

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEBRASKA

IN THE MATTER OF THE APPLICATION OF)
SOURCEGAS DISTRIBUTION LLC, GOLDEN,)
COLORADO, SEEKING AUTHORITY TO REFLECT) DOCKET NO. NG-0079
CHANGED DEPRECIATION RATES ON ITS)
NEBRASKA BOOKS OF ACCOUNT EFFECTIVE)
MAY 1, 2014, WITHOUT IMPACTING EXISTING RATES)

PREFILED REBUTTAL TESTIMONY OF

JASON R. PICKETT

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1 **I. INTRODUCTION AND OVERVIEW OF REBUTTAL TESTIMONY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jason R. Pickett. My business address is 610 Central Avenue,
4 Kearney, Nebraska 68847.

5 **Q. DID YOU SUBMIT PREFILED DIRECT TESTIMONY IN THIS PROCEEDING?**

6 A. No.

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

8 A. I am employed by SourceGas LLC (“SourceGas”). I am the Senior Director –
9 Operations for SourceGas Distribution LLC (“SourceGas Distribution” or the
10 “Company”) in Nebraska.

11 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL
12 EXPERIENCE.**

13 A. I received a Bachelor of Arts in Public Relations and Marketing from Washburn
14 University in May 2002. I began my employment with Kinder Morgan Inc. (“KMI”) in
15 October 2002. My first position at KMI was Senior Representative of Business and
16 Governmental Relations in Colorado. In that role, I was responsible for all the public
17 and governmental relations activities for KMI’s Northeast and Southeast Colorado
18 service territory. My responsibilities included all media relations, representation of
19 company interests at the state capital, city and government official relations and an
20 overall effort of building relationships with the communities served by KMI. In
21 October 2003, I was promoted to Division Manager of Operations in KMI’s Alliance,
22 Nebraska Division, where I was responsible for all of the operations, maintenance
23 and construction activities. In June 2005, I became Manager of Business Process
24 and Performance. In that role, I was responsible for managing KMI’s Operational
25 Excellence program, designing and implementing operational best practices and
26 measuring field performance. I designed a manpower study and provided analytics

1 into the type of work being performed in the field and identifying training gaps and
2 inefficiencies in process.

3 In September 2007, about six months after the transfer of the natural gas
4 retail distribution assets from KMI to SourceGas, I was promoted to Director of
5 Business Optimization. In that role, I was responsible for load growth, all non-
6 regulated operations, sales and marketing efforts and demand side management
7 programs. In June 2010, I was promoted to Director, Asset Management for
8 Nebraska. In December 2011, I was promoted to Senior Director – Operations for
9 SourceGas Distribution in Nebraska.

10 **Q. WHAT ARE YOUR RESPONSIBILITIES AS SENIOR DIRECTOR – OPERATIONS**
11 **FOR SOURCEGAS DISTRIBUTION IN NEBRASKA?**

12 A. I am responsible for the oversight and performance of SourceGas Distribution's
13 operational assets in Nebraska, including the Company's System Safety and
14 Integrity Rider ("SSIR") Projects in Nebraska. Among other duties, I am responsible
15 for managing the eight operating divisions in Nebraska, including the operations,
16 maintenance and construction activities in those divisions. I also am responsible for
17 compliance requirements and activities related to those assets.

18 **Q. HAVE YOU PREVIOUSLY APPEARED AS A WITNESS OR FILED TESTIMONY?**

19 A. Yes. I filed testimony and appeared as a witness before the Nebraska Public
20 Service Commission (the "Commission") on behalf of SourceGas Distribution in its
21 2011 general rate case, Docket No. NG-0067. I also have submitted prefiled
22 Rebuttal Testimony with the Commission in Docket No. NG-0078 (the Company's
23 Application to Implement a System Safety and Integrity Rider Tariff and Charges).

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

25 A. The purpose of my Rebuttal Testimony in this proceeding is to address from an
26 operational perspective the status of the Company's 2014 SSIR Projects in

1 response to the Direct Testimony of Public Advocate witness Ms. Donna H. Mullinax
2 on that point.

3 **II. REBUTTAL OF DIRECT TESTIMONY OF MS. DONNA H. MULLINAX**

4 **Q. PLEASE SUMMARIZE THE DIRECT TESTIMONY OF MS. DONNA H. MULLINAX**
5 **ABOUT THE STATUS OF THE COMPANY’S 2014 SSIR PROJECTS.**

6 A. Ms. Mullinax characterizes the Company’s 2014 SSIR Projects as being “behind
7 schedule” because “none of the 2014 SSIR projects have been placed in service.”
8 (Mullinax Direct Testimony, page 16, lines 9-10, page 17, lines 4-5).

9 **Q. AS THE PERSON RESPONSIBLE FOR THE OVERSIGHT AND PERFORMANCE**
10 **OF THE COMPANY’S OPERATIONAL ASSETS IN NEBRASKA, INCLUDING**
11 **THE 2014 SSIR PROJECTS, DO YOU AGREE WITH MS. MULLINAX THAT THE**
12 **2014 SSIR PROJECTS ARE “BEHIND SCHEDULE”?**

13 A. No. Through July 2014, the Company has spent nearly \$5 million on 2014 SSIR
14 Projects compared with its original forecast of approximately \$5.6 million, and has
15 placed in service or technically completed (“TECO”) more than \$2.8 million of its
16 2014 SSIR Projects compared with its original forecast of approximately \$2.9
17 million. A TECO capital project may need some accounting entries for the Company
18 to close the capital project, but a TECO capital project is used and useful from an
19 operational perspective. Mr. Jerrad S. Hammer provides more details about these
20 dollar amounts in his Rebuttal Testimony.

21 **Q. HAS THE COMPANY EXPERIENCED SOME CHALLENGES IMPLEMENTING**
22 **ITS 2014 SSIR PROJECTS?**

23 A. Yes. Field operations are far from being an exact science. Every year, the
24 Company spends hundreds of man-hours identifying capital projects for the
25 upcoming calendar year and the timing of each capital project during the upcoming
26 calendar year. Factors such as crew and equipment availability, permitting, lead

1 time for ordering materials, right-of-way and environmental factors, project
2 justification, expected meteorological conditions and cost all are taken into
3 consideration when planning capital projects for the upcoming calendar year. A
4 well-executed planning process is essential for successfully implementing capital
5 projects, but a well-executed planning process does not ensure that each capital
6 project will be completed in the particular manner and at the precise time and for the
7 exact cost identified during the planning process. The reality of field operations is
8 that circumstances outside the Company's control play a major role in shaping how
9 and when and at what cost each capital project is completed. In 2014, the "polar
10 vortex" winter weather followed by the wetter-than-normal spring and summer
11 seasons have had a significant impact on the Company's construction season in
12 Nebraska.

13 **Q. NOTWITHSTANDING THESE CHALLENGES, DOES THE COMPANY REMAIN**
14 **ON SCHEDULE TO COMPLETE ITS 2014 SSIR PROJECTS?**

15 A. Yes. With my extensive experience with field operations and as the person
16 responsible for the oversight and performance of the Company's 2014 SSIR
17 Projects, I am confident in saying that the Company remains on schedule to
18 complete its 2014 SSIR Projects. Notwithstanding the challenges that I just
19 described, I assure the Commission that completing the 2014 SSIR Projects
20 continues to be among my highest priorities.

21 **Q. DOES THIS CONCLUDE YOUR PREFILED REBUTTAL TESTIMONY?**

22 A. Yes.

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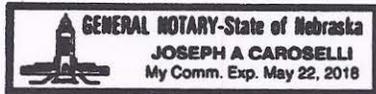
State of Nebraska) Affidavit Adopting Rebuttal
County of Buffalo) Rebuttal Testimony

Jason R. Pickett being first duly sworn on oath, states that he is the Jason R. Pickett whose Rebuttal Testimony in the above-captioned docket accompanies this Affidavit.

Jason R. Pickett further states that such Rebuttal Testimony is a true and accurate statement of his answers to the questions contained therein, and that he does adopt those answers as his sworn Rebuttal Testimony in this proceeding.

Jason R. Pickett
Jason R. Pickett

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, this 10 day of September, 2014.



Joseph A. Caroselli
Notary Public

My commission expires: May 22, 2018

Address of Notary:
21 W 21st Street
Kearney, NE 68847