

Exhibit No.: ~~50~~ 256

Issue: Lost and Unaccounted
for Gas (LAUF Gas)

Witness: Derick Miles, P.E.

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case Nos.: GR-2017-0215

GR-2017-0216

Date Testimony Prepared: November 21, 2017

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

PROCUREMENT ANALYSIS

Staff Exhibit No. 256

Date 12/15/17 Reporter A.F.

File No. GR-2017-0215, GR-2017-0216

SURREBUTTAL TESTIMONY

OF

DERICK A. MILES, P.E.

SPIRE MISSOURI INC. d/b/a SPIRE
LACLEDE GAS COMPANY and MISSOURI GAS ENERGY
GENERAL RATE CASE

CASE NOS. GR-2017-0215
and GR-2017-0216

Jefferson City, Missouri
November, 2017

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SURREBUTTAL TESTIMONY OF
DERICK A. MILES, P.E.
SPIRE MISSOURI INC. d/b/a SPIRE
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GENERAL RATE CASE
CASE NOS. GR-2017-0215 & GR-2017-0216**

EXECUTIVE SUMMARY 1
LOST AND UNACCOUNTED FOR GAS 2

1 Associates, Inc., and Spire's witness, Scott A. Weitzel, concerning the proposed lost and
2 unaccounted for ("LAUF") gas factor.

3 **LOST AND UNACCOUNTED FOR GAS**

4 Q. Please explain Staff's position regarding lost and unaccounted for gas.

5 A. Staff recommends that Spire Missouri, Inc. adopt a 2% lost and unaccounted for
6 gas ("LAUF") factor for the transportation class of its Laclede Gas Company ("LAC") division,
7 and keep the LAUF factor at 2% for its Missouri Gas Energy ("MGE") division transportation
8 class.

9 Q. What is LAC's current LAUF factor for its Transportation customers?

10 A. The current LAC LAUF tariff rate for the Transportation Class is 0% and has
11 been since around 1989.

12 Q. Do local gas distribution companies typically collect for LAUF?

13 A. Yes. Every natural gas distribution system has some percentage of lost and
14 unaccounted for gas. It is virtually impossible for monthly gas purchases to match gas sales
15 completely at 100%.

16 Q. Do other gas local distribution companies in Missouri retain a percentage factored
17 for LAUF?

18 A. Yes. Ameren Missouri retains 2% for "shrinkage and line losses." MGE also
19 retains 2%, but per MGE's tariff, with agreement, and where LAUF can accurately be measured,
20 MGE uses actual measurement in lieu of the 2% retainage. Liberty retains 2% for "line losses."
21 Empire District Gas collects LAUF via its Actual Cost Adjustment ("ACA") process yearly.

22 Q. What reimbursement does Laclede currently receive for LAUF?

23 A. Laclede currently collects a percentage via the PGA/ACA, which varies based

Surrebuttal Testimony of
Derick A. Miles, P.E.

1 upon the actual monthly LAUF gas. However, this is collected from the PGA sales
2 customers only.

3 Q. Why does Laclede propose 1% for the LAUF factor retainage?

4 A. It is unclear to Staff why 1% was chosen, other than the fact that the Company
5 wants to "ease into" this additional charge for their Transportation customers. As previously
6 stated, the Transportation Class has been charged nothing for LAUF gas for decades. Company
7 witness Scott Weitzel states in his October 20, 2017, Rebuttal Testimony that "...the Company
8 proposed introduction of a 1% LAUF as an interim step for transportation customers". This
9 implies that it could potentially be increased in the next rate case.

10 Q. Does Staff believe the 2% for the Transportation Class is the ultimate solution to
11 this problem?

12 A. No. Although it is a step in the right direction, Staff believes a comprehensive
13 analysis (i.e. LAUF Study) should be performed in order to help determine what the correct
14 factors should be for each customer class.

15 Q. Does this conclude your surrebuttal testimony?

16 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's)
Request to Increase Its Revenues for) Case No. GR-2017-0215
Gas Service)

In the Matter of Laclede Gas Company)
d/b/a Missouri Gas Energy's Request to) Case No. GR-2017-0216
Increase Its Revenues for Gas Service)

AFFIDAVIT OF DERICK A. MILES, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW DERICK A. MILES, PE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

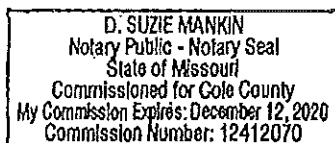
Further the Affiant sayeth not.

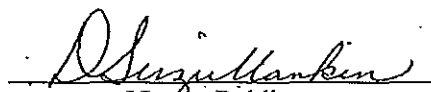


DERICK A. MILES, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of November, 2017.





Notary Public