

Exhibit No.:  
Issues: Revenues-Customer Growth  
Witness: Amanda C. McMellen  
Sponsoring Party: MoPSC Staff  
Type of Exhibit: Rebuttal Testimony  
Case No.: GR-2009-0355  
Date Testimony Prepared: September 28, 2009

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY SERVICES DIVISION**

**FILED<sup>3</sup>**  
NOV 9 2009

**REBUTTAL TESTIMONY** Missouri Public  
Service Commission

**OF**

**AMANDA C. McMELLEN**

**MISSOURI GAS ENERGY**  
a Division of Southern Union Company

**CASE NO. GR-2009-0355**

Staff Exhibit No. 55  
Case No(s) GR-2009-0355  
Date 10-26-09 Rptr KF

Jefferson City, Missouri  
September 2009

1                                   **REBUTTAL TESTIMONY OF**  
2                                   **AMANDA C. McMELLEN**  
3                                   **MISSOURI GAS ENERGY,**  
4                                   **a Division of Southern Union Company**  
5                                   **CASE NO. GR-2009-0355**

6           Q.     Please state your name and business address.

7           A.     Amanda C. McMellen, 200 Madison Street, Suite 440, Jefferson City, MO  
8     65102.

9           Q.     Are you the same Amanda C. McMellen that was responsible for certain  
10   sections of the Staff Cost of Service Report filed in this case?

11          A.     Yes, I am.

12          Q.     What is the purpose of this rebuttal testimony?

13          A.     The purpose of this rebuttal testimony is to address certain aspects of Missouri  
14   Gas Energy's (MGE or Company) direct filing regarding its revenue annualization.  
15   Specifically, I will address the customer growth (annualization) adjustment described by  
16   Company witness Larry Loos in his direct testimony filed in this case.

17   **REVENUES-CUSTOMER GROWTH**

18          Q.     How did MGE develop its customer annualization adjustment (customer  
19   growth adjustment)?

20          A.     On pages 44 through 45 of his direct testimony, MGE witness Larry W. Loos  
21   explains the Company's method for developing its customer annualization adjustment as  
22   follows:

23                   Because of the extremely small change in number of customers  
24                   during the test year, I develop my annualization adjustment

1 based on the change in number of bills from December 2007 to  
2 December 2008. I prorate this change into equal monthly  
3 increments. For example, I calculate the monthly increase  
4 (or decrease) the number of bills by dividing the change in  
5 customers (from December 2007 to December 2008) by 12.  
6 I then adjust the number of bills in January by eleven times this  
7 monthly change. I adjust the number of bills in February by ten  
8 times this monthly change and so forth.

9 Q. Did Mr. Loos update these results through April 30, 2009, the updated period  
10 ordered in this case?

11 A. Yes. Mr. Loos explains his updated results on page 3 of his updated test year  
12 direct testimony.

13 Q. Does the Staff agree with MGE's method for developing customer numbers  
14 (i.e. its customer annualization adjustment)?

15 A. No. The Staff believes that MGE's method does not reflect an accurate level  
16 of annual customers.

17 Q. How did the Staff calculate its customer growth adjustment?

18 A. The Staff used a three-step process to develop its' customer growth  
19 adjustment. In the first step, the Staff developed a five-year average of actual monthly  
20 customers as a percentage of the period-ending total customers. In the second step, the Staff  
21 calculated a five-year average of the December number of customers of each year as  
22 compared to the twelve-month average of the following year. Then, the most current  
23 customer level (April 2009) is divided by the result of the second step and then multiplied by  
24 12, to create an annual customer level. The annual customer level is then prorated by month  
25 using the percentages calculated in the first step. Lastly, final bills are deducted each month  
26 to arrive at the Staff's annualized customer numbers by month.

1           Q.     Why does the Staff's method reflect MGE's customer levels more accurately  
2 than the Company's method?

3           A.     The Staff method more accurately reflects the customer levels because it  
4 accounts for the fluctuations from year to year. By using five-year averages of  
5 actual customer numbers within its customer growth calculation, the Staff's method seeks to  
6 normalize changes in customer numbers and does not take into account fluctuations in  
7 customer numbers over only a one-year period, as MGE's proposed approach does.

8           Q.     Will customer growth be reviewed against in the true-up audit?

9           A.     Yes. Both the Staff and the Company will look at the changes in the number  
10 of customers through the end of the true-up period, September 30, 2009.

11          Q.     Does this conclude your rebuttal testimony?

12          A.     Yes, it does.

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


In the Matter of Missouri Gas Energy and Its )  
Tariff Filing to Implement a General Rate )  
Increase for Natural Gas Service )  
)

Case No. GR-2009-0355

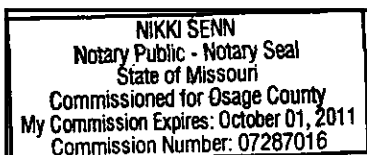
AFFIDAVIT OF AMANDA C. MCMELLEN

STATE OF MISSOURI     )  
                                  )  
COUNTY OF COLE     )     ss.

Amanda C. McMellen, of lawful age, on her oath states: that she has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by her; that she has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of her knowledge and belief.

  
Amanda C. McMellen

Subscribed and sworn to before me this 24<sup>th</sup> day of September, 2009.



  
Notary Public