

*Exhibit No.:*  
*Issues:* *School customer charge  
& Aggregation and  
Balancing Charge*  
*Witness:* *Phil Lock*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Rebuttal Testimony*  
*Case No.:* *GR-2014-0086*  
*Date Testimony Prepared:* *July 11, 2014*

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW  
UTILITY SERVICES  
PROCUREMENT ANALYSIS**

**REBUTTAL TESTIMONY**

**OF**

**PHIL LOCK**

**SUMMIT NATURAL GAS OF MISSOURI, INC.**

**CASE NO. GR-2014-0086**

*Jefferson City, Missouri  
July 2014*

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**REBUTTAL TESTIMONY OF**

**PHIL LOCK**

**SUMMIT NATURAL GAS OF MISSOURI, INC.**

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**EXECUTIVE SUMMARY ..... 1**

**SCHOOL CUSTOMER CHARGE ..... 1**

**AGGREGATION AND BALANCING CHARGE ..... 3**

1 **REBUTTAL TESTIMONY OF**

2 **PHIL LOCK**

3 **SUMMIT NATURAL GAS OF MISSOURI, INC.**

4 **CASE NO. GR-2014-0086**

5 Q. Please state your name and business address.

6 A. Phil Lock, P.O. Box 360, Jefferson City, MO 65102.

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

8 A. Procurement Analysis Unit/ Utility Services Department with the Missouri  
9 Public Service Commission (Commission).

10 Q. Are you the same Phil Lock who filed in Staff's Cost of Service report?

11 A. Yes, I am.

12 Q. Please describe your work and educational background.

13 A. A copy of my work and educational experience was provided in Appendix 1 of  
14 Staff's Cost of Service Revenue Requirement Report.

15 **EXECUTIVE SUMMARY**

16 Q. Please state the purpose of your rebuttal testimony in this case.

17 A. The purpose of my rebuttal testimony is to address the direct testimony of  
18 Louie R Ervin Sr. on behalf of the Missouri School Boards Association (MSBA) as it applies  
19 to changes in the Missouri School Aggregation Program (Missouri School Program).

20 **SCHOOL CUSTOMER CHARGE**

21 Q. On page 12, lines 3-6 of Mr. Ervin's direct testimony, MSBA states that the  
22 \$50 per district per month charge by Summit Natural Gas of Missouri, Inc. (SNG) for  
23 Missouri School Program transportation services should be increased by the same percentage

1 that is approved by the Commission for customer charges for the retail Commercial rate  
2 schedule. Do you agree with this proposal?

3 A. No, I do not. As described in the Revenue Requirement Cost of Service Staff  
4 Report, page 55 and page 56 lines 1-6, Staff supports a customer charge for each metered  
5 location and billed at the companion sales rate for each school participating in this program.  
6 Based upon discussions with Staff counsel, this is in keeping with Missouri Revised Statutes  
7 Section 393.310.5, which states the tariffs will not have any financial impact on other  
8 customers as a result of this program.

9 Q. How would MSBA's proposal regarding the monthly charge have a financial  
10 impact on other customers?

11 A. Prior to their switch to the Missouri School Program, these schools were billed  
12 customer charges as General Service, Large General Service or Large Volume sales service  
13 customers. There have been no changes to these customer meters as a result of this program,  
14 so the resulting customer charges should not change. Schools in the Gallatin Division, which  
15 is served by ANR pipeline, do not currently participate in the Missouri School Program and  
16 are billed customer charges as sales service customers. If SNG were to adopt MSBA's  
17 proposal for a \$50 monthly charge for schools that is less than the monthly charge at the  
18 companion sales rate, then the schools would not be paying their full cost of service.  
19 Consequently, other customers on SNG's system would bear that cost.

20 Q. Currently, does SNG have tariffs in place that provide for the billing of  
21 customer charges to schools at the companion sales rate?

22 A. Yes. On Sheet 18.5, paragraph 8(a) the tariff states the following: "The  
23 monthly commodity charges and customer charges equivalent in the applicable companion

1 sales rate will be billed each transporter within the Pool Group by the Company in accordance  
2 with non-gas charges set forth in the Company's tariff for applicable sales service."

3 **AGGREGATION AND BALANCING CHARGE**

4 Q. MSBA's position on Pool Operator monthly charges is to replace SNG's  
5 proposed \$250 monthly charge with an aggregation and balancing charge of \$0.004 per therm  
6 directly in the Missouri School Program rate schedule (Irvin direct page 12, lines 9-11). Do  
7 you agree with this proposal?

8 A. While Staff does not oppose an aggregation and balancing charge, Staff does  
9 not have knowledge of the current cost of providing that service. When the Missouri Revised  
10 Statutes Section 393.310.5 was approved by the legislature, the statute established the \$0.004  
11 per therm charge for deliveries during the first year of the program. This charge was never  
12 revised. If the Commission approves these charges, SNG should book these charges as  
13 administrative and balancing services (non-gas costs) and reflect SNG's actual cost to provide  
14 these services. In the Company's response to DR 222 the Company indicated the following:  
15 "The cost to administer transportation balancing activities are booked to Account 9230,  
16 Outside Services. Measurement is accomplished manually on a calendar month basis for  
17 76 meters and monthly invoices are hand-prepared. Those costs are included in Accounts  
18 9020, Meter Reading Expense, and 9030, Customer Records and Collection Expense."  
19 Staff believes any revenues associated with these costs be included in Account 400  
20 (Operating Revenues).

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

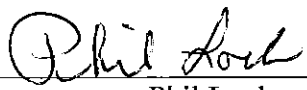
**OF THE STATE OF MISSOURI**

In the Matter of Summit Natural Gas of )  
Missouri Inc.'s Filing of Revised Tariffs To ) Case No. GR-2014-0086  
Increase its Annual Revenues For Natural Gas )  
Service )

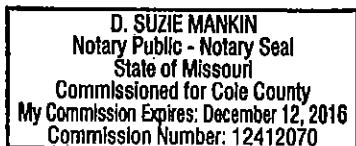
AFFIDAVIT OF PHIL LOCK

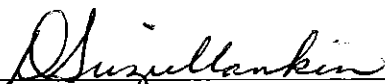
STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

Phil Lock, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Rebuttal 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.

  
\_\_\_\_\_  
Phil Lock

Subscribed and sworn to before me this 11<sup>th</sup> day of July, 2014.



  
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Notary Public