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LACLEDE GAS COMPANY
MISSOURI GAS ENERGY

GR-2017-0215
GR-2017-0216

DIRECT TESTIMONY

OF

STEVEN L. LINDSEY

APRIL 2017

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DIRECT TESTIMONY OF STEVEN L. LINDSEY

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven L. Lindsey, and my business address is 700 Market Street, St. Louis, Missouri 63101.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. On October 1, 2012, I joined Spire Inc. (Spire), formerly known as The Laclede Group, Inc., as the Executive Vice President and Chief Operating Officer for Distribution Operations. I also serve as Chief Executive Officer and President of Laclede Gas Company (“Laclede” or “Company”). Laclede operates two utilities in Missouri that serve nearly 1.2 million customers; its Laclede Gas operating unit (“LAC”) serves customers in Eastern Missouri and its Missouri Gas Energy operating unit (“MGE”) serves customers in Western Missouri.

Q. WHERE WERE YOU EMPLOYED PRIOR TO JOINING SPIRE?

A. Prior to joining Spire, I was employed by AGL Resources, Inc. or its subsidiaries for nearly 24 years. I served as AGL’s Senior Vice President, Southern Operations of AGL Resources, Inc. and President of its Atlanta Gas Light, Chattanooga Gas and Florida City Gas subsidiaries since December 2011. In these roles, I managed the operations, top-line growth and strategic affairs of the utilities. Before assuming that role, I served as Vice President and General Manager of Atlanta Gas Light and Chattanooga Gas from 2005 to 2011, overseeing the day-to-day operations and market development of the utilities. Prior to that, I held a variety of positions within Atlanta Gas Light, including: Managing Director – marketing, new business & marketer services; Managing

1 Director, field operations; Manager, engineering & new construction supervisor;
2 Distribution Engineer; and Commercial and Industrial Representative.

3 Q. **WHAT IS YOUR EDUCATIONAL BACKGROUND?**

4 A. I am a graduate of the Georgia Institute of Technology, where I received a
5 bachelor's degree in mechanical engineering.

6 Q. **HAVE YOU TESTIFIED IN OTHER REGULATORY PROCEEDINGS?**

7 A. Yes. As part of my responsibilities with my prior employer, I had an opportunity
8 to submit testimony in a number of regulatory proceedings on a variety of
9 regulatory issues. I also submitted testimony in Laclede's and MGE's most
10 recent general rate case proceedings, Case Nos. GR-2013-0171 and GR-2014-
11 0007, respectively, as well as Case No. GM-2013-0254, in which Laclede sought
12 and received Commission approval to acquire and operate MGE.

13 **PURPOSE OF TESTIMONY**

14 Q. **WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

15 A. The purpose of my testimony is to provide the Commission an overview of what
16 we have been doing for our customers since our last rate cases in the 2013-14
17 time frame. Specifically, I will explain how our growth strategy has improved
18 safety and reliability, controlled costs, and advanced customer service. I will also
19 discuss the main drivers underlying our need for rate relief at this time and
20 important initiatives we are proposing in this case, which will be discussed in
21 more detail by Laclede's policy witness Lobser. Finally, I will introduce
22 Laclede's witnesses in this case.

1 OUR ROLE IN THE NATURAL GAS INDUSTRY

2 Q. AS CEO AND PRESIDENT OF LACLEDE, AND CHIEF OPERATING
3 OFFICER OF DISTRIBUTION OPERATIONS FOR SPIRE, WHAT ROLE
4 DO YOU AND OTHER SPIRE EMPLOYEES PLAY IN INDUSTRY
5 POLICY DISCUSSIONS?

6 A. Given our increasing scale, we believe it is important to actively participate in
7 such discussions, and many of our management employees take leadership
8 positions with industry organizations. We believe this leads to better safety and
9 reliability practices, energy policies, operational practices, and cyber security,
10 which ultimately benefits our customers and contributes to the economic health
11 and security of our nation.

12 Q. WHAT ARE SOME OF THE INDUSTRY ORGANIZATIONS IN WHICH
13 SPIRE MEMBERS PARTICIPATE AND HAVE LEADERSHIP ROLES?

14 A. Spire is a member and has taken leadership roles in the following: American Gas
15 Association (AGA); Southern Gas Association (SGA); Missouri Association of
16 Natural Gas Operators (MANGO); Missouri Energy Development Association
17 (MEDA); Common Ground Alliance (CGA) – National 811; Missouri One Call
18 Systems (MOCS) – the Missouri 811; National Association of Corrosion
19 Engineers (NACE); and the American National Institute of Standards (ANSI) in
20 addition to numerous other federal and state organizations. Our active
21 involvement with these organizations ensures we have access to developing
22 trends, issues and opportunities to keep our companies performing at a high level
23 to serve our customers, communities, and other constituents.

1 Q. PLEASE DESCRIBE THE CURRENT STATE OF THE NATURAL GAS
2 INDUSTRY IN WHICH SPIRE AND LACLEDE OPERATE TODAY.

3 A. It is a tremendously exciting time to be involved in the natural gas industry.
4 Natural gas remains an essential part of America's energy mix, comprising one-
5 fourth of all primary energy used in the United States. It also remains a highly
6 efficient source of energy, with a 92 percent efficiency rate from its extraction to
7 its ultimate end use applications. Most importantly, the availability and price of
8 natural gas supply has changed dramatically – and for the better – with the shale
9 revolution. This abundance of supply has had an extremely favorable impact on
10 natural gas prices. That said, we always recognize that natural gas is largely a
11 fuel of choice for our customers. Unlike electricity, there are other energy options
12 for almost all of our end uses. Therefore, our business approach and focus has to
13 be the same as it would be in any other competitive field. The Company's
14 ongoing efforts to “bend down” the cost curve, which would otherwise cause
15 regular increases in base rates, has also contributed to bills for our customers that
16 are lower today than they were a decade ago, even with the rate increase proposed
17 in these cases. We need to earn the business of our customers every day, and so
18 we strive to keep costs low, consistent with safety, reliability and quality service.
19 As I discuss below, the successful implementation of our growth strategy has
20 been a major contributor to our ability to achieve these goals.

21 **GROWTH THROUGH ACQUISITIONS**

1 Q. HOW HAS THE NATURAL GAS UTILITY INDUSTRY CHANGED IN
2 THE LAST SEVERAL YEARS IN TERMS OF ACQUISITION
3 ACTIVITY?

4 A. There has been an increase in the rate of mergers and acquisitions in the industry.
5 Gas utilities are not just being acquired by other natural gas companies, they are
6 now also being acquired by large electric companies, including Duke Energy,
7 which acquired Piedmont Natural Gas and Southern Company, which acquired
8 my former employer, AGL Resources. We believe that after Congress settles on a
9 new tax structure the market will continue to be acquisitive. In addition, foreign
10 investors have been active in the market. Particularly, Canadian tax structures are
11 generally more beneficial for acquirers and that has resulted in a number of
12 Canadian utilities acquiring U.S. utilities, with the most recent being Alta Gas'
13 announcement of plans to buy WGL Holdings (the parent company of
14 Washington Gas Light).

15 Q. WHAT IS THE COMPANY'S POSITION ON THIS ACQUISITORY
16 ACTIVITY?

17 A. It is often said if you are not a buyer then you are a seller. Our intent is to be on the
18 buyer side, not the seller. Our goal is to remain a strong corporation based in
19 Missouri. As I will explain further, we believe this strategy is best for our
20 customers, our investors, and Missouri. Based on the companies and customers we
21 have added over the past five years, we currently rank as the 4th largest pure play
22 natural gas company in the nation, with 1.7 million customers across five utilities in
23 three states.

1 **Q. HOW DOES THIS GROWTH STRATEGY BENEFIT CUSTOMERS?**

2 A. Growth through acquisitions benefits customers in many ways. Some examples are
3 it (i) improves safety and reliability; (ii) helps control costs; and (iii) advances
4 customer service. I want to add that while we emphasize cost control and quality of
5 service, safety always comes first, and we consider it our top value.

6 **Q. STRATEGICALLY, HOW IS THIS ACCOMPLISHED?**

7 A. Our growth has created scale to our enterprise, which provides a number of
8 opportunities to create strategic advantages. Increased scale allows us to spread
9 costs across a larger business and customer base, and the implementation of our
10 shared services model has allowed us to do so both efficiently and effectively. This
11 enables us to keep rates lower than they would have otherwise been, “bending down
12 the cost curve” from normal cost pressures. Our scale also means we can better
13 invest in more capable platforms and apply those platforms at a lower cost across
14 our business units to improve their effectiveness. Because we are a gas utility-
15 focused enterprise, increased investment is focused on the utility, and our pipeline
16 replacement programs and other initiatives have benefitted from that. Scale means
17 we also benefit from having a large and diverse group of employees to provide a
18 high level of functional expertise in corporate and utility shared services and
19 implement better practices across each of our utilities. I say “better practices”
20 because “best practices” implies nothing better is possible and we always strive for
21 continuous improvement. The access these functions have to rich data and long
22 experiences from our five utilities helps us to constantly be looking for
23 improvement opportunities in all areas.

1 **SAFETY AND RELIABILITY**

2 Q. **MR. LINDSEY, HOW HAS SPIRE'S GROWTH IMPROVED SAFETY AND**
3 **RELIABILITY?**

4 A. Because of improved technology and our discipline to measure and monitor results,
5 we have discovered many opportunities to leverage the practices of one part of the
6 newly combined organization to help improve the others. Some of those actions
7 have directly enhanced safety and reliability through improvements in field
8 operations.

9 Q. **CAN YOU PROVIDE EXAMPLES OF IMPROVEMENTS RESULTING**
10 **FROM THOSE EFFORTS?**

11 A. Yes. The first example is leak response time. This is the time between when we
12 receive notification of a possible gas leak and when our technician first arrives on
13 site. We have steadily reduced the average leak response time at LAC over the last
14 three years.

15 Q. **HOW WAS THIS ACCOMPLISHED?**

16 A. After the acquisition of MGE, we quickly noticed it had a better average leak
17 response time than LAC. As with many of the practices in the operations area, we
18 analyzed the processes and performance of both companies to understand the
19 similarities and differences. As a result of that analysis, we modified LAC's
20 dispatching and scheduling processes. Since then, LAC has realized a steady
21 improvement in this critical area.

22 Q. **CAN YOU PROVIDE ANOTHER EXAMPLE OF SAFETY-RELATED**
23 **IMPROVEMENTS RESULTING FROM THE INTEGRATION?**

1 A. Yes. As mentioned, we closely analyzed a number of practices between our
2 operating divisions. A main area of focus has been in the area of system integrity,
3 with a strong emphasis on infrastructure upgrades. Following the acquisition,
4 Laclede accelerated MGE's replacement schedule to reduce the timeline necessary
5 to upgrade its aging infrastructure. In the three years before the acquisition, MGE
6 had replaced an average of 18.6 miles of main per year. In the first year after the
7 acquisition, it replaced more miles than the previous three years combined. We
8 have made steady progress at MGE moving from a pace that would have taken
9 nearly a century to complete the needed upgrades to less than 20 years. This was
10 done by putting in place a more strategic replacement program at MGE, similar to
11 LAC's, by working from a "master plan" approach that makes replacement projects
12 both more efficient and effective. Both LAC and MGE are now on similar
13 infrastructure upgrade schedules on both sides of the state, which will provide long
14 term benefits to our customers. These benefits include a safer and more reliable
15 distribution system, reduced maintenance needs and lower future operating costs.

16 **Q. ARE THERE OTHER AREAS OF SAFETY AND RELIABILITY WHERE**
17 **YOU HAVE SEEN BETTER PERFORMANCE FOLLOWING THE**
18 **INTEGRATION OF LACLEDE AND MGE?**

19 A. Yes. The next example is third-party damage rate. We improved our system
20 integrity, safety and reliability by reducing the frequency of third-party damages to
21 our facilities. Prior to the acquisition, MGE did not have a functional department
22 dedicated to damage prevention and struggled in this area. The performance has
23 improved dramatically over the past several years.

1 Q. **HOW WAS THIS ACCOMPLISHED?**

2 A. LAC had developed a very successful process and committed dedicated resources to
3 reducing third-party damages. Again, as we analyzed the process and practices of
4 each company, we determined that adopting the LAC process could improve
5 performance at MGE. This required the addition of damage prevention coordinator
6 positions at MGE and the adoption many of the LAC enforcement practices such as
7 excavator education, damage investigation procedures and timely invoicing.

8 Q. **HAS LACLEDE EXTENDED THIS FOCUS ON SAFETY BEYOND LAC
9 AND MGE?**

10 Yes. For example, shortly after acquiring MGE and in the wake of the JJ's
11 incident, Laclede, in collaboration with the Commission's safety staff, spearheaded
12 a statewide effort to better coordinate the work of utility personnel and first
13 responders (i.e. firefighters and law enforcement) in responding to natural gas
14 emergencies. Among other initiatives, Laclede provided start-up funds to make an
15 on-line training program and associated materials available to first responders
16 throughout Missouri, and not just in the service territories of LAC and MGE.

17 **CONTROLLING COSTS**

18 Q. **HOW HAS GROWTH THROUGH ACQUISITIONS HELPED CONTROL
19 THE COST TO SERVE CUSTOMERS?**

20 A. Strategic growth clearly benefits our customers by enabling cost control
21 opportunities that would not typically be available to a standalone natural gas
22 company. In fact, we believe our strategic growth strategy is one of the best ways
23 to slow the increase in the costs our customers would otherwise be facing. Smart,

1 strategic growth has allowed us to spread common corporate costs across a larger
2 base in multiple jurisdictions. Stated another way, but for our success with this
3 strategy, our request in this case would have been meaningfully higher. A quick
4 review of our case filing compared to the last rate cases at LAC and MGE confirms
5 substantial operating savings, particularly for A&G costs, even without taking into
6 account inflation. Laclede witness Flaherty provides a detailed analysis in his direct
7 testimony that quantifies the nature and magnitude of the significant cost savings
8 that have been achieved by the Company as a result of the successful
9 implementation of its acquisition strategy.

10 **ADVANCING CUSTOMER SERVICE**

11 **Q. HOW HAVE THESE ACQUISITIONS ADVANCED CUSTOMER**
12 **SERVICE?**

13 A. There are a number of ways that customer service has been advanced. Again, our
14 discipline and systems have helped us to monitor, identify and implement
15 successful programs aimed at improving customer service on an ongoing basis.
16 Through the sharing of ideas and “better practices” between the companies that
17 make up the Spire family, we have been able to identify and incorporate across all
18 of our customer service platforms more effective measures for providing higher
19 quality utility service to our customers.

20 **Q. CAN YOU GIVE EXAMPLES OF HOW GROWTH THROUGH**
21 **ACQUISITIONS HAS ADVANCED CUSTOMER SERVICE?**

22 A. Yes. One example of improved performance is the number of estimated bills. An
23 estimated bill is calculated using an estimated meter reading and therefore it is not

1 calculated on actual usage. There are a number of reasons a utility may have to
2 estimate a bill, but in general we strive to have that be the exception and not the
3 norm. Our customers are better served when we can render a bill on actual usage
4 instead of having to deal with potential discrepancies inherent in an estimation
5 process. Both LAC and MGE have continued to see steady progress on reducing
6 the number of estimated bills through continuous improvements and standardized
7 processes. As with the other improvements, practices at both companies were
8 analyzed and changes were made to facilitate the improvement. Another example
9 of improved customer service is the appointment attainment rate for customer
10 generated orders. By leveraging technology and process improvements, LAC has
11 been consistently able to offer more appointment windows and achieve a higher
12 appointment attainment rate, all while keeping a sharp focus on controlling costs.
13 These are only a few examples of Laclede's constant focus on finding ways to
14 better serve our customers.

15 **Q. ARE THERE OTHER EXAMPLES OF IMPROVEMENTS IN CUSTOMER**
16 **SERVICE AS A RESULT OF SPIRE'S GROWTH?**

17 A. Yes. The implementation of performance accountability in our call centers has
18 significantly lowered the Average Speed of Answer and reduced the Abandonment
19 Rate for calls, despite what I would call a normal transition period of working out
20 the kinks from upgrading MGE customers to LAC's new billing system. This
21 significant investment in improving IT platforms for MGE customers will also
22 create an opportunity for further enhancements to our Customer Care & Billing
23 System that are expected to be rolled out later this year. These enhancements will

1 give customers better 24/7 capabilities to manage their account, schedule service
2 work such as connection of service, make payment arrangements, or even get text
3 alerts – all of which enables better service to our customers.

4 **Q. HAS MGE BENEFITED FROM OTHER ASPECTS OF BEING PART OF**
5 **LACLEDE?**

6 A. Yes. We recently added MGE to Laclede’s long and successful Dollar Help
7 program, providing additional energy assistance funds to low-income customers on
8 the western side of the state.

9 **Q. HOW ELSE HAS SPIRE’S GROWTH HELPED THE CITIZENS OF**
10 **MISSOURI?**

11 A. While many Missouri companies are becoming subsidiaries or divisions of growing
12 organizations outside of the state, Spire is a growing company that calls Missouri
13 home. In addition to hard-dollar economic benefits, we believe that having a
14 company like Spire based in Missouri brings a certain civic pride to our state as we
15 compare ourselves to others. This can play an important role in economic
16 development in both attracting new businesses and retaining and growing our
17 existing businesses in Missouri.

18 **Q. DOES THE COMMISSION PLAY A ROLE IN THIS GROWTH**
19 **INITIATIVE?**

20 A. Yes, in this very competitive environment, it is our hope that regulators will not
21 adversely affect our ability to compete for growth opportunities on a level playing
22 field. A Missouri company should not be placed at a disadvantage to companies
23 from other states in pursuing an acquisition. At the same time, we recognize the

1 Commission's role in protecting Missouri customers from any undue effects of such
2 growth.

3 **TRANSITION TO SPIRE**

4 **Q. PLEASE DISCUSS THE CORPORATE NAME CHANGE FROM THE**
5 **LACLEDE GROUP TO SPIRE INC.**

6 A. All of the benefits of scale I discussed earlier aren't nearly as impactful if we
7 don't work together as one team with a common, customer-focused culture that
8 always strives for continuous improvement. In order to realize the opportunities
9 presented by growth, we integrated our new companies with our existing
10 companies in a way that enhances operational efficiency and customer service.
11 To do so, we recognized the need to establish a focus and a culture throughout our
12 organization that identifies to our employees, our customers, and our communities
13 what we represent. As a company, we adopted a mission statement in which we
14 pledge to "answer every challenge, advance every community and enrich every
15 life through the strength of our energy."

16 **Q. HOW DOES THE TRANSITION TO SPIRE FURTHER THIS MISSION?**

17 A. In St. Louis, our culture of achievement was identified by a reference to Pierre
18 Laclede, a merchant and visionary who founded the city of St. Louis on the banks
19 of the Mississippi in 1764. Now, as we spread our reach outside of Eastern
20 Missouri, first to Western Missouri, then to Central Alabama, and most recently
21 to Southern Alabama and Southeast Mississippi, we realized that we needed to
22 adopt a new corporate identity to bind our employees together and represent who
23 we are to our increasingly diverse customer base. We decided that rather than

1 make reference to a single person, we needed to identify who we are by adopting
2 a name that communicated who we *aspire* to be. The Laclede Group officially
3 transitioned to Spire in April of 2016 and we've been busy emphasizing our team
4 culture and philosophy with employees to create a greater ownership in how we
5 manage the business and serve our customer. We plan to roll out the Spire identity
6 to all our utility companies later this year.

7 **Q. WILL THIS TRANSITION TO SPIRE IN ANY WAY LESSEN THE**
8 **COMPANY'S FOCUS ON THE LOCAL COMMUNITIES IT SERVES?**

9 **A.** Quite the contrary. Spire represents our ongoing efforts to bring people and
10 energy together in ways that enrich lives and improve the communities we serve.
11 We have deep ties to our local communities because we live and work with the
12 people we serve. We are dedicated to understanding our customers' needs and
13 goals to better serve them today and tomorrow. Our transformation to Spire is a
14 logical next step that supports the successful execution of our strategy of growing
15 our company. In fact, moving to Spire will enable us to be even more involved
16 and supportive of the communities we proudly serve given the benefits of scale
17 that were discussed earlier. Finally, we are enhancing our ability to support and
18 encourage our tremendous employees to be actively involved in the communities
19 in which they work and live through ongoing and new initiatives for corporate
20 social responsibility through our "Spire Serves" program.

21 **NEED FOR, AND THE TIMING OF, RATE RELIEF**

1 **Q. LACLEDE FILED ITS LAST FEW RATE CASES IN DECEMBER. WHY**
2 **ARE YOU FILING THIS RATE CASE IN APRIL?**

3 A. There are two main reasons behind the timing of these cases: requirements of the
4 ISRS (Infrastructure System Replacement Surcharge) Statute and the 2013
5 Stipulation and Agreement in the MGE acquisition case, Case No. GM-2013-0254.
6 The ISRS Statute requires a gas utility to file a rate case within three years of
7 initiating the surcharge to begin recovering costs for replacement of critical
8 infrastructure identified by the statute for accelerated replacement for safety
9 purposes. For LAC, that three year period expires on April 12, 2017. Although the
10 expiration of MGE's three year period is not imminent, the 2013 Stipulation and
11 Agreement requires Laclede to file its next rate cases contemporaneously for LAC
12 and MGE. That said, by the time these rates go into effect, it will have been
13 roughly four years since our last general rate cases went into effect in 2013 and
14 2014.

15 **Q. WHAT LEVEL OF RATE RELIEF ARE MGE AND LAC SEEKING IN**
16 **THESE CASES?**

17 A. A large part of the rate relief simply reflects a rebasing of the ISRS charges that
18 customers are already paying. As such, the incremental amount of rate relief being
19 sought by MGE is approximately \$37.0 million, while the incremental amount
20 being sought by LAC is approximately \$28.5 million. I should note that, if
21 approved by the Commission, these incremental amounts would be the first base
22 rate increases received by LAC and MGE for costs other than its safety and public
23 improvement ISRS investments since their rate cases in 2010 – more than seven

1 years ago – and these rates will likely not go into effect until 2018. This would still
2 result in our average customer’s overall bill being lower than it was a decade ago,
3 despite having upgraded hundreds of miles of pipelines and making significant
4 investments in new IT systems for both LAC and MGE during that time.

5 **Q. HOW DOES THIS COMPARE TO PREVIOUS REQUESTS FOR RATE**
6 **RELIEF BY MGE AND LAC?**

7 A. This rate case is significantly different than those of the past that were chiefly
8 driven by operating expense increases. This requested rate increase is driven by
9 costs associated with substantial investments by the Company, above and beyond
10 those mentioned for pipeline safety, and recovery of other cash outlays for costs
11 deferred for later recovery and not included in rates these past seven years.
12 Offsetting those cost pressures is the lower operating expense I noted earlier, which
13 is driven by an A&G level that’s significantly lower than not just our rate cases in
14 2013/2014, but also those all the way back to 2010. As I discussed above, much of
15 this is a result of the growth strategy that has been successfully implemented by
16 Spire and LGC over the past several years – a strategy that has allowed us to make
17 good on our promise to the Commission to “bend down” the cost curve that
18 historically led LAC and MGE to seek significantly larger and more frequent rate
19 increases in the past.

20 **Q. WHAT ARE THE DRIVERS FOR THE INCREMENTAL, NON-ISRS**
21 **INCREASES BEING SOUGHT IN THESE CASES?**

22 A. The most significant driver is the need to begin recovery of costs related to over
23 \$200 million in rate base growth from those non-ISRS capital investments and

1 deferred cash outlays that have been made by MGE and LAC since their last rate
2 cases. These include upgraded IT systems, support of energy efficiency and low-
3 income programs for customers, and pension and other benefit obligations for our
4 employees. It also includes the impact of inflation on those base-level operating
5 costs we could not cut. Remarkably, after roughly four years, all of these cost
6 drivers are being accommodated by the relatively modest increases being sought by
7 MGE and LAC in this proceeding due, in no small measure, to the offsetting costs
8 reductions the Company has achieved as a result of its growth strategy and other
9 efficiency initiatives.

10 Q. **IN ADDITION TO RATE RELIEF DOES THE COMPANY HAVE OTHER**
11 **OBJECTIVES TO ACCOMPLISH IN THIS CASE?**

12 A. Yes. Those objectives are summarized at length in the testimony of Laclede
13 witness Lobser, and are briefly mentioned in the next section below.

14 **OVERVIEW OF COMPANY'S DIRECT TESTIMONY**

15 Q. **PLEASE PROVIDE AN OVERVIEW OF THE COMPANY'S WITNESSES**
16 **AND THE ISSUES THEY ARE ADDRESSING IN THESE PROCEEDINGS?**

17 A. Eric Lobser is Vice-President - Regulatory & Governmental Affairs for Spire Inc.
18 Mr. Lobser has served in a number of finance-related positions with LGC over the
19 past 26 years, including Managing Director of Strategic Planning and Corporate
20 Development. His testimony addresses the Company's major regulatory and
21 ratemaking proposals in these proceedings. These include, among others, proposals
22 aimed at: (a) the benefits of further integrating LAC and MGE with more consistent
23 state-wide regulatory and operational platforms, with a goal of providing customers

1 consistent regulatory treatment and predictable service regardless of which side of
2 the state they are located; (b) improving opportunities for organic growth and
3 enhancing economic development in its jurisdictions through rates designed to
4 cover their incremental costs while providing current customers the rate benefit of
5 the added scale; and (c) making enhancements to regulatory structures to: 1)
6 prevent over or under-recoveries of the residential and commercial revenues
7 authorized by the Commission due factors beyond the Company's control while
8 also reducing the reliance on a high customer charge and complex rate designs, 2)
9 reduce the disincentive for necessary and beneficial expenditures for environmental
10 compliance requirements, integrity management and cybersecurity expenses for
11 critical infrastructure, and major capital projects necessary for the business that
12 might otherwise be delayed under typical regulatory treatment, and 3) introduce
13 greater accountability and incentives for achieving safety, reliability, customer
14 service and cost management benefits for customers.

15 **Pauline Ahern**, a consultant with ScottMadden, Inc., is supporting our rate of
16 return and return on equity. Ms. Ahern is a recognized and well-respected expert
17 on these topics. She is a Certified Rate of Return Analyst, and has testified before
18 thirty-one state regulatory commissions in the United States and Canada, including
19 representing MGE, Ameren, and Missouri American Water before this
20 Commission. She provides the analytical foundation for the reasonable and
21 competitive return on equity required by Laclede to attract the capital needed to
22 continuing upgrading its critical utility infrastructure.

1 **Glenn Buck** is the Director, Regulatory and Finance, for Laclede. He has 30 years'
2 experience with Laclede and has provided regulatory and financial support in more
3 than a dozen rate cases. Mr. Buck is providing testimony on a variety of issues,
4 including capital structure, pensions, OPEBs, and the proposed revenue
5 stabilization mechanism.

6 **Keri Feldman** is Laclede's Manager of Operations Accounting. Ms. Feldman has
7 a MBA and over 10 years' experience with Laclede. She is sponsoring the
8 Companies' revenue needs and many of the accounting adjustments needed to
9 arrive at those revenues.

10 **Thomas Flaherty** is Senior Vice President in the Power and Utilities Practice of
11 Strategy&. Mr. Flaherty is one of the nation's foremost experts on regulatory
12 issues, including cost allocation, a topic which he will testify on in these cases. He
13 has testified in cases in the majority of states, including seven cases in Missouri. As
14 I previously noted, he will also quantify the shared services cost savings that have
15 been achieved as a result of the acquisition activities of Spire and Laclede.

16 **Lew Keathley** is a Senior Analyst in Laclede's Regulatory Affairs Department.
17 Mr. Keathley has extensive regulatory experience with American Water and now
18 Laclede. Mr. Keathley has testified before Commissions in several Midwestern
19 states. He will testify on the respective rate bases that should be used to establish
20 rates for LAC and MGE.

21 **Tim Krick** is the Managing Director and Controller for Spire, and is also Laclede's
22 Controller. He has a host of valuable experience in cost accounting with other
23 companies and he has brought that experience to Laclede. He will testify on cost

1 allocations and the level of uncollectible expense that should be recognized in these
2 cases.

3 **Chuck Kuper** is the Director of Tax and External Financial Reporting for Spire. He
4 will testify on tax issues for LAC and MGE. Mr. Kuper has 30 years of experience
5 in tax accounting, both at public accounting firms and in-house positions.

6 **Tim Lyons** is a Partner at the consulting firm of ScottMadden, Inc. Mr. Lyons will
7 be testifying on the Companies' class cost of service and cash working capital. He
8 has over 30 years' experience in the energy industry, both with utilities and
9 consultants, and has testified in numerous regulatory proceedings.

10 **Mike Noack** is Director of Pricing and Regulatory Affairs for Laclede. He served
11 in a similar role for MGE for 13 years before MGE was acquired by Laclede. Prior
12 to that, Mr. Noack had extensive experience in accounting and started his own
13 energy consulting business. He is a CPA, and he will testify regarding the expenses
14 that should be included in the revenue requirements for LAC and MGE.

15 **Scott Weitzel** is Laclede's Manager of Tariffs and Rate Administration. He started
16 his career with CenterPoint Energy, and worked for Ameren for nine years before
17 joining Laclede in 2016. He will testify on tariff issues, including integration of
18 Laclede and MGE tariffs.

19 For the Commission's convenience, presented below is a table that provides a short
20 summary of Laclede witnesses and the testimony they will be sponsoring.

<u>Witness</u>	<u>Topic</u>
Pauline M. Ahern	Return on Equity; Rate of Return
Glenn W. Buck	Cost of Capital Capital Structure

1		Mechanics of Implementing Policies
2		Miscellaneous
3		
4	Keri E. Feldman	Revenues and Accounting Adjustments
5		
6	Thomas J. Flaherty	Cost Allocations
7		
8	Lewis E. Keathley	Rate Base
9		
10	Timothy W. Krick	Uncollectible Expense
11		Internal Cost Allocation Mechanics
12		
13	Chuck J. Kuper	Income Tax
14		
15	C. Eric Lobser	Policy
16		
17	Timothy S. Lyons	Cash Working Capital
18		Class Cost of Service
19		
20	Michael R. Noack	Expenses; Revenue Requirement
21		
22	Scott A. Weitzel	Tariff Changes
23		Customer Class Changes
24		
25		
26	Q.	DOES THIS CONCLUDE YOUR TESTIMONY?
27	A.	Yes.

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) File No. GR-2017-0215
Service)

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

AFFIDAVIT


STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

Steven L. Lindsey, of lawful age, being first duly sworn, deposes and states:

1. My name is Steven L. Lindsey. I am Executive Vice President and Chief Operating Officer for Distribution Operations for Spire, Inc. and President of Laclede Gas Company. My business address is 700 Market St., St Louis, Missouri, 63101.

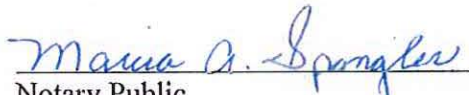
2. Attached hereto and made a part hereof for all purposes is my direct testimony on behalf of Laclede Gas Company and MGE.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.



Steven L. Lindsey

Subscribed and sworn to before me this 3rd day of April 2017.



Notary Public

