

Exhibit No.: Customer Charge/Pool
Issue: Operator Charges
Witness: Phil Lock
Sponsoring Party: MoPSC Staff
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Case No.: GR-2014-0086
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MISSOURI PUBLIC SERVICE COMMISSION

**REGULATORY REVIEW
UTILITY SERVICES
PROCUREMENT ANALYSIS**

SURREBUTTAL TESTIMONY

OF

PHIL LOCK

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

*Jefferson City, Missouri
August 2014*

Staff Exhibit No. 127
Date 8-19-14 Reporter xx
File No. GR-2014-0086

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SURREBUTTAL TESTIMONY

OF

PHIL LOCK

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

Q. Please state your name and business address.

A. Phil Lock, P.O. Box 360, Jefferson City, MO 65102.

Q. Are you the same Phil Lock who filed rebuttal testimony in this case?

A. Yes, I am.

EXECUTIVE SUMMARY

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to respond to the rebuttal testimony of Louie R Ervin Sr. on behalf of the Missouri School Boards Association (MSBA).

SCHOOL CUSTOMER CHARGE

Q. On Page 7, Lines 14-15 of Mr. Ervin's rebuttal testimony, Mr. Ervin indicates that schools participating in the Missouri School Program are transportation customers. Do you agree with his assertion?

A. No, I do not. Schools are not traditional transportation customers. While certain provisions of SNG's transportation tariffs apply to the schools, there is a section in SNG's tariffs that apply only to schools under the Missouri School Program customer class. Mr. Ervin's rebuttal testimony offers no justification for classifying schools as transportation

Surrebuttal Testimony of
Phil Lock

1 customers. He fails to mention the following: (1) Schools that opted for the Missouri School
2 Program were former firm sales customers (General Service, Large General Service or Large
3 Volume sales service customers) and no changes have been made to the customer's facilities
4 (i.e. telemetry on customer meters) that may qualify them as transportation customers;
5 (2) Schools participating in this program are included in the "Missouri School Program"
6 section of the Company's transportation tariffs due to the unique characteristics of these
7 customers (i.e. low load factor customers, little or no telemetry on these customer meters,
8 smaller load requirements than transportation customers, etc.). These characteristics are not
9 typically representative of transportation customers; (3) If the school aggregation customers
10 are billed a \$50 monthly customer charge per district, as proposed by Mr. Ervin, the schools
11 would not be paying the full cost of the Company's meters and other facilities that the
12 schools use. Therefore, Mr. Ervin's proposal would not be sufficient to generate revenue at
13 least equal to all incremental costs caused by the aggregation program, and would therefore
14 result in a negative financial impact on the Company. I have been advised by Staff counsel
15 that this may violate Section 393.310.5, which prohibits any negative financial impact on the
16 gas utility or its other customers as a result of the school aggregation program.

17 Q. Does SNG agree with Staff's customer charge proposal for schools in the
18 Missouri School Program?

19 A. Yes. On Schedule KDT-1 pages 2-3 of SNG witness Kent Taylor's rebuttal
20 testimony, SNG opposes Mr. Ervin's proposal of a \$50 monthly customer charge per district
21 and supports Staff's proposal which is described on Page 55 of Staff's Cost of Service
22 Revenue Requirement Report.

1 Q. On Page 9 of Mr. Ervin's rebuttal testimony he recommended more than
2 one transportation customer charge for the transportation class to more accurately assign
3 intra-class costs. Do you agree with Mr. Ervin's proposal?

4 A. Staff does not necessarily oppose this proposal. However, this is a new
5 concept for SNG. A cost analyses would need to be conducted to determine whether the
6 schools are paying their full cost of service and to assure that no harm (negative financial
7 impact) is imposed on SNG's other customers as a result.

8 **POOL OPERATOR CHARGES**

9 Q. Are there other issues you wish to discuss?

10 A. Yes. In Staff's Class Cost of Service report filed June 13, 2014 (Sheet 19-20),
11 I proposed that the Missouri School Transportation Service existing tariff sheet 18.2(f) for
12 SMNG and sheet 40(f) for MGU be modified to include the following language (changes
13 underlined): "The Pool Operator shall be responsible for pipeline imbalances on the LDC's
14 system, cash-outs, penalties, overrun gas charges or other charges it may create with the
15 pipeline suppliers. All balancing charges or balancing-related obligations shall be the
16 responsibility of the Pool Operator. Should the Pool Operator fail to satisfy such obligation,
17 each individual Shipper within such Pool Group shall remain responsible for their
18 obligations. The Pool Operator shall enter into a group balancing agreement with the
19 Company for a term of not less than one year. Revenues collected from cash-out charges,
20 imbalances, penalties, overrun charges and other similar charges the Pool Operator may
21 create will be credited back to the PGA/ACA account."

22 It is my understanding that SNG and MSBA are in agreement with this language for
23 the treatment of fees collected by the Pool Operators.

Surrebuttal Testimony of
Phil Lock

1 Q. Does this conclude your surrebuttal testimony?

2 A. Yes it does

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

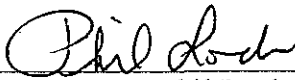
In the Matter of Summit Natural Gas of)
Missouri Inc.'s Filing of Revised Tariffs To)
Increase its Annual Revenues For Natural Gas)
Service)

Case No. GR-2014-0086

AFFIDAVIT OF PHIL LOCK

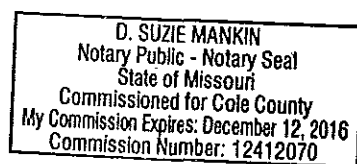
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

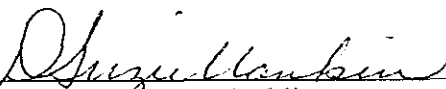
Phil Lock, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 4 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



Phil Lock

Subscribed and sworn to before me this 7th day of August, 2014.





Notary Public