

Exhibit No.: 402

Issue: Revised Tariffs to Increase Annual Revenues for Natural Gas Service

Witness: Louie R. Ervin Sr.

Exhibit Type: Surrebuttal

Sponsoring Party: Missouri School Boards' Association

Case No.: GR-2014-0086

Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

SURREBUTTAL TESTIMONY

OF

LOUIE R. ERVIN SR.

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri

August 8, 2014

MSBA Exhibit No. 402
Date 8-19-14 Reporter KF
File No. GR-2014-0086

TABLE OF CONTENTS

**SURREBUTTAL TESTIMONY
OF
LOUIE R. ERVIN SR.**

MISSOURI SCHOOL BOARDS' ASSOCIATION

CASE NO. GR-2014-0086

I.	List of MSBA Issues.....	3
II.	Issue-1: Rate Shock.....	4
III.	Issue-2: Straight Fixed Variable (SFV) vs. Two Part Rate Design.....	5
IV.	Issue-3: Mismatch of Class Cost of Service and Customer and Volumetric Charges.....	8
V.	Issue-4: Definitions of Shipper, Participant, and School District.....	15
VI.	Issue-5: Telemetry Requirement.....	16
VII.	Issue-6: Tier-1 Cashout for Monthly Metered Schools.....	16
VIII.	Issue-7: Daily Cashout Index Price for Daily Metered Accounts and Monthly Index Price for Monthly Metered Accounts.....	17
IX.	Issue-8: Cashout Inclusion of Pipeline Fuel, Capacity and Commodity Charges	19
X.	Issue-9: Pool Operator Charge vs. Administration and Balancing Charge.....	20
XI.	Issue-10: Pool Operator Agreement.....	20
XII.	Issue-11: Capacity Release Language.....	21
XIII.	Issue-12: Interruptible vs. Firm Distribution Delivery Service.....	21
XIV.	Issue-13: Company's Pre-Determined Pipeline Allocation Algorithm (PDA).....	22

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **LOUIE R. ERVIN SR.**

4 **MISSOURI SCHOOL BOARDS' ASSOCIATION**

5 **CASE NO. GR-2014-0086**

6
7 **Q. Please state your name and business address.**

8 A. Louie R. Ervin, Sr., Suite 300, 150 First Avenue NE, Cedar Rapids, Iowa 52401.

9 **Q. Are you the same Louie R. Ervin Sr. who submitted direct and rebuttal**
10 **testimony in this case on behalf of the Missouri School Boards' Association (MSBA)?**

11 A. Yes.

12 **Q. What is the purpose of this testimony?**

13 A. The purpose of this testimony is to comment on rebuttal testimonies of Company
14 witnesses Taylor, Nitura and Porter, MPSC Staff witnesses Jenkins and Lock, and Public
15 Counsel witness Meisenheimer. I will address my comments by issue rather than being
16 repetitive by each witness. Specifically, I will address these issues:

- 17 1. Issue-1: Rate Shock
18 2. Issue-2: Straight Fixed Variable (SFV) vs. Two Part Rate Design
19 3. Issue-3: Mismatch of Class Cost of Service and Customer and Volumetric Charges
20 4. Issue-4: Definitions of Shipper, Participant, and School District
21 5. Issue-5: Telemetry Requirement
22 6. Issue-6: Tier-1 Cashout for Monthly Metered Schools

- 1 7. Issue-7: Daily Cashout Index Price for Daily Metered Accounts and Monthly Index Price
- 2 for Monthly Metered Accounts
- 3 8. Issue-8: Cashout Inclusion of Pipeline Fuel, Capacity and Commodity Charges
- 4 9. Issue-9: Pool Operator Charge vs. Administration and Balancing Charge
- 5 10. Issue-10: Pool Operator Agreement
- 6 11. Issue-11: Capacity Release Language
- 7 12. Issue-12: Interruptible Vs Firm Distribution Delivery Service
- 8 13. Issue-13: Company's Pre-Determined Pipeline Allocation Algorithm (PDA)

9 **Issue-1: Rate Shock**

10 **Q. What is MSBA's greatest concern with this rate case?**

11 A. MSBA is extremely concerned that the Company's proposed rate increase for
12 small rural school districts is estimated to exceed a shocking 90% for distribution delivery
13 service. This estimate is based on calculation performed by the Company and does not include an
14 additional increase that I would guess to be in the range of 20%, or more, which could result
15 from a newly proposed cashout provision. Nor does it include the significant price increase in
16 natural gas commodity market prices following the price huge spike this past winter. Such
17 double to triple digit percentage increases will create severe budget hardships for Missouri's
18 small rural public schools that are served by the Company.

19 **Q. What percentage increase is estimated for Missouri schools under the Staff's**
20 **proposed Class Cost of Service (CCOS) and rate design?**

21 A. It is impossible to estimate the percentage increase for Missouri schools that are
22 transporting under the program established by Section 393.310 RSMo. Because, to date as far as
23 I know, Staff has not produced any resultant rate schedules that are based on Staff's proposed

1 CCOS and rate design. Nor am I aware of any schedules that show the cost impact of their
2 proposed cashout mechanism to Missouri's transportation schools. Not having this information,
3 as we are now filing surrebuttal testimony, effectively prevents us from being able to present
4 evidence on this critical matter. Not being a lawyer, it seems both procedural and substantive
5 due process is seriously impinged.

6 **Q. What will be the impact on the budgets of the small rural school serviced by**
7 **the Company even the Company receives 50% or less of what they requested?**

8 A. Ava School District Superintendent Dr. Nancy Lawler's correspondence to
9 MSBA states: A 30-50% increase would result in a \$22,000 - \$36,000 increase for Ava R-I.
10 That is more than our beginning teacher salary, which is \$29,296. So this increase would most
11 definitely impact our district." Lebanon School District Superintendent Dr. Duane Widhalm
12 states: "A 30% increase in natural gas costs would cost Lebanon School District approximately
13 \$42,200. A starting teacher's salary is \$32,000, therefore there would be a significant impact on
14 our district. A 50% increase would result in \$70,360 and could mean the elimination of two
15 teaching positions.

16 **Issue-2: SFV vs. Two Part Rate Design**

17 **Q. What is MSBA's position on Staff's Straight Fixed Variable (SFV) rate**
18 **design vs. Company's Two Part rate design?**

19 A. MSBA opposes the Straight Fixed Variable (SFV) rate design for commercial
20 customers. The SFV rate design would create rate shock for Missouri schools. The underlying
21 presumption or justification for the SFV rate design is not valid. Staff's proposed SFV rate
22 design is intended to recover all of Company's margin costs assigned to residential and small
23 commercial customers in a fixed charge whereas Company's proposed Two-Part rate design

1 recovers margin costs through both fixed and volumetric charges. The underlying presumption
2 justifying the SFV rate design, is that the small customer classes cost of service are fixed
3 regardless of the level of volumes used, which is contrary to my over forty years of experience in
4 the industry.

5 **Q. Does any other party oppose the SFV rate design?**

6 A. Yes, Public Counsel witness Meisenheimer's rebuttal testimony (primarily
7 beginning on page 29) opposes Staff's proposed SFV rate design based on safety and social
8 reasons.

9 **Q. What is your experience as it relates to design, construction, operation and**
10 **maintenance of natural gas systems, particularly as it relates to a system similar to that of**
11 **SNGMO which consists of expansion into service areas that previously had no natural gas?**

12 A. My experience includes being Director and General Manager - Gas Operations for
13 Alliant Energy's statewide natural gas system in Iowa. I had overall responsibility for the
14 design, construction, operation and maintenance of the statewide natural gas system. This
15 responsibility included managing the expansion of the natural gas system to over fifty smaller
16 rural communities that previously did not have natural gas and converting customers' propane
17 service to natural gas, which is similar to the situation for the Company.

18 **Q. Was your work in this area recognized by the industry?**

19 A. Yes. Our work was recognized by Gas Industries magazine and I was honored as
20 national Manager of the Year.

21 **Q. Will you further explain how the underlying premise justifying the SFV rate**
22 **design is contrary to your industry experience?**

1 A. Yes. First, if the level of customer usage or volume were not a factor which
2 affects the cost of providing service, only minimum size gas mains, service lines, meters and
3 regulators would be required for all customers regardless of usage level, which just isn't the case.
4 The required size of natural gas distribution facilities is heavily impacted by the level of
5 customer usage demand. Demand is simply the volumetric rate of customer usage measured
6 over a time interval. Two customers with equal daily demands can use different volumes of gas
7 over a billing month, but the underlying physics is that there cannot be a usage demand without
8 volumetric usage Demand does heavily impact the size and costs of facilities. There are
9 certainly other variables which affect costs, such as type and size of pipe.

10 **Q. Will you provide an example of how volumetric usage and its demand**
11 **derivative affects system facilities costs?**

12 A. Yes. For example, plastic pipe is less costly to install and to maintain than is steel
13 pipe. Steel pipe requires cathodic protection to prevent pitting and leaks, but coated steel pipe
14 can still be the appropriate economic choice over plastic pipe because steel pipe can be rated at
15 much higher pressures and carry much greater gas flow to meet high customer demands. That is,
16 large demands are related to larger usage over time, thus larger, more costly facilities are
17 required for larger usage demand. The size of pressure let-down stations is just another example
18 of higher costs at higher pressures for higher usage demands. While I agree that there is a
19 component of costs that is fixed regardless of usage volumes and those cost components are
20 properly recovered in a fixed monthly charge, all margin costs are not fixed regardless of usage
21 and therefore the Two-Part rate design more accurately matches rates to the costs of providing
22 service.

23 **Q. Does MSBA support Company's Two-Part rate design?**

1 A. MSBA supports the structure of Company's Two-Part conventional rate design
2 but does not support the extremely high monthly fixed Customer Charges as proposed by
3 Company. Again, Public Counsel witness Meisenheimer testified to some of the safety social
4 issues associated with very high fixed monthly customer charges. See my direct and rebuttal
5 testimonies for more specifics; but, fundamentally asking small rural schools to go from a
6 monthly fixed charge of \$50 per district to \$300 per district or would create rate shock.

7 **Q. Why is MSBA now taking a position on rate design?**

8 A. Heretofore, rate design had not been an issue for MSBA because both Company's
9 and Staff's Class Cost of Service Studies (CCOS) properly placed transporting schools in the
10 Transportation class. More recently on rebuttal, Staff witness Lock (beginning at page 1) and
11 Company witness Taylor (pages 2 and 3) proposed that transporting school rates be placed on
12 companion sales service rate schedules rather than on the Transportation rate schedules when
13 both Company and Staff includes transporting schools in the Transportation class in their
14 respective CCOS. MSBA opposes being charged rates for a class in which they have not been
15 included in the CCOS and questions the legality of doing such.

16 **Issue-3: Mismatch of Class Cost of Service and Customer and Volumetric Charges**

17 **Q. Will you address Issue-3: Mismatch of Class Cost of Service and Customer**
18 **and Volumetric Charges?**

19 A. Yes. Despite both Company and Staff properly including transporting schools in
20 the Transportation class in their respective CCOS, Staff's position (Lock page 2 beginning at
21 Line 4) is that the companion sales rate customer charge should apply to transporting schools.
22 Lock bases this recommendation on a clause in Section 393.310 RSMo that the school
23 transportation program is not to have a negative financial impact on other customers. Company

1 witness Taylor (beginning on Page 2 of Schedule KDT-1 of rebuttal testimony) has gone one
2 step farther and supports charging transportation schools the companion sales volumetric charge
3 as well as the companion sales rate customer charge. By improperly relying on the no-negative-
4 impact clause in Section 393.310 RSMo., both Staff and Company attempt to justify charging
5 transporting schools different rates from the rates developed for Transportation class in which
6 transporting schools were included in both Staff and Company CCOS.

7 **Q. Are you the same Louie Ervin Sr. who originally authored Section 393.310**
8 **RSMo and testified before the legislature and before this Commission regarding**
9 **implementing for each Missouri gas corporation?**

10 A. Yes.

11 **Q. Do you agree with Staff's and Company's interpretation of Section 393.310**
12 **RSMo?**

13 A. No. I can agree that between rate cases, there is a cost basis for Staff's
14 recommended end result of having equivalent Customer Charges for transporting schools as if
15 they chose the alternative companion sales rate; but, I do not agree with Staff's interpretation of
16 Section 393.310 RSMo to reach that end result. I believe that Company's interpretation of
17 Section 393.310 RSMo to justify placing transporting schools on companion sales volumetric
18 rates is also wrong and effectively creates a total mismatch between both Staff's and Company's
19 placement of schools in the Transportation class and then charging them rates for other classes.

20 **Q. Will you explain the language in Section 393.310 RSMo which addresses**
21 **"...will not have any negative financial impact...?"**

22 A. Yes. Attached is Appendix 1, which is Section 319.310 RSMo. Paragraph 5 of
23 Section 393.310 RSMo leaves to the Commission the responsibility of developing specifics for

1 implementing the new law that provides for an aggregate natural gas purchasing program for
2 Missouri schools within the broad parameters set forth in the law. Section 393.310 RSMo
3 specifies that the Commission approve school aggregation tariffs by November 1, 2002 upon
4 finding that implementation of the aggregation program tariffs would not have any negative
5 financial impact on the gas corporation, its other customers or local taxing authorities.

6 **Q. Can you provide insight regarding no negative financial impact on other**
7 **customers or gas corporations?**

8 A. Yes. There is no negative impact to customers or gas corporations when
9 customers are charged just and reasonable rates that are approved by the Commission after due
10 process in regulatory cases, such as this one. The Commission ultimately decides the just and
11 reasonable level of rates that are to be charged to each rate class based on the evidence presented.
12 Parties have an opportunity to present evidence as to which customers belong in the various rate
13 classes or sub-classes for appropriate costs to be allocated to each class. The rates are developed
14 for each customer class based on the CCOS to which the customer belongs.

15 **Q. In a rate case such as this, in your opinion, does Section 393.310 RSMo**
16 **prevent the Commission from approving a change of customer class for schools that have**
17 **previously switched from sales service to transportation service in a manner similar to non-**
18 **school accounts that have switched from sales to transportation service??**

19 A. No, not at all. In my opinion, Section 393.310 RSMo does not restrict the
20 Commission's decisions to justly and reasonably approve cost allocations and rate designs from
21 one rate case to another based on the specifics of each class or sub-class and the evidence
22 presented in each case. The only time gas or electric corporations can re-allocate costs and
23 change base rates to any rate class is through the rate case process.

1 **Q. If Section 393.310 RSMo isn't intended to prevent the Commission from**
2 **approving placement of transporting schools in the Transportation rate class through the**
3 **rate case process, then when is the no-negative-impact clause intended to apply?**

4 A. The no-negative-impact clause is intended to apply between rate cases. That is, if
5 a school and chooses to switch from sales service to the school transportation program between
6 rate cases then the school's contribution to the company margin revenue can change if the
7 distribution delivery charges the schools pays are different. That potential difference in the
8 amount schools pay for delivery service when switching rates, positive or negative, is either be a
9 bonus or a cost that would either goes to other customers or to the gas corporation unless there is
10 a mechanism to prevent it. Section 393.310 RSMo intended that schools that switch from sales
11 to transportation service between rate cases would continue paying the same delivery charges as
12 the companion sales rate from which the school switched until the next company rate case. The
13 purpose of rate cases is to ensured just and reasonable rates through allocation of updated costs
14 to each rate class. There cannot be a negative impact to other customers or to company due to
15 any customer, school or non-school, switching from sales service to transport service if the
16 newly transporting account does not pay its full cost of service as determined in a rate case. In
17 this case, Company and Staff filed CCOS with transporting schools in the transportation class;
18 so, schools would indeed be paying their fully allocated cost of service and there can be no
19 negative impact on either Company or other customers. If Company files a new rate case and if
20 the Commission approves including transporting schools in companion sales classes, that would
21 be a different set of circumstances, but that is not the case here. The evidence in this case
22 regarding CCOS for the Commission to consider places schools in the Transportation class.

1 Section 393.310 RSMo is intended to prevent any undue cost shift to or from gas corporations
2 and other customers between rate cases.

3 **Q. Isn't it normal procedure throughout a rate case to make corrections,**
4 **adjustments or revisions to rate classes?**

5 A. Yes, making corrections, adjustments or revisions to rate classes throughout a rate
6 case is normal procedure when done in a manner which gives all parties a full opportunity to
7 address the proposed changes. However, at this late date, I question the legality of proposing to
8 change an entire sub-class of customers, transporting schools, to a different rate class than they
9 have been included in the COSS.

10 **Q. Company witness Porter (at Page 6 of his rebuttal testimony) states that**
11 **"...neither Staff nor Summit has included the schools billing determinates in the applicable**
12 **retail sales customer classes in its direct case", but goes on to say that "Summit has**
13 **performed the analysis and shows the inclusion of the meters in the applicable retail sales**
14 **customer classes in Rebuttal Schedule TDP-3." Does Schedule TDP-3 provide a timely**
15 **revised CCOS with timely information for schools to have due process to address the**
16 **proposed charging of schools at rates based on the CCOS for which they have been**
17 **included?**

18 A. No, not at all. See attached Appendix 2, which is Company's response to MSBA
19 Data Request 42.

20 **Q. What is Company's response to MSBA Data Request 42a, asking if**
21 **SNGMO's analysis (Schedule TDP-3) produced a new CCOS?**

1 A. Company answered “No.” There has been no evidence or CCOS presented to
2 allow schools to determine if or how schools should be included in a sales service rate class
3 when the schools are transportation customers.

4 **Q. What is Company’s response to MSBA Data Request 42b, asking if**
5 **SNGMO’s analysis (Schedule TDP-3) includes schools’ volumes in the retail sales class?**

6 A. Company answered “No.” Apparently Company’s Schedule TDP-3 is not
7 complete; it only moved part of the schools billing determinates to the sales class. That is,
8 according to Company’s response to this data request, TDP-3 apparently only moved the number
9 of school meters to the retail sales classes and left the school volumes in the transportation class.
10 If Schedule TDP-3 is allowed at this late date, then it appear to me that schools would be billed
11 meter charges at the retail sales class rate and volumetric charges at the transportation class rate,
12 which is consistent with MSBA’s position but is arrived at in a total different and ill-based
13 manner.

14 **Q. What is Company’s response to MSBA Data Request 42c, asking if**
15 **SNGMO’s analysis (Schedule TDP-3) produced a new table of rate schedules?**

16 A. Company answered “No.” There have been no rate schedules produced for the
17 parties to consider or the Commission to rule on with the schools included in the retail sales
18 CCOS.

19 **Q. What is Company’s response to MSBA Data Request 42d, asking SNGMO’s**
20 **legal basis and precedents to allow a complete change in placement of a sub-class of**
21 **customers within a different rate class without withdrawing the current case and refilling a**
22 **new case with adequate due process and timeline?**

1 A. Company’s full response is included as Appendix 2. However, the key part of the
2 response is: “The Commission may rely on, or not rely on, the evidence presented to it and
3 assign such weight to that evidence as it believes appropriate.” To that point, as shown above
4 and in responses to MSBA data request 42a, 42b and 42c, neither Company nor Staff has offered
5 any evidence of CCOS or rate schedule for the Commission to consider that includes schools in a
6 retail sales class and even Schedule TDP-3 apparently only places the schools meters in the retail
7 sales classes while leaving school volumes in the transportation class.

8 **Q. You questioned the legality, at this late date, of Company’s and Staff’s**
9 **proposed switching a sub-class of customers, schools to different rate schedules than the**
10 **CCOS in which they were included. What is your opinion as to the proper procedure for**
11 **customers to be moved from one rate class to another?**

12 A. It would be proper to propose a switch of customers from one rate class to another
13 at the time of a rate case filing or direct testimony so that the parties can duly address the issue
14 but to do so at the rebuttal or surrebuttal stage does not provide adequate time for due process.
15 We can roll back the clock and start all over on discovery, etc. with regard to a new CCOS
16 submittal until SNGMO files a new case.

17 **Q. As the rate case stands currently, what is MSBA’s position on rates that**
18 **should be charged to transporting schools?**

19 A. MSBA’s position is that schools that switch to the school aggregation
20 transportation program after the effective date of rates in this case should continue to be charged
21 customer and delivery volumetric charges at the alternative companion sales rate they were on
22 until the next rate case, then they should be charge at the applicable rates approved by the
23 Commission in that next case. As for schools that switched to the aggregate transportation

1 program prior to the effective date of rates approved by the Commission in this case, they should
2 be charged approved Customer and Volumetric Charges for the Transportation Class in which
3 their costs were included in the approved CCOS. However, within the Transportation rate design
4 there should be two Customer Charges, one to reflect costs for a sub-class of small transportation
5 customers and one to reflect costs for a sub-class of large transportation customers.

6 **Q. Is there a cost basis and precedent for having two Transportation Customer**
7 **Charges?**

8 A. Yes. Appendix 3 is the applicable Commission-approved transportation rates for
9 Ameren with large and small meter charges to reflect differing costs for each of two different
10 size customers. Staff's end-result recommendation is correct in that when schools switch from
11 sales to transportation service, they do not install more expensive telemetry but they retain the
12 same smaller lower cost service lines, meters and regulators, per a requirement of Section
13 393.310 RSMo. Therefore, a School transportation customer charge that is "equivalent" to the
14 companion sales rate is cost justified. However, it is important to note that the justification for
15 an "equivalent" customer charge is cost-based and not based on an improper interpretation of
16 Section 393.310 RSMo.

17 **Issue-4: Definitions of Shipper, Participant, and School District**

18 **Q. Will you address Issue-4: Definitions of Shipper, Participant, and School**
19 **District?**

20 A. Yes. Company and MSBA agree that clarifying definitions should be added to
21 Company's rate schedule as it pertains to transporting school. Specifically, Shipper, Participant,
22 School District and Customer should all be defined as having the same meaning. No other party
23 has objected to including this clarifying definition.

1 **Issue-5: Telemetry Requirement**

2 **Q. Will you address Issue-5: Telemetry Requirement?**

3 A. Yes. Staff, Company, and MSBA all agree that clarifying language should be
4 added to Company's rate schedules that pertain to schools by reflecting language from Section
5 393.310 RSMo which effectively states that telemetry is not required for schools with annual
6 usage of 100,000 therms or less. No other party has objected to including this clarification.
7 Specific proposed language is:

8 "Telemetry or special metering that provides the Company with electronic meter
9 reading to determine each transportation customers daily usage will not be
10 required for school transportation program, except for individual school meters
11 over one hundred thousand therms annually (10,000 dekatherms/year)."

12 **Issue-6: Tier-1 Cashout for Monthly Metered Schools**

13 **Q. Will you address Issue-6: Tier-1 Cashout for Monthly Metered Schools?**

14 A. Yes. Company and MSBA agree that because school meters without daily
15 telemetry only record monthly usage and not daily usage, schools are to be cashed out in Tier-1.
16 Staff witness Jenkins' rebuttal testimony (page 10) does not oppose a Tier-1 cashout for schools.
17 The Company rate schedule should reflect such. Neither Staff nor any other party has objected
18 to including this clarification. Specifically, MSBA proposes to add the following language to
19 Company's proposed tariff P.S.C. MO No.3, Original Sheet No. 47, paragraph 4:

20 "c. All imbalances for monthly metered accounts, positive or negative, will be
21 treated as Imbalance Tier-1 for purposes of calculating monthly cashouts as
22 described on Tariff Sheets 35 through 37."

1 **Issue-7: Daily Cashout Index Price for Daily Metered Accounts and Monthly Index Price**
2 **for Monthly Metered Accounts**

3 **Q. Will you address Issue-7: Daily Cashout Index Price for Daily Metered**
4 **Accounts and Monthly Index Price for Monthly Metered Accounts?**

5 A. Yes. Company proposed the minimum of three possible price determinates when
6 it pays customers for an over-delivery imbalance of gas and the maximum of three possible price
7 determinates when customer pays for an under-delivery imbalance of gas. In my direct and
8 rebuttal testimonies, I took exception to the Company's proposed cashout price determinates,
9 primarily because the proposed prices did not reasonably match Company's costs during the
10 cashout period. Staff witness Jenkins rebuttal testimony (beginning on page 5) gives reasons for
11 opposing Company's proposed maximum or minimum three-price determinate method for
12 cashing out imbalances. Jenkins (beginning on page 7 of her rebuttal testimony) proposes a
13 "Weekly weighted average prices" as published by *Gas Daily* to cashout all transportation
14 accounts, regardless whether an account has daily or monthly metering. I agree that Staff's
15 proposal of using a *Gas Daily* published index price more closely matches Company's costs than
16 do the three-price determinates proposed by Company. However, Staff did not make a distinction
17 between a cashout price for daily metered accounts and for monthly metered accounts.

18 **Q. Can a weekly weighted average of index daily prices differ substantially from**
19 **individual respective daily index prices and monthly average index price?**

20 A. Yes, daily prices during the same month can vary greatly. It would be highly
21 inaccurate and punitive to recover actual costs for a specific day using a weekly average
22 maximum or minimum cashout price. Staff proposes Company cashout at the highest weekly
23 weighted average daily prices during the month for all days of the month when Company is

1 charging customers for gas supply. Conversely, Staff proposes Company cashout at the lowest
2 weekly weighted average of daily prices for all days during a month when Company is paying
3 transport customers for gas supply. Company's proposed Tier matrix for cashouts already
4 includes a heavy penalty for imbalances to be cashed out. When Company is charging customers
5 for gas in Tier-3, Company charges a 20% price premium. Conversely, when the Company pays
6 Customer for gas it pays a 20% discount for Tier-3 gas. The Tier matrix is already a huge
7 incentive for transportation customers to minimize imbalances. An additional heavy price
8 penalty of using a weekly average of daily prices is too punitive for daily metered accounts.

9 **Q. Is there justification for different indices to be used to cashout daily versus**
10 **monthly metered imbalance gas?**

11 A. Yes. MSBA supports a more cost-matched daily index price for cashouts of daily
12 metered accounts and a monthly index price for cashouts of monthly metered accounts. MSBA
13 supports the use of *Gas Daily* daily index price for the respective daily metered account
14 imbalances rather than use of a high or low weekly average of daily prices as proposed by Staff.
15 MSBA supports the use of monthly average of daily index price for monthly metered accounts in
16 the same manner as the Commission-approved cashout price method in the MGE tariff,
17 Appendix 4. Missouri Gas Energy (MGE) also serves monthly metered schools from the
18 Southern Star pipeline which is the pipeline from which transporting schools' gas supply is
19 delivered to the Company system and MGE.

20 **Q. With monthly metering, how can the Company or anyone know whether the**
21 **schools are in or out of balance on a given day?**

22 A. Because by law, schools are not required to have daily metering, unless annual
23 usage is over 100,000 therms; but, instead have monthly metering, there are no metered daily

1 usages for schools to determine a daily or even a weekly imbalance. Thus to charge the schools
2 based on an artificial weekly average price for days when they may not have been out of balance
3 is contrary to a true monthly balancing mechanism as used in the industry, such as used by MGE.
4 Section 393.310 RSMo provided for an administration and balancing charge to cover a true
5 monthly balancing mechanism. To charge a weekly average of daily prices for monthly metered
6 school accounts is overly punitive and is double dipping with the administrative and balancing
7 specified by Section 393.310 RSMo and addressed as MSBA Issue 7.

8 **Q. At Page 7 of Staff witness Jenkins' rebuttal testimony, she states: "Staff**
9 **recommends use of Gas Daily because it publishes daily and weekly index prices for**
10 **natural gas transported on pipelines that serve SNG's divisions." Does Gas Daily also**
11 **publish the monthly average index price?**

12 **A. Yes. Gas Daily also publishes the monthly average index price.**

13 **Issue-8: Cashout Inclusion of Pipeline Fuel, Capacity and Commodity Charges**

14 **Q. Will you address Issue-8: Cashout Inclusion of Pipeline Fuel, Capacity and**
15 **Commodity Charges?**

16 **A. Yes. Staff witness Jenkins (at Page 9 of rebuttal testimony) recommends**
17 **inclusion of pipeline fuel, pipeline capacity and pipeline commodity charges in the cashout price**
18 **when Company supplies a negative imbalance gas supply to a Transportation customer. I agree**
19 **that the supplier (Company or Transportation Customer) of gas incurs incremental costs of**
20 **pipeline fuel and commodity charges when gas supply is delivered to the Company system by**
21 **either Company to Transportation Customer or by Transportation Customer to Company.**
22 **However, the pipeline capacity costs are fixed and do not contribute to incremental costs.**
23 **Jenkins was not clear that the reciprocal relationship of Customer supplying to Company also**

1 applies. That is, a Transportation customer also incurs incremental costs of pipeline fuel and
2 pipeline commodity charges when supplying a positive imbalance gas supply to the Company for
3 retail sales customers. Therefore, the cashout price should include these incremental pipeline
4 costs of fuel and commodity charges in both directions. As for the fixed pipeline capacity
5 charges, if they are to be charged, then they should be charged in both directions. By Customer
6 and Company, or not at all. To only include these pipeline charges when the Company supplies
7 the imbalance but when the Company receives the imbalance from the Transport customer would
8 allow the Company to receive imbalance supply from customers at below the cost the Company
9 would otherwise pay for the supply it receives. Such a one-sided cashout provision would create
10 a built-in bias in favor of the Company receiving gas supply from Transport customers without
11 having to pay for pipeline costs.

12 **Issue-9: Pool Operator Charge vs. Administration and Balancing Charge**

13 **Q. Will you address Issue-9: Pool Operator Charge vs. Administration and**
14 **Balancing Charge?**

15 A. Yes. In lieu of the Company proposed \$250/month Pool Operator, MSBA
16 supports charging transporting schools an administration and balancing charge of \$0.004/therm,
17 as contemplated in Section 393.310 RSMo, with Company crediting those revenues to Account
18 191 as proposed by Staff. Company, Staff nor any other party has objected to this position.

19 **Issue-10: Pool Operator Agreement**

20 **Q. Will you address Issue-10: Pool Operator Agreement?**

21 A. Yes. MSBA does not object to the standard form of Pool Operator Agreement
22 that Staff has proposed.

23 **Issue-11: Capacity Release Language**

1 **Q. Will you address Issue-11: Capacity Release Language?**

2 A. Yes. When a school switches from sales service to transportation service, MSBA
3 supports having the Company first offer to release the capacity to the schools for which the
4 Company has been holding to serve these same schools as a sales service customers.
5 Specifically, MSBA supports adding the following clarifying language to Company’s capacity
6 release provisions for school transportation service:

7 “When a school switches from sales service to transportation service, the
8 Company will make the capacity it holds to serve the school available to the
9 school’s Pool Operator. Any capacity released by the Company to the Pool
10 Operator will be released for the full term of that capacity and will be non-
11 recallable for the term of the agreement and will be released at the full demand
12 rate charged by the upstream pipeline with the Pool Operator being directly
13 responsible for any commodity related charges imposed by the upstream
14 pipeline.”

15 **Issue-12: Interruptible vs. Firm Distribution Delivery Service**

16 **Q. Will you address Issue-12: Interruptible Vs Firm Distribution Delivery**
17 **Service?**

18 A. Yes. From reading Staff’s rebuttal testimony, Jenkins at page 15, I apparently
19 was not clear that MSBA is not proposing a higher priority of its “supply” for schools relative to
20 Company’s “supply”, but MSBA is proposing the same priority for “delivery” of supply. MSBA
21 supports Company’s proposal, Taylor rebuttal Schedule KDT-1, to eliminate the interruptible
22 status for School Program Shippers as found on Original Sheet No. 25, Availability Section and
23 adding the below paragraph 10, to the provisions found on Proposed Tariff Sheet 49:

1 “10. Delivery Priority

2 Each Shipper taking service under the Missouri School Program will possess the
3 same delivery priority as retail sales customers to the extent The Pool Operator
4 delivers and is allocated natural gas to the TBS from the upstream pipeline.”

5 **Issue-13: Company’s Pre-Determined Pipeline Allocation Algorithm (PDA)**

6 **Q. Will you address Issue-13: Company’s Pre-Determined Pipeline Allocation**
7 **Algorithm (PDA)?**

8 A. Yes. Company’s Pre-Determined Allocations (PDA) priority creates unwarranted
9 imbalances for schools. Rebuttal testimony of Company witness, Renato Nitura (beginning at
10 page 4, line 22) effectively demonstrates the Company has established Pre-Determined
11 Allocations (PDA) that is provided to the Interconnecting Party (Southern Star pipeline (SS)).
12 Nitura states: “On a monthly basis, prior to the beginning of any Delivery Month, *Company*
13 submits Pre-Determined Allocations (PDA) to the Interconnecting Party (as applicable).” Italics
14 were added for emphasis that it is the Company that provides the PDA to the pipeline; so it the
15 pipeline is only following the Company’s pre-established procedure or algorithm, Appendix 5, is
16 a copy of page 24, a Company provided report “Shipper Noms vs. Actuals Daily” which results
17 from the PDA. The report name is a misnomer because the schools are monthly metered and
18 there are no “Actual Daily” usages for schools. Because by law, schools are not required to have
19 daily metering unless annual usage is over 100,000 therms; but, instead have monthly metering.
20 So, with monthly metering, there is no way the Company or anyone can know whether the
21 imputed daily usage (PDA) is above or below actual school usage for any given day. Thus, the
22 Company-provided PDA imputes an artificial daily imbalance that is then summed for an
23 artificial monthly imbalance, which is proposed to be cashed out at prices that may be excessive,

1 depending on the ultimate Commission decision regarding the appropriate cashout price
2 determinate(s). As one example, page 24 of the report shows that on 8/18/13, Seminole, schools'
3 Pool Operator, scheduled deliveries of 76 MMBtu from SS to Company; but, SS using the
4 Company-provide PDA, allocated 62 MMBtu. Thus, schools' daily deliveries for 8/18/13
5 schools were credited at 14 MMBtu less on 8/18/13 than was nominated to be delivered for the
6 schools. When Company later gets an actual monthly meter reading for schools usage and
7 compares the monthly actual usage to the sum of allocated daily deliveries for the month, that
8 difference creates an artificial school monthly imbalance consisting of artificial daily imbalances
9 that Company proposes to cashout in the future. That monthly imbalance is artificially
10 calculated because the real monthly imbalance is the difference between the actual monthly
11 metered usage and the total nominated deliveries for the month and is not the sum of the
12 artificially imputed daily allocation using the Company-provided PDA algorithm. If Company
13 were to treat monthly metered schools like MGE, which does true monthly balancing, the PDA
14 would not apply to schools on a daily basis. Schools on the MGE system, which are also served
15 from the SS pipeline, do not have imputed daily deliveries allocated on a PDA algorithm.

16 **Q. What is MSBA's recommendation to the Commission regarding Company's**
17 **PDA?**

18 **A.** MSBA recommends that the Commission order Company to stop applying a PDA
19 to schools, except on days with urgent system issues. Also, if and when the PDA is applied,
20 MSBA recommends that the Commission order the Company to change its PDA daily allocation
21 priority for "all" transportation customer into: (a) PDA for transportation customers with daily
22 telemetry data and then followed by: (b) transportation customers with monthly metered data.

23 **Q. Does that conclude your surrebuttal testimony?**

1 A. Yes, it does.

BEFORE THE MISSOURI 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) Case No. GR-2014-0086
Natural Gas Service)

AFFIDAVIT OF LOUIE R. ERVIN SR.

STATE OF IOWA)
)ss
COUNTY OF LINN)

Louie R. Ervin Sr., being first duly sworn on his oath, states:

1. My name is Louie R. Ervin Sr. I work in Cedar Rapids, Iowa and am employed by Latham & Associates as the Executive Vice President.

2. Attached hereto and made a part of hereof for all purposes is my Surrebuttal Testimony on behalf of Missouri School Board's Association consisting of 24 pages, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the questions therein propounded are true and correct.



Louie R. Ervin Sr.
Louie R. Ervin Sr.

Subscribed and sworn to before me this 7 day of Aug, 2014.

Debra Pauly
Notary Public

My commission expires 12-27-16

Appendix 1
Issue: Revised Tariffs To Increase Annual Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

APPENDIX 1

SECTION 393.310 RSMO

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

**Jefferson City, Missouri
August 8, 2014**

Chapter 393
Gas, Electric, Water, Heating and Sewer Companies
Section 393.310

August 28, 2007

Certain gas corporations to file set of experimental tariffs with PSC, minimum requirements--extension of tariffs.

393.310. 1. This section shall only apply to gas corporations as defined in section 386.020, RSMo. This section shall not affect any existing laws and shall only apply to the program established pursuant to this section.

2. As used in this section, the following terms mean:

(1) "Aggregate", the combination of natural gas supply and transportation services, including storage, requirements of eligible school entities served through a Missouri gas corporation's delivery system;

(2) "Commission", the Missouri public service commission; and

(3) "Eligible school entity" shall include any seven-director, urban or metropolitan school district as defined pursuant to section 160.011, RSMo, and shall also include, one year after July 11, 2002, and thereafter, any school for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district.

3. Each Missouri gas corporation shall file with the commission, by August 1, 2002, a set of experimental tariffs applicable the first year to public school districts and applicable to all school districts, whether charter, private, public, or parochial, thereafter.

4. The tariffs required pursuant to subsection 3 of this section shall, at a minimum:

(1) Provide for the aggregate purchasing of natural gas supplies and pipeline transportation services on behalf of eligible school entities in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association;

(2) Provide for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities at the gas corporation's cost of purchasing of such gas supplies and transportation, plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the commission, not to exceed four-tenths of one cent per therm delivered during the first year; and

(3) Not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually.

5. The commission may suspend the tariff as required pursuant to subsection 3 of this section for a period ending no later than November 1, 2002, and shall approve such tariffs upon finding that implementation of the aggregation program set forth in such tariffs will not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program. Except as may be mutually agreed by the gas corporation and eligible school entities and approved by the commission, such tariffs shall not require eligible school entities to be responsible for pipeline capacity charges for longer than is required by the gas corporation's tariff for large industrial or commercial basic transportation customers.

6. The commission shall treat the gas corporation's pipeline capacity costs for associated eligible school entities in the same manner as for large industrial or commercial basic transportation customers, which shall not be considered a negative financial impact on the gas corporation, its other customers, or local taxing authorities, and the commission may adopt by order such other procedures not inconsistent with this section which the commission determines are reasonable or necessary to administer the experimental program.

7. Tariffs in effect as of August 28, 2005, shall be extended until terminated by the commission.

Appendix 2
Issue: Revised Tariffs To Increase Annual Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

APPENDIX 2

SNGMO's RESPONSE TO MSBA DR #42

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

**Jefferson City, Missouri
August 8, 2014**

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

In the Matter of Summit Natural Gas of)
Missouri, Inc.'s Filing of Revised Tariffs to) File No. GR-2014-0086
Increase its Annual Revenues for Natural)
Gas Service)

MSBA'S DATA REQUEST TO SNG

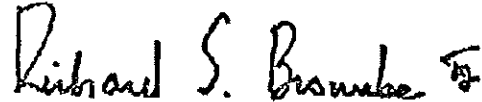
Comes now Missouri School Boards' Association ("MSBA"), in accordance with Commission Rule 4 CSR 240-2.090(2) and submits the following data request to Summit Natural Gas of Missouri, Inc. ("SNGMO"):

DATA REQUEST

1. Reference rebuttal testimony of Tyson Porter, page 6, starting at line 15, where SNGMO's witness Porter states that "...neither Staff nor Summit has included the schools' (sic) billing determinates in the applicable retail sales customer classes in its direct case" but goes on to say that "Summit has performed the analysis and shows the inclusion of the meters in the applicable retail sales customers classes in Rebuttal Schedule TDP-3". Regarding this statement:
 - a. Has SNGMO's analysis produced a new CCOS? If so, please provide a fully operative copy with an explanation of all assumptions and allocators listed and explained.
 - b. Has SNGMO also included the schools' volumes in the retail sales class?
 - c. Has SNGMO's analysis produced a new table of rate schedules? If so, please provide a copy showing rates with and without schools in the transportation class under equal assumptions and allocators.

- d. Provide the legal basis and precedents relied on by SNGMO to allow a complete change in placement of a sub-class of customer within a different rate class without withdrawing the current case and refiling a new case with adequate due process and timeline.

Respectively submitted,



Richard S. Brownlee III, Bar #22422
Attorney for MSBA
RSBIII, LLC
121 Madison Street
Jefferson City, MO 65101
(573) 616-1911
rbrownlee@rsblobby.com

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 15th day of July, 2014, to:

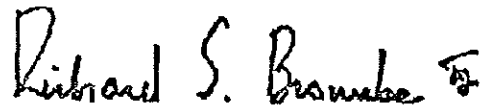
Dean L. Cooper
Brydon, Swearingen & England P.C.
dcooper@brydonlaw.com

Jeremy D. Knee
Missouri Division of Energy
jeremy.knee@ded.mo.gov

Kevin Thompson
Missouri Public Service Commission
kevin.thompson@psc.mo.gov

Marc Poston
Governor's Office Building
marc.poston@ded.mo.gov

Terry M. Jarrett
Healy & Healy
terry@healylawoffices.com



Richard S. Brownlee III

Missouri School Board Association

Data Request

Data Request No. 42
Company Name Summit Natural Gas of Missouri, Inc.
Case/Tracking No. GR-2014-0086
Date Requested 7/15/2014
Requested From Dean Cooper/Summit Natural Gas of Missouri, Inc. (the "Company")
Requested By Richard S. Brownlee III, Louie Ervin/Missouri School Board's Association ("MSBA")

Description Please see attached.

Due Date 7/22/2014
Security Public

RESPONSE:

- A) No
- B) No
- C) No
- D) SNGMO is unaware of any legal basis or precedent that would suggest a requirement that a rate case should be withdrawn and refiled as a result of a change in a party's class cost of service study, or any requirement for specific "due process or timeline" associated with a utility's class cost of service study. Statutory notice is provided by a utility's filing of tariffs/schedules (Section 393.150). Due process and timelines for consideration of those tariffs/schedules are established by the Commission within the parameters of its statutes. SNGMO proposed rates for the schools in its filed tariffs/schedules. Ultimately, the Commission will determine what rate it believes to be just and reasonable. The Commission may rely on, or not rely on, the evidence presented to it and assign such weight to that evidence as it believes appropriate. This includes whatever weight the Commission may give to SNGMO's study.

Response Provided by: Tyson Porter

Appendix 3
Issue: Revised Tariffs To Increase Annual Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

APPENDIX 3

COMMISSION APPROVED TRANSPORTATION RATES

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

**Jefferson City, Missouri
August 8, 2014**

UNION ELECTRIC COMPANY GAS SERVICE

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)

	<u>Standard Transportation (1)</u>	<u>Large Volume Transportation (2)</u>
Customer Charge:	\$28.72	\$1,451.53 per month
Electronic Gas Meter (EGM) Charges (3):		
Administrative Charge:	\$43.45	\$43.45 per month
Meter Equipment Charge:	Section G. Miscellaneous Charges Sheet No. 20.1, as applicable.	
Transportation Charge:		
First 7,000 Ccf	30.89¢ per Ccf	30.89¢ per Ccf
All Over 7,000 Ccf	17.28¢ per Ccf	14.84¢ per Ccf
Aggregation and Balancing Charge:		
Eligible School Entities and New Eligible School Entities Only	0.44¢ per Ccf	0.44¢ per Ccf

* Indicates Change.

Issued Pursuant to the Order of the Mo.P.S.C. in Case No. GR-2010-0363.

DATE OF ISSUE January 21, 2011 DATE EFFECTIVE February 20, 2011

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri
Name of Officer Title Address

UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

NATURAL GAS TRANSPORTATION SERVICE

- (1) A customer, at the date of its contract, whose annual transportation requirements are expected to be 600,000 Ccf or less.
- (2) A customer, at the date of its contract, whose annual transportation requirements are expected to be greater than 600,000 Ccf.
- * (3) Not applicable, to the individual meters of Eligible School Entities, and New Eligible School Entities as defined in paragraph 1. above, using less than one hundred thousand Ccfs annually.
- * (4) In addition to the charges contained herein all Eligible School Entities and New Eligible School Entities shall pay all costs necessary to ensure that the Company, its other customers and local taxing authorities will not have or incur any negative financial impact as a result of the natural gas aggregation program established by Section 393.310, RSMo.

Authorized Gas Use Charge:

All Ccf of Company-owned gas consumed by customer with authorization from Company during periods of non-interruption of any sales service will be billed at the applicable service area's firm sales service Purchased Gas Adjustment (PGA) factor plus 40%. The payment of the Authorized Gas Use Charge will be in addition to the above Customer, EGM and Transportation Charges. Company will not actively market the sale of Company-owned gas to transportation customers and will sell such gas only in response to the transportation customer's request. Authorized Use gas shall not be available to a transportation customer for more than twenty (20) days out of any calendar month.

Unauthorized Gas Use Charge:

- * All Ccf of Company-owned gas consumed by customer without authorization from Company, will be billed at the "Unauthorized Gas Use Charge". This charge shall be applicable to customers that are impacted by Critical Day and/or curtailment provisions. Company will provide Customer no less than two (2) hours advance notification before assessing Unauthorized Gas Use Charges. The payment of the Unauthorized Gas Use Charge will be in addition to all other charges specified in this rate. Regardless of the assessment of the Unauthorized Gas Use Charge, the Company retains the right to terminate such unauthorized use by disconnecting the customer's service if necessary to protect the reliability of service to other customers. Unauthorized Gas Use Charges shall be billed as follows:

* Indicates Change.

Issued Pursuant to the Order of the Mo. P.S.C. in Case No. GR-2007-0003

DATE OF ISSUE March 21, 2007 DATE EFFECTIVE April 1, 2007

ISSUED BY T. R. Voss President & CEO St. Louis, Missouri
Name of Officer Title Address

Appendix 4
Issue: Revised Tariffs To Increase Annual Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

APPENDIX 4

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

**Jefferson City, Missouri
August 8, 2014**

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas

TRANSPORTATION PROVISIONS

TRPR

(9) Cash Out: Monthly volumes of gas delivered to a transportation service customer should, to the extent practicable, match Company's receipts for the customer less any amount retained by Company according to Section A-6, Retainage. Agents may balance the aggregated volumes of gas for each pool of customers they represent, according to the terms of Section A-4, Aggregation.

(a) Monthly Cash Out: Differences between deliveries and retainage-adjusted receipts shall be reconciled on a monthly basis between Company and a customer or the customer's agent.

(i) If Company's retainage-adjusted receipts (nomination) for the customer are less than deliveries (usage) to the customer, the customer or the customer's agent shall pay:

1.0 times the index price for each MMBtu of imbalance up to and including 5% of nominations, plus

1.2 times the index price for each MMBtu of imbalance which is greater than 5%, up to and including 10% of nominations, plus

1.4 times the index price for each MMBtu of imbalance which is greater than 10% of nominations, plus

For each MMBtu of imbalance Southern Star Central's maximum tariff transportation rate, plus the incremental/variable storage withdrawal cost rate.

(ii) If Company's retainage-adjusted receipts (nomination) for the customer exceed deliveries (usage) to the customer, the customer or the customer's agent shall receive:

1.0 times the index price for each MMBtu of imbalance up to and including 5% of nominations, plus

0.8 times the index price for each MMBtu of imbalance which is greater than 5% of nominations, up to and including 10%, plus

0.6 times the index price for each MMBtu of imbalance which is greater than 10% of nominations, plus

For each MMBtu of imbalance Southern Star Central's maximum tariff transportation rate, minus the incremental/variable storage injection rate.

DATE OF ISSUE: February 16, 2010
Month Day Year

February 28, 2010
DATE EFFECTIVE: March 18, 2010
Month Day Year

ISSUED BY: Michael R. Noack

Director, Pricing and Regulatory Affairs
Missouri Gas Energy, Kansas City, MO. 64111

FILED
Missouri Public
Service Commission
GR-2009-0355; YG-2010-0500

REC'D OCT 23 2003

Missouri Gas Energy,
a Division of Southern Union Company

For: All Missouri Service Areas
Service Commission

TRANSPORTATION PROVISIONS

TRPR

(b) Index Price: The index price shall be determined as the arithmetic average of the first-of-the-month index prices published in Inside F.E.R.C.'s Gas Market Report for the month immediately following the month in which the imbalance occurred, for

Southern Star Central Gas Pipeline, Inc. f/k/a Williams Gas Pipeline Central Inc. (Texas, Kansas, Oklahoma) (If Inside FERC's Gas Market Report does not publish an index price for Southern Star, then the alternate index price approved by FERC for use by Southern Star Central will be substituted.)

And
Panhandle Eastern Pipe Line Company (Texas and Oklahoma)

(10) Limitations: If the Company's system capacity is inadequate to meet all of its other demands for sales and transportation service, the services supplied under this schedule may be curtailed in accordance with the Priority of Service rules in the Company's General Terms and Conditions. If a supply deficiency occurs in the volume of gas available to the Company for resale, and the customer's supply delivered to the Company for transportation continues to be available, then the customer may continue to receive full transportation service even though sales gas of the same or higher priority is being curtailed. The determination of system capacity limitations shall be in the sole discretion of the Company reasonably exercised. If capacity limitations restrict the volume of gas which the customer desires to be transported, the customer may request the Company to make reasonable enlargements in its existing facilities, which requests the Company shall not unreasonably refuse, provided that the actual cost (including indirect costs) of such system enlargements are borne by the customer. Title to such expanded facilities shall be and remain in the Company free and clear of any lien or equity by the customer. Nothing herein contained shall be construed as obligating the Company to construct any extensions of its facilities.

(11) Limitation of Transportation Service and Other Charges: Transportation shall be available only where the gas supply contracts, tariffs and schedules under which the Company obtains its gas supplies permit. Any conditions or limitations on transportation by the Company imposed by such contracts, tariffs and schedules shall be applicable to service hereunder. In the event that this transportation service causes the incurrence of demand charges, standby charges, reservation charges, penalties or like charges from the Company's gas suppliers or transporters, which charges are in addition to charges for gas actually received by the Company, such charges shall be billed to the customer in addition to amounts for service rendered hereunder.

DATE OF ISSUE: October 23 2003
Month Day Year

DATE EFFECTIVE: ~~November 24 2003~~
Month Day Year
NOV 01 2003

ISSUED BY: Robert J. Hack

Vice President, Pricing and Regulatory Affairs
Missouri Public Missouri Gas Energy
Service Commission Kansas City, MO. 64111

BT-04-49
FILED NOV 01 2003

Appendix 5
Issue: Revised Tariffs To Increase Annual Revenues for Natural Gas Service
Witness: Louie R. Ervin Sr.
Sponsoring Party: Missouri School Boards' Association
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

APPENDIX 5

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

**Jefferson City, Missouri
August 8, 2014**

TSP Name: Southern Star Central Gas Pipeline
 TSP: 007906233

Shipper Noms vs. Actuals Daily

6/5/2014 9:18:39AM
 CSI022

Beg Date: 1/1/2013 End Date: 01/01/2014

Page 24 of 107

Loc Prop: 142																		
Loc Prop/ Line Seg	Loc Name	Loc Zn	Dir Flo	Svc Req K	Svc Req Prop	Svc Req Name	Up/Dn ID Prop	Up/Dn K	Up/Dn Pkg ID	Pkg Id	Flow Date	TT	Sched Qty (Gross)	Alloc Qty (Gross)	Qty Diff (Gross)	Sched Qty (Net)	Alloc Qty (Net)	Qty Diff (Net)
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SOMO		8/12/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/13/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/14/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/15/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/16/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/17/13 01		76	73	-3	76	73	-3
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/18/13 01		76	62	-14	76	62	-14
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/19/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/20/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/21/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/22/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/23/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/24/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/25/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/26/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/27/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/28/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/29/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/30/13 01		76	76	0	76	76	0
142-455	Southern Miss	M	D	RA20116	8899	Seminole Energy Services, I	12514		SCHOOLS		8/31/13 01		76	64	-12	76	64	-12