

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF OKLAHOMA NATURAL)
GAS COMPANY, A DIVISION OF ONEOK,)
INC., FOR A REVIEW AND CHANGE OR)
MODIFICATION IN ITS RATES, CHARGES,)
TARIFFS, AND TERMS AND CONDITIONS)
OF SERVICE)

CAUSE NO. PUD 200900110

FILED
SEP 30 2009

COURT CLERK'S OFFICE — OKC
CORPORATION COMMISSION
OF OKLAHOMA

SUPPLEMENTAL TESTIMONY

OF

DAVID SCALF

ON BEHALF OF

OKLAHOMA NATURAL GAS

September 30, 2009

1 **INTRODUCTION**

2 Q. Please state your name.

3 A. My name is David Scaf.

4 Q. Are you the same David Scaf who filed Direct Testimony in this Cause on June
5 26, 2009?

6 A. Yes, I am.

7

8 **PURPOSE**

9 Q. Mr. Scaf, what is the purpose of your testimony?

10 A. The purpose of my supplemental testimony is to address the changes that
11 Oklahoma Natural Gas ("Oklahoma Natural" or the "Company") is requesting to
12 the Company's rules ("Company Rules" or "Rules"), which were previously
13 approved by the Oklahoma Corporation Commission (the "Commission"). The
14 changes requested are contained within Supplemental Package, Volume 3 of 3
15 of the June 26, 2009 filing.

16 Q. Is the Company requesting changes to all of the previously approved Company
17 Rules?

18 A. No, and as has been the Company's practice at the Commission since 1997,
19 only those rules that are being proposed to be changed are contained within the
20 documents filed by Oklahoma Natural in this Application.

1 Q. How is this agreement a duplicative requirement?

2 A. The customer is required to sign Company Form 1930, Service Line Cost and
3 Agreement. A copy of this form is given to the customer as their proof and
4 receipt of this transaction.

5 Q. Please continue by discussing the third modification to Rule 302 contained within
6 paragraph six of Section B.

7 A. These changes have been proposed to clarify that the Company is not
8 responsible for any loss of income or other financial loss or damage caused by a
9 discontinuance of service if related to leakage, escape or loss of gas, or any
10 other unsafe condition.

11

12 **Rule 401 – Meter Accuracy Requirements**

13 Q. Please identify why the Company is requesting a change in the language of
14 Section B paragraph one.

15 A. Oklahoma Natural has requested this change to provide more cost effective
16 service. This change more narrowly defines the conditions under which a meter
17 removed from service is required to be tested. As an example, currently a meter
18 that is placed into service for two weeks has to be shipped back to the meter
19 shop to be retested, even though it was tested for accuracy only two weeks
20 before. This is not a cost effective process and should be modified.

21 Q. Please continue by discussing the proposed changes in paragraph two.

22 A. It should be noted that this change is associated with how meters are tested for
23 accuracy in Rule 404. The Company proposes for the purposes of testing that

1 the small meter to large meter break over point be increased from 500 to 800
2 cubic feet per hour ("cfh"). Per Rule 404, small meters are required to be tested
3 at a meter shop and large meters are to be tested in the field. Due to technology
4 advances in meter design (currently aluminum vs. cast iron previously) it is easier
5 to test larger meters (501 – 800 cfh) at the meter shop.

6 It should also be noted that there is a change in this paragraph consistent with
7 the proposed change in Section B, paragraph one regarding the conditions under
8 which a meter that is removed from service is required to be tested.

9 Q. Is the proposed change to Section D, paragraph two, consistent with the changes
10 noted above for Rule 401 and the meter testing requirements of Rule 404?

11 A. Yes, it is.

12
13 **Rule 402-1 – Meters Read By Consumers**

14 Q. Mr. Scalf, please explain the purpose of the changes to Rule 402-1.

15 A. Oklahoma Natural does not have seasonal rates, therefore changes are required
16 to this Rule to align with the current Commission approved Company tariffs.
17 Historically, seasonal rates led to the process of meter reading cards being
18 mailed every six months to those customers who read their own gas meters.
19 However, if the requested changes are approved, the Company will be allowed to
20 implement a more cost effective process by mailing an annual meter-reading
21 schedule to our customers.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

Rule 404 – Place And Methods For Testing

Q. Is the rationale for the changes to the small to large meter break over point (500 cfh to 800 cfh) consistent with and discussed in your testimony associated with the changes to Rule 401?

A. Yes it is.

Q. Please continue by addressing the second proposed change to this Rule, the elimination of the phrase, "See ANSI B109.2 Section 4.2.4."

A. This phrase is being eliminated because it does not pertain to industry testing of in-service meters and is referenced in Rule 505, (Gas Pressure and Related Requirements).

Rule 405 – Periodic Testing Of Meters and Test Equipment

Q. Will the proposed changes to this rule implement a more efficient and cost effective process than what is currently being utilized by the Company?

A. That is correct. If the Commission approves the changes as proposed, Oklahoma Natural will be able to focus the testing of meters on those meter types that have a history of having accuracy issues.

Q. This Rule also contains a modification to the previously discussed small to large meter break over point, is that correct?

A. Yes, it does. There are also a couple of formatting/spacing issues and terminology updates that have been proposed as well.

1 **Rule 405-1 Statistical Sampling Standard For Determining Frequency For Testing**
2 **Domestic Meters (up to 500 Cubic Feet Per Hour Capacity)**

3 Q. Is this Rule being eliminated based on the proposed changes to Rule 405?

4 A. Yes, it is.

5

6 **Rule 502 – Gas Measurement Requirements**

7 Q. Please identify the rationale for the modifications proposed to paragraphs one
8 and two of Section A.

9 A. The first proposed change was to eliminate the phrase, “consumed for light, heat
10 or power in connection with its transmission.” This phrase has been eliminated,
11 because the type of end use is not relevant. The remaining change merges the
12 two separate paragraphs into one.

13 Q. Please discuss the proposed changes to Section B.

14 A. The phrase, “delivered rendered” has been modified to “received or delivered” for
15 clarity purposes.

16 Q. Please continue by identifying the rationale for those changes proposed to
17 Section D.

18 A. These changes are required based upon the current Commission approved
19 practice. The Company is required to file an annual line loss report and not the
20 monthly reports identified within this Section. Oklahoma Natural is also required
21 to report volumes in dekatherms.

1 **Rule 601-Deposits And Interest**

2 Q. Please identify why a change has been proposed to the non-residential deposit
3 requirements in paragraph two of Section B.

4 A. This change has been proposed so that the Company may request a deposit
5 from a new non-residential customer if they are not creditworthy.

6 Q. Mr. Scalf, why is the Company proposing a change to Section D, paragraph one-
7 A?

8 A. This change sets a minimum residential deposit amount and clarifies how to
9 round the calculated deposit. The Company has requested to set this new
10 minimum deposit level because the current deposit requirement may not provide
11 adequate protection to Oklahoma Natural for those new customers who do not
12 have a usage history

13 Q. Why has the Company proposed the changes to Section D, paragraph one-B?

14 A. This change provides clarity in how the Company may re-assess a residential
15 customer deposit if the current deposit level held by Oklahoma Natural is not
16 adequate.

17 Q. Are the changes requested in paragraph two of Section D for non-residential
18 customers based upon the same rationale as those changes to paragraph one
19 above for residential customers?

20 A. Yes, they are.

21 Q. Does the Company pay cash refunds?

22 A. Typically, we do not. Refunds are usually made by a credit on a customer's bill
23 or a negotiable instrument (check).

1 Q. Why are the changes to Section E being proposed?

2 A. The proposed changes will allow for a more timely review of deposits that are
3 eligible for refund (monthly vs. annually), and clarifies when a refund can be
4 made. Changes have also been proposed that remove the requirement that a
5 cash refund could be requested.

6 Q. Please explain the proposed modifications to Section F.

7 A. These changes will allow the Company to pay accrued interest monthly rather
8 than annually.

9

10 **Rule 602 – Right To Refuse Service**

11 Q. Mr. Scalf, please explain why the proposed changes to Rule 602 are necessary?

12 A. These changes are necessary to meet the requirements of the Federal Trade
13 Commission's ("FTC") Red Flag Rules.

14

15 **Rule 608 – Commission Notification Procedures For Senior Citizens / Consumers**

16 **With Disabilities**

17 Q. Please explain why the Company is proposing to change the senior citizens age
18 requirement from 62 to 65?

19 A. This change is being proposed to remove the confusion resulting from the
20 Company (age 62) and the Commission (age 65) having different age
21 requirements for senior citizens.

1 Q. Please continue by discussing the changes in Section B.

2 A. These changes update the verbiage regarding communications with the
3 Consumer's Services Division of the Oklahoma Corporation Commission ("CSD")
4 to include electronic notifications and to clarify contact information at the
5 Company. These changes will allow for a more efficient notification process.

6

7 **Rule 609-2 – Life Threatening Situation**

8 Q. Why has the modification to this Rule been proposed?

9 A. This change establishes a time limit and requires a customer to contact the
10 Company within fifteen (15) days following disconnection of service.

11

12 **Rule 610 – Notice Of Disconnection of Service**

13 Q. Please explain the effect of the proposed change to this Rule.

14 A. The proposed change would allow a residential customer to authorize a third-
15 party individual to receive a copy of their monthly bills and any final notices. The
16 Company believes that this provision is a customer service and safety issue.

17

18 **Rule 612 – Reconnection of Services**

19 Q. Mr. Scaf, please identify the Company proposed changes to Rule 612.

20 A. These changes update Oklahoma Natural's Rule to incorporate changes made to
21 the Commission's rules. There is also a requested modification to clarify that all
22 past due amounts must be paid before a reconnection can be made.

23

1 **Rule 624 – Average Payment Plan**

2 Q. Mr. Scalf, do the Company's proposed changes to Rule 624 make it easier for
3 customers to qualify for the Average Payment Plan?

4 A. Yes, they do. These changes modify the plan to allow a minimum of six-month
5 consumption history at a premise verses the current twelve-month history.
6 Estimates will be allowed for missing months if a twelve-month history is not
7 available.

8 **Rule 625 – Adjustment Of Bills For Meter Error**

9 Q. Please explain the first proposed change to this Rule.

10 A. The proposed change within the Scope section is to modify the reference to Rule
11 307 to the correct reference, Rule 407.

12 Q. Mr. Scalf, please continue by identifying the next proposed modification to this
13 Rule associated with fast meters.

14 A. This proposed change is to provide process clarity in the event a Company
15 performed meter test is contested by the Commission or a customer.

16 Q. Please explain the changes proposed to Section F of this Rule.

17 A. The changes clarify that the customer payback period will be equivalent to the
18 number of months for which a correction was made.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

Rule 701 – Promotional Policies And Practices

- Q. Mr. Scalf, please identify why this change is being requested.
- A. This modification is being proposed based upon the language contained within Section 180.1, Chapter 9 of Title 17 of the Oklahoma Statutes, identified as, “Advertising Expenses by Public Utilities.”

Rule 806 – Reporting Of Storage Gas

- Q. Why is the Company proposing to eliminate this Rule?
- A. The Rule was implemented at a time when Oklahoma Natural Gas owned and operated physical storage facilities. This function has been unbundled. Therefore this Rule no longer applies to Oklahoma Natural and should be eliminated.

Rule 903 – Municipal Fees, Taxes, And Other Assessments

- Q. What is the effect of the proposed modifications to Rule 903?
- A. If the proposed changes are accepted, the Company’s Rule 903 will mirror the Commission’s rules.
- Q. Mr. Scalf, does this conclude your supplemental testimony?
- A. Yes, it does.