

*Exhibit No.:*  
*Issue:* True-up  
*Witness:* David G. Winter  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* True-up Direct Testimony  
*Case No.:* GR-2006-0422  
*Date Testimony Prepared:* December 28, 2006

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

TRUE-UP DIRECT TESTIMONY

OF

DAVID G. WINTER

FILED<sup>2</sup>

FEB 07 2007

Missouri Public  
Service Commission

MISSOURI GAS ENERGY

CASE NO. GR-2006-0422

Jefferson City, Missouri  
December 2006

Staff Exhibit No. 114-A  
Case No(s). 612-2606-0422  
Date 1-11-07 Rptr 72

**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 )

Case No. GR-2006-0422

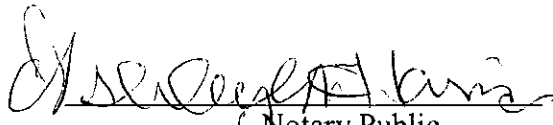
AFFIDAVIT OF DAVID G. WINTER

STATE OF MISSOURI       )  
                                  )  
COUNTY OF COLE       )       ss.

David G. Winter, of lawful age, on his oath states: that he has participated in the preparation of the foregoing True Up Direct Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing True Up 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.

  
David G. Winter

Subscribed and sworn to before me this 27<sup>th</sup> day of December 2006.

  
Notary Public



ASHLEY M. HARRISON  
Notary Public - State of Missouri  
My Commission Expires August 31, 2010  
Cole County  
Commission #06899978

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**CASE NO. GR-2006-0422**

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1                                   **TRUE-UP DIRECT TESTIMONY OF**

2                                   **DAVID G. WINTER**

3                                   **MISSOURI GAS ENERGY**

4                                   **CASE NO. GR-2006-0422**

5           Q.     Please state your name and business address.

6           A.     David G. Winter, P.O. Box 360, Jefferson City, Missouri 65102.

7           Q.     Are you the same David G. Winter who has previously filed direct, rebuttal  
8 and surrebuttal testimony in this proceeding for the Staff?

9           A.     Yes, I am.

10          Q.     What is the purpose of your true-up direct testimony?

11          A.     The purpose of this testimony is to report the results of the Staff's true-up audit  
12 of Missouri Gas Energy (MGE or Company) in this proceeding.

13                   **EXECUTIVE SUMMARY**

14          Q.     Please briefly summarize your true-up direct testimony.

15          A.     The Staff has performed a true-up audit of MGE's gas operations as agreed to  
16 by the parties in this proceeding. The Staff updated its recommended level of MGE's revenue  
17 requirement based on a review of certain components of MGE's books and records through  
18 the end of October 31, 2006. In this testimony, I will discuss the results of this audit.

19                   **TRUE-UP AUDIT**

20          Q.     Please describe the true-up audit of MGEs gas operations performed by the  
21 Staff in this proceeding.

1           A.     The Staff has updated its case to reflect known and measurable events  
2 affecting significant elements of MGE's revenue requirement for the period June 30, 2006  
3 through October 31, 2006. The revenue requirement areas updated by the Staff are the  
4 following:

5           Rate Base: plant in service, depreciation reserve, cash working capital (annualized  
6 amounts only), materials and supplies, prepayments, alternative minimum tax credit, prepaid  
7 pension asset, gas inventory, customer advances for construction, customer deposits and  
8 deferred taxes.

9           Income Statement: revenues from customer growth<sup>1</sup>, payroll – employee levels and  
10 current wage rates, rate case expense, depreciation expense, related income tax effects,  
11 Emergency Cold Weather Rule costs and injuries and damages.

12          Q.     Did the Staff update pension costs?

13          A.     No. Pension costs through October were already incorporated into the Staff's  
14 direct case. Therefore, pension costs are not part of the Staff's true-up audit.

15          Q.     How did the Staff conduct its true-up audit?

16          A.     The Staff updated its analyses in the areas listed above using the same methods  
17 and approaches it used in its cost of service calculation reflected in the Reconciliation filed  
18 with the Commission in this case. Any method and/or assumption changes from Staff's direct  
19 filing are addressed in Staff's rebuttal and/or surrebuttal testimony. To the extent a method

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<sup>1</sup> The Staff and Company agreed not to true-up residential, small general service (SGS), large general service (LGS), large volume customers (LVS) and transportation customers for growth. The amount of growth for the LVS and transportation customers was not significant enough to true-up. In addition, the Company continued to lose LGS customers up through the true-up period which would offset any amount of growth from its residential and SGS customers.

True Up Direct Testimony of  
David G. Winter

1 was changed from Staff's direct case in rebuttal and/or surrebuttal, then those methods were  
2 consistently used on the true-up process.

3 Q. What capital structure and rate of return did the Staff use in its true-up audit?

4 A. The Staff used the capital structure and rate of return as discussed in the direct  
5 true-up testimony of Staff witness David Murray.

6 Q. What were the overall results of the Staff's true-up audit?

7 A. The true-up audit resulted in an increase in the Staff's proposed revenue  
8 requirement for MGE from \$16,050,932 to \$18,407,743 at the midpoint rate of return, or an  
9 increase of \$2,356,811.

10 Q. Is the Staff filing true-up Accounting Schedules along with its true-up  
11 testimony?

12 A. Yes. As with its initial direct filing, the filed accounting schedules support the  
13 Staff's true-up revenue requirement.

14 Q. Does this conclude your direct true-up testimony?

15 A. Yes, it does.