

Exhibit No.:
Issues: Rate Design
Witness: Thomas M. Imhoff
Sponsoring Party: MO PSC Staff
Type of Exhibit: Direct Testimony
Case No.: GR-2010-0171
Date Testimony Prepared: May 24, 2010

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

THOMAS M. IMHOFF

LACLEDE GAS COMPANY

CASE NO. GR-2010-0171

**Jefferson City, Missouri
May, 2010**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

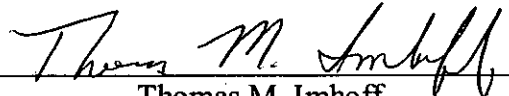
In the Matter of Laclede Gas Company's)
Tariff to Increase Its Annual Revenues for)
Natural Gas Service)

Case No. GR-2010-0171

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of 4 pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.


Thomas M. Imhoff

Subscribed and sworn to before me this 21st day of May, 2010.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public

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DIRECT TESTIMONY

OF

THOMAS M. IMHOFF

LACLEDE GAS COMPANY

CASE NO. GR-2010-0171

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1 provide for a clearer presentation of the Staff's recommendations for CCOS, rate design,
2 low-income programs and Laclede's GSIP.

3 **CLASS COST-OF-SERVICE**

4 Q. What is the purpose of Staff's CCOS testimony?

5 A. Staff's CCOS study determines how Laclede's cost of providing service
6 (revenue requirement) should be divided among its customer classes.

7 Q. What is CCOS?

8 A. All local distribution company's (LDC) have various classes of customers
9 that share common characteristics such as Residential, Commercial and Industrial, Large
10 Volume, Interruptible, Basic Transportation and Firm Transportation. Laclede's rates for
11 each class are based on the cost of providing service to that customer class, plus the
12 opportunity to earn a return. Staff then considers which class is responsible for each cost,
13 or the portion of the cost, and assigns that cost to the class by either direct assignment or
14 allocation using reasonable methods for determining the class responsibility for that item.

15 Staff then summarizes its results and compares those results to Laclede's revenues
16 being collected from each class based on current rates. The difference between a
17 particular customer class' costs responsibility and the revenues generated by that
18 customer class is the amount that class is either subsidizing other classes (revenues
19 greater than costs) or is being subsidized (revenues less than costs).

20 Q. What is Staff's recommendation on CCOS?

21 A. Staff is recommending no shifts in revenue responsibility between
22 Laclede's rate classes. Each class would receive a proportionate share of any increase or
23 decrease in rates.

RATE DESIGN

Q. What is rate design?

A. Rate design is the assignment of rates to each customer class and is based from the Staff's CCOS Study and other relevant factors to this case.

Q. What is Staff's position regarding the rate design issue?

A. Staff is proposing the Straight Fixed Variable (SFV) rate for the Residential class. The SFV collects all non-gas costs in a flat, fixed monthly/delivery charge. The charge is the same for all residential customers. Staff is recommending conservation measures that are to be used in concert with the SFV rate design proposal as outlined in the Staff's CCOS Report.

Staff recommends that each component of Laclede's Large Volume Service, Basic Transportation Service, Firm Transportation Service and Interruptible Service non-gas tariff rates increase by the same percentage as Laclede's non-gas revenue requirement percentage increase. Staff is not proposing the SFV rate design for these customer classes.

LOW INCOME PROGRAMS

Q. What is Staff's position regarding Laclede's low-income programs?

A. Staff supports the continued use of the weatherization, winter assistance and arrearage repayment programs Laclede currently has in effect.

CREDIT SCORING

Q. What is Staff's statement regarding the provision or Laclede's credit scoring study?

1 A. Staff requested a copy of Laclede's credit scoring study. Pursuant to
2 Laclede's last rate case, a credit scoring study had to be filed. Laclede provided Staff
3 with an updated copy on May 5, 2010.

4 **GAS SUPPLY INCENTIVE PLAN**

5 Q. What is Staff's position relating to Laclede's GSIP?

6 A. Staff is proposing to change the price of gas for each tier for Laclede's
7 sharing of revenue in its GSIP.

8 Q. Please identify the Staff witness responsible for addressing each area in
9 the CCOS Report.

10 A. The Staff witness for each listed issue is as follows:

<u>Issue</u>	<u>Staff Witness</u>
Class Cost of Service	Michael J. Ensrud
Allocations	Daniel I. Beck
Rate Design	Dr. Henry E. Warren
Peak Calculation & Energy Efficiency	Kim Cox
Low Income Programs	Dr. Henry E. Warren
Credit Scoring	Tom Solt
GSIP	Anne M. Allee

17 Q. Does this conclude your Direct Testimony?

18 A. Yes it does.