

Exhibit No.:
Issues: Merger Detriment
Witness: Kim Cox
Sponsoring Party: MO PSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2014-0086
Date Testimony Prepared: July 11, 2014

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION
Tariff, Safety, Economic & Engineering Analysis

REBUTTAL TESTIMONY

OF

KIM COX

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

Jefferson City, Missouri
July 2014

Staff Exhibit No. 111
Date 8-19-14 Reporter KF
File No. GR-2014-0086

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

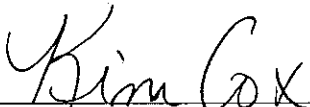
In the Matter of Summit Natural Gas of)
Missouri Inc.'s Filing of Revised Tariffs)
To Increase its Annual Revenues For)
Natural Gas Service

File No. GR-2014-0086

AFFIDAVIT OF KIM COX

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

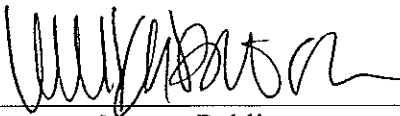
Kim Cox, of lawful age, on her oath states: that she has participated in the preparation of the following Rebuttal Testimony in question and answer form, consisting of 5 pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by her; 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.



Kim Cox

Subscribed and sworn to before me this 10th day of July, 2014.

LAURA BLOCH
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914



Notary Public

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KIM COX
SUMMIT NATURAL GAS OF MISSOURI, INC.
CASE NO. GR-2014-0086
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REBUTTAL TESTIMONY
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KIM COX
SUMMIT NATURAL GAS OF MISSOURI, INC.
CASE NO. GR-2014-0086

Q. Are you the same Kim Cox who filed in Staff's Cost of Service and Class Cost of Service report?

A. Yes I am.

EXECUTIVE SUMMARY

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to address the detriment to customers of Summit Natural Gas of Missouri, Inc. ("SNG") that would result if the Commission approved some requests SNG's made in its direct testimony.

Q. What issues will you address?

A. I am addressing the following three issues: consolidation of the miscellaneous rates from the two tariff books and using the rates from tariff book P.S.C. MO. No. 1., the stipulation and the order filed in GM-2011-0354 stating there is to be no detrimental effect due to the merger of SMNG and MGU and Rule 4 CSR 240-3.215 dealing with the requirements for gas utility's seeking to merge or consolidate.

TARIFF BOOK CONSOLIDATION

Q. Please explain SNG's tariff books.

A. SNG currently has two tariff books. P.S.C MO No.1 applies to the Missouri

1 Gas Utility ("MGU") service territory, and P.S.C MO No. 2 applies to the Southern Missouri
 2 Natural Gas Company ("SMNG"). Each has a set of Miscellaneous Tariff Charges that
 3 customers will be charged when SNG performs certain services. A comparison of the two is
 4 as follows¹:
 5

Missouri Gas Utility, Inc. Tariff (P.S.C. MO No. 1)			Southern Missouri Natural Gas Tariff (P.S.C. MO No. 2)		
Description	Amount	Sheet No.	Description	Amount	Sheet No.
Reconnection Charge-Residential	\$40	54	Reconnection Charge-Residential (During Business Hours)	\$30	28
			Reconnection Charge-Residential (Outside Business Hours)	\$50	28
Reconnection Charge-Commercial or Industrial	The greater of \$40 or actual charges for labor and materials.	54	Reconnection Charge-Commercial or Industrial	The greater of \$30 (during business hours) or \$50 (outside business hours) or actual charges for labor and materials.	28
Disconnect Charge-Residential	\$40	55	Connection Charge- During Normal Business Hours (doesn't specify customer class)	\$25	29
			Connection Charge- Outside Normal Business Hours (doesn't specify customer class)	\$50	29

¹ Staff compiled this chart from SNG witness Martha Wankum's direct testimony in this case.

Disconnect Charge- Commercial or Industrial	The greater of \$40 or actual charges for labor and materials	55			
Special Meter Reading Charge	\$20	55	Special Meter Reading Charge ("At Customer Request" or "Due to No Access")	\$30	29
Collection Trip Charge	\$40	55	Collection Trip Charge	\$30	30
			Delinquent bill fee, if work order issued to disconnect account	\$10	30
Non-Sufficient Funds Check Charge	\$30	55	Dishonored Check Charge	\$10	29
			Transfer of Service- Normal Business Hours	\$20	29
			Transfer of Service- Outside of Normal Business Hours	\$40	29
			Meter Test	\$75	29

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SNG is proposing to consolidate the two tariff books (P.S.C MO No.1 and P.S.C MO No. 2) in this case. The proposed new consolidated tariff book, P.S.C. MO No. 3 has the miscellaneous rates from P.S.C. MO No. 1.

DETRIMENT TO CUSTOMERS

Q. What would be the impact to SNG customers if the miscellaneous rates of P.S.C. MO. No. 1 were used for both service territories?

A. The old SMNG customers would pay higher miscellaneous rates because MGU rates are higher than SMNG rates.

1 Q. Has SNG provided any study that would support using the MGU rates?

2 A. No, SNG has not provided any study showing the actual cost to perform the
3 services that would support the increase in miscellaneous charges to the SMNG service
4 territory.² SMNG customers would suffer a detriment as a result of the merger if they were
5 required to pay increased miscellaneous fees without cost support to show that the increase is
6 justified.

7 Q. Does this constitute a public detriment?

8 A. Yes. Customers should not pay more for these miscellaneous services than it costs for
9 the Company to perform the service.

10 Q. Did Case No. GM-2011-0354, Approval of the Merger of Southern Missouri
11 Natural Gas with Missouri Gas Utility, address the detrimental impact to customers?

12 A. Yes. The Stipulation and Agreement page 10, condition 12, stated "The
13 Signatories agree that the intent of the Stipulation is to avoid any detriment impact to any
14 customer of either MGU or SMNG, and that this Stipulation should be interpreted
15 accordingly."³ Additionally, the Commission stated on Page 4, Order number 4, that "The
16 Merger and other relief sought in the Joint Application and the conditions of the Unanimous
17 Stipulation and Agreement are not detrimental to the public interest."⁴

18 Q. Is there a filing requirement for gas utilities when applying to merge or
19 consolidate?

² The rebuttal testimony of Staff Witness Michael J. Ensrud addresses the need for such charges to reflect the actual cost of the service.

³Case No. GM-2011-0354, *Stipulation and Agreement*, Filed 9/15/2011, Page 10.

⁴Case No. GM-2011-0354, *Order Approving Unanimous Stipulation and Agreement*, Filed 9/28/2011, Page 4.

1 A. Yes. Rule 4 CSR 240-3.215, Filing requirements for Gas Utility Applications
2 for Authority to Merge or Consolidate. Subsection (1)(D) explains that the reason the
3 proposed merger is not detrimental to the public must be provided in the Utility's application.

4 Q. What is Staff's recommendation for the miscellaneous charges?

5 A. Staff recommends one of the following for the Miscellaneous Tariff Charges:

6 1. The charges remain separate for the two service areas, or

7 2. The lowest miscellaneous rates from SNG's two tariffs is used.

8 Q. Does this conclude your rebuttal testimony?

9 A. Yes, it does.