

Exhibit No.:
Issue: Rates
Witness: Maurice Brubaker
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Noranda Aluminum, Inc.
Case No.: GR-2014-0152
Date Testimony Prepared: August 15, 2014

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

_____)
In the Matter of Liberty Utilities)
(Midstates Natural Gas) Corp. d/b/a)
Liberty Utilities' Tariff Revisions)
Designed to Implement a General) Case No. GR-2014-0152
Rate Increase for Natural Gas)
Service in the Missouri Service)
Areas of the Company.)
_____)

Surrebuttal Testimony of

Maurice Brubaker

On behalf of

Noranda Aluminum, Inc.

REDACTED VERSION
****Highly Confidential Information Removed****

August 15, 2014



Noranda Exhibit No. 47
Date 9/8/14 Reporter SJO
File No. _____

1 Q DOES STAFF CONTINUE TO RECOMMEND THAT THE PRICING IN THE
2 NORANDA CONTRACT BE IGNORED, AND INSTEAD ASSUME THAT NORANDA
3 IS PRICED UNDER THE STANDARD TARIFF RATE?

4 A Yes.

5 Q PUTTING ASIDE FOR THE MOMENT THE CONTRACTUAL ISSUES, DOES
6 LIBERTY HAVE A STANDARD TARIFF RATE SUITABLE FOR SERVICE TO
7 NORANDA?

8 A No. Liberty does not have a rate that specifically recognizes the fact of a customer
9 taking service directly from Liberty's transmission system, rather than from the
10 distribution system. The "Large Firm General Service" rate does not recognize this
11 distinction nor does the "Interruptible Large Volume Gas Service" rate. They are
12 generally available to customers at all points on the system. And, since no other
13 retail customer is served directly from the transmission system, these two rates
14 necessarily reflect the cost to serve customers from the distribution system. Since
15 Noranda takes service directly from the transmission system and does not utilize any
16 part of the distribution system, these rates obviously are not suitable for pricing
17 service to Noranda.

18 In addition, although one of these tariffs is called "interruptible," the delivery
19 charge and the distribution commodity rate in the interruptible tariff are the same as
20 the charges in the firm tariff. Obviously, no distinction in price is made, even though
21 the quality of service is lower. Recognizing the interruptible nature of service by
22 offering a rate lower than the rate applicable to firm service is universally accepted in
23 the industry as appropriate.

1 Q ON PAGE 4 OF HER REBUTTAL TESTIMONY, MS. COX CLAIMS THAT LIBERTY
2 HAS NOT PROVIDED ANY SUPPORT FOR THE RATES PAID BY NORANDA. DO
3 YOU AGREE?

4 A No. I disagree with Ms. Cox's assessment that Mr. Krygier did not provide support in
5 his direct testimony. Furthermore, Mr. Krygier's rebuttal testimony provides extensive
6 elaboration on the reasons why the rate is appropriate and fair to other customers. In
7 addition, in my rebuttal testimony I provided a detailed cost of service study showing
8 that the cost to serve Noranda as an interruptible transportation customer taking
9 service from the transmission system is significantly less than the contract rate for
10 Noranda.

11 Q MS. MEISENHEIMER ADDRESSES THE NORANDA CONTRACT AT PAGE 5 AND
12 PAGES 11-13 OF HER REBUTTAL TESTIMONY. WHAT IS YOUR
13 UNDERSTANDING OF HER PROPOSAL FOR THE NORANDA RATE?

14 A It is my understanding that Ms. Meisenheimer proposes that the rate currently
15 charged to Noranda receive the same overall percentage increase as is applicable to
16 other customers in the SEMO division.

17 Q WHAT IS HER BASIS FOR THAT RECOMMENDATION?

18 A On page 5 of her testimony she references the Stipulation and Agreement in Case
19 No. GM-2012-0037, and in particular Section 19(d).

1 Q DO YOU AGREE THAT THIS PROVISION OF THE STIPULATION AND
2 AGREEMENT IN CASE NO. GM-2012-0037 COMPELS AN EQUAL PERCENTAGE
3 INCREASE TO NORANDA IN THIS CASE?

4 A No, I do not. The referenced language clearly refers to rate classifications, and does
5 not specifically mention special contracts. Special contracts are not normally thought
6 of as customer classes and therefore I do not believe that the Stipulation and
7 Agreement compels an equal percentage increase to Noranda.

8 Q ARE THERE OTHER PROVISIONS OF THE STIPULATION AND AGREEMENT IN
9 CASE NOS. GM-2012-0037 OR GR-2010-0192 (ALSO MENTIONED BY MS.
10 MEISENHEIMER) THAT SUPPORT YOUR POSITION?

11 A Yes. At page 11 of her rebuttal testimony, Ms. Meisenheimer references Case
12 No. GR-2010-0192 in which there was agreement to extend the Noranda special
13 contract until the effective date of rates in the next general rate proceeding, which is
14 this case. That provision was contained in Section 7 of the Stipulation and
15 Agreement. Section 7, however, also provided:

16 "This paragraph shall not be construed to limit the ability of Atmos and
17 Special Contract customers: i) to accept alternative mutually agreeable
18 contract provisions, or ii) to enter into alternative mutually agreeable
19 contracts for service. (page 3)

20 I believe this language further supports the concept that an increase as large
21 as the system average increase is not compelled in this case.

22 I would note, however, that should OPC's interpretation of Section 19(d) of the
23 Stipulation and Agreement in Case. No. GM-2012-0037 prevail, then the increase to
24 Noranda, contrary to the recommendations of Commission Staff, would be capped at
25 the SEMO district overall average percentage increase.

Maurice Brubaker
Page 4

1 Q WHAT OVERALL INCREASE HAS LIBERTY PROPOSED IN THIS CASE?

2 A Liberty has proposed a 31% increase in the SEMO division, and a 30% increase
3 overall.

4 Q WHAT PERCENTAGE INCREASE WOULD NORANDA EXPERIENCE WITH
5 STAFF'S RECOMMENDATION?

6 A Just moving Noranda's rate to the current standard tariff rate would be an ** _____ **
7 increase to Noranda. If moved to the level of the proposed rates, the increase to
8 Noranda would be ** _____ **.

9 These increases are way outside of any gradualism constraints that I am
10 familiar with.

11 Q WHAT IS YOUR RECOMMENDATION?

12 A I recommend that the new Gas Transportation Agreement between Liberty and
13 Noranda (Schedule CDK-R6 of Mr. Krygier's rebuttal testimony) be approved as
14 submitted. I also recommend that the actual revenues produced by the Agreement
15 be recognized in Liberty's revenue requirement determination, rather than some
16 fictitious imputed amount as recommended by Staff.

17 Q DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

18 A Yes, it does.

\\Doc\Shares\Profaw\Docs\TSK19890\Testimony-BA\263521.docx

Maurice Brubaker
Page 5