

Exhibit No.:
Issues: Revenue Requirement
Witness: Michelle Bocklage
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2014-0086
Date Testimony Prepared: July 11, 2014

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION
Tariff, Safety, Economic & Engineering Analysis

REBUTTAL TESTIMONY

OF

MICHELLE BOCKLAGE

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

Jefferson City, Missouri
July 2014

**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

File No. GR-2014-0086

AFFIDAVIT OF MICHELLE BOCKLAGE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Michelle Bocklage, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 4 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true to the best of her knowledge and belief.


Michelle Bocklage

Subscribed and sworn to before me this 10th day of July, 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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Notary Public

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OF
MICHELLE BOCKLAGE
SUMMIT NATURAL GAS OF MISSOURI, INC.
CASE NO. GR-2014-0086
TABLE OF CONTENTS

EXECUTIVE SUMMARY..... 1
WEATHER NORMALIZATION..... 1
RATE SWITCHERS..... 4

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MICHELLE BOCKLAGE**

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

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

6
7 Q. Are you the same Michelle Bocklage who prepared the Revenue – Weather
8 Normalization Section of Staff’s Cost of Service Report (“Staff Report”) filed on May 30,
9 2014?

10 A. Yes I am.

11 **EXECUTIVE SUMMARY**

12 Q. What is the purpose of your rebuttal testimony?

13 A. The purpose of my rebuttal testimony is to address the weather normalization
14 performed by Summit Natural Gas of Missouri, Inc. (“SNG” or “Company”).

15 Q. Which part of the Company’s weather normalization does your rebuttal
16 testimony address?

17 A. I will address the following issues: SNG’s calculation of the weather
18 normalization adjustment, switching school accounts from Transportation rate class to the
19 Commercial Service (“CS”) or General Service (“GS”) rate classes, and switching some
20 accounts from Large Volume Service (“LVS”) to CS/ Large General Service (“LGS”) or GS.

21 **WEATHER NORMALIZATION**

22 Q. What is weather normalization?

Rebuttal Testimony of
Michelle Bocklage

1 A. Weather normalization is the process in which abnormal weather influences
2 that could result in changes in natural gas usage are removed from the test year weather data
3 that is a factor in the calculation of the utility’s revenue during the test year. Since the
4 weather within any given time period is unique and contains variations from what is
5 considered to be “normal” weather, weather normalization is performed so that the usage and
6 revenue of weather-sensitive customer rate classes are adjusted to those that are considered
7 normal weather conditions. Staff witness Mr. Seoungjoun Won addresses SNG’s proposed
8 normal weather in his rebuttal testimony.

9 Q. What process did SNG use to perform weather normalization in this case?

10 A. The workpapers titled “Branson-Rogersville Retail Demand” and “Gallatin-
11 Warsaw Retail Demand” submitted by SNG witness Tyson Porter reflect the consistent use of
12 averages to calculate the annual weather-normalized sales volume itemized in Schedule KDT-
13 4, Exhibit 2.

14 Q. For which factors did SNG use averages in its weather normalization process?

15 A. The key factors that SNG averaged include customer count, moving annual
16 average per customer, moving annual average excess per customer, moving 12-month total
17 Heating Degree Days (“HDD”), moving 12-month average usage per HDD, and moving
18 12month average excess per HDD.

19 Q. What is the effect of SNG’s use of averages for these factors?

20 A. By including the data outside of the test year period of October 2012 through
21 September 2013, in the moving annual average per customer, moving annual average excess
22 per customer, moving 12-month total HDD, moving 12-month average usage per HDD, and
23 moving 12-month average excess per HDD, the results of the calculations performed are not

Rebuttal Testimony of
Michelle Bocklage

1 an accurate representation of the test year. The results should be based on the test year in
2 order to correctly calculate the weather normalization adjustment. Since the data was not
3 limited to the test year, the resulting calculations and subsequent results are unreliable for the
4 purpose of weather normalization adjustments for the test year period.

5 Q. How did SNG calculate the customer count?

6 A. The above referenced workpapers stated that the customer count is based on
7 October 2013. By using the customer count from October 2013, SNG does not rely on
8 accurate actual monthly customer numbers to calculate the usage per customer. It is
9 important to obtain the correct usage per customer in order to determine the base usage to
10 determine the weather sensitivity of customers.

11 Q. SNG provided the actual HDD. How does the HDD data provided in SNG's
12 workpapers differ from Staff's?

13 A. Staff used the HDD per day to determine the number of HDD per calendar
14 month. For example, in order to total the number of HDD for the month of October 2012,
15 Staff added the total number of HDD from October 1, 2012 to September 30, 2013. SNG did
16 not utilize the HDDs by calendar month. Instead, SNG used the weighted average read dates
17 and then totaled the HDDs for those read dates. This method does not correspond to the
18 actual number of HDDs for each respective month. Staff usually performs the weather
19 normalization calculation based on billing cycles; however, since that information was not
20 available it was necessary for Staff to perform the weather normalization adjustment based on
21 calendar month. Since SNG's workpapers are also based on calendar month, it would be
22 more accurate for SNG to perform the calculations based on actual data per calendar month as
23 well, rather than utilizing weighted averages.

1 **RATE SWITCHERS**

2 Q. How did Staff handle the rate switchers from the transportation class to GS and
3 CS?

4 A. After additional discovery and communication with SNG, Staff witness Robin
5 Kliethermes discovered that some of the school accounts should not be included in the
6 transportation class. Therefore, they were switched to the GS and CS rate classes.

7 Q. Did Staff perform any additional adjustments to account for rate switchers?

8 A. Staff performed adjustments to switch some customers from the LVS class to
9 CS/LGS or GS since the usage of those customers did not meet the minimum usage
10 requirements for the LVS class as indicated in SNG's response to DR 0183.

11 Q. What is Staff's recommendation regarding weather normalization?

12 A. Staff recommends that Staff's calculations should be utilized when calculating
13 the revenues for the test year.

14 Q. Does this conclude your rebuttal testimony?

15 A. Yes, it does.