

012

Exhibit No.:

Issues: Weather Normal, Revenue
Adjustments, Class
Revenue Allocation, and
Rate Design

Witness: Russell A. Feingold

Sponsoring Party: Missouri Gas Energy

Case No.: GR-2006-0422

Date Testimony Prepared: August 7, 2006

MISSOURI PUBLIC SERVICE COMMISSION

MISSOURI GAS ENERGY

CASE NO. GR-2006-0422

UPDATED TEST YEAR DIRECT TESTIMONY OF

RUSSELL A. FEINGOLD

FILED²

FEB 07 2007

Missouri Public
Service Commission

Jefferson City, Missouri

August 7, 2006

MBE Exhibit No. 12
Case No(s) GR-2006-0422
Date 1-8-06 Rptr JF

UPDATED TEST YEAR DIRECT TESTIMONY OF

RUSSELL A. FEINGOLD

CASE NO. GR-2006-0422

AUGUST 7, 2006

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Russell A. Feingold and my business address is Four PPG Place, Pittsburgh,
3 Pennsylvania 15222.

4
5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am a Managing Director of Navigant Consulting, Inc. ("NCT") and co-leader of the Litigation,
7 Regulatory & Markets Group within the firm's Energy Practice.

8
9 **Q. ARE YOU THE SAME RUSSELL A. FEINGOLD WHO FILED DIRECT TESTIMONY IN**
10 **THIS PROCEEDING ON MAY 1, 2006?**

11 A. Yes.

12
13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. In its Order Establishing Procedural Schedule issued on July 13, 2006, the Missouri Public Service
15 Commission (the "Commission") required Missouri Gas Energy ("MGE" or the "Company") to
16 update its revenue requirement to reflect the test year updated for changes through June 30, 2006.
17 The purpose of my testimony is to present any updates to the two revenue adjustments made by MGE
18 to weather normalize its gas volumes and to annualize its current level of customers.

19
20 **Q. PLEASE EXPLAIN THE NEED FOR AN UPDATE TO THE COMPANY'S WEATHER**
21 **NORMALIZATION ADJUSTMENT PRESENTED IN SCHEDULE H-2.**

1 A. An update to the Company's weather normalization adjustment to reflect the updated period is not
2 required because MGE already has adjusted its test year revenues for normal weather in its original
3 filing. The Company presented a total weather normalization adjustment equal to \$2,342,430 on
4 Line 2 of Schedule H-2 of MGE witness Noack's Direct Testimony. That same adjustment should
5 appear on Line 2 of Schedule H-2 of MGE witness Noack's Updated Test Year Direct Testimony.

6
7 **Q. PLEASE EXPLAIN THE UPDATE TO THE COMPANY'S CUSTOMER ANNUALIZATION**
8 **ADJUSTMENT.**

9 A. The update to this adjustment decreases test year margins from the level reflected in MGE's original
10 filing in recognition of the fact that the change in its numbers of customers during the twelve months
11 ended June 30, 2006 was less than that experienced during the twelve months ended June 30, 2005.
12 This adjustment is presented on Line 3 of Schedule H-2 of MGE witness Noack's Updated Test Year
13 Direct Testimony. By pricing the volumes associated with the annualization of customers at the
14 Company's current base rates, it results in a \$193,846 change to test year margin.

15
16 **Q. MR. FEINGOLD, DOES THIS CONCLUDE YOUR TESTIMONY?**

17 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy's
Tariff Sheets Designed to Increase Rates
for Gas Service in the Company's Missouri
Service Area.

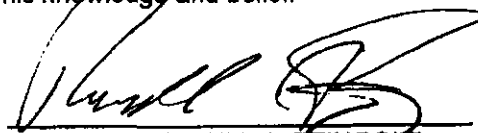
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Case No. GR-2006-0422

AFFIDAVIT OF RUSSELL A. FEINGOLD

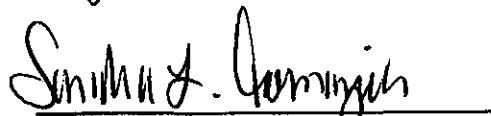
STATE OF Pennsylvania)
COUNTY OF Allegheny)

ss.

Russell A. Feingold, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Updated Test Year Direct Testimony in question and answer form, to be presented in the above case; that the answers in the foregoing Updated Test Year Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.


RUSSELL A. FEINGOLD

Subscribed and sworn to before me this 7th day of August 2006.


Notary Public

My Commission Expires: 10/29/09

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Sandra L. Tomazich, Notary Public
City Of Pittsburgh, Allegheny County
My Commission Expires Oct. 29, 2009
Member, Pennsylvania Association of Notaries