's current rate structure may recover the costs more accurately because the cost of providing monthly-metered service may depend more on the number of customers than the volume of natural gas transported. The Board will allow a cap to be placed on the number of customers who can take the small volume transportation service to limit the overall potential impact on MidAmerican and IPL; this should make it possible to estimate a reasonable monthly administrative charge.

8. Pool operator charge

MidAmerican disagrees with IJUMP that administrative charges should not be charged on a per customer basis but, instead, through a single pool operator charge where each pool operator pays a flat charge of $2,500 per month. MidAmerican believes that administrative costs are more customer-related and should be charged on a per customer basis. MidAmerican suggests that the IJUMP proposal would be a disincentive to new participants who would be faced with a large fixed expense regardless of the number of customers they served.

Based on this record, the Board agrees that administrative charges should be charged on a per customer basis. Whether a flat rate charge would be appropriate is an issue that can be considered in future rate cases, if necessary.

9. IPL's proposed options

IPL described two options that could be considered for permanent tariffs. IPL suggests under the first approach that it would consolidate the two small volume offerings and determine best practices from the two projects to form a single small volume offering. To adopt this option, IPL would need to know at what level telemetering and daily balancing would be required, who should be performing the nomination function. In addition, if the usage level were to be set too high, IPL would recommend a cap on participation.

The second approach IPL proposed would be for IPL to form differing usage break points given the smaller size of the pilot project's customers. IPL recommends establishing a rough estimate of usage to illustrate the differences between the customers taking service under the current SVT and the Pilot SVT.

If IPL believes that the pilot project tariffs should be modified when it proposes permanent tariffs, it may propose those changes as part of that filing. In this order, the Board is providing some guidance regarding the conditions it considers reasonable, if the pilot project tariffs are to be modified. This does not preclude IPL or MidAmerican from making other proposed changes; however, they will need to provide sufficient support for these changes.

PERMANENT SMALL VOLUME TRANSPORTATION SERVICE

Based upon consideration of the information provided in the docket and the history of the dockets addressing small volume transportation service, the Board has determined that MidAmerican and IPL should be required to offer a small volume transportation service on a permanent basis, in a manner similar to the pilot project service. The history of the Board's investigation into this issue shows that further discussion of the general issues involved in small volume transportation is not necessary. The Board has conducted workshops, adopted rules, opened inquiries, and reviewed many filings addressing this issue. This process has sufficiently analyzed the issues and has narrowed the focus of what service is reasonable. Several issues concerning the components of a permanent service will need to be worked out individually for each utility, but the question of whether the Board should mandate a permanent small volume transportation service has been fully explored and has been answered.

MidAmerican and IPL will be directed to file the current pilot project tariffs as permanent tariffs for small volume transportation service that include, at a minimum, the following three provisions:

(1) The tariffs should be available to all small volume customers, except residential customers, as defined by the tariffs. The utility should provide some factual support or a rationale for the volumes used to determine the eligibility of the small volume customer for the service. Reference should be made to the definition of small volume customer in 199 IAC 19.14(1).

(2) Utilities may propose a reasonable cap on the number of customers who may take service under the permanent small volume transportation tariffs. Any proposed cap should be supported by cost data and the utility should explain any differences from the information previously provided in this docket.

(3) The tariffs should provide that all small volume transportation customers will pay the same EECR factor they would pay as a system customer and that they will be able to participate in the energy efficiency programs offered by the utilities.

MidAmerican or IPL may also propose modifications to the pilot project tariffs consistent with the conditions discussed below. The proposed modifications may include, but are not limited to, the following provisions:

(1) Provide for a reconnection charge that is cost-based and is not a barrier to a small volume customer that decides to return to system gas. The utility may propose to charge the customer a higher charge during the winter heating season or provide some other condition of service that protects the utility and system customers from identifiable costs that would be generated by the customer switching back to system gas service. (As an example, Aquila has a $5 reconnection charge.)

(2) Include a bundled volumetric rate for nomination, dispatching, balancing, administration, and other costs (similar to the Aquila small volume transportation tariff), with cost support, or provide an explanation and cost support for separate charges for these components.

(3) Require that small volume transportation customers provide proof of firm interstate pipeline capacity, such as an affidavit. If the utilities consider this administratively impractical, then provide terms of service that address this issue to protect both the small volume transportation customer and system customers.

(4) Service may be offered to all small volume customers, not just heat-sensitive customers.

(5) Address any other terms of service that the utility considers necessary to make small volume transportation service a permanent and workable option.

The Board will require MidAmerican and IPL to prepare and file proposed permanent tariffs. Any issues left unresolved by this order or that are specific to the proposed tariffs can be raised after those filings are made. The proposed tariffs shall be filed on or before December 31, 2007, with a proposed effective date of April 30, 2008, which will allow the utilities and interested parties an opportunity to meet and discuss the proposed tariffs. This schedule will bring this matter to a conclusion and remove the uncertainty of whether the service will continue after the pilot projects end.

ORDERING CLAUSE

IT IS THEREFORE ORDERED:

MidAmerican Energy Company and Interstate Power and Light Company shall file proposed permanent small volume transportation tariffs consistent with this order on or before December 31, 2007, with an effective date of April 30, 2008.

UTILITIES BOARD

/s/ John R. Norris

/s/ Krista K. Tanner

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 5th day of November, 2007.

CASE NO. GR-2009-0355
MISSOURI GAS ENERGY

DIRECT TESTIMONY

OF

RICHARD HAUBENSAK

ON BEHALF OF CONSTELLATION NEWENERGY-GAS DIVISON, LLC

SCHEDULE RJH 3

Contents:

Copies of Letters from MGE Customers Supporting a Lower Threshold for Eligibility for Gas Transportation Service

FAMILY LAUNDRIES

11525 BLUE RIDGE BLVD.
KANSAS CITY MISSOURI 64134
USA

816-761-6990

JULY 20, 2009

Secretary
Missouri Public Service Commission
P.O.Box 360
Jefferson City, Missouri 65106
Re: Missouri Gas Energy Rate Case No. GR-2009-0355
Dear Secretary,

I would like to ask that the Commission consider lowering the usuage requirement for customers choosing to receive transportation service on the Missouir Gas Energy utility system. If my laundry were across the river in Kansas I would be eligible for a transportation service. However we are not presently eligible for transportation service on MGE because we do not meet the minimum threshold they have established to receive this service.

Since Natural Gas is the highest utility that laundries have to use 365 days per year and since we supply a great need to middle and lower class people that have to have clean clothes every day to function in our society we would like to have the opportunity to look at other alternatives to keep our cost down to help our society and our business function the best it can.

We are asking that the Commission encourage MGE to lower the minimum threshold in this area to help in these concerns.

I am asking this being a Coin Laundry Owner in Kansas City as well as the President of the Missouri-Kansas Coin Laundry Assn. for all coin/coinless laundries in the Kansas City area.Thank you for considering this request.

Sincerely,

Robert Meuschke
Family Laundry
11525 Blue Ridge Blvd.
Kansas City, Mo 64134

Schedule RJH 3.2

Holiday Inn

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri
65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system. The Holiday Inn Sports Complex currently is a sales customer on the MGE system and uses approximately 65000 Ccf per year. However this is not enough usage to qualify for transportation service on the MGE system. If our complex were across the river in Kansas we would easily qualify for transportation service on the Kansas Gas Service system. In this tough economy where we are trying to control costs we would like another option in purchasing our gas supply rather than having sales service from the utility as our only choice.

Thank you for considering this request.

Sincerely,

Wes Clark, General Manager
Holiday Inn Sports Complex
4011 Blue Ridge Cutoff
Kansas City, Missouri 64133
(816) 353-5300 Ext. 137
(816) 353-1199
wclark@hulsinghotels.com

cc: Robert Gremminger
Energy Sales Consultant
Constellation New Energy Gas Division

DAVIS PAINT Since 1921

Davis Paint Company

1311 IRON STREET • N. KANSAS CITY, MISSOURI 64116
P.O. BOX 7589 • (816) 471-4447
www.davispaint.com

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri
65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system. Davis Paint Company presently uses about 30,000 ccf. of natual gas per year however this is not enough to qualify for transportation service. We would like another option in purchasing our gas supply rather than having sales service from the utility as our only choice.

Thank you for considering this request.

Sincerely,

K. Ostby

Kevin Ostby
Davis Paint Company
1311 Iron Street
North Kansas City, Missouri
64116

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Schedule RJH 3.4

MID AMERICA COACH
8809 East State Road 350 • Kansas City, MO 64133
816-734-5000 • 800-821-5451 • 816-734-5090 (fax)
www.midamericacoach.com

August 17, 2009

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri
65102-0360

Ref: Missouri Gas Energy Rate Case No. GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system. I don't believe our business currently qualifies for transportation service because the current requirement by MGE is a minimum of 15000 Ccf per month. We would like to have another alternative in purchasing our natural gas supply.

Thank you for considering this request.

Sincerely,

Peter H. Beren, CBP
President

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Secretary

Missouri public service commission
p.o. box 360
Jefferson city, Missouri

Re: Missouri Gas Energy Rate Case No. GR-2009-0355

Dear Secretary:

I wish to ask that the commission consider lowering the usage requirements for customers choosing to receive transportation service on the MGE utility system. If our Laundromat was across the state line in Kansas we would be eligible for transportation service. Currently we are not eligible as we do not meet the minimum threshold they have established to receive this service. Since natural gas is not one of our largest costs but is our greatest expense we would like the opportunity to look at other alternatives rather than having to purchase our supply at the sales rate established by the MGE.

Thank you for considering this request.

Sincerely,

Cory Pietrus
CBpietrus's
DBA Lost sock
Kansas City, MO 64111

CC: Robert Gremminger
Energy Sales Consultant
Constellation New Energy Gas Division

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri

Re: Missouri Gas Energy Rate Case No. GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy utility system. I own two laundromats that each use up to 50,000 Ccf of natural gas per year. We are not presently eligible for transportation service on MGE because we do not meet the minimum threshold they have established to receive this service. Since natural gas is one of our major costs we would like to have the opportunity to look at other alternatives rather than having to purchase our supply at the sales rate established by MGE.

Thank you for considering this request.

Sincerely,

Theresa Potter
Ultra Properties LLC

Theresa Potter. Owner
Ultra Wash
12000 Brooklyn
Kansas City, Missouri
64127

cc: Robert Gremminger
Energy Sales Consultant
Constellation New Energy Gas Division

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri
65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system. Royal Fixtures currently uses about 40,000 ccf of natural gas per year but this is not enough to qualify for transportation service. We would like another option in purchasing our gas supply rather than having sales service from the utility as our only choice.

Thank you for considering this request.

Sincerely,

Tom Shepard
Royal Fixtures
1641 Crystal Avenue
Kansas City, Missouri
64126

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Signature community

Signature Community Management, LLC
www.ASignatureCommunity.com
4344 Belleview Street, Kansas City, Missouri 64111
Phone: (816) 569-6571 Fax- (816) 569-6575

June 10, 2009

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system.
We own several apartment complexes. Presently we do not qualify for transportation service because our annual usage in any complex is less than what is required by MGE to be on their transportation tariff. We would like to have another alternative in purchasing our natural gas supply.

Thank you for considering this request.

Sincerely,

Nicholas J. Moos, CPM
Vice President of Property Management
Signature Community Management LLC, Agent for
Kansas City Equities, LLC, dba Seville Plaza, Jarboe Place, Oak Rose Apartments

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Signature
community

Signature Community Management, LLC
www.ASignatureCommunity.com
4344 Belleview Street, Kansas City, Missouri 64111
Phone: (816) 569-6571 Fax- (816) 569-6575

June 10, 2009

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system.
We own several apartment complexes. Presently we do not qualify for transportation service because our annual usage in any complex is less than what is required by MGE to be on their transportation tariff. We would like to have another alternative in purchasing our natural gas supply.

Thank you for considering this request.

Sincerely,

Nicholas J. Moos, CPM
Vice President of Property Management
Signature Community Management LLC, Agent for
NWJ Kansas City Investment Fund I, dba Waldo Heights Apartments

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Signature community

Signature Community Management, LLC
www.ASignatureCommunity.com
4344 Belleview Street, Kansas City, Missouri 64111
Phone: (816) 569-6571 Fax- (816) 569-6575

June 10, 2009

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system.
We own several apartment complexes. Presently we do not qualify for transportation service because our annual usage in any complex is less than what is required by MGE to be on their transportation tariff. We would like to have another alternative in purchasing our natural gas supply.

Thank you for considering this request.

Sincerely,

Nicholas J. Moos, CPM
Vice President of Property Management
Signature Community Management LLC, Agent for
TomHan, LLC, dba Colony Court Apartments

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Signature community

Signature Community Management, LLC
www.ASignatureCommunity.com
4344 Belleview Street, Kansas City, Missouri 64111
Phone: (816) 569-6571 Fax- (816) 569-6575

June 10, 2009

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system.
We own several apartment complexes. Presently we do not qualify for transportation service because our annual usage in any complex is less than what is required by MGE to be on their transportation tariff. We would like to have another alternative in purchasing our natural gas supply.

Thank you for considering this request.

Sincerely,

Nicholas J. Moos, CPM
Vice President of Property Management
Signature Community Management LLC, Agent for
NWJ SF Ambassador, LLC, dba Ambassador Apartments

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Signature community

Signature Community Management, LLC
www.ASignatureCommunity.com
4344 Belleview Street, Kansas City, Missouri 64111
Phone: (816) 569-6571 Fax- (816) 569-6575

June 10, 2009

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102-0360

Re: Missouri Gas Energy Rate Case No.GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy system.
We own several apartment complexes. Presently we do not qualify for transportation service because our annual usage in any complex is less than what is required by MGE to be on their transportation tariff. We would like to have another alternative in purchasing our natural gas supply.

Thank you for considering this request.

Sincerely,

Nicholas J. Moos, CPM
Vice President of Property Management
Signature Community Management LLC, Agent for
Catherine Investments LLC, dba Quarry Ridge Apartments

cc: Mike C. Squires
Regional Sales Manager
Constellation New Energy Gas Division

Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri

Re: Missouri Gas Energy Rate Case No. GR-2009-0355

Dear Secretary:

I would like to ask that the Commission consider lowering the usage requirement for customers choosing to receive transportation service on the Missouri Gas Energy utility system. If our laundromat were across the river in Kansas we would be eligible for transportation service. However we are not presently eligible for transportation service on MGE because we do not meet the minimum threshold they have established to receive this service. Since natural gas is one of our major costs we would like to have the opportunity to look at other alternatives rather than having to purchase our supply at the sales rate established by MGE.

Thank you for considering this request.

Sincerely,

Ken Mast, Owner
Parvin Coin Laundry
4409 NW Briarcliff Lane
Kansas City, Missouri
64116

cc: Robert Gremminger
Energy Sales Consultant
Constellation New Energy Gas Division