

Exhibit No.:  
Issues: Revenue Requirement  
Witness: Thomas M. Imhoff  
Sponsoring Party: MO PSC Staff  
Type of Exhibit: Direct Testimony  
Case No.: GR-2014-0152  
Date Testimony Prepared: June 6, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**REGULATORY REVIEW DIVISION**

**TARIFF, SAFETY, ECONOMIC AND  
ENGINEERING ANALYSIS**

**DIRECT TESTIMONY**

**OF**

**THOMAS M. IMHOFF**

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.  
d/b/a LIBERTY UTILITIES**

**CASE NO. GR-2014-0152**

*Jefferson City, Missouri  
June 2014*

**\*\*Denotes Highly Confidential Information\*\***

**\* Denotes Proprietary Information \***

PSC Exhibit No. 27  
Date 9/8/14 Reporter SJP  
File No. \_\_\_\_\_

**NP**

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

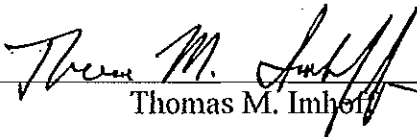
In the Matter of Liberty Utilities )  
(Midstates Natural Gas) Corp. d/b/a )  
Liberty Utilities' Tariff Revisions )  
Designed To Implement a General Rate )  
Increase for Natural Gas Service in the )  
Missouri Service Areas of the Company )

Case No. GR-2014-0152

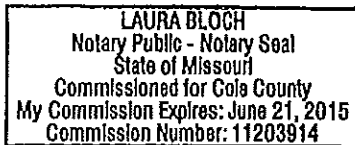
**AFFIDAVIT OF THOMAS M. IMHOFF**

STATE OF MISSOURI    )  
                                  ) ss  
COUNTY OF COLE     )

Thomas M. Imhoff, of lawful age, on his oath states: that he has participated in the preparation of the following Direct Testimony in question and answer form, consisting of   6   pages of Direct Testimony to be presented in the above case, that the answers in the following Direct Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

  
\_\_\_\_\_  
Thomas M. Imhoff

Subscribed and sworn to before me this   5<sup>th</sup>   day of June, 2014.



  
\_\_\_\_\_  
Notary Public

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**DIRECT TESTIMONY**

**OF**

**THOMAS M. IMHOFF**

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.**

**d/b/a LIBERTY UTILITIES**

**CASE NO. GR-2014-0152**

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1 **DIRECT TESTIMONY**  
2 **OF**  
3 **THOMAS M. IMHOFF**  
4 **LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.**  
5 **d/b/a LIBERTY UTILITES**  
6 **CASE NO. GR-2014-0152**

7 Q. Please state your name and business address.

8 A. Thomas M. Imhoff, P.O. Box 360, Jefferson City, Missouri 65102.

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

10 A. I am the Rate & Tariff Examination Supervisor in the Energy Department of  
11 the Missouri Public Service Commission ("Commission").

12 Q. Please describe your educational background.

13 A. I attended Southwest Missouri State University at Springfield, Missouri. In  
14 May 1981, I received a Bachelor of Science degree in Business Administration, with a major  
15 in Accounting. In May 1987, I successfully completed the Uniform Certified Public  
16 Accountant ("CPA") examination and subsequently received the CPA certificate. I am  
17 currently licensed as a CPA in the State of Missouri.

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

19 A. From October 1981 to December 1997, I worked in the Accounting  
20 Department of the Commission, where my duties consisted of directing and assisting with  
21 various audits and examinations of the books and records of public utilities operating within  
22 the State of Missouri under the jurisdiction of the Commission. On January 5, 1998, I  
23 assumed the position of Regulatory Auditor IV in the Gas Tariffs/Rate Design Department,

1 where my duties consisted of analyzing applications, reviewing tariffs and making  
2 recommendations based upon those evaluations. On August 9, 2001, I assumed my current  
3 position of Rate & Tariff Examination Supervisor in the Energy Tariffs/Rate Design Unit,  
4 where my duties consist of directing Commission Staff within the Unit, analyzing  
5 applications, reviewing tariffs, and making recommendations based upon my evaluations and  
6 the evaluations performed by the Energy Tariffs/Rate Design Staff.

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

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

10 Q. With reference to Case No. GR-2014-0152, have you participated in the  
11 Commission Staff's ("Staff") audit of Liberty Utilities ("Midstates Natural Gas") Corporation  
12 d/b/a Liberty Utilities ("Liberty Utilities" or "Midstates") concerning its request for a rate  
13 increase in this proceeding?

14 A. Yes, I have, with the assistance of other members of the Staff. I, along with  
15 Staff expert Lisa Hanneken, of the Commission's Utility Services Division, support the Staff's  
16 recommendation to the Commission of the overall revenue requirement calculation. Ms.  
17 Hanneken and I are project coordinators to oversee Staff's review and analysis of Liberty  
18 Utilities' rate case filed February 6, 2014. As such, we are responsible for the oversight of the  
19 development and presentation of the cost of service report along with the revenue requirement  
20 calculation being filed in this case.

21 **EXECUTIVE SUMMARY**

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

1           A.     The purpose of my direct testimony is to provide an overview of the Staff's  
2 position relating to weather normalization, and the annualization of the Large Volume and  
3 Transportation Customer rate classes and Special Contract customers. I am also supporting  
4 Staff's position as it relates to Energy Efficiency, and the Low-Income Weatherization. The  
5 sections of Staff's Report relating to these issues were prepared by Staff members in the  
6 Utility Operations Division. I supervised the preparation or was involved in the development  
7 of those sections.

8           **WEATHER NORMALIZATION**

9           Q.     Why is Staff not proposing a weather normalization adjustment in this case?

10          A.     Liberty Utilities billing data is not sufficient for Staff to complete a weather  
11 normalization analysis and corresponding adjustments. Staff has concerns regarding the  
12 accuracy and completeness of the data. Staff has repeatedly requested updates to Liberty  
13 Utility's data related to customer counts and usage volumes. This data changes with each  
14 update to these requests as we continue trying to get good, reliable and accurate data. Liberty  
15 Utilities has been cooperative and is working with Staff to provide reliable, good data. When  
16 analyzing the data for the SGS and LGS customers, the statistical correlations were so low  
17 that the information provided by Liberty Utilities indicates this information is inaccurate.  
18 When analyzing the results from data supplied by Liberty Utilities, it was apparent that the  
19 data could not be correct due to the high volatility of customer numbers and usage during the  
20 test year. Schedule TMI-2 is an example of these discrepancies showing the volatility in  
21 customer numbers.

22          Q.     Why does Staff need to normalize revenues due weather?

1           A.       The purpose of Staff's weather normalization is to determine what level of  
2 revenues Liberty Utilities could expect in a year with "normal weather" given that weather for  
3 any particular year is unique and unlikely to be repeated. In order to set reasonable rates,  
4 Staff normalizes customer usage using a 30-year weather pattern. This normal measure of  
5 weather would provide the basis for Staff's computation of Liberty Utilities' revenues.

6           Staff witness Joel McNutt will weather normalize the usages per customer provided  
7 that Liberty Utilities data is reliable and accurate when Staff receives this information.  
8 Liberty Utilities has provided Staff with information; however, the data to date is unreliable.  
9 Staff may not be able to file supplemental direct testimony if the information is not provided  
10 to Staff in a timely manner, or if the information proves to be unreliable.

11           **LARGE VOLUME CUSTOMER REVENUE ADJUSTMENT**

12           Q.       Has Staff made any adjustments for the Large Volume ("LV") customers for  
13 weather, rate-switching and for customer gains or losses?

14           A.       No. Staff has experienced the same data problems with these customers as we  
15 have incurred with the SGS and LGS customers. Staff witness Kim Cox of the Operations  
16 Staff will make these three types of adjustments for large volume and transportation revenues;  
17 rate-switching, customer gain/loss adjustments and weather normalization adjustment  
18 provided the information we receive from Liberty Utilities is reliable and received in time for  
19 Staff to properly analyze the information. To date, we are still waiting on data to perform our  
20 analysis. Staff may not be able to file supplemental direct testimony if the information is not  
21 provided to Staff in a timely manner, or if the information proves to be unreliable.

1 **SPECIAL CONTRACT CUSTOMER REVENUE ADJUSTMENT**

2 Q. What adjustments were made for the LV customers by the Operations Staff?

3 A. Ms. Cox has \*\* \_\_\_\_\_

4 \_\_\_\_\_ \*\*

5 **SPECIAL CONTRACT CUSTOMER TARIFF**

6 Q. What is Staff's tariff proposal relating to special contract customers?

7 A. Staff is proposing that Liberty Utilities should have a tariff specifically set up  
8 to allow special contracts. Without a tariff provision allowing special contracts that specifies  
9 criteria for a special contract, these contracts are discriminatory allowing special treatment for  
10 certain customers.

11 **ENERGY EFFICIENCY AND LOW INCOME WEATHERIZATION**

12 Q. What does Staff propose for Energy Efficiency and Low-Income  
13 Weatherization?

14 A. Staff recommends that Liberty Utilities maintain their current programs. Staff  
15 witness Kory Boustead describes Staff proposals in greater detail in her portion of the report.

16  
17 Q. Please identify the Staff witness responsible for addressing each area in the  
18 Report.

19 A. The Staff witness for each listed issue is as follows:

<u>Issue</u>	<u>Staff Witness</u>
Weather Normalization per Customer	Joel McNutt
Large Volume Service	Kim Cox
Transportation Service	Kim Cox



Direct Testimony of  
Thomas M. Imhoff

1	Special Contracts Revenue Adjustment	Kim Cox
2	Special Contracts Tariff Language Proposal	David Sommerer
3	Energy Efficiency and Low Income	Kory Boustead
4	Q. Does this conclude your direct testimony?	
5	A. Yes it does.	

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. d/b/a LIBERTY  
UTILITIES

Summary of Cases in which prepared testimony was presented by:  
THOMAS M. IMHOFF

<u>Company Name</u>	<u>Case No.</u>
Terre-Du-Lac Utilities	SR-82-69
Terre-Du-Lac Utilities	WR-82-70
Bowling Green Gas Company	GR-82-104
Atlas Mobilfone Inc.	TR-82-123
Missouri Edison Company	GR-82-197
Missouri Edison Company	ER-82-198
Great River Gas Company	GR-82-235
Citizens Electric Company	ER-83-61
General Telephone Company of the Midwest	TR-83-164
Missouri Telephone Company	TR-83-334
Mobilpage Inc.	TR-83-350
Union Electric Company	ER-84-168
Missouri-American Water Company	WR-85-16
Great River Gas Company	GR-85-136
Grand River Mutual Telephone Company	TR-85-242
ALLTEL Missouri, Inc.	TR-86-14
Continental Telephone Company	TR-86-55
General Telephone Company of the Midwest	TC-87-57
St. Joseph Light & Power Company	GR-88-115
St. Joseph Light & Power Company	HR-88-116
Camelot Utilities, Inc.	WA-89-1
GTE North Incorporated	TR-89-182
The Empire District Electric Company	ER-90-138
Capital Utilities, Inc.	SA-90-224
St. Joseph Light & Power Company	EA-90-252
Kansas City Power & Light Company	EA-90-252
Sho-Me Power Corporation	ER-91-298
St. Joseph Light & Power Company	EC-92-214
St. Joseph Light & Power Company	ER-93-41
St. Joseph Light & Power Company	GR-93-42
Citizens Telephone Company	TR-93-268
The Empire District Electric Company	ER-94-174
Missouri-American Water Company	WR-95-205
Missouri-American Water Company	SR-95-206
Union Electric Company	EM-96-149
The Empire District Electric Company	ER-97-81
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
Laclede Gas Company	GR-99-315

Atmos Energy Corporation	GM-2000-312
Ameren UE	GR-2000-512
Missouri Gas Energy	GR-2001-292
Laclede Gas Company	GT-2001-329
Laclede Gas Company	GR-2001-629
Missouri Gas Energy	GT-2003-0033
Aquila Networks – L&P	GT-2003-0038
Aquila Networks – MPS	GT-2003-0039
Southern Missouri Gas Company, L.P.	GT-2003-0031
Fidelity Natural Gas, Inc.	GT-2003-0036
Atmos Energy Corporation	GT-2003-0037
Laclede Gas Company	GT-2003-0032
Union Electric Company d/b/a Ameren UE	GT-2003-0034
Laclede Gas Company	GT-2003-0117
Aquila Networks MPS & L&P	GR-2004-0072
Missouri Gas Energy	GR-2004-0209
Missouri Pipeline Company & Missouri Gas Company	GC-2006-0491
Atmos Energy Corporation	GR-2006-0387
Laclede Gas Company	GR-2007-0208
Missouri Gas Utility Company	GR-2008-0060
TriGen-Kansas City Energy Group	HR-2008-0300
Laclede Gas Company	GT-2009-0056
Missouri Gas Energy	GR-2009-0355
Empire District Gas Company	GR-2009-0434
Atmos Energy Corporation	GR-2010-0192
Laclede Gas Company	GR-2010-0171
Union Electric Company d/b/a Ameren UE	GR-2010-0363
Veolia Energy Kansas City, Inc.	HR-2011-0241
Ameren Missouri	ER-2012-0166
Kansas City Power & Light Company	ER-2012-0174
KCP&L Greater Missouri Operations Company	ER-2012-0175
The Empire District Electric Company	ER-2012-0345
Liberty Utilities	GO-2014-0006
Missouri Gas Energy	GR-2014-0007
Summit Natural Gas of Missouri Inc.	GR-2014-0086

**Schedule TMI-2**

**Is Deemed**

**Proprietary**

**In Its Entirety**