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Missouri Public
Service Commission

EXHIBIT

Exhibit No.:
Issue(s):

"Budget" Infrastructure Costs/
Telemetric Equipment/
Regulator Stations

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

Moore/Direct
Public Counsel
GO-2015-0343

DIRECT TESTIMONY

OF

JACQUELINE MOORE

Submitted on Behalf of the Office of the Public Counsel

**LACLEDE GAS COMPANY
MISSOURI GAS ENERGY**

CASE NO. GO-2015-0343

October 2, 2015

OPC Exhibit No. 201
Date 10/15/15 Reporter Angie
File No. GO-2015-03415
GO-2015-0343

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JACQUELINE MOORE

LACLEDE GAS COMPANY

CASE NOS. GO-2015-0341 and GO-2015-0343

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**DIRECT TESTIMONY
OF
JACQUELINE MOORE**

**LACLEDE GAS COMPANY
CASE NO. GO-2015-0341**

8
9

I. INTRODUCTION

10 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

11 A. Jacqueline Moore, P.O. Box 2230, Jefferson City, Missouri 65102-2230.

12
13 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

14 A. I am employed by the Missouri Office of the Public Counsel ("OPC" or "Public
15 Counsel") as a Public Utility Accountant I.

16
17 Q. WHAT IS THE NATURE OF YOUR CURRENT DUTIES AT THE OPC?

18 A. My duties include performing audits and examinations of the books and records of
19 public utilities operating within the state of Missouri.

20
21 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER
22 QUALIFICATIONS.

1 A. I graduated in May 2015, from William Woods University, in Fulton, Missouri, with a
2 Bachelor of Science Degree in Accounting.

3
4 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE MISSOURI
5 PUBLIC SERVICE COMMISSION (“COMMISSION”)?

6 A. No.

7
8 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

9 A. The purpose of my direct testimony is to provide the Commission with facts relevant to
10 Laclede Gas Company’s (“Laclede” or “Company”) and Missouri Gas Energy’s
11 (“MGE”) petitions to change their respective Infrastructure System Replacement
12 Surcharges (“ISRS”).

13
14 **II. “BUDGET” INFRASTRUCTURE COSTS**

15 Q. HAVE LACLEDE AND MGE INCLUDED “BUDGET” COSTS IN THEIR INITIAL
16 APPLICATIONS FILED ON AUGUST 3, 2015?

17 A. Yes. “Budget” costs were included for July 2015 and August 2015. A “budget” cost is
18 described by Laclede and MGE as a pro-forma cost that is later followed by
19 reconciliation.

20

1 Q. WHAT ARE THE AMOUNTS OF "BUDGET" COSTS LACLEDE AND MGE
2 INCLUDED FOR JULY 2015?

3 A. As shown in Laclede's initial application filing, Laclede included "budget" costs totaling
4 \$8,113,000 for July 2015.

5 As shown in MGE's initial application filing, MGE included "budget" costs of
6 \$1,912,710.66 for July 2015.

7
8 Q. WHAT ARE THE AMOUNTS OF "BUDGET" COSTS LACLEDE AND MGE
9 INCLUDED FOR AUGUST 2015?

10 A. As shown in Laclede's initial application filing, Laclede included "budget" costs totaling
11 \$8,611,000 for August 2015.

12 As shown in MGE's initial application filing, MGE included "budget" costs of
13 \$5,211,188.47 for August 2015.

14
15 Q. WHAT ARE THE TOTAL AMOUNTS LACLEDE AND MGE CLAIM ARE ISRS-
16 ELIGIBLE IN THEIR INITIAL APPLICATION FILINGS?

17 A. Laclede calculates ISRS plant to total \$42,501,163.70.

18 MGE calculates ISRS plant to total \$15,099,280.74.

19

1 Q. WHAT ARE THE TOTAL CLAIMED ISRS COSTS ACTUALLY INCURRED FOR
2 JULY AND AUGUST 2015, AS SHOWN IN LACLEDE AND MGE'S
3 SUPPLEMENTAL WORKPAPERS PROVIDED TO PUBLIC COUNSEL AFTER
4 THE INITIAL APPLICATION FILING?

5 A. As shown in Schedule JSM-1, Laclede calculates ISRS actually incurred for July 2015 to
6 total \$2,132,095.23 and \$15,855,346.44 for August 2015. Together, July 2015 and
7 August 2015 total \$17,987,441.67.

8 As shown in Schedule JSM-1, MGE calculates ISRS actually incurred for July 2015 to
9 total \$5,729,647.79 and \$3,897,099.37 for August 2015. Together, July 2015 and
10 August 2015 total \$9,626,747.16.

11
12 Q. ARE THE ACTUAL INFRASTRUCTURE COSTS INCURRED HIGHER THAN THE
13 "BUDGET" AMOUNTS LACLEDE AND MGE INCLUDED IN THEIR INITIAL
14 APPLICATIONS?

15 A. Yes. The actual infrastructure costs Laclede incurred, for July 2015 and August 2015, is
16 \$1,263,441.67 higher than the "budget" amount of \$16,724,000 Laclede included in its
17 initial filing.

18 The actual infrastructure costs MGE incurred, for July 2015 and August 2015, is
19 \$2,502,848.03 higher than the "budget" amount of \$7,123,899.13 MGE included in its
20 initial filing.

1 Q. WHAT ARE THE TOTAL PLANT ADDITIONS LACLEDE AND MGE REQUEST
2 TO INCLUDE IN THEIR ISRS, CALCULATED AFTER ACTUAL COSTS
3 INCURRED HAVE BEEN INCLUDED RATHER THAN "BUDGET" COSTS?

4 A. As shown in Schedule JSM-1, Laclede requests to include plant additions in its ISRS
5 totaling \$43,764,732.50.

6 As shown in Schedule JSM-1, MGE requests to include plant additions in its ISRS
7 totaling \$17,602,129.32.

8
9 **III. TELEMETRIC EQUIPMENT**

10 Q. PLEASE DESCRIBE THE COSTS OF THE TELEMETRIC EQUIPMENT
11 REPLACEMENTS DISPUTED BY PUBLIC COUNSEL.

12 A. As shown in Schedule JSM-2, there are several items related to telemetric equipment
13 replacement which Laclede seeks to recover through the ISRS. The net of these items is
14 \$401,258.82. The majority of these costs were incurred through work orders #60418 and
15 #60419, which are also included in Schedule JSM-2.

16
17 Q. HAS LACLEDE PROVIDED AN EXPLANATION AS TO WHY IT REPLACED THE
18 TELEMETRIC EQUIPMENT?

19 A. Laclede's witness, Mr. Patrick Seamands, stated in his direct testimony in this case that
20 Laclede decided to replace the telemetric equipment because the "old telemetric

1 equipment was obsolete” because the “manufacturer was providing neither replacement
2 parts nor service support.”
3

4 **IV. REGULATOR STATIONS**

5 Q. PLEASE DESCRIBE THE COSTS OF THE TWO REGULATOR STATION
6 REPLACEMENTS DISPUTED BY PUBLIC COUNSEL.

7 A. As shown in Appendix A, Schedule 1, attached to Laclede’s filed application, page 26,
8 listed under Regulator Stations – Additions, there are two work orders related to
9 regulator station replacements in which Public Counsel disputes the costs. The first is
10 work order #003304, described as “replace Osceola & Virginia Reg Sta,” with a cost of
11 \$500,701.10. The second is work order #003305, described as “Repl Euclid & Hooke
12 Reg Station,” with a cost of \$654,657.07.
13

14 Q. HAS PUBLIC COUNSEL BEEN PROVIDED WITH COPIES OF THE WORK
15 ORDERS DESCRIBED ABOVE?

16 A. Yes. Public Counsel requested copies of the work orders in Public Counsel data request
17 #1300. Please see attached Schedule JSM-3.
18

19 Q. DO THE WORK ORDERS STATE WHY LACLEDE REPLACED THE
20 REGULATOR STATIONS?

1 A. Work Order 003304 describes and justifies the replacement as follows:

2 "WO Description: Install a new SF to IP telemetric below grade
3 regulator station to replace existing station #519 near the
4 intersection of Osceola & Virginia. The new station is designed
5 to feed the new IP Distribution system for the City of St. Louis."
6

7 "Reason for Work (Justification): The new SF-IP telemetric
8 regulator station is necessary to support the new IP distribution
9 system for the City of St. Louis."
10

11 Work Order 003305 describes and justifies the replacement as follows:

12 "WO Description: Install an above grade SF to IP & SIP
13 telemetric regulator station near Euclid & Hooke. The station is
14 needed to support the new City IP distribution system and will
15 replace an existing SIP regulator station that is currently not
16 telemetric."
17

18 "Reason for Work (Justification): The above grade SF to IP &
19 SIP is necessary to support the new distribution system. It is part
20 of the new City IP distribution system being installed."
21

22 Both Work Orders 003304 and 003305 provide the "Reason Code" for
23 the replacements as "Strategic."
24

25 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

26 A. Yes, it does.

Laclede

	<u>Amount</u>
Total ISRS eligible additions	\$ 42,501,163.70
Total ISRS eligible additions	\$ 36,520,258.93
Total ISRS eligible additions	\$ 43,764,732.50
Budget Amounts	
July 2015	\$ 8,113,000.00
August 2015	\$ 8,611,000.00
Actual Additions	
July 2015	\$ 2,132,095.23
August 2015	\$ 15,855,346.44
Difference between Budget	\$ 1,263,441.67

MGE

	<u>Amount</u>
Total ISRS eligible additions MGE	\$ 15,099,280.74
Total ISRS eligible additions MGE	\$ 18,916,217.87
Total ISRS eligible additions MGE	\$ 17,602,129.32
Budget Amounts	
July 2015	\$ 1,912,710.66
August 2015	\$ 5,211,188.47
Actual Additions	
July 2015	\$ 5,729,647.79
August 2015	\$ 3,897,099.37
Difference between Budget and	\$ 2,502,848.03

<u>WORK ORDER</u>	<u>DESCRIPTION</u>	<u>IN SERVICE DATE</u>	<u>ADDITION AMOUNT</u>	<u>DEPR. EXPENSE</u>
001172	Refresh TM Regulator Stations	201503	(20,276.91)	(752.28)
001172	Refresh TM Regulator Stations	201504	137.01	5.08
001172	Refresh TM Regulator Stations	201505	12.57	0.47
001172	Refresh TM Regulator Stations	201506	33.16	1.23
001172	Refresh TM Regulator Stations	201507	42.75	1.59
001172	Refresh TM Regulator Stations	201508	(34.88)	(1.29)
003306	RTU Upgrade Phase 4	201503	17,544.26	650.90
003306	RTU Upgrade Phase 4	201504	(172.18)	(6.39)
003306	RTU Upgrade Phase 4	201505	(12.27)	(0.46)
003306	RTU Upgrade Phase 4	201506	(25.94)	(0.96)
003306	RTU Upgrade Phase 4	201507	(3,778.32)	(140.18)
003306	RTU Upgrade Phase 4	201508	25.83	0.96
003402	Upgrade ER System Equipment	201503	48,879.41	1,813.45
003402	Upgrade ER System Equipment	201504	(257.51)	(9.55)
003402	Upgrade ER System Equipment	201505	(19.13)	(0.71)
003402	Upgrade ER System Equipment	201506	(102.70)	(3.81)
003402	Upgrade ER System Equipment	201507	(55.05)	(2.04)
003402	Upgrade ER System Equipment	201508	(33.38)	(1.24)
005357	Refresh Existing TM Stations	201503	20,183.38	748.81
005357	Refresh Existing TM Stations	201504	(14.90)	(0.55)
005357	Refresh Existing TM Stations	201505	(8.15)	(0.30)
005357	Refresh Existing TM Stations	201506	(4.15)	(0.15)
005357	Refresh Existing TM Stations	201507	(26.43)	(0.98)
005357	Refresh Existing TM Stations	201508	21.42	0.79
604180	60418 UPGRADE INSTRUMENTATION	201310	205,916.37	7,639.58
604190	60419 REPL BRISTOL NETWRK RTU'S	201309	133,284.56	4,944.91

F-117 WORK ORDER AUTHORIZATION - CAPITAL
 REV 08/10 LACLEDE GAS COMPANY
 DESIGNER WORK REQUEST ID _____ CONSTRUCTION W.O. NO. 60418
 SERVICE HUB PROJECT ID _____ RETIREMENT W.O. NO. 55729
 _____ Laclede DIVISION SERVICE TRANSFER W.O. NO. _____
 PROJECT Upgrade instrumentation for TM Station ITS/FAC. MGMT. REVIEW _____
 TRACKING NO. _____ ADDITION PLANT ACCOUNT 378
 DATE 12/08/11 RETIREMENT PLANT ACCOUNT 378.00 DATE APPROVED 12-20-11

DESCRIPTION AND NECESSITY

Upgrade telemetric equipment at TM station to replace defective equipment and older technology

Many of the existing telemetric stations that are in the SCADA system require continuous monitoring of the equipment and must stay current with System Control's systems. For System Control to properly manage and operate the distribution system, electronic monitoring and control are a must. Older equipment is required to be updated to keep up with the current changes in the industry and to be able to work properly with Laclede's SCADA network.

DEPARTMENT CODE 525

RELATED WORK ORDER (TRACKING) NUMBERS	ESTIMATED O&M/DAYS
	ADDITION: RETIREMENT:

SUMMARY OF ESTIMATED CAPITAL EXPENDITURES IN DOLLARS (Good for 30 days)									
1	2	3	4	5	6	7	8	9	NEW
CONTRACT LABOR	MANAGEMENT LABOR	MECHANICAL EQUIPMENT	MATERIAL STORES	MATERIAL PURCHASED	CONTRACTED WORK	DEPARTMENT CLEARINGS	TAXES	OVERHEAD & INTEREST	CAPITAL TOTAL
19,916	10,068	2,028	7,130	34,365	15,000	32,707	3,304	66,573	191,977

RETIREMENT SUMMARY									
1	2	3	4	5	6	7	8	9	REMOVAL
CONTRACT LABOR	MANAGEMENT LABOR	MECHANICAL EQUIPMENT	MATERIAL STORES	MATERIAL PURCHASED	CONTRACTED WORK	DEPARTMENT CLEARINGS	TAXES	OVERHEAD	COST TOTAL
									0

ITEM	CL.	UNT	LOCATION	PROPERTY VALUE	REMOVAL COST	SALVAGE VALUE
TOTALS				\$0	\$0	\$0

RIGHTS OF WAY REQUIRED: GRID _____ NET CHARGE TO DEPRECIATION RESERVE: \$0

MUNICIPALITY: Various Various PERMITS EASEMENTS OTHER

OVER 30 DAYS YES <input checked="" type="checkbox"/>	OVERHEAD % 57	BUDGET PROJECT NO. 36SI	TAX CODE	ASSET MANAGEMENT APPROVED <u>[Signature]</u> 12/19/11	UNCOMMITTED BUDGET PROJECT BALANCE 191,900
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MANAGEMENT AUTHORIZATION & APPROVAL (See Appendix A to Procedure 35-02)

Authorized: [Signature] Date: 12-14-2011 Approved: [Signature] Date: 12-16-11

12/15/11

F-117 WORK ORDER AUTHORIZATION - CAPITAL
 REV 08/10 LACLEDE GAS COMPANY

DESIGNER WORK REQUEST ID _____ CONSTRUCTION W.O. NO. 60419
 SERVICE HUB PROJECT ID _____ RETIREMENT W.O. NO. 55730
 _____ DIVISION SERVICE TRANSFER W.O. NO. _____
 PROJECT Phase II of V to Replace Bristol Network 3000 RTU's ITS/FAC. MGMT. REVIEW _____
 TRACKING NO. _____ ADDITION PLANT ACCOUNT 378 & 379.10
 DATE 12/09/11 RETIREMENT PLANT ACCOUNT 378.10 & 379.10 DATE APPROVED 12-20-11

DESCRIPTION AND NECESSITY

Replace six Series 3300 Bristol RTU's that are part of a five year plan to upgrade the telemetric equipment. The existing RTU's are obsolete and parts are no longer available.

The existing 3300 series RTU's are no longer available from the manufacturer. Parts and service are no longer being supported by the manufacturer and service support is being redirected to the product lines. The RTU's are vital to the SCADA network and are essential for Laclede's operation of the distribution system.

DEPARTMENT CODE 525

RELATED WORK ORDER (TRACKING) NUMBERS _____ ESTIMATED C&M MANDAYS
 ADDITION: _____ RETIREMENT: _____

SUMMARY OF ESTIMATED CAPITAL EXPENDITURES IN DOLLARS (Good for 30 days)

1	2	3	4	5	6	7	8	9	NEW CAPITAL TOTAL
CONTRACT LABOR	MANAGEMENT LABOR	MECHANICAL EQUIPMENT	MATERIAL STORES	MATERIAL PURCHASED	CONTRACTED WORK	DEPARTMENT CLEARINGS	TAXES	OVERHEAD & INTEREST	
12,386	15,309	1,290	6,700	34,199	0	27,337	2,902	42,475	141,598

RETIREMENT SUMMARY

1	2	3	4	5	6	7	8	9	REMOVAL COST TOTAL
CONTRACT LABOR	MANAGEMENT LABOR	MECHANICAL EQUIPMENT	MATERIAL STORES	MATERIAL PURCHASED	CONTRACTED WORK	DEPARTMENT CLEARINGS	TAXES	OVERHEAD	
									0

ITEM	CL.	UNIT	LOCATION	PROPERTY VALUE	REMOVAL COST	SALVAGE VALUE
Retirement will be based on the greatest need from the field locations. Those locations are still being evaluated.						
TOTALS				\$0	\$0	\$0

RIGHTS OF WAY REQUIRED _____ GRID _____ NET CHARGE TO DEPRECIATION RESERVE: \$0

MUNICIPALITY: Various Various PERMITS EASEMENTS OTHER

OVER 30 DAYS YES NO OVERHEAD % 46 BUDGET PROJECT NO. 52TO TAX CODE _____ ASSET MANAGEMENT APPROVED [Signature] UNCOMMITTED BUDGET PROJECT BALANCE 141,600

MANAGEMENT AUTHORIZATION & APPROVAL (See Appendix A to Procedure 35-02)

Authorized: [Signature] Date: 12-14-2011 Approved: [Signature] Date: 12-16-11

John 12/15/11

Work Order Authorization Information

Header Detail

<p>Work Order: 003304</p> <p>Work Order Title: Replace Osceola & Virginia Reg Sta</p> <p>Wo Type Description: WO-Regulator Station Upgrade LGC</p> <p>Work Order Group:</p> <p>Current Revision: 1</p> <p>Funding Project: 3602L</p> <p>Funding Project Desc: Replacement Regulator Station</p> <p>Eligible for AFUDC: yes Eligible for CPI: yes</p> <p>Reason Code: Strategic</p> <p>WO Description: Install a new SF to IP telemetric below grade regulator station to replace existing station #519 near the intersection of Osceola & Virginia. The new station is designed to feed the new IP Distribution system for the City of St. Louis.</p> <p>Major Location: Reg. Stations - St. Louis City</p> <p>Asset Location: Osceola & Virginia</p>	<p>Company: Laclede Gas Company</p> <p>Business Segment: Distribution LDC 1</p> <p>Functional Class: Distribution Plant</p> <p>Department Code: 10525</p> <p>Department Description: Instrumentation & Control</p> <p>Budget Description: Replacement Regulator Station</p> <p>Est. Annual Revenue: \$0</p> <p>Reimbursement Type: None</p> <p>Retirement Type:</p> <p style="text-align: center;">Status: in service</p>
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Estimated Start Date: Oct 01, 2013 **Estimated Completion Date:** Sep 30, 2014 **Estimated In-Service Date:** Sep 30, 2014

Notes: Existing station #519 will be retired under separate work order.

Reason for Work (Justification)

The new SF-IP telemetric regulator station is necessary to support the new IP distribution system for the City of St. Louis

Approvals

Level	Approver	Approval Limit	Date Approved
Operational Accounting	Muehlenkamp, Anne	\$0	1/26/2014
Manager, I&C	Noelker, Bob	\$10,000	1/27/2014
Chief Operating Officer	Lindsey, Steve	\$500,000	2/5/2014
President & CEO	Sitherwood, Suzanne	\$999,999,999,999	2/5/2014

***** Unit Estimate *****

Utility Account	Additions	Removal Cost	Total Expenditures	Retirement Value	Salvage
378000-Meas & Reg Station Equipment	\$673,104.00	\$0.00	\$673,104.00	\$0.00	\$0.00
Total Estimated Costs:	\$673,104.00	\$0.00	\$673,104.00	\$0.00	\$0.00

Work Order Authorization Information

Header Detail

<p>Work Order: 003305</p> <p>Work Order Title: Repl Euclid & Hooke Reg Station</p> <p>Wo Type Description: WO-Regulator Station Upgrade LGC</p> <p>Work Order Group:</p> <p>Current Revision: 1</p> <p>Funding Project: 3602L</p> <p>Funding Project Desc: Replacement Regulator Station</p> <p>Eligible for AFUDC yes Eligible for CPI: yes</p> <p>Reason Code: Strategic</p> <p>WO Description: Install an above grade SF to IP & SIP telemetric regulator station near Euclid & Hooke. The station is needed to support the new City IP distribution system and will replace an existing SIP regulator station that is currently not telemetric.</p> <p>Major Location: Reg. Stations - St. Louis City</p> <p>Asset Location: Euclid & Hooke</p>	<p>Company: Laclede Gas Company</p> <p>Business Segment: Distribution LDC 1</p> <p>Functional Class: Distribution Plant</p> <p>Department Code: 10525</p> <p>Department Description: Instrumentation & Control</p> <p>Budget Description: Replacement Regulator Station</p> <p>Est. Annual Revenue: \$0</p> <p>Reimbursement Type: None</p> <p>Retirement Type:</p> <p>Status: in service</p>
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Estimated Start Date: Oct 01, 2013 Estimated Completion Date: Sep 30, 2014 Estimated In-Service Date: Sep 30, 2014

Notes: See attachment for list of retirements.
50% complete as of 9-17-14 per Kurt Bieber

Reason for Work (Justification)

The above grade SF to IP & SIP is necessary to support the new distribution system. It is part of the new City IP distribution system being installed

Approvals

Level	Approver	Approval Limit	Date Approved
Operational Accounting	Muehlenkamp, Anne	\$0	1/26/2014
Manager, I&C	Noelker, Bob	\$10,000	1/27/2014
Chief Operating Officer	Lindsey, Steve	\$500,000	2/5/2014
President & CEO	Sitherwood, Suzanne	\$999,999,999,999	2/5/2014

***** Unit Estimate *****

Utility Account	Additions	Removal Cost	Total Expenditures	Retirement Value	Salvage
375100-Struct & Impv - Meas & Reg S	\$0.00	\$0.00	\$0.00	\$1,518.24	\$0.00
378000-Meas & Reg Station Equipment	\$571,857.00	\$24,704.00	\$596,561.00	\$12,714.71	\$4,982.00
Total Estimated Costs:	\$571,857.00	\$24,704.00	\$596,561.00	\$14,232.95	\$4,982.00