

Exhibit No.: _____
Issue: Revenue Requirements
Witness: Tyson D. Porter
Exhibit Type: Surrebuttal
Sponsoring Party: Summit Natural Gas of Missouri, Inc.
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

SURREBUTTAL TESTIMONY

OF

TYSON D. PORTER

ON BEHALF OF

SUMMIT NATURAL GAS OF MISSOURI, INC.

Jefferson City, Missouri

August, 2014

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TYSON D. PORTER**

SUMMIT NATURAL GAS OF MISSOURI, INC.

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SURREBUTTAL TESTIMONY

TYSON D. PORTER

SUMMIT NATURAL GAS OF MISSOURI, INC.

INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. Tyson D. Porter, 7810 Shaffer Parkway, Suite 120, Littleton, CO 80127.

3 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY AND SCHEDULES IN**
4 **THIS CASE?**

5 A. Yes. I submitted Direct Testimony on January 2, 2014, and Rebuttal Testimony
6 on July 11, 2014.

7 **Q. ARE YOU SPONSORING ANY SCHEDULES IN SUPPORT OF YOUR**
8 **SURREBUTTAL TESTIMONY?**

9 A. Yes. I have prepared Surrebuttal Schedule TDP-1 "Billing Determinants and
10 Pro Forma Revenue".

11 **PURPOSE OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

13 A. The purpose of my surrebuttal testimony is to: (1) respond to the rebuttal
14 testimony of Michelle Bocklage, on behalf of the Missouri Public Service
15 Commission Staff ("Staff"), related to weather normalization; (2) respond to Ms.
16 Barbara Meisenheimer's rebuttal testimony, on behalf of the Office of the Public
17 Counsel ("OPC"), related to the quantitative analysis she performed regarding

1 previous certificates cases for the divisions of Gallatin, Warsaw and
2 Rogersville; and, (3) update the Company's billing determinants and cost of
3 service amounts by rate area.

4 **WEATHER NORMALIZATION**

5 **Q. HAVE YOU HAD A CHANCE TO REVIEW STAFF WITNESS BOCKLAGE'S**
6 **REBUTTAL TESTIMONY?**

7 A. Yes.

8 **Q. DO YOU AGREE WITH THE ASSERTIONS MADE BY MS. BOCKLAGE IN**
9 **HER REBUTTAL TESTIMONY RELATED TO WEATHER NORMALIZATION?**

10 A. No, I strongly disagree with Ms. Bocklage's assertions that the Company's
11 weather normalization presented in my Direct Testimony is unreliable because
12 the Company utilizes a methodology that is virtually identical to Staff's
13 methodology in order to calculate weather normalized volumes.

14 **Q. WHAT ARE THE DIFFERENCES BETWEEN THE STAFF AND COMPANY**
15 **ANALYSES?**

16 A. There are really only two differences between Staff's analysis and the
17 Company's - (1) The Company utilized customer usage data, heating degree
18 days, and customer counts from the period of September 2012 through August
19 2013, while Staff used similar data from the period of October 2012 through
20 September 2013; and, (2) The Company used actual heating degree days
21 associated with a weighted average cycle measurement period usage for each
22 month, while Staff utilized calendar month heating degree days and assumes

1 usage occurs over that calendar month.

2 **Q. WHAT IS THE DIFFERENCE BETWEEN A “CYCLE MEASUREMENT**
3 **PERIOD” AND A “CALENDAR MONTH”?**

4 A. A cycle measurement period represents the period of time between meter
5 reading dates for a selected group of meters. For instance, cycle one for
6 October could be read on October 14th, and represent the total accrued usage
7 from the previous months read date of September 14th. In the same scenario,
8 the calendar month would represent October 1st through October 31st. The
9 Company attempts to associate the actual heating degree days for the period
10 between September 14th and October 14th with the actual usage. Staff’s
11 methodology assumes the usage occurs between October 1st and October 31st.

12 **Q. WHY DID YOU USE THE HISTORICAL DATA FROM THE PERIOD OF**
13 **SEPTEMBER 2012 THROUGH AUGUST 2013, TO CALCULATE PER**
14 **CUSTOMER USAGE?**

15 A. SNG had recently updated its weather normalized usage data in order to
16 prepare its annual Purchased Gas Adjustment and the data was available and
17 considered reliable. However, any recent twelve month period of time,
18 especially a period that ends in a summer month, would be adequate in
19 determining the weather normalized usage per customer for a given customer
20 class because the results would not materially differ. Usage normalized to 30
21 year normal heating degree days takes any weather related usage out of the
22 analysis.

1 **Q. DID STAFF UPDATE ITS WEATHER NORMALIZED USAGE PER**
2 **CUSTOMER THROUGH DECEMBER 2013, THE END OF THE UPDATE**
3 **PERIOD?**

4 A. No. Staff relied upon the weather normalized annual usage derived from its
5 analysis for the period from October 2012 through September 2013.

6 **Q. DO YOU THINK THIS IS APPROPRIATE?**

7 A. Yes. However, if Staff subscribes to its own philosophy about data outside of
8 the test period being unreliable, then I would assume it would have issue with
9 its own results due to the fact that Staff did not update its weather normalized
10 usage through December 2013, the end of the update period.

11 **OFFICE OF PUBLIC COUNSEL ERRORS**

12 **Q. HAVE YOU HAD A CHANCE TO REVIEW MS. MEISENHEIMER'S**
13 **REBUTTAL TESTIMONY AND SCHEDULES?**

14 A. Yes. I have reviewed the quantitative analysis Ms. Meisenheimer introduces in
15 her Rebuttal Testimony for each rate area.

16 **Q. DID YOU NOTE ANY ARITHMETIC ERRORS OR DATA INTERPRETATION**
17 **ERRORS IN MS. MEISENHEIMER'S REBUTTAL TESTIMONY?**

18 A. Yes, both arithmetic errors and data interpretation errors were noted in her
19 analysis.

20 **Q. PLEASE IDENTIFY THE MISTAKES YOU NOTED IN THE REVIEW OF HER**
21 **TABLES.**

22 A. Ms. Meisenheimer attempts to illustrate, through tables in her Rebuttal

1 Testimony, that the Company has not reached customer count and throughput
2 scenarios indentified in feasibility studies filed as part of certificate cases in
3 each division – Gallatin, Warsaw, Rogersville and Branson. The following
4 errors were noted:

- 5 • Gallatin (Table 1, Page 8, Line 17):

- 6 1. Ms. Meisenheimer excludes the transportation volume of 49,000
7 Mcf in her total under the “Projected Yr 3” heading.

- 8 • Warsaw (Table 2, Page 11, Line 15):

- 9 1. Ms. Meisenheimer includes customer counts (1,541) and
10 volumes (388,175) from Case GA-2010-0189 feasibility study,
11 related to a proposed Buffalo and Bolivar expansion. This project
12 was never built and thus the amounts should be excluded from
13 her analysis.

- 14 • Rogersville (Table 4, Page 17, Line 1):

- 15 1. The original GA-94-127 feasibility study that Ms. Meisenheimer
16 uses as part of her analysis, and which is the basis for the rate
17 condition of the 1,797,000 Mcf, has included customer counts
18 and volumes from the communities of Houston, Licking, and
19 Mountain View, for which systems were never constructed. The
20 amounts improperly included a total of 197,626 Mcf and are
21 outlined as follows:

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RESIDENTIAL

- Houston – 530 customers with a usage of 52,950 Mcf
- Licking – 332 Customers with usage of 33,200 Mcf
- Mountain View – 509 Customers with usage of 50,900 Mcf.

COMMERCIAL (Usage was calculated as 44.2% of the residential demand)

- Houston – Usage of 23,404 Mcf
- Licking – Usage of 14,674 Mcf
- Mountain View of 22,498 Mcf

2. Ms Meisenheimer double counted the LG volume of 170,634 Mcf under the “Projected Yr 3” heading by including it in the “Commercial” line item as well as the “LG” line item.

Q. WERE THERE ANY OTHER INCONSISTENCIES DISCOVERED IN MS. MEISENHEIMER’S TESTIMONY?

A. Yes. On page 19, line 13, Ms. Meisenheimer points out that the Company used “a volume level of only 1,755,522 for purposes of determining its claimed current revenues.” She goes on to point out that this is below the 1,797,000 Mcf rate condition levied against the Rogersville system. This is in contrast to the total volumes used in table 4 on page 17, line 1, of her Rebuttal Testimony. The

1 total system throughput contained in table 4 is 1,827,538 Mcf, which is well in
2 excess of the 1,797,000 rate condition. The 1,755,522 noted above was filed as
3 part of my Direct Testimony, but contained an error that resulted from the
4 Company inadvertently excluding the MSBA Schools billing determinants from
5 the total. The corrected number, as appropriately used in table 4, is 1,827,538
6 mcf, when using the Company's Direct Testimony.

7 **Q. WHAT PERIOD OF TIME WAS USED IN THE COMPANY'S DIRECT**
8 **TESTIMONY?**

9 A. The Company's direct testimony was based on a test year ended September
10 30, 2013, and the billing determinants noted had not been updated through the
11 update period of December 31, 2013.

12 **Q. HAVE YOU NOW UPDATED THESE NUMBERS THROUGH DECEMBER 31,**
13 **2013?**

14 A. Yes. The updated volumes, as noted in Surrebuttal Schedule TDP-1 "Billing
15 Determinants and Pro Forma Revenue", now totals 1,888,994 Mcf.

16 **BILLING DETERMINANTS AND COST OF SERVICE UPDATE**

17 **Q. HAS THE COMPANY UPDATED ALL OF ITS BILLING DETERMINANTS IN**
18 **SURREBUTTAL?**

19 A. Yes. The Company proposes the updated customer counts and weather
20 normalized usages presented in Surrebuttal Schedule TDP-1.

21 **Q. WERE THERE ANY SIGNIFICANT CHANGES TO THE BILLING**
22 **DETERMINANTS YOU PROPOSED AS PART OF YOUR REBUTTAL**

1 **TESTIMONY?**

2 A. The only significant changes had to do with factoring in the MSBA Schools
3 actual test period usage by meter into the applicable retail sales customer
4 class' actual usage used in the weather normalization calculation, and the rate
5 class shifting of twelve Large Volume meters which did not qualify for the Large
6 Volume rate class.

7 **Q. DOES STAFF AND OPC AGREE WITH THE BILLING DETERMINANTS**
8 **PRESENTED IN SURREBUTTAL SCHEDULE TDP-1?**

9 A. Yes. The Company has reach an agreement with Staff and OPC on the billing
10 determinants in Surrebuttal Schedule TDP-1, and agrees that these amounts
11 should be used going forward for rate making purposes.

12 **Q. COULD YOU PLEASE PROVIDE UPDATED COST OF SERVICE NUMBERS**
13 **BY DIVISION?**

14 A. Yes. The Company has updated its total cost of service numbers by division
15 and the updated numbers are as follows:

- 16 • Gallatin - \$1,658,753
- 17 • Warsaw - \$1,949,935
- 18 • Rogersville - \$14,547,793
- 19 • Branson - \$4,162,697

20 These numbers have been updated for the adjustments noted in my rebuttal
21 testimony and for the FERC Account 105 transfer as proposed in Tim
22 Johnston's Surrebuttal Testimony. They also reflect a return on equity of 12%

1 and a cost of debt of 3.21%. Finally, the Company's actual capital structure of
2 43% debt and 57% equity was used.

3 **Q. PLEASE SUMMARIZE THE CONCLUSIONS TO YOUR SURREBUTTAL**
4 **TESTIMONY.**

5 A. As previously stated, the Company rejects Staff witness Bocklage's assertion
6 that the Company's billing determinants are unreliable. However, the Company
7 has reached an agreement with Staff and OPC on billing determinants, and
8 agrees that the amounts shown in Surrebuttal Schedule TDP-1 should be used
9 for rate making purposes moving forward. Next, I point out the quantitative
10 mistakes found in OPC witness Meisenheimer's testimony. Please refer to
11 Company witness Tim Johnston's Surrebuttal Testimony for why OPC
12 arguments should be dismissed. Finally, I updated the Company's Cost of
13 Service totals, by rate area, to account for the changes noted in my Rebuttal
14 Testimony and the proposed FERC Account 105 transfer.

15 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

16 A. Yes.

**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) Case No. GR-2014-0086
To Increase its Annual Revenues For)
Natural Gas Service)

AFFIDAVIT OF TYSON D. PORTER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Tyson D. Porter, being first duly sworn on his oath, states:

1. My name is Tyson D. Porter and I work in Littleton, Colorado and I am employed by Summit Utilities, Inc. as the Regulatory Accountant.
2. Attached hereto and made a part of hereof for all purposes is my Surrebuttal Testimony on behalf of Summit Natural Gas of Missouri, Inc. consisting of 9 pages, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



Tyson D. Porter

Subscribed and sworn to before me this 6th day of August, 2014.



Notary Public

My commission expires: March 23, 2018



SARAH B. FONTAINE
My Commission Expires
March 23, 2018
Callaway County
Commission #14596390