

Exhibit No.: 53

Issues: Customer Growth,
Uncollectible Expense

Witness: Amanda C. McMellen

Sponsoring Party: MoPSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: GR-2017-0215

Date Testimony Prepared: November 21, 2017

MISSOURI PUBLIC SERVICE COMMISSION

**COMMISSION STAFF DIVISION
AUDITING DEPARTMENT**

SURREBUTTAL TESTIMONY

OF

AMANDA C. MCMELLEN

Staff Exhibit No. 253

Date 12-08-17 Reporter KF

File No. GR-2017-0215

GR-2017-0216

SPIRE MISSOURI, INC.,

**LACLEDE GAS COMPANY AND MISSOURI GAS ENERGY
GENERAL RATE CASE**

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

*Jefferson City, Missouri
November 2017*

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **AMANDA C. MCMELLEN**

4 **SPIRE MISSOURI, INC., D/B/A SPIRE**

5 **LACLEDE GAS COMPANY AND MISSOURI GAS ENERGY**

6 **GENERAL RATE CASE**

7 **CASE NOS. GR-2017-0215 AND GR-2017-0216**

8 Q. Please state your name and business address.

9 A. Amanda C. McMellen, 200 Madison Street, Suite 440, Jefferson City, MO
10 65101.

11 Q. By whom are you employed and in what capacity?

12 A. I am a Regulatory Auditor V with the Missouri Public Service Commission
13 (“Commission”).

14 Q. Are you the same Amanda C. McMellen who has previously provided
15 testimony in this case?

16 A. Yes. I contributed to Staff’s Cost of Service Report filed in the Laclede Gas
17 Company (“LAC”) and Missouri Gas Energy (“MGE”) rate cases designated as Case No. GR-
18 2017-0215 and Case No. GR-2017-0216, respectively, on September 8, 2017.

19 Q. What is the purpose of your surrebuttal testimony?

20 A. The purpose of my surrebuttal testimony in this case is to respond to LAC and
21 MGE witness Keri E. Feldman’s rebuttal testimony on customer annualization (growth).

22 I will also respond to LAC and MGE witness Timothy W. Krick’s rebuttal testimony
23 related to uncollectible expense (bad debts).

1 **CUSTOMER ANNUALIZATION**

2 Q. Please summarize LAC and MGE's position regarding customer annualization
3 (growth) as expressed in rebuttal testimony in this proceeding.

4 A. Ms. Feldman's main concern, as stated on pages 6 through 8, is that, by
5 including the adjustment for landlords in the data analyzed and performing a three-year
6 average, Staff skewed the results of the customer growth analysis.

7 Q. Does Staff agree?

8 A. Yes. Staff agrees that by including the landlord adjusted customer numbers in
9 its three-year average the results were skewed. So, Staff has re-analyzed these numbers and
10 used a three-year average of the actual levels of customers before application of the landlord
11 adjustment. After this additional analysis, there is an immaterial numerical difference
12 between Staff and the Company regarding this issue. Staff will re-analyze these numbers in
13 the true-up.

14 **UNCOLLECTIBLES EXPENSE**

15 Q. Please summarize LAC's and MGE's position regarding uncollectibles (bad
16 debts) expense.

17 A. Mr. Krick states on pages 7 through 11 of his rebuttal testimony that it is
18 appropriate to use a multi-year average in calculating uncollectibles in this case.

19 Q. Does Staff agree?

20 A. No, not in the particular circumstances of this case. As stated in Staff's Cost of
21 Service Report, both LAC and MGE made recent significant changes to their write-off policy.
22 Staff's opinion is that the changes made to LAC and MGE's write-off policies affect the
23 ongoing level of uncollectibles expense. So, the most appropriate way to calculate

Surrebuttal Testimony of
Amanda C. McMellen

1 uncollectibles expense in this case is to use the most recent data available since the date of
2 change in policies. Staff will re-analyze and update uncollectibles expense for the true-up
3 audit.

4 Q. Did Staff perform any analysis before deciding on using the balance of the 12
5 months ending June 30, 2017 for uncollectibles expense?

6 A. Yes. Staff analyzed over ten years of data before making the decision that the
7 ongoing level of uncollectibles expense should be based on the 12 months ending June 30,
8 2017.

9 Q. Has Staff used multi-year averages in the past for uncollectibles expense?

10 A. Yes. Staff analyzes uncollectibles expense in every case. Staff has used both a
11 multi-year average and the most current data available for this item, depending on the results
12 of the analysis performed.

13 Q. Did Staff review Mr. Krick's rebuttal schedule TWK-R1?

14 A. Yes. After review, Staff's opinion is that schedule TWK-R1 shows that the
15 change in policy does affect the level of uncollectibles expense and, therefore, using a multi-
16 year average in this case is inappropriate.

17 Q. Does this conclude your surrebuttal testimony?

18 A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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


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

AFFIDAVIT OF AMANDA C. McMELLEN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

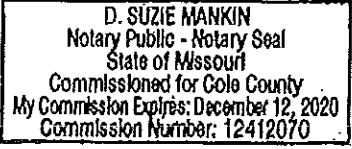
COMES NOW AMANDA C. McMELLEN and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to her best knowledge and belief.

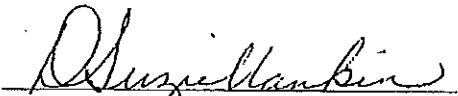
Further the Affiant sayeth not.


AMANDA C. McMELLEN

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 20th day of November, 2017.




Notary Public