Exhibit No.:

Issues: Class Cost-of-Service

Rate Design

Witness: Kim Cox

Sponsoring Party: MO PSC Staff
Type of Exhibit: Direct Testimony

Case No.: GR-2014-0007

Date Testimony Prepared: February 7, 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 February 7, 2014

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy,) Inc.'s Filing of Revised Tariffs to Increase) its Annual Revenues for Natural Gas) Case No. GR-2014-0007						
AFFIDAVIT OF KIM COX						
STATE OF MISSOURI)) ss COUNTY OF COLE)						
Kim Cox, of lawful age, on her oath states: that she has participated in the preparation of the following Direct Testimony in question and answer form, consisting of pages of Direct Testimony to be presented in the above case, that the answers in the following Direct 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.						
Jim Cox Kim Cox						
Subscribed and sworn to before me this day of February, 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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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. Are you the same Kim Cox who previously filed testimony in this case?				
9	A. Yes, I filed direct testimony on January 29, 2014 in the revenue requirer	nent			
10	portion of this case. I am one of the case coordinators responsible for seeing that the elements				
11	of Staff's work product are presented in filings before the Commission.				
12	Q. With reference to Case No. GR-2014-0007, have you participated in	the			
13	Commission's Staff's ("Staff") audit of Missouri Gas Energy ("MGE" or "Compa	ny")			
14	concerning its request for a rate increase in this proceeding?				
15	A. Yes, I have, with the assistance of other members of the Staff. I suppor	t the			
16	Staff's recommendation to the Commission concerning the Class-Cost-of-Service ("CCOS")				
17	and Rate Design.				
18	EXECUTIVE SUMMARY				
19	Q. What is the purpose of your direct testimony?				
20	A. The purpose of my direct testimony is to provide an overview of	the			
21	Commission Staff's position relating to the CCOS, rate design, energy efficiency programs				
22	Red Tag Program and school transportation customers. I also sponsor a report, attached to my				
23	testimony that describes in greater detail, the Staff's position relating to these issues. The				

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21 22 report was prepared by various Staff members. The "report" approach to the case filing minimizes the number of Staff witnesses required to file direct testimony and provides for a clearer presentation of the Staff's CCOS, rate design, and tariff changes.

CLASS COST-OF-SERVICE

- Q. What is the purpose of Staff's CCOS?
- A. The purpose of Staff's CCOS is to provide the Commission with a measure of relative class cost responsibility for the overall revenue requirements of MGE. For individual items of cost, the responsibility of a certain class of customers to pay that cost can be either directly assigned or allocated to customer classes using reasonable methods for determining the class responsibility for that item of cost. The results are then summarized so that they can be compared to revenues being collected from each class on current rates. The difference between a particular customer class' costs responsibility and the revenues generated by that customer class is the amount that class is either subsidizing (revenues greater than costs) the other classes are being subsidized (revenues less than costs).
 - Q. What is the Staff's recommendation on CCOS?
- A. The Staff is recommending no shifts in revenue responsibility between MGE classes. Each class would receive an equal share of any increase or decrease in rates.

RATE DESIGN

- Q. What is rate design?
- A. Rate design is the assignment of rates to each customer class and is based on the Staff's CCOS and other relevant factors to this case.
 - Q. What is Staff's position regarding the rate design issue?

Direct Testimony of Kim Cox

A.

Residential class and the Small General Services ("SGS") class. The SFV collects all non-gas costs in a flat, fixed monthly/delivery charge. The charge is the same for all residential customers and all SGS customers in their respective classes. Staff is recommending conservation measures that are to be used in concert with the SFV rate design proposal as outlined in the Staff report.

Staff recommends that each component of MGE's Large General Service ("LGS"),

Staff is proposing to maintain the Straight Fixed Variable ("SFV") rate for the

Staff recommends that each component of MGE's Large General Service ("LGS"), Large Volume Service ("LVS") and Transportation Service non-gas tariffed rates increase by the same percentage as MGE's non-gas revenue requirement percentage increase. Staff is not proposing the SFV rate design for these customer classes.

MISCELLANEOUS TARIFF ISSUES

- Q. What is the Staff position on MGE's proposed Red Tag Program?
- A. Staff supports the red tag portion but recommends that any cost incurred for the low-income portion of the red tag program be booked to a regulatory asset. MGE is proposing a program that is known as a Red Tag Program. This program allows MGE personnel to perform small repair work for customers who have the need for such services in their houses relating to natural gas usage. Laclede Gas currently has such a program in place.
 - Q. What is Staff's position relating to MGE's energy efficiency programs?
- A. Staff supports the continued use of the energy efficiency programs MGE currently has in effect.

SCHOOL TRANSPORTATION CUSTOMERS-CAPACITY RELEASE REQUIREMENTS

Q. Does Staff propose any tariff changes to MGE's School Transportation Customers?

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Yes. Staff is proposing that MGE revise its SGS, LGS and STP tariff sheets to clarify the capacity release requirements for schools that are SGS customers and LGS

GAS SUPPLY INCENTIVE PLAN

- What is the Staff's position on the Gas Supply Incentive Plan ("GSIP")?
- Staff recommends that MGE keep the existing Purchased Gas Adjustment ("PGA") without a related GSIP.

STAFF'S CLASS COST-OF-SERVICE REPORT

- Please identify the Staff witness responsible for addressing each area in the
 - The Staff witness for each listed issue is as follows:

12	<u>Issue</u>	Staff Witness
13	Class Cost of Service and Rate Design	Joel McNutt
14	Allocators	Dan Beck
15	Peak Usage	Michelle Bocklage
16	Miscellaneous Tariff Issues	Tom Imhoff
17	School Transportation Customers-Capacity	
18	Release Requirements	Lesa Jenkins
19	Gas Supply Incentive Plan	Dave Sommerer

- Q. Does this conclude your direct testimony?
- A. Yes it does.