

Exhibit No.: _____
Issue(s): Manufactured Gas Plant Remediation /
 Uncollectible Expense /
 Emergency Cold Weather Rule
 Accounting Authority Order /
 Safety-Related Accounting
 Authority Orders/
Witness: Ted Robertson
Type of Exhibit: Direct
Sponsoring Party: Public Counsel
Case Number: GR-2007-0208
Date Testimony Prepared: May 4, 2007

DIRECT TESTIMONY

OF

TED ROBERTSON

Submitted on Behalf of
the Office of the Public Counsel

LACLEDE GAS COMPANY

Case No. GR-2007-0208

May 4, 2007

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

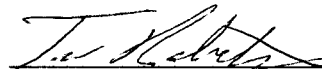
In the Matter of Laclede Gas Company's)
Tariff to Revise Natural Gas Rate)
Schedules.) Case No. GR-2007-0208

AFFIDAVIT OF TED ROBERTSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

Ted Robertson, of lawful age and being first duly sworn, deposes and states:

1. My name is Ted Robertson. I am a Public Utility Accountant for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.




Ted Robertson, C.P.A.
Public Utility Accountant III

Subscribed and sworn to me this 4th day of May 2007.



JERENE A. BUCKMAN
My Commission Expires
August 10, 2009
Cole County
Commission #05754036


Jerene A. Buckman
Notary Public

My commission expires August 10, 2009.

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**DIRECT TESTIMONY
OF
TED ROBERTSON**

**LACLEDE GAS COMPANY
CASE NO. GR-2007-0208**

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Ted Robertson, PO Box 2230, Jefferson City, Missouri 65102-2230.

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

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

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

A. Under the direction of the OPC Chief Public Utility Accountant, Mr. Russell W. Trippensee, I am responsible for performing audits and examinations of the books and records of public utilities operating within the state of Missouri.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND OTHER QUALIFICATIONS.

A. I graduated in May, 1988, from Missouri State University in Springfield, Missouri, with a Bachelor of Science Degree in Accounting. In November of 1988, I passed the Uniform Certified Public Accountant Examination, and I obtained Certified Public Accountant

1 ("CPA") certification from the state of Missouri in 1989. My CPA license number is
2 2004012798.

3
4 Q. HAVE YOU RECEIVED SPECIALIZED TRAINING RELATED TO PUBLIC
5 UTILITY ACCOUNTING?

6 A. Yes. In addition to being employed by the Missouri Office of the Public Counsel since
7 July 1990, I have attended the NARUC Annual Regulatory Studies Program at Michigan
8 State University, and I have also participated in numerous training seminars relating to
9 this specific area of accounting study.

10
11 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI PUBLIC
12 SERVICE COMMISSION ("COMMISSION" OR "MPSC")?

13 A. Yes, I have testified on numerous issues before this Commission. Please refer to
14 Schedule TJR-1, attached to this testimony, for a listing of cases in which I have
15 previously submitted testimony.

16
17 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

18 A. The purpose of this testimony is to express the Public Counsel's recommendations
19 regarding the Laclede Gas Company (hereinafter "Laclede" or "Company") rate increase
20 request. The issues I intend to address in this testimony include costs related to, 1)

1 manufactured gas plant remediation, 2) uncollectible expense, 3) emergency cold weather
2 rule accounting authority order, and 4) safety-related accounting authority orders.

3
4 **II. MANUFACTURED GAS PLANT REMEDIATION**

5 Q. WHAT ARE MANUFACTURED GAS PLANT REMEDIATION COSTS AND WHAT IS
6 THE ISSUE?

7 A. Manufactured gas plant ("MGP") remediation costs can be defined as all investigations,
8 testing, land acquisition if appropriate, litigation costs, and expenses or other liabilities,
9 excluding personal injury claims, specifically relating to gas manufacturing facility sites,
10 disposal sites, or sites to which material may have migrated, as a result of the operation or
11 decommissioning of gas manufacturing facilities. The issue relates to the Company's present
12 request for ratemaking treatment of remediation costs for two sites where it either formerly
13 operated manufactured gas plant (Shrewsbury and Carondelet) or where it had been involved
14 in a civil lawsuit pertaining to MGP remediation efforts on property it has not owned (i.e.,
15 Station A (Superior Oil Company site)).

16
17 Q. PLEASE PROVIDE A DETAILED DESCRIPTION OF LACLEDE'S ACCOUNTING
18 TREATMENT OF MGP SITE REMEDIATION COSTS FOR FINANCIAL PURPOSES.

19 A. Laclede's response to MPSC Staff Data Request No. 124 describes the accounting treatment
20 as follows:

1 Accrued liabilities are charged to expense (account 930.40) or capitalized in
2 accordance with GAAP and credited to account 242.55. Actual payments are
3 debited to account 242.55. Actual and accrued reimbursements are credited
4 to account 930.40 and debited to cash, accounts receivable (account 143.00),
5 or miscellaneous deferred debits (account 186.20).
6
7

8 Q. WHAT IS THE COMPANY'S REQUEST?

9 A. Company response to OPC Data Request No. 1005 states the following:
10

11 The test year, fiscal 2006, includes expenses totaling \$158,060.93 related to
12 costs associated with manufactured gas plants. This amount is embedded in
13 test year operating results. No specific adjustments were made associated
14 with these expenses because it is reasonable to assume that the Company will
15 continue to incur some level of expense for these types of costs for the
16 foreseeable future.
17
18

19 Q. DID OPC'S AUDIT OF THE COMPANY'S FINANCIAL RECORDS CORROBORATE
20 THE TEST YEAR EXPENSE IDENTIFIED BY COMPANY?

21 A. No. My review of Company's general ledger, account 930.400, identified that the fiscal year
22 2006 amount booked was actually \$166,000. However, I believe that the difference in the
23 two amounts may be associated with Company's accounting for capitalization of some of the
24 costs. To verify the reason(s) for the difference I have issued to the Company a data request
25 asking it to reconcile the amounts and I will address this issue in later testimony as
26 necessary.
27

1 Q. IS THERE AN UPDATE PERIOD FOR KNOWN AND MEASURABLE COSTS IN THE
2 INSTANT CASE?

3 A. Yes. March 31, 2007 is the end date of the known and measurable period.
4

5 Q. WHAT IS THE EXPENSE AMOUNT RECORDED ON COMPANY'S BOOKS FOR THE
6 TWELVE MONTHS ENDING MARCH 31, 2007?

7 A. My review of account 930.400 identified that \$223,000 is the amount of MGP expense
8 booked for the twelve months ending March 31, 2007 (this amount may also be affected
9 somewhat by the possible capitalization issue discussed earlier).
10

11 Q. WHAT IS THE PUBLIC COUNSEL'S POSITION ON THE MANUFACTURED GAS
12 SITE REMEDIATION COSTS AS PROPOSED BY LACLEDE?

13 A. The Public Counsel recommends that the Commission disallow all MGP remediation costs
14 from the Company's instant case cost of service. It is the Public Counsel's position that the
15 Company has requested inappropriate regulatory ratemaking treatment for the MGP
16 remediation costs.

17 Q. PLEASE EXPLAIN WHY THE PUBLIC COUNSEL IS RECOMMENDING THAT THE
18 COMMISSION EXCLUDE ALL MANUFACTURED GAS PLANT REMEDIATION
19 COSTS FROM LACLEDE'S COST OF SERVICE.

20 A. The Public Counsel's opposition to the inclusion of the manufactured gas plant site
21 remediation costs in Laclede's cost of service is based on a plethora of reasons. For

1 example, 1) neither the Shrewsbury Facility or the Carondelet Coke manufactured gas plant
2 is currently in operation. Therefore, neither properties' manufactured gas plant operation is
3 currently used in providing service to current Laclede customers. In fact, the Carondelet
4 property, nor the Station A site, is owned by the Company. The Carondelet Coke property
5 was sold by Laclede on or about May 27, 1950, 2) if current customers are required to pay
6 for the cost of service not recovered from past customers, i.e., past rates were too low, the
7 result is intergenerational inequity, and possibly retroactive ratemaking. Thus, present
8 customers would be required to pay in future rates for past deficits of the Company, 3)
9 recovery of these costs from ratepayers would essentially guarantee the investments of
10 stockholders rather than present the Company with the opportunity to earn a return approved
11 by the Commission, 4) shareholders are compensated for this particular business risk through
12 the risk premium applied to the equity portion of the Company's weighted average rate of
13 return (WROR), 5) shareholders not ratepayers receive the benefits or losses (below-the-line
14 treatment) of any sale or removal from service of Company owned real property, e.g., the
15 Carondelet MGP site. Since it is the shareholder who receives either the gain or the loss on
16 the sale of real property, it is the shareholder who should shoulder the responsibility for any
17 legal liability that arises at a later date related to the real property, 6) the liability for the
18 remediation costs is not incurred because of any service Laclede currently provides to its
19 customers, and 7) automatic recovery of the remediation costs from Laclede's customers
20 reduces the incentive for the Company to seek partial or complete recovery of the costs from
21 current or prior owners of the plant sites and/or Company's insurers.

1
2 Q. PLEASE SUMMARIZE THE PUBLIC COUNSEL'S POSITION REGARDING THE
3 RECOVERY OF THE MGP COSTS REQUESTED BY THE COMPANY.

4 A. Public Counsel recommends that the Commission disallow the Company's request for cost of
5 service treatment for the MGP costs. Company has not shown that the ratepayer has
6 responsibility, much less sole responsibility, for their reimbursement or recovery.
7 Potentially, many other parties (e.g., current or prior owners and insurers) and/or Laclede's
8 shareholders have the responsibility to either reimburse Company or accept responsibility for
9 the remediation costs incurred.

10
11 **III. UNCOLLECTIBLE EXPENSE**

12 Q. WHAT IS THE ISSUE?

13 A. The issue concerns the annual level of uncollectible expense that should be included in the
14 determination of Laclede's future rates.

15
16 Q. WHAT IS THE PUBLIC COUNSEL'S POSITION ON THIS ISSUE?

17 A. Public Counsel recommends that an annual level of expense based on a three-year average of
18 net uncollectible write-offs actually incurred by Company in fiscal years 2004 through 2006
19 should be included in the determination of rates for the instant case. Thus, my
20 recommendation is that Company's test year uncollectibles expense be adjusted to equal the
21 three-year average of \$10,137,171.

1
2 Q. WHY DOES PUBLIC COUNSEL RECOMMEND USING A THREE-YEAR AVERAGE
3 OF THE MOST RECENT NET UNCOLLECTIBLE WRITE-OFFS INCURRED BY
4 COMPANY?

5 A. During the Company's last six fiscal years, the net uncollectible write-offs incurred by the
6 utility has fluctuated by significant amounts. For example, in fiscal year 2001 Company's
7 the net uncollectible write-offs was \$5.4 million, in fiscal year 2002 \$11.3 million, and in
8 fiscal year 2003 \$7.5 million; however, subsequent to fiscal year 2003, the annual net
9 uncollectible write-offs has been trending upwards. It is Public Counsel's belief that the
10 utilization of an average of the net uncollectible write-offs incurred for the most recent three
11 years would recognize the fact that the costs have increased while also providing incentive to
12 the utility to work diligently to control future costs.

13
14 **IV. EMERGENCY COLD WEATHER RULE ACCOUNTING AUTHORITY ORDER**

15 Q. WHAT IS THE ISSUE?

16 A. Company was granted an accounting authority order ("AAO") in Case No. GU-2007-0137
17 relating to the costs of complying with the emergency amendment to the cold weather rule
18 (Case No. GU-2007-0137 was subsequently consolidated with Case No. GR-2007-0208).
19 The issue concerns the annual amortization level of the costs deferred by the accounting
20 authority order ("AAO") that should be included as an expense in the determination of

1 Laclede's rates pursuant to the cold weather rule amendments approved by the
2 Commission in Case Nos. GX-2006-0181 and GX-2006-0434.
3

4 Q. WHAT IS THE BALANCE OF THE COSTS DEFERRED BY COMPANY AS OF
5 SEPTEMBER 2006?

6 A. My review of Company's general ledger account 182.580 indicates that as of the end of
7 the utility's fiscal year 2006 it had deferred \$4,700,000.
8

9 Q. WHAT IS THE BALANCE OF THE DEFERRAL FOR THE PERIOD TWELVE
10 MONTHS ENDING MARCH 2007?

11 A. The balance in general ledger account 182.580 as of the end of March 2007 is
12 \$4,750,000.
13

14 Q. DOES PUBLIC COUNSEL BELIEVE THAT THE AMOUNT OF DEFERRED COSTS
15 BOOKED IN ACCOUNT 182.580 IS EXCESSIVE?

16 A. Yes. I have calculated that \$4,111,936 is the balance of deferred cost, before the
17 application of interest, that should have been booked pursuant to the methodology
18 prescribed in the cold weather rule.
19

20 Q. DOES THE COLD WEATHER RULE REQUIRE THE ADDITION OF INTEREST ON
21 THE DEFERRED COST BALANCE?

1 A. Yes. I have calculated that \$921,721 in interest, based on a five-year amortization of the
2 deferred cost balance, should be added to the deferred cost balance prior to determining
3 the annual level of amortization to include in Company's cost of service.
4

5 Q. WHAT IS THE ANNUAL LEVEL OF EXPENSE PUBLIC COUNSEL
6 RECOMMENDS INCLUDING IN COMPANY'S COST OF SERVICE?

7 A. Public Counsel's recommendation is that the costs associated with the cold weather rule
8 AAO should be amortized to Company's cost of service over a five-year period. The sum
9 of the \$921,721 in interest and the \$4,111,936 deferred cost balance equals \$5,033,656.
10 Amortizing the total balance over five years results in an annual expense of \$1,006,731
11 (i.e., \$5,033,656 divided by 5).
12

13 Q. DOES PUBLIC COUNSEL BELIEVE THAT THE ANNUAL EXPENSE IT
14 RECOMMENDS WILL BE MODIFIED PRIOR TO THE CONCLUSION OF THE
15 INSTANT CASE?

16 A. Yes, that is possible. The supporting data I utilized to calculate the deferred cost balance
17 and the interest amount included Company estimates of its future short-term debt rate and
18 uncollectible expense write-offs. Both the short-term debt rate and uncollectible expense
19 write-offs are subject to further refinement, and it is also expected that additional activity
20 will occur in the customers' accounts upon which the supporting data relies. Public
21 Counsel will address these issues further in later testimony as necessary.

V. SAFETY-RELATED ACCOUNTING AUTHORITY ORDERS

Q. WHAT IS THE ISSUE?

A. The issue concerns the level of AAO costs that should be included in the determination of Laclede's future rates. Company is requesting an annual level of amortization expense for all the safety-related AAOs and rate base treatment for the three most recent.

Q. WHAT IS PUBLIC COUNSEL'S POSITION ON THIS ISSUE?

A. Public Counsel does not oppose recovery of an annual expense amortization equal to the AAO expense Company has booked to its financial records during the test year, updated for known and measurable through March 31, 2007; however, we do oppose allowing Company to earn a return on any unamortized AAO deferred cost balances via their inclusion in rate base. Furthermore, Public Counsel recommends that the AAO-related deferred income taxes ("DIT") should always be utilized as an offset to rate base because the amounts represent a cost-free source of the funds provided by ratepayers to the Company.

Q. PLEASE IDENTIFY THE ACCOUNTING AUTHORITY ORDERS THAT PERTAIN TO THIS ISSUE.

A. Pursuant to Commission order, Company has booked costs associated with several accounting authority orders during the test year. As of Company's fiscal year-end, September 2006, the asset accounts, and Company's response to OPC Data Request No.

1 1006, identify the following AAO balances, 1) GR-99-315 10-year book \$2,064,000,
2 amortization (\$1,395,974.20), and net \$668,025.80, 2) GR-99-315 15-year book
3 \$10,529,000, amortization (\$4,747,483.22), and net \$5,781,516.78, 3) GR-2001-629 book
4 \$2,755,687.74, amortization (\$1,331,915.53), and net \$1,423,772.21, 4) GR-2002-356 book
5 \$321,657.00, amortization (\$125,267.69), and net \$196,389.31, and 5) GR-2005-0284 Other
6 Programs and Copper replacement program book \$706,649.00 (\$247,870.38 +
7 \$458,778,.62), amortization (\$70,664.88), and net \$635,984.12.
8

9 Q. IS COMPANY PROHIBITED FROM SEEKING RATE BASE RECOVERY OF THE
10 UNAMORTIZED AAO DEFERRED COSTS ASSOCIATED WITH LACLEDE CASE
11 NO. GR-99-315?

12 A. Yes. Pursuant to the Stipulation and Agreement in Laclede Case No. GR-99-315, pages four
13 and five, the parties reached an agreement which settled the ratemaking treatment of several
14 earlier accounting authority orders by creating two non-descriptive regulatory assets. In part
15 the agreement states:
16

17 The parties agree that they will not propose, in any manner, exclusion of such
18 amortized amounts in Laclede's cost of service for ratemaking purposes
19 during the aforementioned periods required to amortize such balances. The
20 parties further agree that they will not propose to include such balances in the
21 Company's rate base.
22
23

24 Q. WHAT DOES THE TERM DEFERRED REPRESENT?

1 A. For purposes of this issue when a cost (expense/expenditure) has been deferred it is not
2 recognized on the income statement as an expense in the current period. The costs are
3 instead booked to a balance sheet account and ratably amortized to an income statement
4 expense account over some period of time.

5 Q. WHY DOES THE PUBLIC COUNSEL BELIEVE THAT THE UNAMORTIZED
6 ACCOUNTING AUTHORITY ORDER DEFERRED COST BALANCES SHOULD NOT
7 BE ALLOWED IN THE DETERMINATION OF LACLEDE'S RATE BASE?

8 A. The Public Counsel's position on this issue is based on our belief that the Company is being
9 given what essentially amounts to a guaranteed "return of" the deferrals associated with the
10 AAOs; therefore, it should not receive a "return on" those same amounts.

11
12 Q. PLEASE EXPLAIN THE TERMS "RETURN OF" AND "RETURN ON."

13 A. If an expenditure is recorded on the income statement as an expense it is compared dollar
14 for dollar to revenues. This comparison is referred to as a "return of" because a dollar of
15 expense is matched by a dollar of revenue. A "return on" normally occurs when an
16 expenditure is capitalized within the balance sheet and then included in the calculation of
17 rate base. This calculation is a preliminary step in determining the earnings a utility is
18 authorized to achieve on its total regulatory investment.

19
20 Q. WHAT IS THE EFFECT OF THE COMPANY'S ACCOUNTING AUTHORITY
21 ORDERS?

1 A. The Commission's authorization of AAO treatment insulates Company's shareholders from
2 the risks associated with regulatory lag that occurred when the related investment projects
3 were completed, and placed in service, before the operation of law date of a general rate
4 increase case.

5
6 Q. PLEASE EXPLAIN THE CONCEPT OF REGULATORY LAG.

7 A. This concept is based on a difference in the timing of a decision by management and the
8 Commission's recognition of that decision and its effect on the rate base rate of return
9 relationship in the determination of a utility's revenue requirement. Management decisions
10 that reduce or increase the cost of service without a matching change in revenues result in a
11 change in the rate base rate of return relationship. This change either increases or decreases
12 the profitability of the utility in the short-run until such time as the Commission reestablishes
13 rates to properly match revenues with the new level of service cost. Companies are allowed
14 to retain cost savings (i.e., excess profits during the lag period between rate cases) and are
15 required to absorb cost increases. When faced with escalating costs regulatory lag places
16 pressure on management to minimize the change in the relationship because it cannot be
17 recognized in a rate increase until the Commission approves such in a general rate
18 proceeding.

19
20 Q. HAS THIS COMMISSION RULED THAT IT IS NOT REASONABLE TO PROVIDE
21 SUCH PROTECTION TO SHAREHOLDERS?

1 A. Yes, it has. In Missouri Public Service Co., Case Nos. EO-91-358 & EO-91-360, the
2 Commission stated:

3
4 Lessening the effect of regulatory lag by deferring costs is beneficial to a
5 company but not particularly beneficial to ratepayers. Companies do not
6 propose to defer profits to subsequent rate cases to lessen the effects of
7 regulatory lag, but insist it is a benefit to defer costs. Regulatory lag is a part
8 of the regulatory process and can be a benefit as well as a detriment.
9 Lessening regulatory lag by deferring costs is not a reasonable goal unless
10 the costs are associated with an extraordinary event.

11
12 Maintaining the financial integrity of a utility is also a reasonable goal. The
13 deferral of costs to maintain current financial integrity, though, is of
14 questionable benefit. If a utility's financial integrity is threatened by high
15 costs so that its ability to provide service is threatened, then it should seek
16 interim rate relief. If maintaining financial integrity means sustaining a
17 specific return on equity, this is not the purpose of regulation. It is not
18 reasonable to defer costs to insulate shareholders from any risks. 1 Mo.
19 P.S.C. 3d 200, 207 (1991).
20
21

22 Q. HAS THE COMMISSION DENIED THE INCLUSION IN RATE BASE OF
23 UNAMORTIZED DEFERRED BALANCES ASSOCIATED WITH AN ACCOUNTING
24 AUTHORITY ORDER?

25 A. Yes, it has. In Missouri Gas Energy, Case No. GR-98-140, the Commission ordered that the
26 unamortized deferred balances associated with the Company's gas safety line replacement
27 program would not be included in the determination of the Company's rate base. On page
28 nineteen of the Order in Case No. GR-98-140, it states:
29

1 The Commission finds that the unamortized balance of SLRP deferrals
2 should not be included in the rate base for MGE. The AAOs issued by the
3 Commission authorize the Company to book and defer the amount requested
4 but do not approve any ratemaking treatment of amounts from the deferred
5 and booked balances. AAOs are not intended to eliminate regulatory lag but
6 are intended to mitigate the cost incurred by the Company because of
7 regulatory lag.
8
9

10 Continuing on page twenty, it states:
11

12 All of the parties agree that it is the purpose of the AAO to lessen the effect
13 of the regulatory lag, not to eliminate it nor to protect the Company
14 completely from risk. Without the inclusion of the unamortized balance of
15 the AAO account included in the rate base, MGE will still recover the
16 amounts booked and deferred, including the cost of carrying these SLRP
17 deferral costs, property taxes and depreciation expenses through the true-up
18 period ending May 31, 1998. The Commission finds that OPC's position on
19 this issue is just and reasonable and is supported by competent and
20 substantial evidence in the record.
21
22

23 Q. SUBSEQUENT TO THE COMMISSION'S DECISION IN CASE NO. GR-98-140 HAS
24 THE COMMISSION TREATED THIS ACCOUNTING AUTHORITY ORDER RATE
25 BASE ISSUE CONSISTENTLY?

26 A. Yes, it is my understanding that it has.
27

28 Q. PLEASE CONTINUE.

29 A. The purpose of the accounting variance is to protect Laclede from adverse financial impact,
30 caused by regulatory lag, by providing it with a vehicle that allows it the opportunity to

1 capture and recover costs it normally would not have had the opportunity to recover. The
2 accounting variance should not be used to place the Company in a better position than it
3 would have been had plant investment and rate synchronization been achieved. Just as it
4 would be unfair to deny Company recovery of its reasonable and prudent investment due to
5 regulatory delays which the Company could not control, it would be unfair if it were allowed
6 to reap a windfall, at ratepayer expense, due to a regulatory delay that ratepayers could not
7 control. Public Counsel's position is that issues caused by regulatory lag must be treated in a
8 fair manner for both ratepayers and Company.

9
10 Q. DOES PUBLIC COUNSEL RECOMMEND NO RATE BASE TREATMENT FOR ALL
11 COSTS ASSOCIATED WITH THE ACCOUNTING AUTHORITY ORDERS?

12 A. No. Public Counsel's recommendation is that the unamortized AAO deferred costs should
13 not be included in Company's rate base; however, the deferred income tax balances
14 associated with all the AAOs should be included as a reduction to rate base because they
15 represent a ratepayer provided cost-free source of capital to the Company. The deferred
16 income taxes are created by the interaction of the actual expensing of the AAO deferred
17 costs on the income statement for income tax versus regulatory purposes. A regulator's
18 decision on whether or not the unamortized AAO deferred costs warrant rate base
19 treatment has no bearing on the issue of whether or not the Commission should include
20 the AAO-related deferred income tax as an offset to rate base. The fact remains that it is

1 ratepayers that provided the associated monies to the Company via the regulatory process
2 in conformance with the Internal Revenue Service rules and regulations.
3

4 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

5 A. Yes, it does.

**CASE PARTICIPATION
OF
TED ROBERTSON**

<u>Company Name</u>	<u>Case No.</u>
Missouri Public Service Company	GR-90-198
United Telephone Company of Missouri	TR-90-273
Choctaw Telephone Company	TR-91-86
Missouri Cities Water Company	WR-91-172
United Cities Gas Company	GR-91-249
St. Louis County Water Company	WR-91-361
Missouri Cities Water Company	WR-92-207
Imperial Utility Corporation	SR-92-290
Expanded Calling Scopes	TO-92-306
United Cities Gas Company	GR-93-47
Missouri Public Service Company	GR-93-172
Southwestern Bell Telephone Company	TO-93-192
Missouri-American Water Company	WR-93-212
Southwestern Bell Telephone Company	TC-93-224
Imperial Utility Corporation	SR-94-16
St. Joseph Light & Power Company	ER-94-163
Raytown Water Company	WR-94-211
Capital City Water Company	WR-94-297
Raytown Water Company	WR-94-300
St. Louis County Water Company	WR-95-145
United Cities Gas Company	GR-95-160
Missouri-American Water Company	WR-95-205
Laclede Gas Company	GR-96-193
Imperial Utility Corporation	SC-96-427
Missouri Gas Energy	GR-96-285
Union Electric Company	EO-96-14
Union Electric Company	EM-96-149
Missouri-American Water Company	WR-97-237
St. Louis County Water Company	WR-97-382
Union Electric Company	GR-97-393
Missouri Gas Energy	GR-98-140
Laclede Gas Company	GR-98-374
United Water Missouri Inc.	WR-99-326
Laclede Gas Company	GR-99-315
Missouri Gas Energy	GO-99-258
Missouri-American Water Company	WM-2000-222
Atmos Energy Corporation	WM-2000-312
UtiliCorp/St. Joseph Merger	EM-2000-292
UtiliCorp/Empire Merger	EM-2000-369
Union Electric Company	GR-2000-512
St. Louis County Water Company	WR-2000-844
Missouri Gas Energy	GR-2001-292
UtiliCorp United, Inc.	ER-2001-672
Union Electric Company	EC-2002-1
Empire District Electric Company	ER-2002-424

**CASE PARTICIPATION
OF
TED ROBERTSON**

<u>Company Name</u>	<u>Case No.</u>
Missouri Gas Energy	GM-2003-0238
Aquila Inc.	EF-2003-0465
Aquila Inc.	ER-2004-0034
Empire District Electric Company	ER-2004-0570
Aquila Inc.	EO-2005-0156
Aquila, Inc.	ER-2005-0436
Hickory Hills Water & Sewer Company	WR-2006-0250
Empire District Electric Company	ER-2006-0315
Central Jefferson County Utilities	WC-2007-0038
Missouri Gas Energy	GR-2006-0422
Central Jefferson County Utilities	SO-2007-0071
Aquila, Inc.	ER-2007-0004
Laclede Gas Company	GR-2007-0208