

*Exhibit No.:*  
*Issue:* *Revenue Requirements*  
*Witness:* *Kim Cox*  
*Sponsoring Party:* *MO PSC Staff*  
*Type of Exhibit:* *Direct Testimony*  
*Case No.:* *GR-2014-0007*  
*Date Testimony Prepared:* *January 29, 2014*

**MISSOURI PUBLIC SERVICE COMMISSION  
REGULATORY REVIEW DIVISION  
Tariff, Safety, Economic & Engineering Analysis**

**DIRECT TESTIMONY**

**OF**

**KIM COX**

**MISSOURI GAS ENERGY**

**CASE NO. GR-2014-0007**

**Jefferson City, Missouri  
January 2014**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **KIM COX**

4 **MISSOURI GAS ENERGY**

5 **CASE NO. GR-2014-0007**

6 Q. Please state your name and business address.

7 A. Kim Cox, P.O. Box 360, Jefferson City, Missouri 65102.

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

9 A. I am a Utility Policy Analyst II in the Energy Unit of the Missouri Public  
10 Service Commission (“Commission”).

11 Q. Please describe your educational background and work experience.

12 A. I attended Central Missouri State University at Warrensburg, Missouri. In  
13 May 1996, I received a Bachelor of Science degree. I have been employed by the  
14 Missouri Public Service Commission since July, 2009. Prior to joining the Commission,  
15 I held the position of a Quality Assurance Analyst in the telecommunications field for  
16 ten years.

17 Q. What has been the nature of your duties with the Commission?

18 A. From July 2009 to June 2013, I worked in the Tariffs/Rate Design Section  
19 of the Energy Unit as a Rate and Tariff Examiner, where my duties consisted of  
20 analyzing applications, reviewing tariffs and making recommendations based upon those  
21 evaluations. On June 16, 2013, I assumed my current position as Utility Policy Analyst II  
22 within the same Section, where my duties consist of coordinating highly complex

1 activities, analyzing applications, reviewing tariffs, and making recommendations based  
2 upon my evaluations.

3 Q. Have you previously filed testimony before this Commission?

4 A. Yes. A list of cases in which I have filed testimony before this  
5 Commission is attached as Schedule 1.

6 Q. With reference to Case No. GR-2014-0007, have you participated in the  
7 Commission Staff's ("Staff") audit of Missouri Gas Energy ("MGE" or "Company")  
8 concerning its request for a rate increase in this proceeding?

9 A. Yes, I have, with the assistance of other members of the Staff. I, along  
10 with Staff expert Cary Featherstone, of the Commission's Auditing Unit, support the  
11 Staff's recommendation to the Commission of the overall revenue requirement  
12 calculation. Mr. Featherstone and I are project coordinators assigned to oversee Staff's  
13 review and analysis of MGE's rate case filed on September 16, 2013. As such, we are  
14 responsible for the oversight of the development and presentation of the cost of service  
15 report along with the revenue requirement calculation being filed on January 23, 2013.

16 **EXECUTIVE SUMMARY**

17 Q. What is the purpose of your direct testimony?

18 A. The purpose of my direct testimony is to provide an overview of the  
19 Staff's position relating to weather, weather normalization, and large customer revenue  
20 annualizations. The sections of Staff's Report relating to these issues were prepared by  
21 Staff members in the Tariff, Safety, Economic & Engineering Analysis (TSEEA)  
22 department. I was involved in the development of these sections.

1     **WEATHER**

2           Q.     What weather data did Staff use to normalize test year gas usage and  
3 revenues?

4           A.     Staff obtained data from the Midwest Regional Climate Center. Staff used  
5 NOAA’s 30-year period of January 1, 1981 through December 31, 2013 from Kansas  
6 City International Airport (“MCI”) and Springfield Regional Airport (“SGF”).

7           Q.     What were the results from the data?

8           A.     The test year was warmer than normal by approximately 0.3 percent for  
9 MCI and 2.1 percent for SGF.

10    **WEATHER NORMALIZATION**

11          Q.     What is the purpose of Staff’s weather normalization?

12          A.     The purpose of Staff’s weather normalization is to determine what level of  
13 revenues MGE could expect in a year with “normal weather” given that weather for any  
14 particular year is unique and unlikely to be repeated.

15          Q.     What rate classes did Staff weather normalize and what was the  
16 adjustment?

17          A.     Staff weather normalized the Large General Service (LGS) only since the  
18 Residential and Small General Service rates are not based on usage. As a result of  
19 weather normalizing the LGS, the test year usage was increased by 3.91 percent. This  
20 adjustment for normal weather provided the basis for Staff’s computation of MGE’s  
21 revenues for the LGS class.

1 **LARGE VOLUME CUSTOMER REVENUE ADJUSTMENT**

2 Q. What adjustments did the TSEEA Staff make for the Large Volume (LV)  
3 customers?

4 A. The TSEEA Staff made three types of adjustments for large volume  
5 revenues; rate-switching, customer gain/loss adjustments and weather normalization  
6 adjustment. The approximately 400 LV customer's usage was increased by .05 percent.  
7 The TSEEA Staff provided these adjustments to Staff witness Karen Lyons for her  
8 overall revenue adjustment.

9 **INTEREST ON CUSTOMER DEPOSIT**

10 Q. What interest rate does the Operation Staff deem appropriate for customer  
11 deposits?

12 A. MGE's customer deposit interest is dictated by its tariff, therefore the  
13 interest rate on customer deposits will remain at 4.25 percent.

14 Q. Please identify the Staff witness responsible for addressing each area in  
15 the Report.

16 A. The Staff witness for each listed issue are as follows:

<u>Issue</u>	<u>Staff Witness</u>
Weather	Seoung Joun Won
Weather Normalization	Michelle Bocklage
Large Customer Revenues	Henry E. Warren
Interest on Customer Deposit	Michael J. Ensrud

22 Q. Does this conclude your direct testimony?

23 A. Yes it does.

