

EXHIBIT

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Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Depreciation Reserve
Roth/Surrebuttal
Public Counsel
GR-2014-0086

SURREBUTTAL TESTIMONY

OF

KERI ROTH

Submitted on Behalf of
the Office of the Public Counsel

SUMMIT NATURAL GAS

Case No. GR-2014-0086

August 8, 2014

CPC Exhibit No. 201
Date 8-19-14 Reporter XF
File No. GR-2014-0086

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter of Summit Natural Gas of)
Missouri Inc.'s Filing of Revised Tariffs)
To Increase its Annual Revenues For)
Natural Gas Service) Case No. GR-2014-0086

AFFIDAVIT OF KERI ROTH

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Keri Roth, of lawful age and being first duly sworn, deposes and states:

1. My name is Keri Roth. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




Keri Roth
Public Utility Accountant I

Subscribed and sworn to me this 8th day of August 2014.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2017
Cole County
Commission #13754037



Jerene A. Buckman
Notary Public

My Commission expires August 23, 2017

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**SURREBUTTAL TESTIMONY
OF
KERI ROTH**

**SUMMIT NATURAL GAS OF MISSOURI, INC.
CASE NO. GR-2014-0086**

9 **I. INTRODUCTION**

10 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

11 A. Keri Roth, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

12
13 Q. ARE YOU THE SAME KERI ROTH THAT PREVIOUSLY FILED REBUTTAL
14 TESTIMONY IN THIS CASE?

15 A. Yes.

16
17 Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

18 A. The purpose of this surrebuttal testimony is to respond to the rebuttal testimony of
19 Summit Natural Gas of Missouri (SNG) witness, Mr. Tyson D. Porter, with regard to
20 SNG's suggested depreciation reserve/amortization adjustments.

21
22 **III. DEPRECIATION RESERVE/AMORTIZATION ADJUSTMENTS**

23 Q. WHAT IS THE ISSUE?

1 A. Mr. Porter states in his testimony on page 10, lines 16 – 18:

2 Summit noted that Staff did not amortize account 302, franchise
3 agreements, for any of the rate areas. Summit amortizes this
4 account using a twenty year life, the actual term of the agreements.
5

6 Q. WHAT IS ACCOUNT 302 – FRANCHISE AND CONSENTS?

7 A. The Uniform System of Accounts (USOA) states the following:

8 A. This account shall include amounts paid to the Federal
9 Government, to a State or to a political subdivision thereof in
10 consideration for franchises, consents, or certificates, running in
11 perpetuity or for a specified term of more than 1 year, together with
12 the necessary and reasonable expenses incident to procuring such
13 franchises, consents, or certificates of permission and approval,
14 including expenses of organizing and merging separate
15 corporations, where statutes require, solely for the purpose of
16 acquiring franchises.
17

18 B. If a franchise, consent, or certificate is acquired by assignment,
19 the charge to this account in respect thereof shall not exceed the
20 amount paid therefor, by the utility to the assignor, nor shall it
21 exceed the amount paid by the original grantee, plus the expense of
22 acquisition to such grantee. Any excess of the amount actually
23 paid by the utility over the amount above specified shall be charged
24 to account 426.5, Other Deductions.
25

26 C. When any franchise has expired, the book cost thereof shall be
27 credited hereto and charged to account 426.5, Other Deductions, or
28 to account 111, Accumulated Provision for Amortization and
29 Depletion of Gas Utility Plant, as appropriate.
30

1 Q. WHAT IS THE PLANT AND DEPRECIATION RESERVE BALANCE, IN
2 ACCOUNT 302 – FRANCHISE AND CONSENTS, FOR EACH RATE AREA IN
3 STAFF’S ACCOUNTING SCHEDULES FILED IN DIRECT TESTIMONY?

4 A. The plant and depreciation reserve balances shown in the Staff direct filing accounting
5 schedules are:

Rate Area	Plant Balance at 12-31-2013	Depreciation Reserve Balance at 12-31-2013
Branson	\$1,019,789	\$150,562
Gallatin	\$32,160	\$7,903
Rogersville	\$8,193	\$883
Warsaw	\$14,753	\$2,231
TOTAL	\$1,074,895	\$161,579

6
7 Q. WHAT IS PUBLIC COUNSEL’S RECOMMENDATION?

8 A. Public Counsel believes Staff plans to make the necessary adjustments to transfer the
9 amortization improperly booked in Account 108 – Accumulated Depreciation to
10 Account 111 - Accumulated Provision for Amortization and Depletion of Gas Utility
11 Plant per the USOA instructions for Account 302 – Franchise and Consents. Public
12 Counsel agrees with this adjustment. However, Public Counsel still has concerns
13 regarding some of the costs that are being book in Account 302 – Franchise and
14 Consents.
15

1 Q. WHAT COSTS ARE THE COMPANY BOOKING IN ACCOUNT 302 – FRANCHISE
2 AND CONSENTS THAT PUBLIC COUNSEL IS CONCERNED ABOUT?

3 A. After looking at the General Ledger that the Company provided to Staff for Data
4 Request No. 2.1, it appears that the Company is booking Construction Work in Process
5 costs to this account. Such costs do not fit the USOA description for Account 302,
6 which is limited to amounts paid to a political subdivision “in consideration for
7 franchises, consents, or certificates.” OPC is continuing to investigate these costs to
8 determine whether an additional adjustment is warranted.

9
10 Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

11 A. Yes, it does.