

EXHIBIT

Exhibit No.:
Issue(s):

417

Rate Case Expense/
Credit Card Processing Fees/
Severance Costs/
Management Expense Adjustment/
Cash Working Capital (CWC)

Witness/Type of Exhibit:
Sponsoring Party:
Case No.:

Conner/Surrebuttal
Public Counsel
GR-2017-0215
GR-2017-0216

FILED
December 28, 2017
Data Center
Missouri Public
Service Commission

SURREBUTTAL TESTIMONY

OF

AMANDA C. CONNER

Submitted on Behalf of the Office of the Public Counsel

LACLEDE GAS COMPANY
MISSOURI GAS ENERGY

CASE NO. GR-2017-0215
CASE NO. GR-2017-0216

November 21, 2017

OPC Exhibit No. 417
Date 12-15-17 Reporter AIF
File No. GR-2017-0216

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Laclede Gas Company's)
Request to Increase Its Revenues for Gas) Case No. GR-2017-0215
Service)

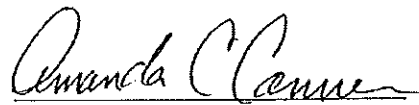
In the Matter of Laclede Gas Company)
d/b/a Missouri Gas Energy's Request to) Case No. GR-2017-0216
Increase Its Revenues for Gas Service)

AFFIDAVIT OF AMANDA C. CONNER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Amanda C. Conner, of lawful age and being first duly sworn, deposes and states:


1. My name is Amanda C. Conner. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.


Amanda C. Conner
Public Utility Accountant I

Subscribed and sworn to me this 21st day of November 2017.



JERENE A. BUCKMAN
My Commission Expires
August 23, 2021
Cole County
Commission #13754037


Jerene A. Buckman
Notary Public

My Commission expires August 23, 2021.

TABLE OF CONTENTS

<u>Testimony</u>	<u>Page</u>
Introduction	1
Rate Case Expense	1
Credit Card Processing Fees	3
Severance Costs	7
Management Expense Adjustment	8
Cash Working Capital (CWC)	15

SURREBUTTAL TESTIMONY

OF

AMANDA C CONNER

LACLEDE GAS COMPANY

MISSOURI GAS ENERGY

CASE NO. GR-2017-0215

CASE NO. GR-2017-0216

1 **Introduction**

2 **Q. Please state your name and business address.**

3 A. Amanda C. Conner, PO Box 2230, Jefferson City, Missouri 65102.

4 **Q. Are you the same Amanda Conner who filed both direct and rebuttal testimony in this**
5 **case?**

6 A. Yes.

7 **Q. What is the purpose of this surrebuttal testimony?**

8 A. The purpose of this surrebuttal testimony is to respond to the rebuttal testimonies of Laclede
9 Gas Company (Laclede) and Missouri Gas Energy (MGE) witnesses Glen Buck, Mike Noack
10 and Timothy Lyons. I respond to Mr. Buck's rebuttal testimony on the issue of rate-case
11 expense. I respond to the rebuttal testimony of Mr. Noack on the issues of credit-card-
12 processing fees, elimination of severance costs and management expenses. Finally, I respond
13 to Mr. Lyon's rebuttal testimony on the issue of Cash Working Capital (CWC).

14 **Rate Case Expense**

15 **Q. Did you review Mr. Buck's rebuttal testimony on OPC's adjustment to rate case**
16 **expense?**

17 A. Yes.

1 **Q. Why does Mr. Buck oppose OPC's adjustment?**

2 A. On page 16 line 14, Mr. Buck states that filing a rate case was not an elective action. On
3 page 17 line 5, he states the company had no choice under the Missouri ISRS statute.

4 **Q. Does OPC agree with this statement?**

5 A. No. Filing a rate case is a completely discretionary action on the part of Laclede and MGE.
6 If and only if Laclede and MGE want to have an ISRS surcharge, must they comply with
7 the rate case filing requirements of the ISRS. I am aware that other natural gas utilities in
8 the state of Missouri, specifically Ameren Missouri Gas, chose not to have an ISRS
9 surcharge and, therefore, have no rate case filing requirements. Mr. Buck's testimony that
10 filing a rate case is not elective is incorrect.

11 **Q. On page 20 line 8, Mr. Buck states that the Commission should recognize that such**
12 **an adjustment is not appropriate where escalating rate case expenses do not exist. Do**
13 **you agree?**

14 A. OPC is not proposing an adjustment. Instead, OPC is recommending an allocation of total
15 rate case expense between the parties that will benefit from the rate case or from occurrence
16 of this expense. As discussed below, the Commission has determined that both customers
17 and shareholders benefit from a utility filing a rate case. Since both benefit, I am proposing
18 to allocate costs to each of the parties that benefit.

19 **Q. When did the Commission express a general policy on rate case expense?**

20 A. The Commission expressed a general policy on the ratemaking treatment of rate case
21 expense in its Report and Order in Case No. ER-2014-0370, Kansas City Power & Light
22 Company (Report and Order, 2014). The essence of this policy is based on the ratemaking
23 principle that ratepayers should not be responsible for funding utility management's actions
24 designed to benefit shareholders.

1 **Q. In its Report and Order, 2014, did the Commission actually disallow any KCPL rate**
2 **case expense?**

3 A. No. Similarly, OPC is not proposing to disallow any of Laclede and MGE's rate case
4 expense. OPC is proposing an allocation of an expense not a disallowance of an expense.
5 The Commission's rate case expense allocation methodology is simply a tool created by
6 the Commission to protect utility customers from paying for utility expenses that benefit
7 shareholders and do not provide ratepayers any benefit. OPC fully supports the
8 Commission's general policy on this issue.

9 **Credit Card Processing Fees**

10 **Q. Did you review Mr. Noack's rebuttal testimony regarding credit card processing fees?**

11 A. Yes.

12 **Q. Can you please state OPC's position in regards to credit card processing fees?**

13 A. OPC opposes the shift of costs from the customers who make use of the credit card payment
14 method to all of Laclede and MGE's customers.

15 **Q. What is OPC's position on this Laclede proposal?**

16 A. OPC does not believe it is fair or reasonable to force one group of utility ratepayers to pay for
17 the bill payment habits of a certain group of ratepayers. Laclede's proposal has several faults,
18 the chief one being that this proposal is unfair and discriminatory. As I will explain later, not
19 all of Laclede's ratepayers are eligible to obtain credit cards. However, Laclede is proposing
20 to force the ratepayers who chose not to pay with credit cards and those ratepayers who are
21 not even able to obtain credit cards to pay the cost created by the small group of ratepayers
22 who choose to pay their utility bill using credit cards. In effect, Laclede's poorest customers
23 are the ones who do not have the financial resources to obtain credit cards but under Laclede's

1 proposal, its most vulnerable customers will be forced to pay for its wealthier ratepayers who
2 have sufficient credit.

3 **Q. Is it OPC's position that MGE's customers should also not be burdened with the credit**
4 **card fees imposed by MGE?**

5 **A.** Yes. OPC understands that MGE currently charges all of its ratepayers to pay for the bill-
6 paying habits of only a select group of ratepayers. As with Laclede's proposal, MGE's
7 practice of requiring all ratepayers, including its poorest ratepayers to subsidize bill paying
8 habits of a select group of ratepayers is unfair and discriminatory and should be eliminated by
9 the Commission in this rate case.

10 **Q. What information has OPC found that support its opposition to Commission Staff's**
11 **(Staff), Laclede's, and MGE's positions on credit card fees?**

12 **A.** Yes. Federal Reserve Bank of St. Louis uses the umbrella term "unbanked" to describe
13 individuals who do not use banks or credit unions for their financial transactions. Some of
14 the reasons are poor credit history, outstanding issue with a prior bank, language barriers
15 or unstable income. They provide a table provided below:

16 ¹**Unbanked and Underbanked Households**

Percentage by State	Unbanked	Underbanked	Banked	Status Unclear
Arkansas	10.1%	22.3%	69%	3.4%
Illinois	6.2	15.7	75.4	2.7
Indiana	7.4	16.8	71.3	2.8
Kentucky	11.9	23.7	62.7	1.8
Mississippi	16.4	25.2	55.1	3.3
Missouri	8.2	19.3	69	3.4
Tennessee	9.9	17.5	69.4	3.2
United States	7.7	17.9	70.3	4.1

¹ <https://www.stlouisfed.org/Publications/Central-Banker/Winter-2010/Reaching-the-Unbanked-and-Underbanked>

	Eighth District Zones			
Little Rock	7.3%	25%	69.3%	3.9%
Louisville	7.6	17.5	74.2	0.6
Memphis	17.3	17.4	59.1	6.2
St. Louis	7.5	22.4	65.9	4.2

1
 2 The Federal Reserve of Kansas City did a report in May of 2010 called *A Study of the*
 3 *Unbanked & Underbanked Consumer in the Tenth Federal Reserve District*². In this
 4 report, it states that the national number of consumers that are unbanked or underbanked is
 5 25.6%. It also shows that Missouri, at 27.6%, is higher than the national average by 2%.
 6 Page 3 of the report shows the respondent demographics reporting that out of 17
 7 respondents in the Kansas City area, 3 are unbanked and 14 are underbanked. On page 8
 8 of the report, it states the majority of the respondents to the survey relied on cash and
 9 money orders to pay for bills.

10 **Q. Does OPC believe that given the amount of unbanked ratepayers, Staff, Laclede and**
 11 **MGE’s policy for allowing credit card processing fees into cost of service a good**
 12 **practice?**

13 **A.** No. In 2012, the FDIC released in its report that approximately 10% of the residents in
 14 Missouri are unbanked³. On page 5 line 5 in Mr. Noack’s rebuttal testimony, he states that
 15 MGE has 130,000 credit card payments a month made by MGE customers. On MGE’s
 16 2016 Annual report, it shows that MGE has 511,814 customers. This means only 25% of
 17 MGE customers pay by credit card while 10%, or 51,181, of MGE customers are not able
 18 to pay by credit card. If Laclede were allowed to impose this charge on all its customers,
 19 10% or 65,057 Laclede customers will be unable to pay by credit card.

² <https://www.kansascityfed.org/~media/files/publicat/research/community/unbankedreport.pdf>

³ <http://news.stlpublicradio.org/post/ten-percent-households-st-louis-area-dont-use-banks-heres-why-and-whats-being-done#stream/0>

1 By putting credit card processing fees in cost of service, 106,489 Laclede and MGE
2 customers must to pay for a service they are unable to use. It is not good ratemaking to
3 force all ratepayers to pay for credit card processing fees, especially since only 25% of
4 customers benefit.

5 **Q. On page 4 line 12, Mr. Noack states it is in the Company's interest to accept a credit**
6 **card payment, as credit card companies are in a much better position to assess**
7 **creditworthiness and thus to assume the risk of unpaid debt. Please comment.**

8 **A.** A level of bad debt expense is already included in customers' rates. It is not in the best
9 interest of all ratepayers to pay the fee for the select few that choose to make their payments
10 in this manner. Since MGE states it is in the company's best interest to pay the credit card
11 fees for those customers using that payment option, then this expense should be allocated
12 to shareholders.

13 **Q. Did Staff Director Natelle Dietrich address the issue of ratepayer subsidization in her**
14 **rebuttal testimony in this rate case?**

15 **A.** Yes. On page 3 line 9 of Staff Director Dietrich's rebuttal testimony she states, according
16 to Staff Counsel, "Missouri laws forbids the preferential subsidization of certain ratepayers
17 at the expense of all other ratepayers; therefore, it would be unlawfully discriminatory and
18 preferential to require all ratepayers to subsidize the administration and delivery of
19 weatherization services." While it is a different topic, this testimony by Staff Director
20 Dietrich nevertheless directly supports OPC's position on MGE and Laclede's proposal to
21 subsidize its select group of credit card paying customers. OPC supports Staff Counsel's
22 legal conclusion that this behavior is illegal.

1 **Severance Costs**

2 **Q. Does OPC believe that severance payments be allowed in a utilities cost of service?**

3 A. No.

4 **Q. Is it OPC's position that no severance costs should be included in MGE's and Laclede's**
5 **cost of service in this case?**

6 A. Yes, it is. OPC's severance cost adjustment is based on longstanding Commission precedent
7 that severance payments are recovered in rates by the utility through regulatory lag. The
8 Commission also noted that shareholders, not ratepayers, are the beneficiaries of severance
9 payments as many severance agreements signed by severed employees include specific
10 requirements that the severed employee will not speak negatively about the utility and will
11 not bring any legal actions against utility management or board of directors for sexual
12 harassment or other discrimination issues.

13 **Q. Is OPC's position consistent with Commission policy?**

14 A. Yes. The Commission clearly expressed its position that severance expense is not a cost to
15 be included in a utility's cost of service. In its Report and Order in Case No. ER-2006-0314,
16 KCPL's 2006 rate case, the Commission stated:

17 KCPL wishes to recover severance that it pays to former employees
18 in its cost of service on the grounds that those costs extinguish any
19 possible liability those former employees may have against the
20 company. It also claims that these severance costs are recurring. In
21 contrast, Staff asserts that only KCPL shareholders, and not its
22 ratepayers, receive the benefit of these costs. The Commission finds
23 that the competent and substantial evidence supports Staff's
24 position, and finds this issue in favor of Staff. Staff's witness on this
25 issue, Charles Hyneman, testified that KCPL answered one of his
26 data requests by admitting that severance costs protect KCPL
27 against such issues as sexual harassment or age discrimination, and
28 that such costs are not recoverable in rates.

1
2 He contrasted those severance payments, made only to protect
3 shareholders, with severance payments made to decrease payroll,
4 which could be included in cost of service because of the benefit to
5 ratepayers.
6

7 **Q. Does Laclede and MGE severance agreements include these type of requirements?**

8 A. Yes, they do.

9 **Q. At page 9 of his rebuttal testimony, Company witness Noack states his position on rate**
10 **recovery of severance payments. Please describe his position.**

11 A. Mr. Noack explains he believes future customers will see benefits from lower employee levels
12 and therefore, current ratepayers should be forced to pay not only for the severance payments,
13 but also for the salary and benefits that are included in utility rates for the severed employee.

14 **Q. In Mr. Noack's rebuttal testimony, what consideration is MGE requesting?**

15 A. Mr. Noack requests severance costs in connection with the integration and consolidation
16 of MGE's dispatch center because the company achieved approximately \$643,000 in
17 synergies savings per year.

18 **Q. Does OPC agree with Mr. Noack?**

19 A. No. Whether or not what Mr. Noack says is true, MGE would still recover the salaries and
20 benefits of these employees through regulatory lag, so, there is no reason to have any
21 special considerations regarding severance payments.

22 **Management Expense Adjustment**

23 **Q. Did you review Mr. Noack's rebuttal testimony on Staff's management expenses?**

24 A. Yes.

1 **Q. Does Mr. Noack have an issue in regards to how you accounted for meal exclusions?**

2 A. Yes. The Companies provided invoices that showed only a single customer; therefore, I
3 had no basis to assume the receipt was for more than one person. On page 12 line 12, Mr.
4 Noack states that there were some receipts on which the names of the people included in
5 the expense are noted on the back of the receipt or in the notes section of the expense report
6 and not visible.

7 **Q. Did you review the expense report before excluding that invoice?**

8 A. Yes. With every receipt, I matched it to the expense report sent in response to OPC data
9 request 1033. If I found the number of people listed on the expense report, I used that
10 information in my review. One thing that Mr. Noack might not realize is that in the expense
11 report provided details were very limited in some cases; many just stated the event, and
12 nothing else. Because of that, if there was only one person listed, in my analysis I included
13 one person. With the information I was given I could only establish that one person ate at
14 that establishment on that day.

15 **Q. Page 12 line 15, Mr. Noack states that Ms. Conner did not ask follow-up questions,
16 but assumed the expense was excessive. What is your response to this statement?**

17 A. Mr. Noack is correct that I did not ask for additional information. I had every reason to
18 believe Laclede and MGE had sent us the complete information requested, which is
19 required by statute. If the information were not complete, OPC would not know there is
20 additional data available.

21 The second reason is that it took Laclede and MGE 52 days to answer OPC's data request
22 for this issue. It took months to do a thorough analysis of the information provided.

23 **Q. Page 12 line 16, Mr. Noack states that you did you took off the entire meal expense is,
24 is this a fair statement?**

1 A. Yes. At the time I did the analysis, I did exclude the entire expense for two reasons. First,
2 the expense policy states that all expenses above the amounts recommended in the policy
3 should have included a detailed invoice. Many of the receipts were the credit card slips.
4 Since this limited receipt did not contain the information required by the Companies
5 policies, I originally excluded the whole amount of the expense.

6 Second, there were many blurry and partial receipts and invoices; which I excluded because
7 I could not read or understand the receipt.

8 **Q. Has OPC since changed the above mentioned expense exclusions?**

9 A. Yes. In response to a request Spire made during a discussion, I have since allotted the
10 recommended amounts to the analysis, not just for meals, but the other non-invoice items.
11 However, I did not reverse the exclusion for expenses OPC still believes are imprudent and
12 excessive.

13 **Q. Did Spire request anything else?**

14 A. Yes. Spire requested that OPC allow them to send them itemized invoices some of the
15 charges excluded due to lack of attendees listed can be reviewed.

16 **Q. How did OPC respond to this request?**

17 A. OPC told them that if we received invoices for those charges, OPC will review and update
18 the analysis based on the data sent.

19 **Q. As of the filing date of surrebuttal testimony, has OPC received any such invoices?**

20 A. No.

21 **Q. Has OPC changed the amount of the management expense adjustment regarding the**
22 **request from Laclede and MGE?**

1 A. Yes. OPC is proposing an adjustment to account 921 in the amount of (\$622,890) for
2 Laclede and (\$321,301) for MGE. This makes the total adjusted amount of (\$944,191).
3 ACC-S-1 shows the changes made.

4 **Q. On page 12 line 18, Mr. Noack objects to my “extrapolation of the officer expenses to**
5 **each of the 430 employees.” Please explain what approach OPC used to calculate the**
6 **analysis in this way.**

7 A. OPC did not have the time or resources to look at every individual manager’s expense
8 report. Due to this, OPC chose to use the accepted practice of audit sampling.

9 **Q. What is audit sampling?**

10 A. Audit sampling is a primary audit procedure used by professional auditors. Auditing
11 Standard (“AS”) 2315 defines audit sampling as, “the application of an audit procedure to
12 less than 100 percent of the items within an account balance or class of transactions for the
13 purpose of evaluating some characteristic of the balance or class.”

14 **Q. Has OPC used audit sampling approaches on this same adjustment in other utility**
15 **rates cases?**

16 A. Yes. OPC used this same audit sampling method for the management expense adjustment
17 in the 2016 rate cases for KCPL, GMO and Ameren Missouri. It is my understanding that
18 the Staff in previous KCPL and GMO rate cases used this same audit sampling approach.

19 **Q. What was your basis and rationale for imputing the results of your sample to all**
20 **Laclede and MGE management employees?**

21 A. OPC based this imputation on its evaluation of the characteristics of the sample group of
22 Laclede and MGE officers, who all operate under the same expense report policies,
23 procedures and guidelines as all Laclede and MGE management employees. Since this is
24 the case, it is reasonable for OPC to sample the invoices and conclude that all Laclede and

1 MGE management employees would likely have similar expense report charges with no
2 restrictions on the dollar amounts and types of expenses incurred.

3 While OPC understands all managers in Laclede and MGE may not have exactly the same
4 expenses as those in this audit sample, OPC also does recognizes policy compliance starts
5 at the top and trickles down from there. In other words, if officers and managers follow
6 the company policy, this will ensure the lower level managers will be mindful of it as well.
7 However, if officers do not abide by the policy in place, there is no reason to assume that
8 they insure others are accountable compliance.

9 **Q. At page 12 of his rebuttal testimony Company witness Noack expresses disagreement**
10 **with the management expense adjustment. Please comment.**

11 A. Mr. Noack does not appear to contest the fact that Laclede and MGE are proposing to charge
12 customers for excessive and unreasonable management expenses, such as trips to Bermuda
13 and employee consumption of alcohol at various sporting events. His concern is simply with
14 the fact that Laclede failed to provide sufficient documentation to OPC as requested by OPC
15 and other adjustment mechanics.

16 **Q. What are some of the meal expenses OPC disallowed in its analysis?**

17 A. The following is a list of meals disallowed:

Surrebuttal Testimony of
Amanda C Conner
Case No. GR-2017-0215 and Case No. GR-2017-0216

Total Amount	# People	Location	Amount Disallowed	Account	Charged to	Reason for Disallowance
\$1,613.48	18	Busch Stadium DNC SportsService Suites - STL, MO	\$737.48	921	SSC	Alcohol per menu
\$1,345.51	10	Busch Stadium DNC SportsService Suites - STL, MO	\$1,345.51	184	LGC	Invoice shows alcohol
\$1,279.05	8	Scape American Bistro - STL, MO Dauphin's Restaurant - Mobile,	\$713.83	921	SSC	alcohol per menu more than recommended
\$1,078.60	12	AL	\$493.68	921	SSC	amount/Alcohol
\$1,031.93	8	Copia Urban Winerys - STL, MO	\$544.06	921	SSC	Alcohol per menu
\$937.75	3	Levy Restaurants - STL, MO	\$644.23	921	SSC	Alcohol per menu
\$929.54	8	The Capital Grille - Las Vega, NV The Dumbwaiter Restaurant -	\$528.67	911	SSC	Alcohol per menu
\$841.70	8	Mobile, AL	\$413.37	921	SSC	alcohol per menu
\$678.09	6	M. Waterfront Grille - Naples, FL	\$43.40	921	GRP	alcohol per menu
\$98.95	4	Gram & Dun - KC, MO	\$98.95	921	LGC	spouse
\$130.78	8	Budweiser Brewhouse - STL, MO	\$89.85	921	SSC	Employee anniversaries should not be charged to ratepayers
\$153.91	1	Gio's - STL, MO	\$92.00	921	SSC	shouldn't pay for Holiday Dinners

1
2 **Q. What are some of the other expenses OPC disallowed in its analysis?**

3 **A. The following is a list of other disallowed expenses:**
4

Total Amount	Event	Location	Amount Disallowed	Account	Charged to	Reason for Disallowance
\$8,441.46	Christmas Gifts for Counterparties	The California Wine Club - Ventura, CA	\$540.25	921	LER	Ratepayers shouldn't pay
\$4,895.55	Bus for LER Super Bowl customer meeting	Golden Limo Worldwide	\$313.32	921	LER	Ratepayers shouldn't pay
\$2,430.00	San Francisco Winery tours for LER Customer Event	Tower Tours - San Francisco, CA	\$155.52	921	LER	Ratepayers shouldn't pay
\$2,140.42	Spire Recognition Dinner	Carmine's Steak House - STL, MO	\$136.99	183	GRP	Alcohol
\$1,988.71	Group Dinner for Spire STL	Carmine's Steak House - STL, MO	\$127.28	183	GRP	Alcohol
\$837.06	Pipeline Kick-Off Meeting	Delta	\$575.06	921	SSC	Bermuda
\$534.55	Airfare	Delta	\$367.24	921	SSC	Spouse Ticket
\$898.78	Entertain State Rep Re: Pipeline Project	Levy Restaurants - STL, MO	\$57.52	183	GRP	Alcohol
\$210.00	Additional Baggage Charge	Delta	\$13.44	921	GRP	For spouse & Officer
\$718.50	Rosedon Hotel	Bermuda	\$493.61	921	SSC	Bermuda
\$859.70	Fairmont	Bermuda	\$590.61	921	SSC	Bermuda

5
6 **Q. Page 12 line 22, Mr. Noack refers to Laclede and MGE's policy of the highest-ranking**
7 **employee at a Company function will pay for any group related expenses and**

1 **therefore one cannot base the business expenses of middle and lower management on**
2 **the expenses incurred by the officers and senior management of the Company. Does**
3 **OPC agree with this statement?**

4 A. No. OPC made a conservative adjustment, however because OPC understands that lower
5 management will not have the same expenses as officers and upper management. Because
6 of this understanding, OPC reduced the amount per company by 40%. Without the 40%,
7 the amount of the adjustment would have been (\$1,618,443) for Laclede and (\$1,022,856)
8 for MGE, a total adjustment of (\$527,612).

9 **Q. Page 13 line 5, Mr. Noack states that he disagrees with Ms. Conner that obtaining air**
10 **travel other than through the corporate travel agent is grounds for disallowance of**
11 **the entire cost of the flight. Does OPC disagree with that statement?**

12 A. Yes. In Laclede and MGE's expense policy section 1.5 under the objectives of the policy
13 states:

14 *When booking travel, all employees should utilize the travel tools provided by the*
15 *Company, including the travel website, Concur Travel or the Travel Provider. It is not*
16 *permissible to book tickets/flights directly with an airline or an airline's website, or via a*
17 *third party agency such as Expedia, Kayak, etc. Refer to the accompanying Procedures*
18 *for further details and exceptions.*

19 3.1 of the Travel Arrangements also states:

20 *The Company has enlisted the services of a Travel Provider, and the Concur Travel tool,*
21 *to provide travel services to Employees who travel and to help reduce our air, hotel and*
22 *rental car travel costs. Travel reservations made outside of 1) Concur Travel or 2) the*
23 *Travel Provider are not permissible and may not be reimbursable or considered an*
24 *allowable charge on the corporate Credit Card.*

25 **Q. Does OPC have any policy recommendations for Laclede and MGE regarding**
26 **management expenses?**

1 A. Yes. One issue OPC has with the management expenses of Laclede and MGE is the
2 amount of alcohol charged to the 921 account. OPC does not feel ratepayers be required
3 to pay for such expenses. Laclede and MGE should charge alcohol consumption below
4 the line.

5 The option OPC recommends for Laclede and MGE is to follow the control put in place
6 by KCP&L, Ameren UE and GMO. This control has all officer and management expenses
7 put to a below-the-line non-utility account in the general ledger. In order to record the
8 expense to an operating utility account, the officer or administrative assistant must enter
9 an operating utility account code only when verified as a prudent operating expense. If the
10 expense is imprudent and excessive, this expense stays below-the-line.

11 **Cash Working Capital (CWC)**

12
13 **Q. Have you reviewed Mr. Lyon's rebuttal testimony?**

14 A. Yes.

15 **Q. What does Mr. Lyon's state in opposition of OPC's position?**

16 A. Page 20 line 4, Mr. Lyon's response is the company opposes the OPC's proposed removal of
17 current income tax expenses from the CWC requirement. The Company has calculated a
18 current income tax liability in its proposed cost of service.

19 **Q. How does OPC respond to Mr. Lyon's rebuttal testimony?**

20 A. Mr. Lyon's assertion that it opposes OPC's proposed adjustment because the company has
21 calculated current income tax liability in its proposed cost of service is unsubstantiated. Just
22 because Laclede and MGE calculated a tax liability in its proposed cost of service is not a
23 reason to keep this expense in the CWC.

1 OPC reiterates Laclede does not pay current income taxes nor does it anticipate being a cash
2 taxpayer in the immediate future. A CWC analysis specifically excludes non-cash
3 transactions. Laclede and MGE's current income tax expenses are non-cash transactions and
4 excluded from any CWC analysis approved by the Commission in this case.

5 **Q. Does this conclude your rebuttal testimony?**

6 **A. Yes, it does.**

		Amanda C. Conner								
		Inprudent Spending								
		GR-2017-0215 & GR-2017-0216								
Type	Invoice #	Name	Location	Amount	LAC	MGE	Total	Account	Charged to	Notes
Taxi	78432477	Carey International	NYC, NY	\$168.50	\$5.39	\$5.39	\$10.78	921 GRP		against policy
Taxi	78434523	Carey International	NYC, NY	\$167.38	\$5.36	\$5.36	\$10.71	921 GRP		against policy
Misc.	4373713689	Additional Baggage Charge	Delta	\$210.00	\$6.72	\$6.72	\$13.44	921 GRP		For spouse & Officer
Misc.	1114AP	Spa Terre	Laplaya -Naples, FL	\$382.00	\$12.22	\$12.22	\$24.45	921 GRP		Ratepayers should not pay for this
Misc.	20000179144	Lift tickets for Michael Poskins	Vail Resort - Vail, CO	\$132.00	\$4.22	\$4.22	\$8.45	921 GRP		Shouldn't be charged to ratepayers
Misc.	No Invoice	Hosting CFO	Scott Trade Center	\$337.33	\$10.79	\$10.79	\$21.59	921 GRP		Ratepayers should not pay for this
Hotel	113572466 - Deposit	Fairmont	San Diego, CA	\$389.78	\$12.47	\$12.47	\$24.95	921 GRP		against policy
Hotel	113590231 - Deposit	Fairmont	San Diego, CA	\$389.78	\$12.47	\$12.47	\$24.95	921 GRP		against policy
Total GRP				\$2,176.77	\$69.66	\$69.66	\$139.31			
Misc.	2634191	Christmas Gifts for Counterparties	The California Wine Club - Ventura, CA	\$8,441.46	\$270.13	\$270.13	\$540.25	921 LER		Ratepayers shouldn't pay
Misc.	2893208	box at Blues game	Levy Restaurants - STL, MO	\$1,052.18	\$33.67	\$33.67	\$67.34	921 LER		Ratepayers shouldn't pay
Misc.	27459	Bus for LER Super Bowl customer meeting	Golden Limo Worldwide	\$4,895.55	\$156.66	\$156.66	\$313.32	921 LER		Ratepayers shouldn't pay
Misc.	6001	Deposit for Dinner in San Francisco for LER Customer Event	McCormick & Kuleto's Seafood & Steaks - San Francisco, CA	\$1,000.00	\$32.00	\$32.00	\$64.00	921 LER		Ratepayers shouldn't pay
Misc.	email	San Francisco Winery tours for LER Customer Event	Tower Tours - San Fra	\$2,430.00	\$77.76	\$77.76	\$155.52	921 LER		Ratepayers shouldn't pay
Total LER				\$17,819.19	\$570.21	\$570.21	\$1,140.43			
Hotel	Deposit - 451767713	Sheraton	Columbia, SC	\$229.95	\$229.95	\$0.00	\$229.95	921 LGC		Personal

DTM	44634	Membership Dues	Illinois State Bar Association	\$360.00	\$360.00	\$0.00	\$360.00	921 LGC	Not in MO
Total LGC				\$589.95	\$589.95	\$0.00	\$589.95		
Milage	Only in Journal	R/T Lambert airport re: Bermuda underwriters meeting		\$29.70	\$13.42	\$6.98	\$20.40	921 SSC	Trip to Bermuda
Milage	Only in Journal	R/T Lambert airport re: Bermuda OCII stockholders meeting		\$23.22	\$10.50	\$5.46	\$15.95	921 SSC	Trip to Bermuda
Misc.	No Invoice	Flowers for 30 Years Service	Norton's Florist	\$69.20	\$31.28	\$16.26	\$47.54	921 SSC	Shouldn't be charged to ratepayers
Misc.	No Invoice	Tips	Caesar's Hotel	\$20.00	\$9.04	\$4.70	\$13.74	921 SSC	Shows shouldn't be charged to ratepayers
Misc.	No Invoice	IHBA show in Vegas	Caesar's Hotel	\$389.36	\$175.99	\$91.50	\$267.49	921 SSC	Shows shouldn't be charged to ratepayers
Misc.	No Invoice	IHBA show in Vegas	Caesar's Hotel	\$97.44	\$44.04	\$22.90	\$66.94	921 SSC	Shows shouldn't be charged to ratepayers
Taxi	97043	La Costa Limousine	Boca Raton, FL	\$112.00	\$50.62	\$26.32	\$76.94	921 SSC	against policy
Parking	No Invoice	Airport	Atlanta, GA	\$67.00	\$30.28	\$15.75	\$46.03	921 SSC	Retirement Party
Taxi	1604031311	Carey International	Denver, CO	\$199.38	\$90.12	\$46.85	\$136.97	921 SSC	Against policy
Misc.	3143420783	Logi Canvas KB Folio 10.6 for iPad Air	AppleStore	\$108.62	\$49.10	\$25.53	\$74.62	921 SSC	Ratepayers should not pay
DTM	38	Contribution	Newcomen Society - Alabama	\$75.00	\$33.90	\$17.63	\$51.53	921 SSC	ratepayer shouldn't pay
Total SSC				\$1,190.92	\$538.30	\$279.87	\$818.16		
Total				\$21,776.83	\$1,768.12	\$919.74	\$2,687.85		