

Exhibit No.:
Issues: *Revenues-Customer Growth*
Witness: *Amanda C. McMellen*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *GR-2009-0355*
Date Testimony Prepared: *September 28, 2009*

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY SERVICES DIVISION

REBUTTAL TESTIMONY

OF

AMANDA C. McMELLEN

MISSOURI GAS ENERGY
a Division of Southern Union Company

CASE NO. GR-2009-0355

Jefferson City, Missouri
September 2009

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1 based on the change in number of bills from December 2007 to
2 December 2008. I prorate this change into equal monthly
3 increments. For example, I calculate the monthly increase
4 (or decrease) the number of bills by dividing the change in
5 customers (from December 2007 to December 2008) by 12.
6 I then adjust the number of bills in January by eleven times this
7 monthly change. I adjust the number of bills in February by ten
8 times this monthly change and so forth.

9 Q. Did Mr. Loos update these results through April 30, 2009, the updated period
10 ordered in this case?

11 A. Yes. Mr. Loos explains his updated results on page 3 of his updated test year
12 direct testimony.

13 Q. Does the Staff agree with MGE's method for developing customer numbers
14 (i.e. its customer annualization adjustment)?

15 A. No. The Staff believes that MGE's method does not reflect an accurate level
16 of annual customers.

17 Q. How did the Staff calculate its customer growth adjustment?

18 A. The Staff used a three-step process to develop its' customer growth
19 adjustment. In the first step, the Staff developed a five-year average of actual monthly
20 customers as a percentage of the period-ending total customers. In the second step, the Staff
21 calculated a five-year average of the December number of customers of each year as
22 compared to the twelve-month average of the following year. Then, the most current
23 customer level (April 2009) is divided by the result of the second step and then multiplied by
24 12, to create an annual customer level. The annual customer level is then prorated by month
25 using the percentages calculated in the first step. Lastly, final bills are deducted each month
26 to arrive at the Staff's annualized customer numbers by month.

1 Q. Why does the Staff's method reflect MGE's customer levels more accurately
2 than the Company's method?

3 A. The Staff method more accurately reflects the customer levels because it
4 accounts for the fluctuations from year to year. By using five-year averages of
5 actual customer numbers within its customer growth calculation, the Staff's method seeks to
6 normalize changes in customer numbers and does not take into account fluctuations in
7 customer numbers over only a one-year period, as MGE's proposed approach does.

8 Q. Will customer growth be reviewed against in the true-up audit?

9 A. Yes. Both the Staff and the Company will look at the changes in the number
10 of customers through the end of the true-up period, September 30, 2009.

11 Q. Does this conclude your rebuttal testimony?

12 A. Yes, it does.

In the Matter of Missouri Gas Energy and Its)
Tariff Filing to Implement a General Rate) Case No. GR-2009-0355
Increase for Natural Gas Service)
)

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

Amanda C. McMellen
Amanda C. McMellen

NIKKI SENN
 Notary Public - Notary Seal
 State of Missouri
 Commissioned for Osage County
 My Commission Expires: October 01, 2011
 Commission Number: 07287016

Rikki Senn
Notary Public