

1 A. The question of whether or not the alleged cost is material is an interesting, but
2 irrelevant topic since it is not extraordinary, unusual or unique. However, for
3 illustration purposes, the *Staff Accounting Schedules* filed with Staff's direct
4 testimony show that, at the mid-point rate of return, the net operating income
5 (including income taxes) for the Company is \$62,417,402 (i.e., \$43,912,040 plus
6 \$18,505,362). Dividing the alleged property tax amount, (i.e., \$1,345,123, shown
7 on page eight, line 15, of Mr. Noack's Direct Testimony, MGE Case No. GU-2010-
8 0015), by the net operating income results in a percentage of 2.2% (rounded). This
9 percentage is less than half what outside auditors and the Federal Energy
10 Regulatory Commission's Uniform System Of Accounts usually consider material.
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12 V. INFINIUM SOFTWARE AMORTIZATION

13 Q. HAS COMPANY BEEN ABLE TO PROVIDE DOCUMENTATION THAT WOULD
14 SUPPORT ITS ALLEGATION THAT IT HAS THE RIGHT TO USE OF THE
15 INFINIUM SOFTWARE?

16 A. No. In OPC Data Request No. 1025, I requested the Company to provide copies of
17 all documentation in its possession that supports its position that it still has the right
18 to continued use of the existing version of Infinium. Company's response states:
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20 The Company can not locate copies of the licensing/maintenance
21 contracts associated with this software...
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23

1 Q. IS IT YOUR UNDERSTANDING THAT THE COMPANY HAS THE BURDEN TO
2 SUPPORT, WITH ADEQUATE EVIDENCE, ITS REQUEST FOR RECOVERY OF
3 ALL COSTS ASSOCIATED WITH THE INSTANT CASE?

4 A. Yes.

5
6 Q. IS IT YOUR BELIEF THAT THE COMPANY HAS NOT BEEN ABLE TO SUPPORT
7 ITS STATEMENT THAT IT HAS THE RIGHT TO UTILIZE THE INFINIUM
8 SOFTWARE?

9 A. Yes. Company's failure to maintain, or obtain, documentation from the software
10 vendor that would either support or disprove its alleged right to use of the software
11 presents an obvious failure on its part to support its request for cost recovery.

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13 Q. DOES SOUTHERN UNION COMPANY AND ITS AFFILIATES, OTHER THAN
14 MGE, UTILIZE A DIFFERENT TIME REPORTING SYSTEM FOR PAYROLL
15 PROCESSING?

16 A. Yes, according to MGE. Company's response to OPC Data Request No. 1018
17 stated Southern Union Company started using ADP software beginning with the
18 pay period ending date of August 11, 2007.

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20 Q. WHEN SOUTHERN UNION COMPANY ADOPTED THE ADP SOFTWARE
21 WERE THE SYSTEMS SETUP TO HANDLE ALL EMPLOYEES WITHIN ITS
22 UMBRELLA?

1 A. Yes. Company's response to OPC Data Request No. 1018 provided a copy of the
2 contract with ADP, Inc., which identifies that it will handle the payroll processing
3 needs of all employees of Southern Union Company and its affiliates.
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5 Q. DOES MGE ALLEGE THAT THE ADP SOFTWARE IS NOT FULLY CAPABLE OF
6 MEETING ITS BUSINESS NEEDS?

7 A. Yes. Company's response to OPC Data Request No. 1020 states:
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9 MGE continues to use Infinium despite the fact that the remainder of
10 Southern Union has converted completely to ADP because of the
11 complexity of the MGE union pay rules. ADP has yet to develop a
12 solution that meets the business needs of MGE. Therefore, MGE
13 continues to use the Island Software solution that runs in Infinium.
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16 Q. WHAT IS ISLAND SOFTWARE?

17 A. Island Software is the programmer/vendor the developed the time entry software
18 utilized by MGE on the Infinium system. Company's response to OPC Data
19 Request No. 1019 states:
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21 MGE utilizes Payforce, Connections and GL but unlike SU Corporate,
22 MGE does not utilize E-Time for time entry. As an alternative to
23 using E-Time, MGE continues to use Infinium software and a related
24 application developed by Island Software for the time entry process.
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27 Q. DOES THE ADP TIME ENTRY SOFTWARE ACTUALLY HAVE THE ABILITY TO
28 PROCESS PAYROLL FOR MGE'S UNION EMPLOYEES?

1 A. Yes. In its response to OPC Data Request Nos. 1019 and 1020, Company states
2 that it continues to use the Infinium Software for time entry because ADP has not
3 yet developed a solution that meets its business needs for the complex union pay
4 rules (step and grade calculations). However, Company's response to OPC Data
5 Request No. 1018 included a copy of the contract for ADP's software and services
6 which states:

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16 (Emphasis added by OPC)
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(Emphasis added by OPC)

Q. IS IT PUBLIC COUNSEL'S BELIEF THAT THE ADP PAYROLL PROCESSING
PROGRAMS HAVE THE CAPABILITY TO PROCESS PAYROLL FOR ALL OF
MGE'S UNION AND NON-UNION EMPLOYEES?

A. Yes. Based on the language of the contract between ADP, Inc., and Southern
Union Company it appears that MGE's statements to the contrary are inaccurate.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does.