

*Exhibit No.:*  
*Issue:* *Lost and Unaccounted  
for Gas (LAUF Gas)*  
*Witness:* *Derick Miles, P.E.*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Surrebuttal Testimony*  
*Case Nos.:* *GR-2017-0215*  
*GR-2017-0216*  
*Date Testimony Prepared:* *November 21, 2017*

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**PROCUREMENT ANALYSIS**

**SURREBUTTAL TESTIMONY**

**OF**

**DERICK A. MILES, P.E.**

**SPIRE MISSOURI INC. d/b/a SPIRE  
LACLEDE GAS COMPANY and MISSOURI GAS ENERGY  
GENERAL RATE CASE**

**CASE NOS. GR-2017-0215  
and GR-2017-0216**

*Jefferson City, Missouri*  
*November, 2017*

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1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **DERICK A. MILES, P.E.**

4 **SPIRE MISSOURI INC. d/b/a SPIRE**

5 **LACLEDE GAS COMPANY and MISSOURI GAS ENERGY**

6 **GENERAL RATE CASE**

7 **CASE NOS. GR-2017-0215 & GR-2017-0216**

8 Q. Please state your name and business address.

9 A. Derick A. Miles, P.O. Box 360, Jefferson City, MO 65102.

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

11 A. I am employed by the Missouri Public Service Commission (“Commission”) as a  
12 Utility Regulatory Engineer in the Procurement Analysis Unit.

13 Q. Are you the same Derick A. Miles who contributed to Staff’s Class Cost of  
14 Service Report filed on September 22, 2017 in this case?

15 A. Yes, I am.

16 Q. Is the information you provided in Staff’s Report still true and accurate to the best  
17 of your knowledge?

18 A. Yes.

19 **EXECUTIVE SUMMARY**

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

21 A. The purpose of my testimony is to respond to the rebuttal testimony of Missouri  
22 Industrial Energy Consumers (“MIEC”) witness, Mr. Brian C. Collins, of Brubaker &

1 Associates, Inc., and Spire's witness, Scott A. Weitzel, concerning the proposed lost and  
2 unaccounted for ("LAUF") gas factor.

3 **LOST AND UNACCOUNTED FOR GAS**

4 Q. Please explain Staff's position regarding lost and unaccounted for gas.

5 A. Staff recommends that Spire Missouri, Inc. adopt a 2% lost and unaccounted for  
6 gas ("LAUF") factor for the transportation class of its Laclede Gas Company ("LAC") division,  
7 and keep the LAUF factor at 2% for its Missouri Gas Energy ("MGE") division transportation  
8 class.

9 Q. What is LAC's current LAUF factor for its Transportation customers?

10 A. The current LAC LAUF tariff rate for the Transportation Class is 0% and has  
11 been since around 1989.

12 Q. Do local gas distribution companies typically collect for LAUF?

13 A. Yes. Every natural gas distribution system has some percentage of lost and  
14 unaccounted for gas. It is virtually impossible for monthly gas purchases to match gas sales  
15 completely at 100%.

16 Q. Do other gas local distribution companies in Missouri retain a percentage factored  
17 for LAUF?

18 A. Yes. Ameren Missouri retains 2% for "shrinkage and line losses." MGE also  
19 retains 2%, but per MGE's tariff, with agreement, and where LAUF can accurately be measured,  
20 MGE uses actual measurement in lieu of the 2% retainage. Liberty retains 2% for "line losses."  
21 Empire District Gas collects LAUF via its Actual Cost Adjustment ("ACA") process yearly.

22 Q. What reimbursement does Laclede currently receive for LAUF?

23 A. Laclede currently collects a percentage via the PGA/ACA, which varies based

1 upon the actual monthly LAUF gas. However, this is collected from the PGA sales  
2 customers only.

3 Q. Why does Laclede propose 1% for the LAUF factor retainage?

4 A. It is unclear to Staff why 1% was chosen, other than the fact that the Company  
5 wants to “ease into” this additional charge for their Transportation customers. As previously  
6 stated, the Transportation Class has been charged nothing for LAUF gas for decades. Company  
7 witness Scott Weitzel states in his October 20, 2017, Rebuttal Testimony that “...the Company  
8 proposed introduction of a 1% LAUF as an interim step for transportation customers”. This  
9 implies that it could potentially be increased in the next rate case.

10 Q. Does Staff believe the 2% for the Transportation Class is the ultimate solution to  
11 this problem?

12 A. No. Although it is a step in the right direction, Staff believes a comprehensive  
13 analysis (i.e. LAUF Study) should be performed in order to help determine what the correct  
14 factors should be for each customer class.

15 Q. Does this conclude your surrebuttal testimony?

16 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of Laclede Gas Company's )  
Request to Increase Its Revenues for ) Case No. GR-2017-0215  
Gas Service )

In the Matter of Laclede Gas Company )  
d/b/a Missouri Gas Energy's Request to ) Case No. GR-2017-0216  
Increase Its Revenues for Gas Service )

**AFFIDAVIT OF DERICK A. MILES, PE**

STATE OF MISSOURI )  
) ss.  
COUNTY OF COLE )

COMES NOW DERICK A. MILES, PE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

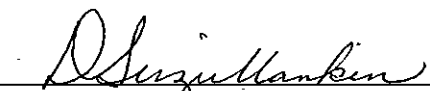
Further the Affiant sayeth not.

  
\_\_\_\_\_  
DERICK A. MILES, PE

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of November, 2017.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2020  
Commission Number: 12412070

  
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Notary Public