

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

07-AQLG-431-RTS

In the Matter of the Application of Aquila, Inc.,)
d/b/a Aquila Networks-KGO, For Approval of)
the Commission to Make Certain Changes)
in its Rates For Natural Gas Service)

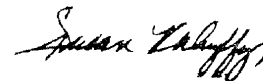
Docket No. _____

Direct Testimony of Harry F. Ono

Director, East Gas Supply Services
Aquila, Inc.

STATE CORPORATION COMMISSION

NOV 01 2006

 Docket
Room

Transportation Tariff Revisions

November 2006

1 **Q. Please state your name and business address**

2 A. My name is Harry F. Ono and my business address is Aquila Networks Gas
3 Supply Services, 1815 Capitol Avenue, Omaha, Nebraska, 68102.

4

5 **Q. Please describe your background and training.**

6 A. With respect to educational background, I graduated from the University of
7 Nebraska - Omaha in 1984 with a Bachelor of Science Degree in Business
8 Administration, Marketing Major. I have attended numerous industry related
9 seminars throughout my 25-years in the natural gas industry.

10

11 With respect to work experience, I joined Northern Natural Gas in June of
12 1979. During my ten years at Northern Natural Gas, I held numerous
13 positions of increasing responsibility, including Gas Control Operator, Gas
14 Purchases Accountant and Liquids Accountant. In 1989, I joined Aquila Inc.,
15 where I have held supply and trading related positions at Aquila's Merchant
16 Services division. From 1995 to 1996 I was the buyer for supplies for Aquila
17 GSS, specifically for Michigan. From 1996 to 1999 I was Director of the East
18 Region responsible for planning and operations. From 1999 to 2001, my
19 duties included establishment of a supply and trading unit for Energy One
20 Ventures, formerly an Aquila company. I am currently Director - East Gas
21 Supply Services for Aquila Networks Inc., where I am responsible for the
22 portfolio planning, purchasing, daily supply operations, and transportation
23 administration for Aquila's natural gas operations in Colorado, Kansas,
24 Nebraska and Iowa.

25

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is sponsor several tariff changes in the
3 transportation section of the tariff.

4

5 **Q. What tariff sheets are you sponsoring?**

6 A. I am sponsoring the following tariff sheets:

7 Index No. 29, Sheets 1-2, Transportation Services Index

8 Index No. 30, Sheet 1 of 4, Transportation Definitions

9 Index No. 31, Sheets 1-2, Small Commercial Transportation Service –

10 Aggregated (SCTS-A) New Tariff

11 Index No. 32, Sheet 1 of 2, Service Considerations

12 Index No. 33, Sheet 1 of 2, Service Considerations

13 Index No. 35, Sheet 1 of 2, Service Considerations

14 Index No. 36, Sheet 1 of 2, Service Considerations

15 Index No. 37, Sheet 1 of 8, Aggregation Charge

16 Index No. 37, Sheet 2 of 8, System Overrun Limitation

17 Index No. 37, Sheet 4 of 8

18 Index No. 38, Sheets 1, 2, 4, & 5 of 5

19 Index No. 39, Sheets 1, 2, 3, & 4 of 9

20 Index No. 39, Sheet 5 of 9, Minimum Term

21 Index No. 39, Sheet 6 of 9, Notification to Transport

22 Index No. 39, Sheet 7 of 9

23 Index No. 39, Sheet 8 of 9, Service Agreement & Termination of

24 Participation

25 Index No. 39, Sheets 9 of 9, Transportation Service Pipeline Capacity

26 Assignment

1

2 **Q. What change is being made to Index No. 29, Sheets 1-2 of 2,**
3 **Transportation Services Index?**

4 A. The proposed Small Commercial Transportation Service-Aggregated (SCTS-A)
5 rate schedule has been added to the Index, and Transportation Service Pipeline
6 Capacity Assignment has been moved from Sheet 1 to Sheet 2 of the Index.

7

8 **Q. What change is being made to Index No. 30, Sheet 1 of 4, Transportation**
9 **Definitions?**

10 A. The definition of Aggregation Pool is being modified to include the new SCTS-A
11 rate class.

12

13 **Q. What change is being made to Index No. 31, Sheets 1-2?**

14 A. Transportation Service Pipeline Capacity Assignment has been moved to Index
15 No. 39, Sheet 9, and a new rate schedule, Small Commercial Transportation
16 Service – Aggregated (SCTS-A), has been added to Index No. 31.

17

18 **Q. Who is eligible for this rate schedule?**

19 A. Service under this rate schedule is available to non-residential, non-irrigation
20 customers whose individual annual usage is anticipated to be less than or equal
21 to 500 Mcf.

22

23 **Q. What transportation rate schedule is currently available for non-residential**
24 **customers using less than or equal to 500 Mcf annually?**

1 A. Currently transportation is not available to this class of customers. If the
2 proposed rate schedule is approved transportation will be available to all non-
3 residential customers.

4

5 **Q. Why is Aquila proposing this new rate schedule?**

6 A. As part of the Stipulation and Agreement in Aquila's last rate case, Docket No.
7 05-AQLG-367-RTS, Aquila agreed to look into the feasibility of lowering the
8 minimum annual volume required to qualify for transportation. Aquila has
9 determined that by modifying its transportation terms and conditions, it can offer
10 transportation to all non-residential customers.

11

12 **Q. What change is being made to Index No. 32, Sheet 1 of 2, Service**
13 **Considerations?**

14 A. Service Considerations have been updated to reflect the new terms and
15 conditions for aggregated transportation service.

16

17 **Q. Are there other tariff sheets that require the same change?**

18 A. Yes, the same change would apply to the following tariff sheets:

19 Index No. 33, Sheet 1 of 2

20 Index No. 35, Sheet 1 of 2

21 Index No. 36, Sheet 1 of 2

22

23 **Q. What change is being made to Index No. 37, Sheet 1 of 8, Aggregation**
24 **Charge?**

25 A. This section is being modified to include the new SCTS-A rate class.

26

1 **Q. Are there other tariff sheets that require the same change?**

2 A. Yes, the same change would apply to the following tariff sheets:

3 Index No. 37, Sheet 4

4 Index No. 38, Sheets 1, 2, 4, & 5

5

6 **Q. What change is being made to Index No. 37, Sheet 2 of 8, System Overrun**
7 **Limitation?**

8 A. The daily scheduling charge for System Overrun Limitation (B.1.b.) is being
9 modified from \$11.20 to \$10.77 to reflect the pipeline's current tariff charge.

10

11 **Q. What change is being made to Index No. 39, Sheet 1?**

12 A. Because the Transportation Service Pipeline Capacity Assignment section of the
13 tariff was moved from Index No. 31 to Index No. 39, a new sheet was added to
14 Index No. 39. This requires the other sheets in the index to be updated to reflect
15 nine sheets. The only change to Sheet 1 is to reflect that it is now Sheet 1 of 9.

16

17 **Q. Are there any other sheets where a similar change is the only change to**
18 **the sheet?**

19 A. Yes, Sheets 2, 3, and 4 of Index No. 39.

20

21 **Q. What change is being made to Index No. 39, Sheet 5, Minimum Term?**

22 A. Minimum Term has been updated to include the SCTS-A rate schedule and to
23 clarify the length of time a customer must be on sales service if the customer
24 changes from sales to transportation service.

25

1 **Q. What change is being made to Index No. 39, Sheet 6, Notification to**
2 **Transport?**

3 A. This section has been updated to reflect the new terms and conditions for
4 aggregated transportation service. The notification is for both new
5 transportation service and changes to existing transportation service.
6

7 **Q. Are the new transportation terms and conditions applicable to all**
8 **transportation customers?**

9 A. The new terms and conditions are applicable to all aggregated customers, which
10 includes the new SCTS-A rate schedule as well as the existing rate schedules
11 SVTS-A, ITS-A, LVTS-A, and OLVTS-A.
12

13 **Q. Please explain the new terms and conditions.**

14 A. The Company is implementing a specific time for new customers to begin
15 transportation service as well as for current transportation customers to make
16 changes to existing service. Currently, customers can begin transporting or
17 make any changes to current service at any time during the year, provided they
18 meet the eligibility requirements.
19

20 **Q. Under the proposed tariffs, when will customers be able to initiate**
21 **transportation service or make change to existing transportation service?**

22 A. Customers under the ITS-A rate schedule can make changes or initiate service
23 twice a year. Customers under the SCTS-A, SVTS-A, LVTS-A, and OLVTS-A
24 rate schedules can make changes or initiate service once a year.
25

26 **Q. When can changes be made?**

1 A. Notification is required at least 30 days prior to April 1 of each year,
2 understanding that since customers are billed at various times during the month,
3 the changes (or new service) will begin with the customer's April nomination.
4 ITS-A customers will have a second time during the year for changes (or new
5 service), with notification being required at least 30 days prior to November 1 of
6 each year, understanding that the change (or new service) will begin with the
7 customer's November nomination.

8

9 **Q. Why are these new terms necessary?**

10 A. Administration of these programs are very time consuming and it is the
11 Company's position that to manage the programs effectively sign up periods
12 must be limited. Perpetual sign up periods become unmanageable and are
13 difficult to accurately administer.

14

15 **Q. Are there any changes that are allowed outside of the annual (or semi-
16 annual for ITS-A) enrollment and change period?**

17 A. Yes. Outside of the enrollment and change period, the Company will allow a
18 customer to terminate transportation service and subscribe to the Company's
19 sales service. However, once a customer terminates transportation service, the
20 customers will not be eligible for transportation service until the next enrollment
21 and change period.

22

23 **Q. Is Aquila proposing any administration charge?**

24 A. No. Aquila believes that by modifying its transportation terms and conditions it
25 can administer transportation without any additional fee.

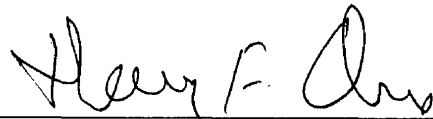
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- 1 **Q. Have any other changes been made to Index No. 39, Sheet 6?**
- 2 A. Yes. The last three items, Operational Balancing Agreement, Operational Flow
- 3 Order Penalty, and Recording and Telemetry Equipment have been moved to
- 4 Sheet 7. No changes have been made to these three paragraphs.
- 5
- 6 **Q. What change is being made to Index No. 39, Sheet 7?**
- 7 A. In addition to the three sections being moved from Sheet 6 to Sheet 7, Service
- 8 Agreement and Successors and Assigns have been moved from Sheet 7 to
- 9 Sheet 8. No change has been made to the Successors and Assigns paragraph.
- 10
- 11 **Q. What change is being made to Index No. 39, Sheet 8, Service Agreement?**
- 12 A. This section is being updated to reflect current procedures for service
- 13 agreements.
- 14
- 15 **Q. What change is being made to Index No. 39, Sheet 8, Termination of**
- 16 **Participation?**
- 17 A. The change is to reflect the process for termination of transportation service.
- 18
- 19 **Q. What change is being made to Index No. 39, Sheet 9, Transportation**
- 20 **Service Pipeline Capacity Assignment?**
- 21 A. No changes have been made to the language in this section, but it has been
- 22 moved from Index No. 31 to Index No. 39, Sheet 9.
- 23
- 24 **Q. Does this complete your testimony?**
- 25 A. Yes.

VERIFICATION

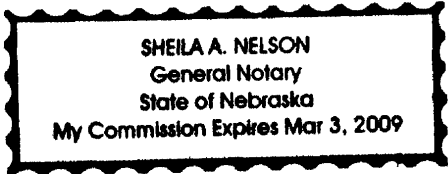
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)ss:
COUNTY OF DOUGLAS)

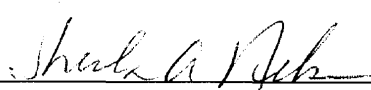
Harry F. Ono, being first duly sworn, deposes and says that he is Harry F. Ono, referred to in the foregoing document entitled "Direct Testimony of Harry F. Ono" before the State Corporation Commission of the State of Kansas and the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.



Harry F. Ono

SUBSCRIBED AND SWORN to before me this 23 day of October, 2006.





Notary Public

My Appointment Expires: