

EXHIBIT

Schedule RES-D-1

Schedule RES-D-1

Q. Please describe your educational background, professional credentials, and work experience.

A. I am have worked in Missouri utility regulation both at the state and federal for forty-two years. I worked in Kansas utility regulation for eight months. My educational background, professional credentials, and work experience are contained in Schedule RES-D-1. a 1976 graduate of the University of Missouri at Kansas City with a Bachelor of Science degree and major emphasis in Accounting. In November 1976, I successfully completed the Uniform Certified Public Accountant ("CPA") examination and subsequently received the CPA certificate. In 1989, I received my CPA license in Missouri. I began my employment with the Missouri Public Service Commission (MoPSC) as a Public Utility Accountant in November 1976. I remained on the Staff of the MoPSC until May 1978, when I accepted the position of Senior Regulatory Auditor with the Kansas State Corporation Commission (KCC). In October 1978, I returned to the Staff of the MoPSC. I held auditor and management positions with the Staff of the MoPSC for the period of October 2018 through May 15, 2018, when I accepted my current position with OPC.

Q. What specific work experiences assisted you most in the preparation of this testimony?

A. My auditing experience with the MoPSC as an Audit Supervisor/Regulatory Auditor V and my management experience with the MoPSC's auditing, financial analysis, and management services. Throughout my career I have interacted with legal groups representing the full range of parties in the utility industry. During my career as an auditor,

I was involved in a direct role in processing the cases listed in my Schedule RES-D-1. In October 1997, I was named Division Director of the Utility Services Division of the MoPSC placing me in a management role with the auditing, financial, and management analysis groups. In November 2011, my group became the Auditing, Accounting and Financial Analysis Department. During my term in senior management, I was involved in the strategic aspects of cases listed in Schedule RES-D-2 during this period as well as performing management activities for the MoPSC. My work activities as a Regulatory Auditor V is the primary background that I rely upon to create this testimony as well as my involvement in the preceding Kansas City Power and Light Greater Missouri Operations (GMO) rate case.

Q. Please describe your responsibilities and experience while employed at the MoPSC as a Regulatory Auditor V?

A. As a Regulatory Auditor V for the MoPSC, I had several areas of responsibility. I was required to have and maintain a high degree of technical and substantive knowledge in utility regulation and regulatory auditing. Among my various responsibilities as a Regulatory Auditor V were:

1. To conduct the timely and efficient examination of the accounts, books, records and reports of jurisdictional utilities;
2. To aid in the planning of audits and investigations, including staffing decisions, and in the development of Staff positions in cases to which the Accounting Department of the MoPSC was assigned, in cooperation with Staff management as well as other Staff;
3. To serve as lead auditor, as assigned on a case-by-case basis, and to report to the Assistant Manager-Accounting at the conclusion of the case on

the performance of less experienced auditors assigned to the case, for use in completion of annual written performance evaluations;

4. To assist in the technical training of other auditors in the Accounting Department;

5. To prepare and present testimony in proceedings before the MoPSC, the Federal Communications Commission ("FCC") and the Federal Energy Regulatory Commission ("FERC"), and aid MoPSC Staff attorneys and the MoPSC's Washington, D.C. counsel in the preparation of pleadings and for hearings and arguments, as requested; and

6. To review and aid in the development of audit findings and prepared testimony to be filed by other auditors in the Accounting Department.

The Regulatory Auditor V position was utilized to present and defend positions both in filed testimony and orally at hearing. I have on many occasions presented testimony before the MoPSC on issues ranging from the development of a lead-lag study to determine the cash working capital component for rate base to the appropriate method of calculating the interest deduction related to the determination of the amount of income taxes to be used for ratemaking purposes. I have worked in the area of telephone, electric and gas utilities. I have taken depositions on behalf of the MoPSC in FERC dockets. Attached as Schedule RES-R-2, is a listing of cases and issues on which I have worked at the MoPSC. At times, my responsibilities were expanded to assist in federal cases involving the MoPSC as assigned. These assignments consisted of my serving as the primary person assigned to certain FERC cases working with DC or Staff counsel. My assignments encompassed special and unique work responsibilities. Examples of these special assignments include Staff's investigation of organized crime involvement in two Missouri telephone companies, Cass County Telephone and New Florence Telephone companies. I was

assigned to help prepare a MoPSC's commissioner's presentation to Judge Greene in the oversight of the American Telephone and Telegraph (AT&T) divestiture consent decree. I was involved in the development of the utilization of totally budgeted rate cases to address post-divestiture rates for Southwestern Bell Telephone. I was involved in the evolution of Staff filed complaint cases for previous federal income rate reductions in the mid to late 80's as well as the introduction of data requests into rate case audits and review of external auditor work papers.

Q. Have you previously submitted testimony in proceedings before the FERC?

A. Yes. I submitted testimony in Docket Nos. RP94-365-000, RP95-136-000, RP96-173-000, et al. These dockets were cases involving Williams Natural Gas Company ("WNG"). WNG provided gas transportation and storage services for local distribution companies serving the western portion of Missouri. WNG provides service to Missouri Gas Energy which served the Kansas City area. My testimony in Docket No. RP94-365-000 involved a prudence challenge of the costs that WNG sought to recover in that case. I also filed testimony regarding certain cost of service issues in Docket No. RP95-136-000, WNG's rate case before the FERC. These issues included affiliated transactions between WNG and its parent. I also conducted depositions on this Commission's behalf regarding affiliated transactions between WNG and its parent company consistent with provisions in FERC rules. I filed testimony in Docket No. RP96-173-000, et al., on the issue of whether the costs in question met FERC's eligibility criteria for recovery under FERC Order No. 636.

I submitted testimony in Docket No. RP96-199-000. That case was a Mississippi River Transmission Corporation ("MRT") rate case. MRT provided gas transportation and

storage services for local gas distribution companies serving the eastern portion of Missouri. MRT provided service to Laclede Gas Company ("Laclede") which serves the St. Louis area. My testimony in Docket No. RP96-199-000 involved cost of service issues. These issues included affiliated transactions between MRT and its parent company.

Q. Have you had other experiences with federal regulatory entities as a representative if the MoPSC?

A. Yes. I participated in joint audits with FERC regarding compliance with the Uniform System of Accounts (USOA) involving FERC audits of Missouri utilities. I also participated in joint audits with the Federal Communication Commission regarding compliance with affiliate transactions and property records requirements. I also participated in joint state regulatory body, utility, and the FCC (3-way) meetings to establish depreciation rates for the utility in question.

Q. What expertise do you have relative to Missouri's affiliate transactions rules as applied to electric and gas utilities, 4 CSR 240-20.015 and 4 CSR 240-40.015 (Rules)?

Commented [HC1]: How are the affiliate transaction rules relevant to this case?

A. I helped draft the affiliate transactions rules which were to be applied to the Missouri electric and natural gas corporate utilities. Steam utilities were impacted by some statutory or rule connection to the electric utilities. At the time the federal rules for their Uniform System of Accounts (USOA) (PART 32) addressed how the accounting for transactions with affiliates and nonregulated activities for the telecommunications industry. The telephone utilities operation contained a significant portion of both state and federal jurisdictional activities.

The Missouri affiliate rules were developed based on Commission initiative and commitment. The Commission wanted greater administrative efficiency for its rate cases

as affiliate transactions were playing a greater role in Southwestern Bell Telephone Company ("SWBT") rate cases. The number of affiliate transaction issues were increasing in SWBT rate cases and lack of documentation of key information (e.g., time reporting of executive and non-executive personnel, determination and charging of costs, determination of and charging at market value, etc.) made the affiliate issues increasingly more difficult to address and resolve. The Commission's affiliate transactions rules were influenced by the affiliate transactions rules developed and applied by the Federal Communications Commission (FCC). Joint Audits staffed with the employees of FCC and impacted state agencies were conducted as a component of the enforcement of the FCC rules and regulations. FERC would also conducted compliance audits inviting impacted state staff. I participated in several of these joint audits of SWBT and General Telephone as well as A FERC audit at Saint Joseph Power and Light Company.

As competition increased in the telephone industry, utility competitors raised concerns that the telephone utilities were subsidizing their competitive services with cost assignment to services needed by competitors needed from the utilities to provide their competing services. I was familiar with the SWBT implementation of its affiliate transactions protections as well as those of General Telephone Company.

Q. Was it thought that affiliate transactions rules were needed only for the telephone/telecommunications industry?

A. No. Among other things, at the time of the divestiture of the Bell System there was increased deregulation of the state telephone/telecommunications industry in Missouri, electric and gas utilities were increasing their involvement with holding companies, non-regulated activities and affiliates causing increased attention being devoted to affiliate

transactions in rate cases. Affiliate transactions rules that were needed for the telephone/telecommunications industry were used as the starting point basis for development of affiliate transaction rules for the state regulated electric, gas and steam heat industries.