

Exhibit No.: _____
Issue: Depreciation
Witness: Alicia Picard
Exhibit Type: Direct
Sponsoring Party: Summit Natural Gas of Missouri, Inc.
Case No.: GR-2014-0086
Date: January 2, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

DIRECT TESTIMONY

OF

ALICIA L. PICARD

ON BEHALF OF

SUMMIT NATURAL GAS OF MISSOURI, INC.

**Jefferson City, Missouri
January 2, 2014**

TABLE OF CONTENTS

**DIRECT TESTIMONY
OF
ALICIA L. PICARD**

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

INTRODUCTION1

I. DEPRECIATION INFORMATION.....2

DIRECT TESTIMONY

ALICIA L. PICARD

SUMMIT NATURAL GAS OF MISSOURI, INC.

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

2 A. Alicia L. Picard, 7810 Shaffer Parkway, Suite 120, Littleton, CO 80127.

3 **Q. ON WHOSE BEHALF IS YOUR TESTIMONY PRESENTED?**

4 A. I am testifying on behalf of Summit Natural Gas of Missouri, Inc. (“SNG” or the
5 “Company”).

6 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

7 A. I am the Corporate Controller for Summit Utilities, Inc., the parent company of
8 SNG.

9 **Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND RELEVANT**
10 **BUSINESS EXPERIENCE.**

11 A. Information responsive to this question is shown in the attached **Schedule ALP-1**.

12 **Q. HAVE YOU TESTIFIED BEFORE OTHER REGULATORY BODIES?**

13 A. Yes, I have testified in front of the Colorado Public Utilities Commission.

14 **Q. IN WHAT CAPACITY?**

15 A. As the Controller of Colorado Cab Company, LLC, a regulated transportation
16 company, in regards to financial information for the company in a dispute
17 surrounding allowing another cab company to start in the Denver metro area.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. To provide depreciation information consistent with filing requirements previously
3 ordered by the Commission.

4

5

I. DEPRECIATION INFORMATION

6 **Q. DID THE COMPANY FILE AN APPLICATION FOR WAIVER CONCERNING**
7 **COMMISSION RULE 4 CSR 240-3.235?**

8 A. Yes. The Company filed an Application for Waiver Concerning Commission Rule
9 4 CSR 240-3.235 in Case No. GE-2014-0010. This rule concerns the compilation
10 and submissions of, among other things, a depreciation study in the context of a
11 general rate case.

12 **Q. WHAT WAS THE OUTCOME OF THE APPLICATION?**

13 A. The Commission granted the Application for Waiver with several conditions. The
14 Order required SNG to submit information as part of its direct testimony in this rate
15 proceeding and I will address these requirements below.

16 **Q. WHAT INFORMATION WAS THE COMPANY ORDERED TO FILE WITH**
17 **DIRECT TESTIMONY IN THIS PROCEEDING?**

18 A. The filing requirements included a property unit catalog, reserves for depreciation,
19 surviving plant balance and estimated final retirement date, and surviving dollar
20 investment for each major facility or general office building. Also to be included
21 was a working spreadsheet file of a history of depreciation accruals by month for
22 each unit of property beginning with September 30, 2007, for the service territory

1 previously under the Missouri Gas Utility, Inc. ("MGU") name and March 31, 2010,
2 for the former Southern Missouri Gas Company, L.P. ("SMNG") service territory. I
3 have provided this information through September 30, 2013. As the SMNG
4 service territory did not become the property of SNG until January 1, 2012, the
5 history of depreciation accruals are shown to begin then. I am attaching
6 **Schedules ALP-2 and ALP-3** to address these filing requirements.

7 **Q. DID THE ORDER INCLUDE ANY OTHER FILING REQUIREMENTS?**

8 A. Yes. SNG was ordered to submit a non-statistical depreciation review by an
9 experienced depreciation professional. The Company contracted with Black and
10 Veatch Corporation to perform the non-statistical depreciation review and the
11 review is attached as **Schedule ALP-4**.

12 **Q. HAS THE COMPANY INCLUDED IN THIS RATE CASE ANY CONSIDERATION**
13 **FOR CHANGING DEPRECIABLE LIVES?**

14 A. No. The Company prefers to retain the depreciation rates and lives established in
15 Case No. GA-2012-0285.

16 **Q. DID THE ORDER INCLUDE ANY REPORTING REQUIREMENTS TO BE**
17 **ADDRESSED IN THE FUTURE?**

18 A. Yes, the Commission ordered that: (1) SNG maintain continuing property records
19 in compliance with Commission rule 4 CSR 240-40.040 Uniform System of
20 Accounts-Gas Corporations and 4 CSR 240-3.235 and 4 CSR 240-3.275
21 Submission Requirements for Gas Utility Depreciation Studies; (2) SNG separately

1 account for any payments from other parties in regards to any changes made to
2 utility property; and (3) policies be put in place within SNG to appropriately reflect
3 any cost of removal or retirement of assets separate from the initial acquisitions or
4 expenditures to build new plant.

5 **Q. WITH THE FILING OF THIS DIRECT CASE, HAS THE COMPANY MET THE**
6 **RATE CASE FILING REQUIREMENTS ORDERED BY THE COMMISSION?**

7 A. Yes.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

