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DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the Application of Miller Oil Company dba The City Line to Implement Reduced Rates and Charges to Return Over Collected Propane Gas Costs	REGULATORY DIVISION DOCKET NO. D2017.2.11
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**PRE-FILED TESTIMONY OF SANDRA BARROWS
ON BEHALF OF MILLER OIL COMPANY DBA THE CITY LINE**

Q. Please state your name, business address and affiliation with Miller Oil Company dba The City Line utility operation.

A. My name is Sandra Barrows. My address is 6171 Lazy Man Gulch, Helena Montana, 59601. I am a consultant retained by Miller Oil Company to provide regulatory consulting services relative to the filings made with the Montana Public Service Commission.

Q. Please give your educational background and job experience.

A. I graduated from Rocky Mountain College with degrees in Mathematics and Business

Administration/Economics. I worked as a technical associate in an actuarial consulting firm and was also the manager of finance for a major teaching hospital. In 1991 I began my employment with the Montana Public Service Commission as a Rate Analyst in the Utility Division. During my tenure at the Commission I advised the Commission on utility ratemaking issues. I have attended several NARUC Utility Conferences including the NARUC Regulatory Studies Program, co-sponsored by Michigan State University. I left the Commission in 1994. In addition to spending 8 years employed as an adjunct mathematics instructor at the University of Montana – Helena College of Technology, the past 15 years I have worked as an independent contractor providing utility regulatory services to an array of clients including Montana Independent Telecommunications Systems (MITS), Nemont Telephone Cooperative, Triangle Telephone Cooperative Assn., Inc., HLH, LLC, AquaNet, Inc., AquaFlo, LLC, Big Mountain Water Company, Cut Bank Gas Company, Salish Shores Utility Corp, Treeline Springs, LLC, Utility Solutions, LLC and the Evilsizer Law Office.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present financial and operating exhibits in support of Miller Oil Company's proposed rate adjustment associated with its annual gas cost tracker true up filing.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes. I am sponsoring a number of tables and statements that are an integral part of my

pre-filed testimony.

Q. Please identify the tables and statements that you prepared in support of Miller Oil's annual true up filing?

A. The following is a list of those tables and statements:

- Non-Gas Cost Usage Rate Calculation
- Gas Cost Revenue Calculation
- Gas Cost Incurred During the Period
- Over/Under Collection of Gas Cost During Period
- Calculation of Annual Propane Gas Tracker Adjustment
- Rebate Worksheet – D2016.1.13
- Exhibit SB-1

Q. Were these exhibits prepared by you or under your supervision?

A. Yes.

Q. What is the period covered in this filing relative to gas cost and gas cost revenues?

A. The period covered in this filing is January 2017 through December 2017.

Q. Please explain your calculation of Miller Oil Company's "Non-Gas Cost Usage Rate."

A. This calculation is detailed on Workpaper-1. Miller Oil Company's usage charge

includes an amount that is non-gas cost related. In order to calculate the amount of the usage charge that is non-gas cost related it is necessary to review the last general rate increase Orders issued by the Commission establishing usage rates for the various customer classes. In this case those orders would be Order No. 6632a and Order 7525a. Order No. 6632a was in effect from January 2017 through July 2017 and Order No. 7525a was in effect from August 2017 through December 2017.

Pursuant to Order 6632a the Commission approved an increase in the non-gas cost usage rates for residential customers of \$0.00268 per cubic foot and an increase for school customers of \$0.00034 per cubic foot. The rate is derived by adding the increase approved in Order 6632a to the amount previously approved in Order 6263a. Lines 7 through 14 of work-paper 1 show the calculation of the non-gas cost usage rates. For residential customers the non-gas cost rate is \$0.00738 per cubic foot and for the school customers the non-gas cost rate is \$0.00094 per cubic foot.

Pursuant to Order 7525a the Commission approved Non-Gas Cost rates for residential customers and for the school customers of \$0.00846 per cubic foot and \$0.00648 per cubic foot, respectively. These rates are shown on Lines 17 through 22 of work-paper 1.

Q. Please describe your calculation of gas cost revenues.

A. The calculation of gas cost revenues is detailed on Workpaper-2. Because Miller Oil has a monthly gas cost tracking mechanism it is necessary to calculate the gas cost revenues

on a monthly basis. Additionally Miller Oil has two customer classes that have different non-gas cost amounts included in the usage rate. This work paper breaks out the gas cost revenue generated by each customer class by month.

Pursuant to Commission Order No. 7508, for the period January, 2017 through October, 2017 Miller Oil returned \$0.00077 per cubic foot; pursuant to Order No. 7569, \$0.00087 per cubic foot was returned during November and December. For purposes of calculating the monthly gas cost revenue generated, the monthly usage rate assessed each customer class is reduced by the appropriate non-gas cost usage rate and adjusted by the gas cost tracker rates to determine the monthly gas cost usage rate. The gas cost usage rates are then multiplied by the monthly sales volumes to determine gas cost revenues generated. This workpaper indicates Miller Oil generated revenues totaling \$229,277.

Q. Please explain your Workpaper-3.

A. Workpaper-3 details Miller Oil Company's monthly and total cost of purchased propane during the period January 2017 through December 2017. Because Miller Oil has storage facilities for its propane supply, the purchases during the period are increased by the cost of propane in storage at the beginning of the period and reduced by the cost of propane in storage at the end of the period. This workpaper indicates that Miller Oil incurred costs for propane, delivered to customers, totaling \$225,947.

Q. Explain your calculation of over/under collection of gas costs incurred during the period.

A. The over/under collection of gas costs are shown on Workpaper-4. The over/under collection of gas costs are calculated on a monthly basis. To determine the monthly amount that gas costs were over or under collected, the total gas cost revenues are reduced by the monthly commodity cost.

The Monthly Gas Cost Tracker Computation Worksheets that contained errors have been revised and are attached as Exhibit SB-1. The revised Monthly Commodity Cost amounts are reflected on Workpaper-4.

This workpaper indicates that on a total basis Miller Oil Company over collected its costs of propane by \$3,330.

Q. Is Miller Oil Company proposing to recover the uncollected cost of propane, through this true up filing?

A. Yes. Workpaper-5 details a net tracker over-collection of \$7,237.85. Miller Oil is proposing a gas cost tracker adjustment of \$0.00060 per cubic foot. The calculation of this adjustment is shown on Workpaper-5. The proposed tracker would allow Miller Oil to return the over-collected cost of propane over a 12 month period assuming a total weather normalized sales volume of 11,999,042 cubic feet. In addition to the current

year over collection of \$3,330, Miller Oil is proposing to include the outstanding over collection of \$3,908 from last years' tracker (Workpaper-6).

Q. Have you included additional exhibits with your testimony?

A. Yes. As noted above, revised Monthly Cost Tracker Computation Worksheets are attached as Exhibit SB-1.

Q. Has the information reflected in your worksheets been adjusted?

A. Yes. Workpaper-4 reflects the corrected Monthly Commodity Cost amounts.

Q. Does this conclude your testimony?

A. Yes it does.

Miller Oil Company dba The City Line

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Rates in effect January 2017 through July 2017

Calculation of Non-Gas Cost Margin Included in Miller Oil's Rates - Docket D2004.10.168

Non-Gas Cost Residential Rate - Order 6263a	\$0.00470
Non-Gas Cost Residential Rate Increase - Order 6632a	\$0.00268
Non-Gas Cost Residential Usage Rate	\$0.00738
Non-Gas Cost School Rate - Order 6263a	\$0.00060
Non-Gas Cost School Rate Increase - Order 6632a	\$0.00034
Non-Gas Cost School Usage Rate	\$0.00094

Rates in effect August 2017 through December 2017

Non-Gas Cost Margin Included in Miller Oil's Rates - Docket D2016.9.76

Non-Gas Cost Residential Rate - Order 7526a	\$0.00846
Non-Gas Cost School Rate - Order 7526a	\$0.00648

Miller Oil Company dba The City Line

Calculation of Gas Cost Revenues by Month

Month	Residential Sales Volume in CF	Residential Usage Rate	Non Gas Cost In Usage Rate	Gas Cost Tracker Adjustment Rate (Order Nos. 7508 and 7569)	Gas Cost Usage Rate	Residential Gas Cost Revenue
Jan-17	2,246,500	\$0.02640	\$0.00738	(\$0.00077)	\$0.01979	\$44,458
Feb-17	1,420,000	\$0.02999	\$0.00738	(\$0.00077)	\$0.02338	\$33,200
Mar-17	1,652,800	\$0.02396	\$0.00738	(\$0.00077)	\$0.01735	\$28,676
Apr-17	697,900	\$0.02369	\$0.00738	(\$0.00077)	\$0.01708	\$11,920
May-17	396,200	\$0.01849	\$0.00738	(\$0.00077)	\$0.01188	\$4,707
Jun-17	281,800	\$0.02300	\$0.00738	(\$0.00077)	\$0.01639	\$4,619
Jul-17	187,600	\$0.01911	\$0.00738	(\$0.00077)	\$0.01250	\$2,345
Aug-17	204,100	\$0.02021	\$0.00846	(\$0.00077)	\$0.01252	\$2,555
Sep-17	233,600	\$0.01843	\$0.00846	(\$0.00077)	\$0.01074	\$2,509
Oct-17	500,200	\$0.02669	\$0.00846	(\$0.00077)	\$0.01900	\$9,504
Nov-17	1,431,900	\$0.03196	\$0.00846	(\$0.00087)	\$0.02437	\$34,895
Dec-17	1,588,200	\$0.03308	\$0.00846	(\$0.00087)	\$0.02549	\$40,483
Total	10,840,800					\$219,871

Month	School Sales Volume in CF	School Usage Rate	Non Gas Cost In Usage Rate	Gas Cost Tracker Adjustment Rate (Order Nos. 7508 and 7569)	Gas Cost Usage Rate	School Gas Cost Revenue
Jan-17	92,200	\$0.01996	\$0.00094	(\$0.00077)	\$0.01979	\$1,825
Feb-17	53,100	\$0.02355	\$0.00094	(\$0.00077)	\$0.02338	\$1,241
Mar-17	65,000	\$0.01752	\$0.00094	(\$0.00077)	\$0.01735	\$1,128
Apr-17	33,700	\$0.01725	\$0.00094	(\$0.00077)	\$0.01708	\$576
May-17	24,200	\$0.01205	\$0.00094	(\$0.00077)	\$0.01188	\$287
Jun-17	11,100	\$0.01656	\$0.00094	(\$0.00077)	\$0.01639	\$182
Jul-17	6,000	\$0.01267	\$0.00094	(\$0.00077)	\$0.01250	\$75
Aug-17	7,600	\$0.01823	\$0.00648	(\$0.00077)	\$0.01252	\$95
Sep-17	17,600	\$0.01645	\$0.00648	(\$0.00077)	\$0.01074	\$189
Oct-17	33,100	\$0.02471	\$0.00648	(\$0.00077)	\$0.01900	\$629
Nov-17	63,900	\$0.02998	\$0.00648	(\$0.00087)	\$0.02437	\$1,557
Dec-17	63,600	\$0.03110	\$0.00648	(\$0.00087)	\$0.02549	\$1,621
Total	471,100					\$9,405

Total Residential and School:**11,311,900****\$229,277**

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Calculation of Annual Gas Cost		Cost
Beginning inventory Balance Jan 2017		\$12,153
Purchases		
	Jan-17	\$45,080
	Feb-17	\$36,849
	Mar-17	\$23,131
	Apr-17	\$10,547
	May-17	\$5,272
	Jun-17	\$0
	Jul-17	\$4,280
	Aug-17	\$0
	Sep-17	\$7,159
	Oct-17	\$17,413
	Nov-17	\$31,277
	Dec-17	\$40,884
		<hr/>
Total		\$234,047
Ending Inventory Balance Dec 2017		<hr/> \$8,100
Net Cost of Gas Sold		\$225,947

Miller Oil Company dba The City Line

Over/Under Collection of Gas Cost During Period

Month	Residential Gas Cost Revenue	School Gas Cost Revenue	Total Gas Cost Revenues	Monthly Commodity Cost	Over/(Under) Collection of Gas Cost
Jan-17	\$44,458	\$1,825	\$46,283	\$46,721	(\$438)
Feb-17	\$33,200	\$1,241	\$34,441	\$35,967	(\$1,526)
Mar-17	\$28,676	\$1,128	\$29,804	\$26,580	\$3,224
Apr-17	\$11,920	\$576	\$12,496	\$10,361	\$2,134
May-17	\$4,707	\$287	\$4,994	\$4,982	\$12
Jun-17	\$4,619	\$182	\$4,801	\$2,938	\$1,863
Jul-17	\$2,345	\$75	\$2,420	\$2,952	(\$532)
Aug-17	\$2,555	\$95	\$2,650	\$2,597	\$53
Sep-17	\$2,509	\$189	\$2,698	\$3,665	(\$967)
Oct-17	\$9,504	\$629	\$10,133	\$9,967	\$166
Nov-17	\$34,895	\$1,557	\$36,453	\$26,792	\$9,661
Dec-17	\$40,483	\$1,621	\$42,104	\$52,425	(\$10,321)
Total	\$219,871	\$9,405	\$229,277	\$225,947	\$3,330

Miller Oil Company dba The City Line

Calculation of Annual Propane Gas Tracker Adjustment

Cost of Propane	\$225,947
Gas Cost Revenue	\$229,277
Amount of Over /(Under) Collection	\$3,330

Previous Gas Tracker Adjustment Order 7569; D2016.1.13	\$12,933
Amount returned through December 2017	(\$9,025)
Amount still to be returned	\$3,908

2017 Net Tracker Adjustment - for over collection	\$7,237.85
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Weather Normalized Sales Volumes in cf - Docket D2016.9.76 11,999,042

2017 Gas Tracker Adjustment per cf - decrease	(\$0.00060)
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Miller Oil Company Rebate Worksheet

Pursuant to Order 7569, Docket D2016.1.13

Amount to be **returned** to Customers (\$12,932.87)

	Residential Sales Volume in cf	Residential Rebate Margin per cf	Residential Amount Collected; Amount (Returned)	School Sales Volume in cf	School Rebate Margin per cf	School Amount Collected; Amount (Returned)
January-17	2,246,500	(\$0.00077)	(\$1,729.81)	92,200	(\$0.00077)	(\$70.99)
February-17	1,420,000	(\$0.00077)	(\$1,093.40)	53,100	(\$0.00077)	(\$40.89)
March-17	1,652,800	(\$0.00077)	(\$1,272.66)	65,000	(\$0.00077)	(\$50.05)
April-17	697,900	(\$0.00077)	(\$537.38)	33,700	(\$0.00077)	(\$25.95)
May-17	396,200	(\$0.00077)	(\$305.07)	24,200	(\$0.00077)	(\$18.63)
June-17	281,800	(\$0.00077)	(\$216.99)	11,100	(\$0.00077)	(\$8.55)
July-17	187,600	(\$0.00077)	(\$144.45)	6,000	(\$0.00077)	(\$4.62)
August-17	204,100	(\$0.00077)	(\$157.16)	7,600	(\$0.00077)	(\$5.85)
September-17	233,600	(\$0.00077)	(\$179.87)	17,600	(\$0.00077)	(\$13.55)
October-17	500,200	(\$0.00077)	(\$385.15)	33,100	(\$0.00077)	(\$25.49)
November-17	1,431,900	(\$0.00087)	(\$1,245.75)	63,900	(\$0.00087)	(\$55.59)
December-17	1,588,200	(\$0.00087)	(\$1,381.73)	63,600	(\$0.00087)	(\$55.33)
Total to Date Collected / (Returned)			(\$8,649.43)			(\$375.50)

Total Returned - Residential	(\$8,649.43)
Total Returned - School	(\$375.50)
Total Returned from Customers January 2017 through December 2017	(\$9,024.93)
Amount Authorized to be Returned (Order 7569)	(\$12,932.87)
Amount still to be Returned	(\$3,907.94)

JANUARY 2017
REVISED

MONTHLY GAS COST TRACKER COMPUTATION WORKSHEET

	Commodity Cost	Gallons	Cost per Gallon	Cost per cf
Beginning Inventory Balance	12,153.45	17,100	\$ 0.71073	\$ 0.01953
<u>Purchases by Vendor</u>				
PLAINS 12/27/16	\$ 6,705.99	9,130	\$ 0.73450	\$ 0.02018
PLAINS 1/2/17	\$ 6,341.89	9,265	\$ 0.68450	\$ 0.01881
PLAINS 1/5/17	6,387.53	9,264	\$ 0.68950	\$ 0.01895
PLAINS 1/10/17	\$ 7,685.32	9,265	\$ 0.82950	\$ 0.02279
PLAINS 1/13/17	\$ 7,683.66	9,263	\$ 0.82950	\$ 0.02279
PLAINS 1/16/17	\$ 10,276.03	12,314	\$ 0.83450	\$ 0.02293
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Total	\$ 57,233.86	75,601	\$ 0.75705	\$ 0.02080
Ending Inventory Balance	\$ 10,513.27	12,600	\$ 0.83439	\$ 0.02293
Monthly Commodity Cost	\$ 46,720.59	63,001.00	\$ 0.74158	\$ 0.02038
Current Month Gas Cost per cf	\$ 0.02038			
Tracker Adjustment	\$ 0.02038			
2005 General Rate Case Approved				
Residential Non-gas Cost Margin	\$ 0.00738			
Tracker Adjustment	\$ 0.02038			
Gas Cost Tracker Adjustment D2015.1.12	<u>\$ (0.00077)</u>			
Current Residential Usage Rate	\$ 0.02699			
2005 General Rate Case Approved				
School Non-gas Cost Margin	\$ 0.00094			
Tracker Adjustment	\$ 0.02038			
Gas Cost Tracker Adjustment D2014.2.19	<u>\$ (0.00077)</u>			
Current School Usage Rate	\$ 0.02055			

MONTHLY GAS COST TRACKER COMPUTATION WORKSHEET

	Commodity Cost	Gallons	Cost per Gallon	Cost per cf
Beginning Inventory Balance	10,513.27	12,600	\$ 0.83439	\$ 0.02293
<u>Purchases by Vendor</u>				
HARTLAND 1/27/17	\$ 11,109.35	13,001	\$ 0.85450	\$ 0.02348
PLAINS 2/21/17	\$ 10,107.79	11,175	\$ 0.90450	\$ 0.02486
KIVA 2/21/17	\$ 7,848.07	9,878	\$ 0.79450	\$ 0.02183
DALE 2/15/17	\$ 7,784.09	10,634	\$ 0.73200	\$ 0.02012
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Total	\$ 47,362.57	57,288	\$ 0.82675	\$ 0.02272
Ending Inventory Balance	\$ 11,395.52	13,800	\$ 0.82576	\$ 0.02269
Monthly Commodity Cost	\$ 35,967.05	43,488.00	\$ 0.82706	\$ 0.02273
Current Month Gas Cost per cf	\$ 0.02273			
Tracker Adjustment	\$ 0.02273			
2005 General Rate Case Approved				
Residential Non-gas Cost Margin	\$ 0.00738			
Tracker Adjustment	\$ 0.02273			
Gas Cost Tracker Adjustment				
D2015.1.12	\$ (0.00077)			
Current Residential Usage Rate	\$ 0.02934			
2005 General Rate Case Approved				
School Non-gas Cost Margin	\$ 0.00094			
Tracker Adjustment	\$ 0.02273			
Gas Cost Tracker Adjustment				
D2014.2.19	\$ (0.00077)			
Current School Usage Rate	\$ 0.02290			

MONTHLY GAS COST TRACKER COMPUTATION WORKSHEET

	Commodity Cost	Gallons	Cost per Gallon	Cost per cf
Beginning Inventory Balance	8,422.73	17,700	\$ 0.47586	\$ 0.01308
<u>Purchases by Vendor</u>				
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Total	\$ 8,422.73	17,700	\$ 0.47586	\$ 0.01308
Ending Inventory Balance	\$ 5,484.95	12,000	\$ 0.45708	\$ 0.01256
Monthly Commodity Cost	\$ 2,937.78	5,700.00	\$ 0.51540	\$ 0.01416
Current Month Gas Cost per cf	\$ 0.01416			
Tracker Adjustment	\$ 0.01416			
2005 General Rate Case Approved Residential Non-gas Cost Margin	\$ 0.00738			
Tracker Adjustment	\$ 0.01416			
Gas Cost Tracker Adjustment D2015.1.12	\$ (0.00077)			
Current Residential Usage Rate	\$ 0.02077			
2005 General Rate Case Approved School Non-gas Cost Margin	\$ 0.00094			
Tracker Adjustment	\$ 0.01416			
Gas Cost Tracker Adjustment D2015.1.12	\$ (0.00077)			
Current School Usage Rate	\$ 0.01433			

