

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of Matter of Laclede Gas)
Company's Request to Increase Its) Case No. GR-2017-0215
Revenue for Gas Service) GR-2017-0216

AFFIDAVIT OF MARK BOYLE

STATE OF MISSOURI)
) ss
COUNTY OF ST. LOUIS)

Mark Boyle, of lawful age and being first duly sworn, deposes and states: that he has participated in the preparation of the following Testimony in question and answer form, consisting of five pages of Rebuttal Testimony to be presented in the above case, that the answers in the following Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and to the best of his knowledge.

Mark Boyle

Mark Boyle

Subscribed and sworn to me this 17th day of October, 2017.

Melanie Wilhelm

Notary Public

My Commission Expires:



MELANIE WILHELM
My Commission Expires
February 28, 2019
St. Louis County
Commission #15017667

Union Exhibit No. 900
Date 12-17-17 Reporter KF
File No. GR-2017-0215
GR-2017-0216



Exhibit No.:

Issue:	Incentive Compensation; Pension Costs
Witness:	Mark Boyle
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	USW Local 11-6
Case Nos.	GR-2017-0215; GR-2017-0216
Date Testimony	
Prepared:	October 17, 2017

**LACLEDE GAS COMPANY
MISSOURI GAS ENERGY**

**GR-2017-0215
GR-2017-0216**

REBUTTAL TESTIMONY

OF

MARK BOYLE

October 2017

1 **REBUTTAL TESTIMONY OF MARK BOYLE**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Mark Boyle and my business address is 7750 Olive Blvd. St. Louis, MO
4 63130.

5 **Q. PLEASE STATE WHO YOU WORK FOR AND IN WHAT CAPACITY?**

6 A. I am the Business Manager for USW Local 11-6. Prior to starting as Business Manager
7 in 2007, I worked for Laclede Gas in the Service Department for 15 years.

8 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS**
9 **COMMISSION IN THIS MATTER?**

10 A. No.

11 **I. PURPOSE OF TESTIMONY**

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. The purpose of my rebuttal testimony is to respond to certain positions taken by the Staff
15 of the Missouri Public Service Commission (“Staff”) and the Office of the Public
16 Counsel (“OPC”) relating to incentive compensation and pension costs. Specifically, I
17 will explain why both of these benefits are of critical importance to my members and
18 why the Commission should fully recognize their associated costs in rates.

19 **II. INCENTIVE COMPENSATION**

20 **Q. WHAT IS YOUR UNDERSTANDING OF THE POSITIONS TAKEN BY STAFF**
21 **AND OPC REGARDING INCENTIVE COMPENSATION?**

22 A. It is my understanding that both Staff and OPC have proposed to disallow most of the
23 incentive compensation costs paid by the Company to its employees.

24 **Q. DO YOU AGREE WITH THESE ADJUSTMENTS?**

25 A. I am not an accountant or regulatory expert so I will not attempt to comment on any of
26 the technical aspects of these adjustments. I also understand Staff is not specifically
27 attempting to disallow Union incentives, but it's unclear what position OPC has taken in
28 regards to Union incentives in its efforts to remove any incentive compensation tied to
29 earnings metrics. Regardless of the specific impact of these proposed adjustments in
30 these cases, we are concerned about the tone and any trend towards excluding these costs;
31 therefore, I want to make sure the Commission understands we believe the ability of our
32 members to receive incentive compensation based on their achievement of certain
33 performance goals has been a positive thing for them, the Company and our customers.
34 Our members have always taken their work obligations very seriously, believing we owe
35 the Company and customers a fair day's work for a fair day's pay. We negotiated into
36 the Company's incentive program in August 2012 and our members received their first
37 incentive payments in fall 2013. Since the extension of the Company incentive
38 compensation program to Union personnel, customers and the public have reaped many
39 benefits, including that Construction and Maintenance employees have generally worked
40 ten hour days for approximately nine months each year in an effort to replace old, leaky
41 pipe as quickly as possible. This has improved safety significantly by reducing gas leaks.
42 In addition, due to the performance goals tied to the incentive program, the Company and
43 employee focus on safety and on timely and friendly customer service in the Service
44 Department has heightened considerably. Union incentives are only awarded if the
45 Company also meets its goals. I believe the customer base and the general public have

46 benefited greatly from the Company incentive program, and I recommend the
47 Commission give serious consideration to this fact in deciding this issue.

48 **III. PENSION COSTS**

49 **Q. WHAT IS YOUR UNDERSTANDING OF THE STAFF'S AND OPC'S POSITION**
50 **ON THE COSTS THAT THE COMPANY HAS INCLUDED IN THIS CASE FOR**
51 **ITS PENSION COSTS.**

52 A. It is my understanding the Staff has proposed to eliminate a portion of the pension asset
53 the Company has built up over the years in funding its pension obligations. For its part,
54 OPC has proposed the Company recover its pension asset over a period twice as long as
55 recommended by either the Company or Staff, and then proposed a significantly lower
56 carrying cost than has been previously applied to these assets.

57 **Q. DO YOU AGREE WITH THESE PROPOSALS?**

58 A. Again, I am not an accountant or regulatory expert, so I will not attempt to comment on
59 any of the technical aspects of these proposals. But I do want the Commission to know
60 that our members view their pensions to be a critical part of their compensation and have
61 worked many years under various collective bargaining agreements with the clear
62 understanding that their pension payments would be there when they retired. Indeed,
63 some of the pension payments are already earned benefits that cannot be compromised.
64 Moreover, we are consistently advised through the Company's actuarial service that the
65 pension obligation to USW 11-6's members is not fully financed. As a result, we
66 negotiated two pension funding provisions into the Stipulation and Agreement filed with
67 this Commission in GR-2013-0171. (See para. 6-7, recognizing the Company is only
68 required to submit to the pension plan the minimum contribution legally required, which

69 minimum contribution may not be sufficient to finance lump sum pension requests or to
70 avoid higher premiums from the Pension Benefit Guarantee Corporation.) Thus, we are
71 very concerned about any proposal that would have a negative impact on the Company's
72 ability to meet its pension obligations in this future.

73 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY.**

74 **A. Yes.**