

BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

*In the Matter of Montana-Dakota Utilities Co.,
A Division of MDU Resources Group, Inc.*

2017 Natural Gas Rate Increase

Application

Case No. PU-17-295

DIRECT TESTIMONY
OF
VICTOR SCHOCK

ON BEHALF OF THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION
ADVOCACY STAFF

May 1, 2018



172 PU-17-295 Filed: 5/30/2018 Pages: 4
Exhibit PSC-27 - Direct Testimony of Victor Schock

1 Q: Provide your name and qualifications.

2 A: My name is Victor Schock. I am a Public Utility Analyst for the North Dakota
3 Public Service Commission (commission). I have 13 years of accounting
4 experience and 4 years of utility regulatory experience.

5 I received a Bachelor of Science Degree in Accounting from Dickinson State
6 University in 2007. I have testified before the commission on damage
7 prevention, advanced determination of prudence, certificate of public
8 convenience and necessity, and rate cases. Prior to my work with the
9 commission I completed hundreds of financial reviews of both public and
10 private companies as well as government entities in my work as a Credit &
11 Collections Manager with Unisys Corporation.

12
13 Q: What is the purpose of your testimony?

14 A: The purpose of my testimony is to address certain analysis and
15 recommendations provided Mr. Travis Jacobson and Ms. Stephanie Bosch
16 both testifying on behalf of Montana-Dakota Utilities. I am also adopting the
17 testimony originally filed by Sara Cardwell on December 18, 2017 in this
18 proceeding regarding customer class cost of service studies, a
19 recommendation regarding forecasting and recommendations on tariff issues.

20
21 Q: What did Mr. Jacobson state that you intend to address?

22 A: Mr. Jacobson stated that changing the minimum filing requirement of its
23 Purchased Gas Adjustment (PGA) from 10 cents to 25 cents would reduce
24 administrative burden and the number of changes that customers experience.

25
26 Q: Do you agree with Mr. Jacobson's position?

27 A: No. While I agree increasing the minimum filing requirement would result in
28 fewer changes per year, I also believe that we should be setting customer rates
29 more accurately rather than less. Whether the company is required to file an

1 update to the PGA or not, they would still need to complete the analysis to the
2 same level as though they did need to make the filing. Additionally, in the recent
3 past we have experienced significant true-up amounts that result from not
4 updating a rider rate often enough and/or having inaccurate usage estimates.
5 With this in mind, I do not believe it would be prudent to accept the company's
6 proposed change.

7

8 Q: What did Ms. Bosch state that you intend to address?

9 A: Ms. Bosch states that the proposed returned check charge increase to \$40 is
10 not cost-based, but rather proposed at such a level to serve as a deterrent to
11 not write a check with insufficient funds.

12

13 Q: Do you agree with Ms. Bosch's recommendation regarding the returned check
14 charge?

15 A: No. The fact that the proposed charge is not cost-based should be reason
16 enough to reject. However, if you need additional reasoning you must only
17 consider that in most cases someone who does not have sufficient funds to
18 cover the payment of their natural gas bill, they are not likely in a financial
19 position to afford any amount of additional fees either. Normally, a bank will
20 assess their own insufficient funds fee to an account holder on top of any fee
21 charged by the company. Perhaps a better strategy to avoid receiving
22 insufficient fund payments is to rethink customer communication to ensure that
23 customers are aware of options such as payments plans, balanced billing and
24 the Low-Income Energy Assistance Program.

25

26 Q: Does this conclude your testimony?

27 A: Yes it does.

