

*Exhibit No.:*  
*Issues:* *Revenue Requirement*  
*Witness:* *Thomas M. Imhoff*  
*Sponsoring Party:* *MO PSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *GR-2014-0086*  
*Date Testimony Prepared:* *May 30, 2014*

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION  
UTILITY OPERATIONS**

**DIRECT TESTIMONY**

**OF**

**THOMAS M. IMHOFF**

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

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

*Jefferson City, Missouri*  
*May 2014*

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**OF**  
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1 **DIRECT TESTIMONY**

2 **OF**

3 **THOMAS M. IMHOFF**

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

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

6 Q. Please state your name and business address.

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

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

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

11 Q. Please describe your educational background.

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

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

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

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

6 Q. Have you previously filed testimony before this Commission?

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

9 Q. With reference to Case No. GR-2014-0086, have you participated in the  
10 Commission Staff's (Staff) audit of Summit Natural Gas of Missouri, Inc. ("SNG" or  
11 "Company") concerning its request for a rate increase in this proceeding?

12 A. Yes, I have, with the assistance of other members of the Staff. I, along with  
13 Staff expert Amanda McMellen, of the Commission's Utility Services Division, support the  
14 Staff's recommendation to the Commission of the overall revenue requirement calculation.  
15 Ms. McMellen and I are project coordinators to oversee Staff's review and analysis of SNG's  
16 rate case filed January 2, 2014. As such, we are responsible for the oversight of the  
17 development and presentation of the cost of service report along with the revenue requirement  
18 calculation being filed in this case.

19 **EXECUTIVE SUMMARY**

20 Q. What is the purpose of your direct testimony?

21 A. The purpose of my direct testimony is to provide an overview of the Staff's  
22 position relating to weather normalization, and the annualization of the Large Volume and  
23 Transportation Customer rate classes. The sections of Staff's Report relating to these issues

1 were prepared by Staff members in the Utility Operations Division. I supervised the  
2 preparation or was involved in the development of these sections.

3 **WEATHER NORMALIZATION**

4 Q. What is the purpose of Staff's weather normalization?

5 A. The purpose of Staff's weather normalization is to determine what level of  
6 revenues SNG could expect in a year with "normal weather" given that weather for any  
7 particular year is unique and unlikely to be repeated. In order to set reasonable rates, Staff  
8 normalizes customer usage using a 30-year weather pattern. This normal measure of weather  
9 provides the basis for Staff's computation of SNG's revenues. Staff witness Seoungjoun Won  
10 provided the Staff with a 30-year normal level weather pattern. Staff witness Won obtained  
11 weather data from the Midwest Regional Climate Center (MRCC). Kansas City International  
12 Airport weather data was used for SNG's Gallatin division, while Sedalia weather data was  
13 used for SNG's Warsaw and Lake of the Ozarks divisions. Finally, the Springfield Regional  
14 Airport weather data was used for SNG's Branson and Rogersville divisions.

15 Staff witness Michelle Bocklage took the 30-year normal from Mr. Won and weather  
16 normalized the usages per customer. While that is Staff's standard for performing the weather  
17 normalization analyses, SNG is currently unable to provide Staff with the number of  
18 customers and usage for each billing cycle by customer class and geographic region for each  
19 month of the test year that would allow Staff to perform the necessary analyses. Therefore,  
20 Staff had to use the usage and customer class count provided by SNG in response to DR0001  
21 and DR0097. Staff recommends SNG maintain customer and usage data as described in Staff  
22 witness Bocklage's portion of the report so the data needed to perform this computation in  
23 future rate cases will be available. In addition, the system should also ensure the integrity of

1 the historical data. According to conversations with SNG personnel, changes made to  
2 customer records today also results in a change to the historical data of customers as well for  
3 reporting purposes. Therefore, Staff recommends that SNG modify the system so that any  
4 changes made to customer records are captured as of the effective date and going forward, not  
5 historically.

6 **LARGE VOLUME CUSTOMER REVENUE ADJUSTMENT**

7 Q. What adjustments were made for the Large Volume (“LV”) customers by the  
8 Operations Staff?

9 A. Staff witnesses Robin Kliethermes and Brad Fortson of the Operations Staff  
10 made three types of adjustments for large volume and transportation revenues; rate-switching,  
11 customer gain/loss adjustments and weather normalization adjustment. These adjustments  
12 were then provided to Staff witness Jermaine Green for his overall revenue adjustment.

13 **ENERGY EFFICIENCY AND LOW INCOME WEATHERIZATION**

14 Q. What does Staff propose for Energy Efficiency and Low-Income  
15 Weatherization?

16 A. Staff recommends the Commission authorize a natural gas energy efficiency  
17 program, and a low income customer weatherization program that will be ratepayer funded  
18 through a regulatory asset account. The Commission should also authorize an Energy  
19 Efficiency Advisory Group (EEAG) to oversee the design, implementation, and evaluation of  
20 the energy efficiency and low income customer weatherization programs. Staff witness Kory  
21 Boustead describes Staff proposals in greater detail in her portion of the report.

1 **TRANSPORTATION SERVICE RATE SCHEDULE FOR THE LAKE OF THE**  
2 **OZARKS DISTRICT**

3 Q. What is Staff's position as it relates to SNG's request for a transportation tariff  
4 in the Lake of the Ozarks district?

5 A. As stated in Staff witness Kim Cox's portion of the report, Staff has no  
6 objection to the proposal as it will allow schools the opportunity to participate in the School  
7 Aggregation and Transportation program.

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

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

<u>Issue</u>	<u>Staff Witness</u>
Weather Normalization	Seoungjoun Won
Weather Normalization per Customer	Michelle Bocklage
Large Volume Service	Brad Fortson
Transportation Service	Robin Kliethermes
Energy Efficiency and Low Income	Kory Boustead
Transportation Service Schedule	Kim Cox

18 Q. Does this conclude your direct testimony?

19 A. Yes it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

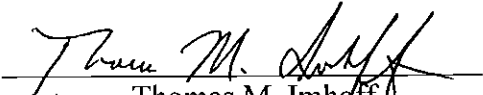
In the Matter of Summit Natural Gas of )  
Missouri Inc.'s Filing of Revised Tariffs To )  
Increase its Annual Revenues For Natural Gas )  
Service )

Case No. GR-2014-0086

AFFIDAVIT OF THOMAS M. IMHOFF

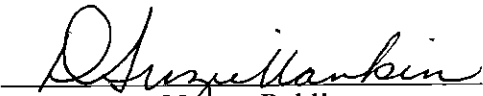
STATE OF MISSOURI     )  
                                  )     ss.  
COUNTY OF COLE     )

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Direct Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Direct 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.

  
Thomas M. Imhoff

Subscribed and sworn to before me this 30th day of May, 2014.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2016  
Commission Number: 12412070

  
Notary Public



Summary of Cases in which prepared testimony was presented by:

THOMAS M. IMHOFF

<u>Company Name</u>	<u>Case No.</u>
Terre-Du-Lac Utilities	SR-82-69
Terre-Du-Lac Utilities	WR-82-70
Bowling Green Gas Company	GR-82-104
Atlas Mobilfone Inc.	TR-82-123
Missouri Edison Company	GR-82-197
Missouri Edison Company	ER-82-198
Great River Gas Company	GR-82-235
Citizens Electric Company	ER-83-61
General Telephone Company of the Midwest	TR-83-164
Missouri Telephone Company	TR-83-334
Mobilpage Inc.	TR-83-350
Union Electric Company	ER-84-168
Missouri-American Water Company	WR-85-16
Great River Gas Company	GR-85-136
Grand River Mutual Telephone Company	TR-85-242
ALLTEL Missouri, Inc.	TR-86-14
Continental Telephone Company	TR-86-55
General Telephone Company of the Midwest	TC-87-57
St. Joseph Light & Power Company	GR-88-115
St. Joseph Light & Power Company	HR-88-116
Camelot Utilities, Inc.	WA-89-1
GTE North Incorporated	TR-89-182
The Empire District Electric Company	ER-90-138
Capital Utilities, Inc.	SA-90-224
St. Joseph Light & Power Company	EA-90-252
Kansas City Power & Light Company	EA-90-252
Sho-Me Power Corporation	ER-91-298
St. Joseph Light & Power Company	EC-92-214
St. Joseph Light & Power Company	ER-93-41
St. Joseph Light & Power Company	GR-93-42
Citizens Telephone Company	TR-93-268
The Empire District Electric Company	ER-94-174
Missouri-American Water Company	WR-95-205
Missouri-American Water Company	SR-95-206
Union Electric Company	EM-96-149
The Empire District Electric Company	ER-97-81
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
Laclede Gas Company	GR-99-315
Atmos Energy Corporation	GM-2000-312
Ameren UE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GT-2001-329
Laclede Gas Company	GR-2001-629

Summary of Cases in which prepared testimony was presented by:

THOMAS M. IMHOFF

Missouri Gas Energy	GT-2003-0033
Aquila Networks – L&P	GT-2003-0038
Aquila Networks – MPS	GT-2003-0039
Southern Missouri Gas Company, L.P.	GT-2003-0031
Fidelity Natural Gas, Inc.	GT-2003-0036
Atmos Energy Corporation	GT-2003-0037
Laclede Gas Company	GT-2003-0032
Union Electric Company d/b/a Ameren UE	GT-2003-0034
Laclede Gas Company	GT-2003-0117
Aquila Networks MPS & L&P	GR-2004-0072
Missouri Gas Energy	GR-2004-0209
Missouri Pipeline Company & Missouri Gas Company	GC-2006-0491
Atmos Energy Corporation	GR-2006-0387
Laclede Gas Company	GR-2007-0208
Missouri Gas Utility Company	GR-2008-0060
TriGen-Kansas City Energy Group	HR-2008-0300
Laclede Gas Company	GT-2009-0056
Missouri Gas Energy	GR-2009-0355
Empire District Gas Company	GR-2009-0434
Atmos Energy Corporation	GR-2010-0192
Laclede Gas Company	GR-2010-0171
Union Electric Company d/b/a Ameren UE	GR-2010-0363
Veolia Energy Kansas City, Inc.	HR-2011-0241
Ameren Missouri	ER-2012-0166
Kansas City Power & Light Company	ER-2012-0174
KCP&L Greater Missouri Operations Company	ER-2012-0175
The Empire District Electric Company	ER-2012-0345
Liberty Utilities	GO-2014-0006
Missouri Gas Energy	GR-2014-0007