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Service Commission

DIRECT TESTIMONY

OF

CHARLES R. HYNEMAN

Submitted on Behalf of the Office of the Public Counsel

LACLEDE GAS COMPANY

CASE NO. GO-2016-0196

and

MISSOURI GAS ENERGY

CASE NO. GO-2016-0197

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DIRECT TESTIMONY

OF

CHARLES R. HYNEMAN

LACLEDE GAS COMPANY and MGE

CASE NO. GO-2016-0196 and GO-2016-0197

I. INTRODUCTION

Q. Please state your name and business address.

A. Charles R. Hyneman, PO Box 2230, Jefferson City, Missouri 65102.

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

A. I am employed by the Missouri Office of the Public Counsel ("OPC") as the Chief Public Utility Accountant.

Q. Please describe your educational background.

A. I earned an MBA from the University of Missouri - Columbia, and a BS in Accounting from Indiana State University at Terre Haute, Indiana.

Q. Please describe your professional work experience.

I was a member of the Missouri Public Service Commission Staff ("Staff") from April 1993 to December 2015. As a member of the Staff, I held various positions including Manager of the Public Service Commission's ("Commission") Kansas City Office. I left the Staff holding the position of Regulatory Auditor V, a senior-level professional and supervisory position where I performed, supervised, and coordinated regulatory auditing work.

Q. Are you a Certified Public Accountant ("CPA") licensed in the state of Missouri?

A. Yes. I am also a member of the American Institute of Certified Public Accountants ("AICPA").

1 **Q. Do you have significant experience performing and supervising audits of utility**
2 **Infrastructure System Replacement Surcharge (“ISRS”) petitions?**

3 A. Yes. As a member of Staff, I was involved in the development and implementation of
4 Staff’s policies and audit procedures on ISRS petitions beginning in 2004 and, since then, I
5 have performed and supervised several ISRS audits of Missouri Gas Energy (“MGE”),
6 Laclede Gas Company (“Laclede Gas”), and Missouri American Water Company.

7 **Q. What is an ISRS?**

8 A. In 2003, the Legislature enacted Sections 393.1009, 393.1012, and 393.1015 of the Revised
9 Missouri Statutes (“ISRS statutes”). Those statutes allow for the use of a single-issue rate
10 mechanism, outside of a formal rate case, for a gas corporation to recover the cost of utility
11 plant projects via a petition to establish or change an ISRS. The ISRS only includes the cost
12 increases of the plant projects and does not consider increases in revenues or decreases in
13 other costs that would offset the increased ISRS plant costs. The specific costs recovered
14 through an ISRS include capital costs (interest expense and profit), depreciation expense,
15 and property taxes.

16 **Q. Describe the Laclede Gas and MGE ISRS Petitions in this case.**

17 On February 1, 2016, Laclede Gas filed its *Verified Application and Petition of Laclede Gas*
18 *Company to Change Its Infrastructure System Replacement Surcharge in Its Laclede Gas*
19 *Service Territory and Request for Waiver of Commission Rule 4.020(2)* (“Petition”).
20 Laclede Gas avers the petition was filed pursuant to the ISRS statutes and Commission Rule
21 4 CSR 240-3.2651 (“ISRS rule”).

22 MGE, a separate operating division of Laclede, filed its ISRS petition on the same day. In
23 this testimony, when I use the term “Laclede’s petition”, I am referring to the ISRS petitions
24 filed by both Laclede Gas and MGE.

1 OPC does not believe Laclede's petition was filed pursuant to the ISRS statutes as it
2 contains estimated future gas plant in service that was not plant in service or used and
3 useful at the date of the February 1, 2016 filing date for Laclede's petitions. The petition
4 also includes depreciation expense, interest expense, profit, and property taxes on a non-
5 ISRS plant and does not qualify for treatment under the ISRS statutes.

6 **Q. What is the purpose of your direct testimony?**

7 A. The purpose of this testimony is to explain to the Commission why Laclede and MGE
8 should not include estimated future plant costs and expenses in an ISRS petition nor should
9 it be allowed to use rate case true-up procedures. This testimony will explain why a petition
10 that includes estimated future plant and expenses in not permitted by ISRS statutes and
11 ISRS rule and why allowing ISRS petitions to include estimate future plant and plant
12 expenses is bad policy that eliminates one of the few ratepayer protections included in the
13 ISRS statutes and the ISRS rule.

14 **Q. In your testimony, do you reach any legal conclusions or make any legal**
15 **interpretations of the ISRS statute or ISRS rule?**

16 A. No. My testimony is based on the language in the ISRS statute and ISRS rule that address
17 rate regulation, ratemaking principles, regulatory concepts, and rate case and ISRS
18 regulatory audits. This testimony contains no legal conclusions.

19 **Q. Then are you presenting an analysis of the regulatory principles, policies and practices**
20 **addressed by the ISRS statute and ISRS rule?**

21 A. Yes. I am basing my opinions on my education and significant experience with regulatory
22 concepts, principles, and policies and with past Commission ISRS cases and rate cases. I
23 have supervised and performed general rate case audits since 1993 and ISRS audits since
24 2004. I was also one of only a few Staff members who developed its policies and
25 procedures based on the ISRS statutes and ISRS rule.

1 **Q. What is the OPC requesting the Commission do in this case?**

2 **A.** OPC requests the Commission order its Staff to recalculate Laclede's ISRS by excluding all
3 estimated, projected, or *pro forma* ISRS plant and plant costs included in Laclede's petition.

4 **II. ISRS STATUTE DOES NOT ALLOW FOR A TRUE-UP**

5 **Q. What period of actual ISRS plant investment is covered in Laclede's Petition?**

6 **A.** In its February 1, 2016 filing, Laclede and MGE requested recovery of ISRS costs for plant
7 placed in service from September 1, 2015 through December 31, 2015.

8 **Q. Did Laclede's petitions include estimates of future ISRS costs?**

9 **A.** Yes. The petitions included estimated future plant and ISRS costs for the months of January
10 and February 2016.

11 **Q. By including estimated future plant and plant costs that were not ISRS plant or ISRS**
12 **costs until after the petition was filed, is Laclede Gas attempting to "true-up" its**
13 **petition in a manner not addressed in the ISRS statutes and ISRS rule?**

14 **A.** Yes. The ISRS statutes include the following description of what is to be filed and when:

15 At the time that a gas corporation files a petition with the commission
16 seeking to establish or change an ISRS, it shall submit proposed ISRS rate
17 schedules and its supporting documentation regarding the calculation of the
18 proposed ISRS with the petition, and shall serve the office of the public
19 counsel with a copy of its petition, its proposed rate schedules, and its
20 supporting documentation.

1 This language includes no mention of allowing estimated future plant and expenses in
2 petitions nor does it make mention of a true-up procedure. Rather, it requires the proposed
3 rate schedules and supporting documentation to be submitted with the petition.

4 **Q. What is the basis of your assertion that Laclede's petitions are not in accordance with**
5 **the language of the ISRS statutes and rule?**

6 **A.** First, Laclede's petitions did not include supporting documentation for the ISRS costs now
7 claimed for January and February 2016. Laclede included supporting documentation for
8 costs incurred through December 2015 but Laclede did not include any supporting
9 documentation for the January and February 2016 costs. Those costs had not been incurred
10 and could not be included with the petition because they were merely estimates.

11 In addition, the estimates in Laclede's petitions were for plant investments not in service and
12 not being used nor were they useful in providing service to customers when the petition was
13 filed.

14 According to Section 393.1009.3(b) RSMo, to be eligible for ISRS treatment, the plant must
15 be "in service" and "used and useful". Laclede's petition includes millions of dollars of
16 estimated future plant additions; plant additions that were not ISRS-eligible plant when the
17 Laclede petitions were filed. These estimates are simply budgeted future plant investments
18 not addressed anywhere in the ISRS statutes and ISRS rule.

19 **Q. Are you making a legal conclusion as the basis for this statement?**

20 **A.** No. My conclusion is based on the regulatory ratemaking understanding that estimated
21 future plant investments and costs are not "in service" and are not "used and useful".

1 **III. ISRS STATUTE AND RULE ALLOW FOR A VERY LIMITED AND**
2 **ACCELERATED AUDIT PERIOD**

3 **Q. Do the ISRS statutes and ISRS rule contain language addressing audit periods and**
4 **audit reports related to ISRS costs?**

5 **A. Yes. Section 393.1015.2(2) RSMo. states:**

6 The staff of the commission may examine information of the gas
7 corporation to confirm that the underlying costs are in accordance
8 with the provisions of sections 393.1009 to 393.1015, and to confirm
9 proper calculation of the proposed charge, and may submit a report
10 regarding its examination to the commission not later than sixty days
11 after the petition is filed.
12
13

14 **Q. As a professional auditor and CPA, how do you interpret the regulatory, revenue**
15 **requirement, ratemaking, and auditing issues contained in the ISRS statute and ISRS**
16 **rule?**

17 **A. Auditors are to confirm the underlying costs included in the ISRS petition is in accordance**
18 **with ISRS statutes and ISRS rule. For example, Staff auditors are to confirm the plant**
19 **included in the petition meets the definition of eligible ISRS plant in Section 393.1009(3)(b)**
20 **RSMo. This audit scope includes a review of all, or substantially all, of the plant work**
21 **orders included in the petition to review details surrounding plant projects and to ensure they**
22 **meet all of the ISRS statute and rule requirements.**

23 The second part of the ISRS audit scope is to confirm the proper calculation of the financial
24 return on the plant (interest expense and shareholder profit), determine the appropriate
25 depreciation rates, determine eligibility for bonus depreciation, calculate depreciation
26 expense, calculate the depreciation reserve, determine the appropriate tax depreciation rates,
27 calculate deferred income taxes, determine plant retirements, and calculate property tax on
28 the ISRS plant.

1 The final audit work scope is to draft an audit report to the Commission addressing the
2 findings and conclusion of the ISRS audit. The ISRS statute only allows for a very short
3 period for Staff to conduct the full audit scope and to draft and file an audit report. From the
4 date the ISRS petition is filed, Staff is allowed only sixty calendar days to review all of the
5 proposed ISRS work orders to ensure the plant projects meet the ISRS requirements and to
6 obtain all the relevant financial information and perform all of the calculations necessary to
7 verify the proper calculation of the proposed ISRS.

8 **Q. Is a sixty calendar day audit period mandated by the ISRS statute sufficient time to**
9 **adequately perform an ISRS audit and draft and file and ISRS report?**

10 A. No. This time period is not sufficient to adequately perform an audit if the petition is
11 allowed to be updated during the very limited ISRS audit period. If experienced auditors
12 were available to focus a significant portion of work time on the ISRS audit and no additions
13 to the petition were allowed by the Commission, then an adequate audit may be able to be
14 completed in sixty calendar days.

15 **Q. If a utility is allowed to update its petition with actual plant investments and plant**
16 **expenses after the start of the sixty day audit period, does that allow an auditor to**
17 **perform an adequate audit of the ISRS petition?**

18 A. No. Laclede's petitions include a very large number of pipe and pipe component
19 replacements, repairs, and relocations. A thorough review of an ISRS petition involves
20 multiple determinations to ensure each project meets each eligibility standard. Adding plant
21 investments and expenses into the sixty day period greatly reduces the ability of the Staff
22 and OPC to review the costs. This concern is magnified when Laclede Gas and MGE, the
23 two largest gas systems in Missouri, file their ISRS petitions on the same day. This concern
24 is additionally magnified because Laclede Gas and MGE have significantly increased their
25 infrastructure replacements and, in turn, their ISRS claims.

1 **IV. ISRS STATUTE AND RULE PROHIBIT TRUE UPS**

2 **Q. Is there language in the ISRS statute that considers an ISRS true-up?**

3 A. Not that I can see. A true-up is used by the Commission in a general rate case to develop a
4 revenue requirement based on a time period as close to the effective date of new rates as
5 reasonably possible. A true-up is a “revenue requirement issue” and “ratemaking issue”
6 designed to maintain the integrity of the revenue requirement matching principle while
7 bringing the test year revenue requirement components to a date past the rate case test year
8 ordered by the Commission.

9 For example, when there is a demonstrated need for a true-up to capture a significant cost
10 increase or decrease, the Commission will order parties to true-up the dates of the test year
11 to capture the results of the significant cost increase or decrease and maintain the rate base –
12 revenue – expense relationship that forms the basis of the Commission’s rate case matching
13 principle.

14 A true-up is a general rate case ratemaking issue not provided for in the ISRS statutes.
15 Section 393.1015.2(2) RSMo states:

16 The staff of the commission may examine information of the gas
17 corporation to confirm that the underlying costs are in accordance
18 with the provisions of sections 393.1009 to 393.1015, and to confirm
19 proper calculation of the proposed charge, and may submit a report
20 regarding its examination to the commission not later than sixty days
21 after the petition is filed. **No other revenue requirement or**
22 **ratemaking issues may be examined in consideration of the**
23 **petition or associated proposed rate schedules filed pursuant to**
24 **the provisions of sections 393.1009 to 393.1015.** (emphasis added).
25

26 A true-up is a separate and distinct revenue requirement and ratemaking issue addressed in a
27 separate true-up hearing and with separate true-up testimony. From an auditor's perspective,
28 a true-up is another revenue requirement and ratemaking issue as those terms are used in
29 Section 393.1015.2(2) RSMo.

1 Unlike a rate case where a true-up is designed to ensure the employment of the
2 Commission's rate case matching principle, there is nothing to match it in an ISRS case. An
3 ISRS is a single-issue ratemaking mechanism so no matching of revenues, expenses, and
4 investment is allowed to occur.

5 **Q. Do the ISRS statutes and the Commission's ISRS rule proscribe additional limits and**
6 **restrictions to what Staff "may examine" in its ISRS audit relevant to Laclede Gas's**
7 **practices in this case?**

8 A. Yes. Eligible infrastructure system replacements are further limited statutorily by definition
9 to plant that is "in service and used and useful". In other words, the costs claimed in the
10 petition must be used and useful in providing gas service to customers. The January and
11 February costs now claimed by Laclede were not used and useful when the petitions were
12 filed.

13 **Q. Is there additional language in the statute, based on your experience in utility**
14 **regulation and ratemaking, suggesting a true-up is not allowed in an ISRS case?**

15 A. Yes. Section 393.1015.7 RSMo. states "(a) gas corporation's filing of a petition or change to
16 an ISRS pursuant to the provisions of sections 393.1009 to 393.1015 shall not be considered
17 a request for a general increase in the gas corporation's base rates and charges." This further
18 proves that true-ups, which are a rate case issue, are not allowed in an ISRS case because the
19 statute clearly distinguishes ISRS petition cases from general rate cases.

20 **Q. Are there limitations the Commission applies to the use of a rate case test year true-up,**
21 **so that even if a true-up was allowed, it would not be appropriate in an ISRS petition?**

22 A. Yes. For example, in MGE rate case GR-2006-0422, *Staff's Response to MGE's Response*
23 *to Staff Pleading Recommendations Regarding Test Year*, Staff took the position the
24 Commission should not allow a true-up in the rate case unless the parties determined there
25 was an actual need for a true-up. The position taken by Staff in that case was consistent

1 with the Commission's decision in MGE's rate case, GR-2004-0209. On December 9, 2003,
2 the Commission issued its *Order Regarding Test Year and True-Up* that, at p. 2, stated:

3 ...The Commission will not establish a true-up period at this time but
4 will consider that possibility if a party is able to establish the need for
5 such a true-up later in this proceeding.
6

7 The Commission's standard of a true-up in a rate case is that a "need" must be shown. Even
8 if the Commission applied the same rate case standard on a true-up to this petition, Laclede
9 must demonstrate a "need" for a true-up.

10 **Q. Can a "need" for a true-up be shown to exist in an ISRS case?**

11 A. No. A utility may file for an ISRS two times per year. If the ISRS plant that is not
12 completed and in service in time for inclusion in an ISRS petition, the utility may include
13 the plant in the next ISRS petition to be filed approximately 6 months later. Because a
14 utility is allowed to file two ISRS petitions each year, it is improbable a "need" for a true-up
15 could ever be shown.

16 **Q. Did the Commission appear to accept the argument that, since a true-up is allowed in a
17 rate case, it should also be allowed in an ISRS case?**

18 A. Yes. At page 19 of its Report and Order in GO-2015-0341 (Laclede Gas) and GO-2015-
19 0343 (MGE) the Commission appeared to rely on the use of a true-up in a rate case to
20 support a true-up in an ISRS case.

21 The statutory language requiring companies submit
22 "supporting documentation" with their proposed ISRS rate
23 schedules does not prohibit the use of budgeted information.
24 Similar to a true-up in a general rate case, Laclede and MGE
25 replaced the budgeted calculations with information on actual
26 costs.
27

1 It appears the Commission's standard is, if the ISRS statutes did not specifically "prohibit"
2 the use of a true up, then Laclede Gas can true-up its ISRS. Regardless, the ISRS statute
3 and ISRS rules prohibit the use of budgeted information in an ISRS petition. The ISRS
4 statute states an ISRS petition is not a rate case and, other than what is expressly included in
5 the ISRS statute, no other revenue requirement issue or ratemaking issue can be considered
6 in an ISRS audit

7 **Q. Have other utilities advised the Commission that, if a statute creating a single-issue**
8 **ratemaking mechanism does not expressly include a revenue requirement or**
9 **ratemaking issue, then the Commission cannot impute such an issue?**

10 **A.** Yes. In the Commission's September 21, 2006 *Final Order of Rulemaking* in Case No. EX-
11 2006-0472, at page 14 the Commission summarized comments of our State's Attorney
12 General as well as AmerenUE as it relates to including an earnings test in a fuel adjustment
13 clause. AmerenUE took the position that SB 179 did "not contemplate, and in fact prohibits
14 an earnings test":

15 COMMENT: In its comments, the Attorney General suggests a
16 RAM Threshold Test: "Prior to gaining the ability to utilize any of
17 the RAM mechanisms authorized by Section 386.266 the electric
18 utility shall be required to demonstrate to the Commission and the
19 Commission must find after hearing that without the ability to use the
20 RAM mechanisms authorized by Section 386.266 the electric utility
21 would be unable to have an opportunity to achieve its Commission
22 authorized rate of return." Section 386.266(4)(1) notes that any RAM
23 authorized by the Commission must be "reasonably designed to
24 provide the utility with a sufficient opportunity to earn a fair return
25 on equity." If an electric utility already has a sufficient opportunity to
26 earn a fair return on equity, it does not need a RAM. AmerenUE
27 counters that SB179 does not contemplate, and in fact prohibits,
28 an earnings test. An earnings test means the utility would
29 effectively never be able to utilize a RAM when fuel costs are rising,
30 unless the utility established, up to four times per year, that it is
31 "under-earning ." Implementation would require a full-blown rate
32 review for each adjustment to the RAM. It would not allow the
33 "periodic rate adjustments, outside of general rate proceedings, to

1 reflect increases and decreases in prudently incurred fuel and
2 purchased power costs" contemplated by SB179.
3

4 RESPONSE: The Commission finds that an earnings threshold for
5 eligibility to use a RAM is contrary to the intent of the legislature, as
6 articulated in SB179. Therefore, no such eligibility criteria will be
7 included in the rule.
8

9 **Q. Was AmerenUE successful in its efforts to prohibit the Commission from applying an**
10 **earnings test to FACs?**

11 A. Yes.

12 **Q. Did either the Staff or the Commission support the inclusion of an "earnings test" in**
13 **the Commission's FAC rule?**

14 A. No. In AmerenUE's comments filed in Case No, EX-2006-0472, it noted "(w)isely, the
15 proposed rules do not include what in effect would be impractical and disabling provisions
16 relating to a so-called earnings test, and the Commission's Staff has properly recognized that
17 SB 179 does not contemplate an earnings test."

18 **Q. Would you characterize Staff's position as supporting the use of a true-up mechanism**
19 **in an ISRS when the ISRS statutes "do not contemplate" a true-up, when it did not**
20 **support the use of an earnings test because SB 179 did not "contemplate" an earnings**
21 **test, to be quite inconsistent?**

22 A. Yes. Staff failed to "impute" a ratepayer protection in the FAC rule where no expressed
23 language existed in SB 179, but Staff is supporting the imputation of a true-up provision in
24 the ISRS statutes where one does not exist.

1 **V. PUBLIC DETRIMENTS CAUSED BY ALLOWING ESTIMATED**
2 **FUTURE PLANT ADDITONS AND COSTS IN ISRS PETITIONS**

3 **Q. What is the public detriment of allowing Laclede to include estimated plant**
4 **investments and related estimated ISRS costs in its ISRS petition?**

5 A. The effect and the detriment is that Laclede Gas and MGE ratepayers will be charged higher
6 rates than is necessary and higher rates than what was specifically contemplated by the ISRS
7 statute and ISRS rule. If the Commission allows Laclede Gas and MGE to include plant and
8 related expenses for plant not in service at the date of the petition, the Commission may be
9 forcing ratepayers to pay a higher ISRS than allowed under the law. This is a detriment
10 caused by allowing Laclede to continue to include true ups in its ISRS petitions.

11 **Q. Even if there is insufficient time to audit ISRS plant work orders and audit other ISRS**
12 **expenses, can these issues always be reviewed in a later rate case?**

13 A. Based on my experience with ISRS audits and rate case audits over the past twelve years
14 since ISRS were authorized by statute, I am not aware of any rate case for any utility where
15 a previous plant work order was reviewed to determine if it met all the ISRS statute
16 requirements for ISRS eligibility. I am also not aware that any of the thousands of plant
17 work orders included in an ISRS was ever reviewed for prudence.

18 **Q. Is the Commission's Staff aware of any ISRS work order that was ever reviewed in a**
19 **subsequent rate case?**

20 A. No. Staff responded to an OPC data request that it has not and does not include ISRS plant
21 in its rate case audit scope of work. The manager of Staff's Auditing Department, Mark
22 Oligschlaeger, is not aware that even one ISRS plant work order has ever been reviewed in a
23 rate case.

1 In OPC's Data Request 4, Staff was asked about its review of ISRS work orders in utility rate
2 cases. Mr. Oligschlaeger responded that prudence reviews of ISRS plant work orders is not
3 included in Staff's rate case scope of work:

4 Has Staff ever reviewed an ISRS work order for Laclede Gas Company,
5 MGE, MAWC or Liberty in a rate case to determine if the costs were
6 prudent? If yes, please provide the name of the auditor, the rate case, and
7 any DR numbers related to this audit work. If not, please provide the
8 reasons why these ISRS plant work orders are not reviewed in a rate
9 case.

10
11 Response : In a general rate proceeding, there has been and is no separate
12 work scope associated with prudence reviews of ISRS eligible plant
13 distinct from prudence reviews of plant work orders in general, which
14 encompass both ISRS eligible and non-ISRS eligible plant additions. For
15 this reason, no information is available as to activities in prior general
16 rate proceedings regarding prudence of ISRS plant additions specifically.
17 Response provided by Mark Oligschlaeger.
18

19 **Q. Is Staff's response to OPC Data Request 4 that Staff does not review ISRS plant**
20 **work orders in a rate case consistent with your understanding?**

21 **A. Yes.**

22 **Q. Do you consider it reasonable that Staff does not look at past ISRS plant work orders**
23 **and other costs in a general rate case?**

24 **A. Yes, if Staff thoroughly audits ISRS petitions. In a rate case audit, Staff has to prioritize the**
25 **specific audit areas it can adequately address given the available time and available**
26 **resources to perform the audit. Given other rate case priorities, I do not believe it would be**
27 **prudent for Staff to devote its limited resources to audit past ISRS plant work orders.**

28 **Q. Must ISRS plant work orders and other ISRS costs be reviewed for ISRS eligibility**
29 **and prudence in the ISRS audit?**

1 A. Yes. Any review of ISRS work orders to determine if they qualify for special ISRS rate
2 treatment or include only prudent costs must be done in an ISRS audit or it will not be done
3 at all.

4 Today, Missouri ratepayers pay millions of dollars of ISRS charges based on ISRS plant
5 work orders that have not been sufficiently reviewed for ISRS eligibility and for prudence of
6 the costs. If the Commission continues to allow utilities to limit the actual audit period for
7 ISRS costs to less than the statutorily-mandated sixty days, this practice will continue.

8 Q. In Laclede Gas' and MGE's previous ISRS cases, Nos. GO-2015-0341 and GO-2015-
9 0342, did Staff indicate that it reviews ISRS work orders in utility rate cases?

10 A. Yes. During the hearing in Case Nos. GO-2015-0341 and GO-2015-0343, Staff
11 incorrectly stated that it reviews ISRS work orders in rate cases.

12 Q. Did Staff ever correct this misstatement about its ISRS reviews in rate cases?

13 A. No, I do not believe it did.

14 Q. Do you believe the Commission relied on this testimony in its conclusions reached on
15 the ISRS true-up issue in the previous ISRS cases?

16 A. I believe it is likely. In its Report and Order, the Commission stated:

17 Reconciliation is required within twelve months of an ISRS being
18 implemented. After that, in a subsequent rate case, the Commission
19 is not bound in the ratemaking treatment to be applied to the
20 infrastructure system replacements and will still perform a
21 prudence review were it may disallow the recovery of a project
22 previously included in an ISRS.
23

24 Q. Does this conclude your testimony?

25 A. Yes.