Exhibit No.:	
Issues:	CCOS, Rate Design, Misc. Tariff
Witness:	Thomas M. Imhoff
Sponsoring Party:	MO PSC Staff
Type of Exhibit:	Direct Testimony
Case No.:	GR-2008-0060
Date Testimony Prepared:	February 1, 2008

MISSOURI PUBLIC SERVICE COMMISSION

UTILITY OPERATIONS DIVISION

DIRECT TESTIMONY

OF

THOMAS M. IMHOFF

MISSOURI GAS UTILITY

CASE NO. GR-2008-0060

Jefferson City, Missouri
February 2008

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the General Rate Increase for Natural Gas Service Provided by Missouri Gas Utility, Inc.	Case No. GR-2008-0060

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 5 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 31st day of January, 2008.

NOTARY PUBLIC NOTARY SEAL STATE OF MISSOURI

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

Notary Public

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MISSOURI GAS UTILITY

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Q. Please state your name and business address.

A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am the Rate & Tariff Examination Supervisor in the Energy Department of the Missouri Public Service Commission (Commission).

Q. Please describe your educational background.

A. I attended Southwest Missouri State University at Springfield, Missouri, from which I received a Bachelor of Science degree in Business Administration, with a major in Accounting, in May 1981. In may 1987, I successfully completed the Uniform Certified Public Accountant (CPA) examination and subsequently received the CPA certificate. I am currently licensed as a CPA in the State of Missouri.

Q. What has been the nature of your duties with the Commission?

A. From October 1981 to December 1997, I worked in the Accounting Department of the Commission, where my duties consisted of directing and assisting with various audits and examinations of the books and records of public utilities operating within the State of Missouri under the jurisdiction of the Commission. On January 5, 1998, I assumed the position of Regulatory Auditor IV in the Gas Tariffs/Rate Design Department, where my duties consist of analyzing applications, reviewing tariffs and

making recommendations based upon those evaluations. On August 9, 2001, I assumed my current position of Rate & Tariff Examination Supervisor in the Energy Tariffs/Rate Design Department, where my duties consist of direct Commission Staff within the Department, analyzing applications, reviewing tariffs, and making recommendations based upon my evaluations and the evaluations performed by Staff within the Department.

Q. Have you previously filed testimony before this Commission?

A. Yes. A list of cases in which I have filed testimony before this Commission is attached as Schedule 1 to my direct testimony.

Q. With reference to Case No. GR-2007-0208, have you participated in the Commission Staff's (Staff) audit of Missouri Gas Utility (MGU or Company) concerning its request for a rate increase in this proceeding?

A. Yes, I have, with the assistance of other members of the Staff.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct testimony?

A. The purpose of my direct testimony is to provide an overview of the Staff position relating to class cost-of-service (CCOS), rate design and miscellaneous tariff issues. I am sponsoring the staffs CCOS, Rate Design, and Miscellaneous Tariffs Report in this proceeding which describes in greater detail, the Staff's position relating to these issues, and is being filed concurrently with this testimony. The report was prepared by various Staff members under my direction. The "Report" approach to the case filing minimizes the number of Staff witnesses required to file direct testimony and provides

for a clearer presentation of the Staff's position on CCOS, rate design and miscellaneous tariff issues.

CLASS COST OF SERVICE

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

A. The purpose of Staff's CCOS is to provide the Commission with a measure of relative class cost responsibility for the overall revenue requirements of MGU. MGU's customer classes includes General Service (Residential), Commercial, Large Volume and Transportation. For individual items of cost, the responsibility of a certain class of customers to pay that cost can be either directly assigned or allocated to customer classes using reasonable methods for determining the class responsibility for that item of cost. The results are then summarized so that they can be compared to revenues being collected from each class on current rates. The difference between a particular customer class' costs responsibility and the revenues generated by that customer class is the amount that class is either subsidizing (revenues greater than costs) the other classes are being subsidized (revenues less than costs).

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

A. The Staff is not recommending any shift in revenue responsibility in this case. MGU has not performed any CCOS Studies in this case. Staff would recommend that MGU file a CCOS Study in its next rate case.

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 and other relevant factors to this case.

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

A. Staff is proposing a Straight Fixed Variable (SFV) rate for the General Services (GS) class. The composition of the GS class is residential customers with a few small non-residential (primarily retail) customers. The SFV collects all non-gas costs in a flat, fixed monthly/delivery charge. The charge is the same for all customers in the GS class. Staff is recommending conservation measures that are to be used in concert with the SFV rate design proposal as outlined in the Staff report.

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

MISCELLANEOUS TARIFF ISSUES

Q. What is the Staff position on MGU's proposed changes to its miscellaneous tariff rates?

A. Staff is proposing no changes to these rates at this time. In its filing, MGU has not provided sufficient support for any proposed changes. Staff recommends the Commission require MGU file a tariff for a Non-Sufficient Funds (NSF) check charge tariffed rate. MGU is currently charging customers this rate without having an approved tariff. Due to the immateriality of the total NSF funds collected, Staff is not seeking a complaint with the understanding that MGU will file a tariff to reflect this charge.

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

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

Issue	Staff Witness
Class Cost of Service Study	Thomas A. Solt
Class Cost of Service Allocators	Daniel I. Beck
Rate Design	Anne E. Ross
Conservation	Anne E. Ross
Miscellaneous Tariffs	Michael J. Ensrud

Q. Does this conclude your direct testimony?

A. Yes it does.