

Exhibit No.:
Issue: Depreciation
Witness: John A. Robinett
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2014-0152
Date Testimony Prepared: August 15, 2014

MISSOURI PUBLIC SERVICE COMMISSION
REGULATORY REVIEW DIVISION
UTILITY SERVICES DEPARTMENT
ENGINEERING & MANAGEMENT SERVICES UNIT

SURREBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.

d/b/a LIBERTY UTILITIES

CASE NO. GR-2014-0152

PSC Exhibit No. 36
Date 9/8/14 Reporter SSP
File No. _____

Jefferson City, Missouri
August 2014

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **JOHN A. ROBINETT**

4 **LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.**

5 **d/b/a LIBERTY UTILITIES**

6 **CASE NO. GR-2014-0152**

7 Q. Please state your name and business address.

8 A. John A. Robinett, P.O. Box 360, Jefferson City, Missouri 65102.

9 Q. By whom are you employed and in what capacity?

10 A. I am a Utility Engineering Specialist in the Engineering and Management
11 Services Unit with the Missouri Public Service Commission (Commission or PSC).

12 Q. Are you the same John A. Robinett that previously contributed to the Staff Cost of
13 Service Report and filed Rebuttal Testimony in this proceeding?

14 A. Yes, I am.

15 Q. What is the purpose of your Surrebuttal Testimony?

16 A. The purpose of my surrebuttal testimony is to address the rebuttal testimony of
17 Liberty Utilities' (Midstates Natural Gas) Corp. d/b/a/ Liberty Utilities (Liberty) witness
18 Mr. James Fallert regarding depreciation rates for corporate allocated plant, specifically network
19 hardware and servers and PC hardware and software.

20 Q. Was the 14.29% depreciation rate for system and network hardware and software
21 referenced by Mr. Fallert utilized by both Atmos and Staff in the 2010 Atmos rate case?

22 A. Yes.

23 Q. Was the 18.98% depreciation rate for personal computer hardware and software
24 referenced by Mr. Fallert utilized by both Atmos and Staff in the 2010 Atmos rate case?

25 A. Yes.

1 Q. Were specific depreciation rates ordered for corporate hardware and software and
2 PC hardware and software in the Report and Order or covered in the Stipulation and Agreement
3 from Case GR-2010-0192?

4 A. No. Although the 14.29% and the 18.98% depreciation rates were used in Atmos
5 and Staff work papers, the depreciation rates were not ordered, which leads to the conclusion the
6 last case was stipulated as part of a “black box” settlement.

7 Q. Does Liberty Utilities use the same software and hardware as the previous owner,
8 Atmos Energy Corporation?

9 A. No. Liberty Utilities was in the process, during the merger case, of purchasing
10 software packages to be used for running the utility’s daily processes.

11 Q. Do you have any knowledge of the depreciation rates for other utility companies
12 in the State of Missouri for newly installed or upgraded information systems?

13 A. Yes.

14 Q. Are you aware of any electric or natural gas utility in the State of Missouri that
15 has received a depreciation rate for 7 years which equates to a 14.29% rate for information
16 systems either by Stipulation and Agreement or by Commission Report and Order?

17 A. No.

18 Q. What are other Missouri regulated utilities currently using for depreciation rates
19 on information systems?

20 A. In Case GO-2012-0363 the Commission ordered that a rate of 7% be used for
21 Laclede’s Enterprise Information Management System “New Blue”.¹ As part of the 2014 case
22 GR-2014-0007, MGE, a newly-acquired company by Laclede, stipulated to the 7% depreciation

¹ GO-2012-363 Report and Order filed 10/3/2012

1 rates since its systems were to be converted to "New Blue".² Empire in their 2012 rate cases
2 stipulated to 10% depreciation rates for their new accounting softwares.³ In the 2011 Missouri
3 American Water Company case a 5% depreciation rate was stipulated for their Business
4 Transformation hardware and software.⁴

5 Q. Is Liberty Utilities required to file a depreciation study with its next rate
6 case proceeding?

7 A. As part of the merger case Staff agreed to waive the requirement of filing a
8 depreciation study with this case GR-2014-0152; a depreciation study is required for purposes of
9 the next rate case under rule 4 CSR 240-3.235 and 4 CSR 240-3.275.

10 Q. What is Staff's recommendation regarding the corporate allocated network
11 hardware and software and PC hardware and software accounts 399.1, 399.3, 399.4, and 399.5?

12 A. Staff recommends that the Commission order Liberty Utilities to use a 4.75%
13 depreciation rate which was attached to the Staff's cost of service report and rebuttal testimony.
14 This 4.75% depreciation rate for accounts 399.1, 399.3, 399.4, and 399.5 are currently ordered
15 for each district (NEMO, WEMO, and SEMO). Liberty Utilities on page 9 of Mr. Fallert's
16 Rebuttal testimony beginning at line 20 states that Liberty Utilities is in agreement with the
17 district specific rates which includes the 4.75% for accounts 399.1, 399.3, 399.4, and 399.5 in the
18 NEMO, WEMO and SEMO districts.

19 Q. Does this conclude your Surrebuttal Testimony?

20 A. Yes.

² GR-2014-0007 Order Approving Stipulation and Agreement filed 4/23/2014

³ ER-2012-0345 Order approving Stipulation and Agreement filed 2/27/2013 account 391.2 on depreciation schedule

⁴ WR-2011-0337 Order approving nonunanimous Stipulation and Agreement filed 3/12/2012

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

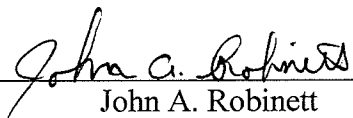
In the Matter of Liberty Utilities (Midstates)
Natural Gas) Corp. d/b/a Liberty Utilities')
Tariff Revisions Designed To Implement a)
General Rate Increase for Natural Gas Service)
in the Missouri Service Areas of the Company)

Case No. GR-2014-0152

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

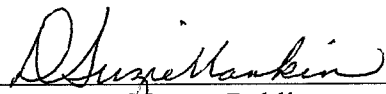
John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



John A. Robinett

Subscribed and sworn to before me this 15th day of August, 2014.

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| D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070 |
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Notary Public