

Exhibit No.:  
Issues: Rate Design, CCOS,  
Overview of Staff filing  
Witness: Thomas M. Imhoff  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: GR-2014-0152  
Date Testimony Prepared: June 26, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION  
UTILITY OPERATIONS**

**DIRECT TESTIMONY**

**OF**

**THOMAS M. IMHOFF**

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.  
d/b/a LIBERTY UTILITIES**

**CASE NO. GR-2014-0152**

*Jefferson City, Missouri  
June 2014*

Exhibit No. 28  
Date 9/8/14 Reporter SJP  
File No. \_\_\_\_\_



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**OF**

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d/b/a LIBERTY UTILITIES**

**CASE NO. GR-2014-0152**

Q. Please state your name and business address.

A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.

Q. Are you the same Thomas Imhoff who previously filed direct testimony in the Staff's revenue requirement / cost of service filing on June 6, 2014?

A. Yes.

Q. With reference to Case No. GR-2014-0152, have you participated in the Commission Staff's ("Staff") audit of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities ("Liberty Utilities" or "Midstates") concerning its request for a rate increase in this proceeding??

A. Yes, I have.

**EXECUTIVE SUMMARY**

Q. What is the purpose of your Direct Testimony?

A. I am sponsoring the Staff's Class Cost of Service and Rate Design Report ("Report") which is being filed concurrently with this testimony. In my testimony I present an overview of Staff's position on Liberty Utilities' class cost-of-service ("CCOS"), rate design, transportation service tariff language, and the school transportation and aggregation program tariff language. The Report, which is being filed separately, describes in greater detail Staff's position regarding these issues and was prepared by various Staff members

1 under my direction. The “report” approach to the case filing is intended to minimize the  
2 number of Staff witnesses required to file individual pieces of direct testimony and provides  
3 for a clearer presentation of the Staff’s CCOS, rate design, transportation service tariff  
4 language, and the school transportation and aggregation program tariff language.

5 **CLASS COST OF SERVICE**

6 Q. What is the purpose of Staff’s CCOS recommendation?

7 A. The purpose of Staff’s CCOS recommendation is to provide the Commission  
8 with a measure of relative class cost responsibility for the overall revenue requirements of  
9 Liberty Utilities.

10 Q. Did Staff perform a CCOS study for Liberty Utilities?

11 A. No.

12 Q. Why is Staff not proposing any CCOS?

13 A. Staff is not proposing any CCOS due to insufficient data received from  
14 Liberty Utilities. Staff has been working with Liberty Utilities in collecting data that is  
15 essential for the computation of a CCOS. To date, revenue data that Liberty Utilities has  
16 supplied has been deficient and changes with each update to Staff’s requests. Staff proposes  
17 that if any rate increase or decrease is warranted, the change would be made as an equal  
18 percentage to all rate classes.

19 **RATE DESIGN**

20 Q. What is rate design?

21 A. Rate design is the assignment of rates to each customer class and is usually  
22 based on the Staff’s CCOS study, as well as other factors relevant to the case.

23 Q. What is Staff’s position regarding the rate design issue in this case?

1           A.     Staff is proposing equal percentage changes to all rate classes and rate  
2 elements, due to deficient data as described above under CCOS. The lack of reliable  
3 revenue data precludes Staff from computing an annualized level of billing determinants that  
4 would be the basis of new rates. An equal percentage based on the current rates is the only  
5 way Staff can compute any changes in rates from the outcome of this rate case.

6           **TARIFF CHANGES TO THE TRANSPORTATION CLASS AND**  
7           **SCHOOL AGGREGATION AND TRANSPORTATION TARIFFS**

8           Q.     Is Staff proposing tariff language to Liberty Utilities' Transportation Service  
9 and School Aggregation and Transportation tariffs?

10          A.     Yes. Staff is proposing several miscellaneous revisions to Liberty Utilities'  
11 transportation and school aggregation and transportation tariffs. First, Staff is  
12 recommending that a standard pool operator agreement, poolImhoff management agreement,  
13 and standard transportation agreement form should be in the tariff. Staff is also proposing  
14 that Liberty Utilities clarify school transportation forecasting responsibilities as well as  
15 balancing obligation responsibilities. Staff also proposes language to clarify cash-out  
16 imbalances for transportation service and PGA/ACA crediting.

17          Q.     Please identify the Staff witness responsible for addressing each area in the  
18 CCOS and Rate Design Report.

19          A.     The Staff witness for each listed issue is as follows:  
20

Direct Testimony of  
Thomas M. Imhoff

	<u>Issue</u>	<u>Staff Witness</u>
1		
2	Class Cost of Service	Michelle Bocklage
3	Rate Design	Thomas M. Imhoff
4	School Aggregation and Transportation	Lesa Jenkins
5	Transportation and PGA/ACA	David Sommerer
6	Q. Does this conclude your Direct Testimony?	
7	A. Yes it does.	