

Staff Assigned:

In the Matter of Midwest Energy, Inc. Filing Natural Gas Tariff)	
Revisions Related to Seasonal Billing and Bill Proration in)	Docket Number
Conjunction With the Installation of a New Customer)	12-MDWG-754-TAR
Information and Billing System)	
)	

FILE DATE: April 16, 2012



2012.04.16 10:55:27
Kansas Corporation Commission
/S/ Patrice Petersen-Klein

Midwest Energy, Inc.

April 13, 2012

Ms. Patrice Petersen-Klein
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, Kansas 66604-4027

Received
on

APR 16 2012

by
State Corporation Commission
of Kansas

RE: Revisions to Natural Gas Tariff Language Related to Seasonal Billing

Dear Ms. Petersen-Klein:

Midwest Energy requests Commission approval of changes to its natural gas rate schedules concurrent with the installation of a new customer information and billing system. As more fully described in the written testimony of Patrick Parke, rate schedule language related to seasonal definitions must be amended.

While the exact go-live date for the new billing system is uncertain, it is likely to be prior to the allowable 240-day review period established by K.S.A. 66-117. Midwest Energy is requesting expedited consideration of this request. The original and four copies of the black-lined tariff sheets, clean tariff sheets and supporting testimony are enclosed.

Questions regarding this filing should be directed to Patrick Parke at 785-625-1405 or patparke@mwenergy.com.

Sincerely,

Patrick Parke
Vice President Customer Service

Enclosures

Copy: Niki Christopher, CURB

1330 Canterbury Road
Hays, Kansas 67601
785-625-1405

DIRECT TESTIMONY OF PATRICK PARKE

1 **Q: Please state your name and qualifications.**

2 A: My name is Patrick Parke. I am Vice President Customer Service for Midwest
3 Energy, Inc. (Midwest Energy or the Company). In this capacity I oversee activities
4 related to customer service, energy efficiency, demand response, economic
5 development and state regulatory matters. I hold Bachelors and Masters Degrees in
6 Agricultural Engineering from Kansas State University, and I completed the Public
7 Utility Executive Program at the University of Michigan. I have been employed in
8 the utility industry since 1981, beginning with Western Cooperative Electric
9 Association at WaKeeney. I have worked at Midwest Energy since 1984. I provided
10 testimony to this Commission in Docket Numbers 167,333-U; 155,904-U; 180,056-
11 U; 192,781-U; 96-SEPE-680-CON; 98-MDWG-370-COC; 99-MDWE-272-RTS; 02-
12 MDWE-001-RTS; 02-MDWG-922-RTS and 11-MDWE-609-RTS. The
13 aforementioned dockets include three natural gas rate cases, three electric rate cases,
14 and Midwest Energy's application to consolidate and unbundle its electric rates. I
15 have also made numerous electric and natural gas tariff filings with the Commission
16 on behalf of Midwest Energy.

17 **Q: What is the nature of this request?**

18 A: Midwest Energy is requesting revisions to its natural gas rate schedules to redefine
19 seasonal billing periods.

20 **Q: Why are these changes proposed now?**

1 A: Midwest Energy is replacing its customer information and billing system with one
2 from Cayenta. The Cayenta software prorates seasonal bills based on the actual meter
3 reading dates. Midwest Energy currently uses the bill date to determine seasonal rate
4 applicability. Energy consumption from periods straddling seasonal rate changes is
5 not presently prorated. In order to properly calculate bills after the software “go live”
6 date, existing rate schedules must be revised.

7 **Q: Has Midwest Energy previously filed a similar request?**

8 A: Yes, Midwest Energy filed a similar request related to its electric tariffs on May 5,
9 2011 in Docket No. 11-MDWE-760-TAR (“706” docket or application). It was
10 anticipated the new software would be activated prior to the effective date in the then-
11 pending electric rate case, Docket No. 11-MDWE-609-RTS (“609” docket or
12 application), necessitating a resolution of billing language changes prior to a rate case
13 decision. Rate schedules in the 609 docket were filed with the same billing date
14 language used for the existing billing software.

15 **Q: What was the outcome of that proceeding?**

16 A: The go-live date for the new billing system was delayed beyond the timeframe of the
17 609 docket, so billing date language changes were not immediately needed. Midwest
18 Energy withdrew the 706 application, and the Commission granted the withdraw
19 request on August 29, 2011.

20 **Q: What is the revised expected go live date for the new billing system?**

21 A: July 1, 2012 is the earliest approximate date.

22 **Q: Is that date certain?**

1 A: No. Some software modifications remain to be completed, along with final testing of
2 bill calculation and printing processes, among others. Unforeseen problems during
3 these steps could delay the go live date further.

4 **Q: How does Midwest Energy propose to synchronize revised rate schedules with**
5 **the actual go live date given the uncertainty in actual software implementation?**

6 A: The ability to proceed with billing system conversion will be known ahead of the
7 anticipated date. The “go/no go” decision will be made 30 to 60 days ahead of the
8 actual date. Thus, there will be a few weeks of lead time prior to when the approved
9 tariffs must be in place. Based on prior conversations with Commission Staff and
10 CURB, Midwest Energy believes that is sufficient time to stamp and file revised tariff
11 sheets that have already been reviewed by Staff and approved by the Commission
12 contingent upon activation of the Cayenta system.

13 **Q: Why is Midwest Energy requesting expedited consideration of this request?**

14 A: While the exact go-live date for the new billing system is uncertain, it is likely to be
15 prior to the allowable 240-day review period established by K.S.A. 66-117. We
16 believe the benefits of using meter reading dates to prorate bills, not to mention the
17 overall benefits of the Cayenta software, justify expedited consideration.

18 **Q: What would be the impact of delayed Commission approval?**

19 A: Midwest Energy cannot proceed with implementation of the new system until revised
20 rate schedules are approved. Other possible 2012 implementation dates are
21 approximately August 1 and November 1. These dates are dictated by the interaction
22 between monthly calendars, normal billing cycles and interstate pipeline reporting
23 requirements related to gas transportation customers.

1 **Q: What benefits are specifically related to using actual reading dates to prorate**
2 **bills?**

3 A: Customers will have more certainty about when seasonal rates change, hence they
4 will have more control over bill size. To aid their understanding, a customer
5 education effort is appropriate regarding the new software and bill design.

6 **Q: What has Midwest Energy planned with respect to customer education?**

7 A: Prior to go-live, Midwest Energy will include information about the new system and
8 bill design in its monthly *Current Comments* newsletter. In following months,
9 customers will see another newsletter article plus a bill insert showing the new bill
10 design. Additional information, including an interactive bill mock-up, will be placed
11 on the Company's web site. These efforts will be supplemented with paid
12 advertisements in external media sources and messages on monthly bills.

13 **Q: Will communications efforts continue after go live?**

14 A: Yes. However, post go live, the focus will change from awareness of the new bill
15 design to taking advantage of communications opportunities offered by an expanded
16 message section on the bill. Midwest Energy will be able to print up to four messages
17 on a bill, each targeted to specific rate codes, zip codes, existence of deposits,
18 participation in various programs, etc. This messaging capability will be used to
19 remind customers of changes in billing seasons and other factors that impact bills.

20 **Q: What changes are proposed to the Midwest Energy gas rate schedules?**

21 A: Date specific definitions for the terms "winter" and "non-winter" will be added to the
22 natural gas master tariff. In addition, specific dates will be added to the definition of
23 "winter months" in the Gas Supply Cost Adjustment schedule.

1 **Q: Does this conclude your testimony?**

2 A: Yes.

Midwest Energy, Inc.
Natural Gas Tariff Revisions
Black-line Version

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 10

SCHEDULE Master Tariff

MIDWEST ENERGY, INC.

(Name of Issuing Utility)

Company Wide

(Territory to which schedule is applicable)

Replacing Schedule Master Tariff Sheet 1

which was filed February 23, 2011 February 16, 2012

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

**NATURAL GAS RATES
RATE SCHEDULE SUMMATION SHEET**

<u>Type of Charge</u>	<u>System</u>	<u>Billing Units</u>	<u>Delivery Rate¹</u>	<u>Restructuring Charges</u>	<u>Other Schedules</u>
<u>Residential Sales - RS-1</u>					
Customer Charge	M, K, T	\$/Month	\$13.00	RGS	GSCA, AVG, GSRS
Commodity Charge		\$/Therm	\$0.148248		
<u>Commercial Sales - COM-1</u>					
Customer Charge	M, K, T	\$/Month	\$20.00	RGS	GSCA, AVG, GSRS
Commodity Charge		\$/Therm	\$0.127748		
<u>Oil Field Sales - OFS-1</u>					
Customer Charge	M	\$/Month	\$50.00		GSCA, AVG, GSRS
Commodity Charge		\$/Therm	\$0.094248		
<u>Grain Dryer Sales - GR-1</u>					
Customer Charge	K	\$/Month	\$20.00	RGS	GSCA, AVG, GSRS
Commodity Charge		\$/Therm	\$0.094248		
<u>Irrigation Sales - IRR-1</u>					
Customer Charge	K	\$/Month	\$35.00	RGS	GSCA, AVG, GSRS
Commodity Charge - Non-Winter ²		\$/Therm	\$0.094248		
Commodity Charge - Winter ³		\$/Therm	\$0.148248		
<u>Industrial Services Sales - IND-1</u>					
Customer Charge	K	\$/Month	\$145.00	RGS	GSCA, AVG, GSRS
Commodity Charge*		\$/Therm	\$0.088248		

¹ Commodity Charge in the Delivery Rate includes Ad Valorem Schedule AVG equal to \$0.004248.² Non-Winter months include dates from March 16 through December 14.³ Winter months include dates from December 15 through March 15.

Issued _____
 Month Day Year
 Effective Upon Commission Approval
 Month Day Year
 By Ernest A. Lehman President
 Earnest Lehman Signature of Officer Title

MIDWEST ENERGY, INC.

(Name of Issuing Utility)

Replacing Schedule Master Tariff Sheet 2

Company Wide

(Territory to which schedule is applicable)

which was filed February 23, 2011 February 16, 2012

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

**NATURAL GAS RATES
RATE SCHEDULE SUMMATION SHEET - Cont.**

<u>Type of Charge</u>	<u>System</u>	<u>Billing Units</u>	<u>Delivery Rate¹</u>	<u>Restructuring Charges</u>	<u>Other Schedules</u>
<u>Commercial Transport - COMT-1</u>					
Customer Charge	K	\$/Month	\$35.00	RGS	AVG, GSRS
Commodity Charge		\$/Therm	\$0.093248		
<u>Commercial Transport - COMT-2</u>					
Customer Charge	M, T	\$/Month	\$52.00		AVG, GSRS
Commodity Charge		\$/Therm	\$0.085248		
<u>Oil Field Transport - OFT-1</u>					
Customer Charge	M	\$/Month	\$60.00		AVG, GSRS
Commodity Charge		\$/Therm	\$0.094248		
<u>Grain Dryers Transport - GRT-1</u>					
Customer Charge	K	\$/Month	\$30.00	RGS	AVG, GSRS
Commodity Charge		\$/Therm	\$0.094248		
<u>Industrial Transport- INDT-1</u>					
Customer Charge	K	\$/Month	\$215.00	RGS	AVG, GSRS
Commodity Charge		\$/Therm	\$0.0988248		
<u>Livestock Transport - LVST-1</u>					
Customer Charge	K	\$/Month	\$225.00	RGS	AVG, GSRS
Commodity Charge		\$/Therm	\$0.045248		
<u>Irrigation Transport</u>					
Customer Charge	K	\$/Month	\$45.00	RGS	AVG, GSRS
Commodity Charge - Non-Winter ²		\$/Therm	\$0.094248		
Commodity Charge - Winter ³		\$/Therm	\$0.148248		

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² Non-Winter months include dates from March 16 through December 14.

³ Winter months include dates from December 15 through March 15.

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THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 54

MIDWEST ENERGY, INC.

SCHEDULE GSCA

(Name of Issuing Utility)

Replacing Schedule GSCA Sheet 1

Company Wide

(Territory to which schedule is applicable)

which was filed ~~January 22, 2003~~ September 7, 2006

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 4 Sheets

GAS SUPPLY COST ADJUSTMENT**1. APPLICABILITY.**

The Gas Supply Cost Adjustment (GSCA) determined hereunder shall be applied to all sales rate schedules contained in the Company's tariff filed with the Kansas Corporation Commission unless otherwise specifically stated. The GSCA is the Company's Energy Cost Adjustment Clause and is in accordance with the KCC PGA-1 tariff.

2. COMPUTATION PERIOD AND FREQUENCY.

Each year the Company shall make a filing with the Commission in which the Company will determine the Gas Supply Adjustment pursuant to paragraphs three through six herein to be effective during the twelve-month period beginning on the anniversary of the first day of the month following the approval of this tariff (computation period). In addition, the Company will update the Purchase Cost Component (PCC) of the GSCA as defined in paragraphs three and four if the PCC changes by more than \$0.01/MMBTU, from the preceding month.

3. DETERMINATION OF GAS SUPPLY COST.

The Gas Supply Cost for the period shall be determined by summing the Purchase Cost Component and the Delivery Cost Component during the period.

- a. Purchase Cost Component is equal to the specific system (M, K or T) average composite unit cost to Company for purchasing, gathering, treating, and processing of gas or any other services, fees, and taxes assessed, under contract or otherwise multiplied by quantities of gas received or to be received by these customers as applicable during the period at the Kansas Corporation Commission jurisdiction facilities.
- b. The Delivery Cost Component shall be all costs to the Company for transportation upstream and storage directly attributable to the specific system (M, K or T) during the period. For the M and T Systems, all sales customers shall be allocated costs based on the volumetric average for each system. For the K System, industrial, irrigation and grain drying classes (collectively, the "non-winter seasonal classes") will only be charged a delivery cost component during *from December 15 through March 15 (winter months)* ~~the winter months (the billing months of January through March)~~. K System capacity charges will be equal to the expected upstream transportation and storage costs divided by the sum of the expected sales to winter season class plus the winter months sales to non-winter seasonal classes.

Issued

Month Day Year

Effective October 1, 2006 Upon Approval by Commission

Month Day Year

By *Ernest A. Lehman* President

Ernest Lehman Signature of Officer Title

Midwest Energy, Inc.
Natural Gas Tariff Revisions

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 10

SCHEDULE Master Tariff

MIDWEST ENERGY, INC.

(Name of Issuing Utility)

Replacing Schedule Master Tariff Sheet 1

Company Wide

(Territory to which schedule is applicable)

which was filed February 16, 2012

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

NATURAL GAS RATES
RATE SCHEDULE SUMMATION SHEET

Type of Charge	System	Billing Units	Delivery Rate ¹	Restructuring Charges	Other Schedules
<u>Residential Sales - RS-1</u>					
Customer Charge	M, K, T	\$/Month	\$13.00	RGS	GSCA, AVG, GSRS
Commodity Charge		\$/Therm	\$0.148248		
<u>Commercial Sales - COM-1</u>					
Customer Charge	M, K, T	\$/Month	\$20.00	RGS	GSCA, AVG, GSRS
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Customer Charge	K	\$/Month	\$35.00	RGS	GSCA, AVG, GSRS
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 Effective Upon Commission Approval
 Month Day Year
 By Ernest A. Lehman President
 Ernest Lehman Signature of Officer Title

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 11

SCHEDULE Master Tariff

MIDWEST ENERGY, INC.

(Name of Issuing Utility)

Replacing Schedule Master Tariff Sheet 2

Company Wide

(Territory to which schedule is applicable)

which was filed February 16, 2012

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

**NATURAL GAS RATES
RATE SCHEDULE SUMMATION SHEET - Cont.**

Type of Charge	System	Billing Units	Delivery Rate ¹	Restructuring Charges	Other Schedules
<u>Commercial Transport - COMT-1</u>					
Customer Charge	K	\$/Month	\$35.00	RGS	AVG, GSRS
Commodity Charge		\$/Therm	\$0.093248		
<u>Commercial Transport - COMT-2</u>					
Customer Charge	M, T	\$/Month	\$52.00		AVG, GSRS
Commodity Charge		\$/Therm	\$0.085248		
<u>Oil Field Transport - OFT-1</u>					
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 By Ernest A. Lehman President
 Ernest Lehman Signature of Officer Title

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 54

SCHEDULE GSCA

MIDWEST ENERGY, INC.

(Name of Issuing Utility)

Replacing Schedule GSCA Sheet 1

Company Wide

(Territory to which schedule is applicable)

which was filed September 7, 2006

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 4 Sheets

GAS SUPPLY COST ADJUSTMENT

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- b. The Delivery Cost Component shall be all costs to the Company for transportation upstream and storage directly attributable to the specific system (M, K or T) during the period. For the M and T Systems, all sales customers shall be allocated costs based on the volumetric average for each system. For the K System, industrial, irrigation and grain drying classes (collectively, the "non-winter seasonal classes") will only be charged a delivery cost component during from December 16 through March 15 (winter months). K System capacity charges will be equal to the expected upstream transportation and storage costs divided by the sum of the expected sales to winter season class plus the winter months sales to non-winter seasonal classes.

Issued	Month	Day	Year
Effective	Upon Approval by Commission		
	Month	Day	Year
By	<i>Ernest A. Lehman</i>		President
	Ernest Lehman	Signature of Officer	Title