

Exhibit No:
Issue: Rate Design Programming
Witness: Crickette West
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Laclede Gas Company,
d/b/a MGE
Case No.: GR-2014-0007
Date Prepared: April 3, 2014

MISSOURI GAS ENERGY
GR-2014-0007
SURREBUTTAL TESTIMONY
OF
CRICKETTE WEST

April 2014

SURREBUTTAL TESTIMONY OF CRICKETTE WEST

1 **Q. Would you please state your name and business address?**

2 A. My name is Crickette West, and my business address is 3420 Broadway, Kansas
3 City, Missouri 64111.

4 **Q. Please describe your education and employment background.**

5 A. I have a Bachelor's degree in accounting from Rockhurst University. I also
6 expect to receive an Executive MBA from Rockhurst University in May 2014. I
7 joined MGE on June 16, 1997 as a Revenue Accounting Supervisor. Since then, I
8 have served as Manager of Corporate Billing and Quality Assurance, Director of
9 Billing and Quality Assurance and, most recently, the Director of Information
10 Systems and Quality Assurance.

11 **Q. Please describe your current role at MGE.**

12 A. I am currently the Director of Information Systems and Quality Assurance. I am
13 currently working on the conversion of various MGE computer systems to
14 Laclede's systems.

15 **Q. What is the purpose of your surrebuttal testimony?**

16 A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of
17 Public Counsel witness Barbara Meisenheimer, in which she advocates for the
18 elimination of MGE's Straight Fixed Variable ("SFV") rate design and a return to
19 a rate design which includes a volumetric component. While MGE witness Mike
20 Noack addresses the policy reasons for continuing the SFV rate design, my
21 testimony relates to the serious Information Technology ("IT") related concerns I
22 have in making changes to our billing system at a time when we are attempting to
23 integrate our current billing system with Laclede's "New Blue" system.

24

1 **Q. What IT-related concerns do you have with switching from the current SFV**
2 **rate design to a rate design which includes a volumetric component?**

3 A. Since Laclede's purchase of MGE in September 2013, we have been working
4 diligently to transition MGE's systems over to Laclede's IT system. We are in
5 the midst of making significant modifications to the old MGE IT infrastructure
6 and, as a result, I have serious concerns about attempting to reprogram any
7 significant changes to our billing system. MGE last had a residential rate with a
8 volumetric component in early 2007 or almost seven years ago. Reprograming
9 the MGE billing system back to a rate design with a volumetric component will
10 add risk and complexity to an already complicated project. To understand the
11 risk, it is important to understand MGE's billing system architecture, what we are
12 moving to, and the timing of the conversion effort.

13 **Q. Please describe MGE's current billing system.**

14 A. MGE's current billing system is a COBOL based Anderson Legacy system that
15 we bought in 1994. It is a database driven system that requires code based
16 changes for most modifications. It is becoming more and more difficult to find
17 COBOL programmers as many systems have now gone to a different logic base
18 or the programmers have simply retired.

19 **Q. What are the current plans for MGE's billing system?**

20 A. MGE will retire its billing system in mid-2015 and move to Laclede's Oracle
21 based CC&B application, known internally as one of the "New Blue" systems.
22 New Blue is more robust than the current MGE system and allows Laclede to
23 create an enterprise based system that can more efficiently serve our customers.

24 **Q. What are the benefits of moving to the New Blue system?**

1 A. The benefits of moving to the New Blue system include having more modern and
2 interactive technology, being able to have one system operate across both MGE
3 and Laclede Gas with all of the efficiencies that entails, and being able to grow
4 the system efficiently and effectively in the future. The New Blue system also
5 provides efficiencies on the call handling as everyone will be using one system.

6 **Q. What other IT-related initiatives are you involved in?**

7 A. MGE has already consolidated its purchasing system, financial systems and fixed
8 asset systems in a project phase known as Workstream 1 (WS1). In addition to
9 the billing system, we will be consolidating the field work force management
10 system and the mapping system, and we will transition to the Laclede system for
11 inventory management in the Workstream 3 phase (WS3).

12 **Q. What is the timeframe for the completion of these IT initiatives?**

13 A. WS1 was complete as of April 1, 2014. WS3, which includes billing, is expected
14 to be completed in July 2015.

15 **Q. Assuming for the moment that the only project you had was switching the
16 SFV rate design to one with a volumetric component, what concerns would
17 you have with making those programming changes?**

18 A. I would be concerned with the changes that would need to be made in the system,
19 the risk of encountering significant billing issues, and the time that it will take to
20 code and test effectively, as the entire system has to be revalidated when the
21 billing modules are touched.

22 **Q. How much lead time would you need to make those programming changes?**

1 A If we weren't also trying to merge the Laclede Gas and MGE systems, I would
2 say that, depending on the complexity of the change, we would need between 3
3 and 6 months to code and validate volumetric changes into the billing system.

4 **Q. Taking into account the fact that you have been, and will be, involved in**
5 **major IT projects for at least the next 15 months, how much lead time would**
6 **you need to also assume the task of reprogramming volumetric rates into the**
7 **billing system?**

8 A. Changing rate designs at this time will add complexity and risk in the midst of an
9 extremely complicated IT project. Again, the amount of lead time required would
10 depend on the complexity of the project, but at a minimum, that lead time would
11 be substantial. The added risk is caused by the difficulty in validating both the
12 new system and the new volumetric rates, because validation testing requires a
13 comparison of stable billing runs to new billing runs. If both processes are
14 essentially new, it is hard to verify accuracy.

15 **Q. If you had to make such a rate design change, when would a reasonable time**
16 **for such a change to be made to the billing system?**

17 A. The most reasonable time for a change to the billing system would be after MGE
18 converts to Laclede's system, which is set to occur in July 2015. I recommend
19 that the new system be up and running for a few months before making changes,
20 because it is important to watch the first few months of billing to ensure that all is
21 functioning as it should. Therefore, I would say that it would not be advisable to
22 make a rate design change prior to October 2015.

23 **Q. Does this conclude your surrebuttal testimony?**

24 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Missouri Gas Energy's Filing of)
Revised Tariffs to Increase its Annual Revenues) Case No. GR-2014-0007
For Natural Gas Service)

AFFIDAVIT

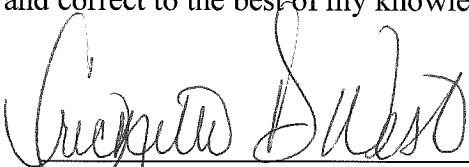
STATE OF MISSOURI)
) SS.
COUNTY OF JACKSON)

Crickette D. West, of lawful age, being first duly sworn, deposes and states:

1. My name is Crickette D. West. My business address is 3420 Broadway, Kansas City, MO 64111 and I am the Director, Information Systems and Quality Assurance


2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony on behalf of Missouri Gas Energy.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Crickette D. West

Subscribed and sworn to before me this 2nd day of April, 2014.



Notary Public

