Exhibit No.: Issues: Witness: Sponsoring Party: Type of Exhibit: Case No.: Date Testimony Prepared:

Rate Design, CCOS, Overview of Staff filing Thomas M. Imhoff MO PSC Staff Direct Testimony GR-2014-0152 June 26, 2014

### MISSOURI PUBLIC SERVICE COMMISSION

**REGULATORY REVIEW DIVISION UTILITY OPERATIONS** 

## **DIRECT TESTIMONY**

#### OF

#### **THOMAS M. IMHOFF**

## LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY UTILITIES

# CASE NO. GR-2014-0152

Jefferson City, Missouri June 2014

#### **BEFORE THE PUBLIC SERVICE COMMISSION**

## **OF THE STATE OF MISSOURI**

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In the Matter of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Utilities' Liberty Tariff Revisions Designed To Implement a General Rate Increase for Natural Gas Service in the Missouri Service Areas of the Company

Case No. GR-2014-0152

#### **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.

Thur M. July Thomas M. Imhoff

Subscribed and sworn to before me this 26th day of June, 2014.

LAURA BLOCH Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 21, 2015 Commission Number: 11203914

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9 10 11	CASE NO. GR-2014-0152				
11 12	Q. Please state your name and business address.				
13	A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.				
14	Q. Are you the same Thomas Imhoff who previously filed direct testimony in				
15	the Staff's revenue requirement / cost of service filing on June 6, 2014?				
16	A. Yes.				
17	Q. With reference to Case No. GR-2014-0152, have you participated in the				
18	Commission Staff's ("Staff") audit of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a				
19	Liberty Utilities ("Liberty Utilities" or "Midstates") concerning its request for a rate increase				
20	in this proceeding??				
21	A. Yes, I have.				
22	EXECUTIVE SUMMARY				
23	Q. What is the purpose of your Direct Testimony?				
24	A. I am sponsoring the Staff's Class Cost of Service and Rate Design Report				
25	("Report") which is being filed concurrently with this testimony. In my testimony I present				
26	an overview of Staff's position on Liberty Utilities' class cost-of-service ("CCOS"), rate				
27	design, transportation service tariff language, and the school transportation and aggregation				
28	program tariff language. The Report, which is being filed separately, describes in greater				
29	detail Staff's position regarding these issues and was prepared by various Staff members				

#### Direct Testimony of Thomas M. Imhoff

under my direction. The "report" approach to the case filing is intended to minimize the
 number of Staff witnesses required to file individual pieces of direct testimony and provides
 for a clearer presentation of the Staff's CCOS, rate design, transportation service tariff
 language, and the school transportation and aggregation program tariff language.

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## **CLASS COST OF SERVICE**

What is the purpose of Staff's CCOS recommendation?

A. The purpose of Staff's CCOS recommendation is to provide the Commission
with a measure of relative class cost responsibility for the overall revenue requirements of
Liberty Utilities.

Q. Did Staff perform a CCOS study for Liberty Utilities?

Q.

- A. No.
  - Q. Why is Staff not proposing any CCOS?

A. Staff is not proposing any CCOS due to insufficient data received from Liberty Utilities. Staff has been working with Liberty Utilities in collecting data that is essential for the computation of a CCOS. To date, revenue data that Liberty Utilities has supplied has been deficient and changes with each update to Staff's requests. Staff proposes that if any rate increase or decrease is warranted, the change would be made as an equal percentage to all rate classes.

- 19 **RATE DESIGN**
- 20

Q. What is rate design?

A. Rate design is the assignment of rates to each customer class and is usually
based on the Staff's CCOS study, as well as other factors relevant to the case.

23

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

#### Direct Testimony of Thomas M. Imhoff

A. Staff is proposing equal percentage changes to all rate classes and rate elements, due to deficient data as described above under CCOS. The lack of reliable revenue data precludes Staff from computing an annualized level of billing determinants that would be the basis of new rates. An equal percentage based on the current rates is the only way Staff can compute any changes in rates from the outcome of this rate case.

## TARIFF CHANGES TO THE TRANSPORTATION CLASS AND SCHOOL AGGREGATION AND TRANSPORTATION TARIFFS

Is Staff proposing tariff language to Liberty Utilities' Transportation Service Q. and School Aggregation and Transportation tariffs?

A. Yes. Staff is proposing several miscellaneous revisions to Liberty Utilities' transportation and school aggregation and transportation tariffs. First, Staff is recommending that a standard pool operator agreement, poolImhoff management agreement, and standard transportation agreement form should be in the tariff. Staff is also proposing that Liberty Utilities clarify school transportation forecasting responsibilities as well as balancing obligation responsibilities. Staff also proposes language to clarify cash-out imbalances for transportation service and PGA/ACA crediting.

Q. Please identify the Staff witness responsible for addressing each area in the CCOS and Rate Design Report.

The Staff witness for each listed issue is as follows:

A.

## Direct Testimony of Thomas M. Imhoff

1		Issue	Staff Witness
2		Class Cost of Service	Michelle Bocklage
3		Rate Design	Thomas M. Imhoff
4		School Aggregation and Transportation	Lesa Jenkins
5		Transportation and PGA/ACA	David Sommerer
6	Q.	Does this conclude your Direct Testimony?	
7	A.	Yes it does.	