

REBUTTAL TESTIMONY
OF
KIMBERLY K. BOLIN
MISSOURI GAS ENERGY
CASE NO. GR-2004-0209

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

2 A. Kimberly K. Bolin, P.O. Box 2230, Jefferson City, Missouri 65102.

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

4 A. I am employed by the Office of the Public Counsel of the State of Missouri (OPC or Public
5 Counsel) as a Public Utility Accountant I.

6 **Q. ARE YOU THE SAME KIMBERLY K. BOLIN WHO FILED DIRECT TESTIMONY**
7 **IN THIS CASE?**

8 A. Yes.

9 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

10 A. The purpose of my rebuttal testimony is to response to Company's allegation that MGE should be
11 rewarded a .25% addition to rate of return for providing what MGE claims is good customer
12 service. I will also respond to Company direct testimony on the following issues: Incentive
13 Compensation, Manufactured Gas Plant Remediation/Environmental Response Fund and Lobbying
14 costs.

15 **CUSTOMER SERVICE**

16 **Q. HAS MISSOURI GAS ENERGY ALLEGED THAT IT IS PROVIDING "HIGH**
17 **QUALITY CUSTOMER SERVICE PERFORMANCE LEVELS"?**

1 A. Yes. MGE's President and Chief Operating Officer James Oglesby in his prefiled direct testimony
2 alleges "MGE has achieved and generally maintained high quality customer service performance
3 levels."

4 **Q. UPON WHAT DID WITNESS OGLESBY BASE HIS ASSERTION THAT MGE WAS**
5 **PROVIDING "HIGH QUALITY CUSTOMER SERVICE PERFORMANCE LEVEL"?**

6 A. In response to Public Counsel data request 5025 attached as Schedule KKB-1 witness Oglesby
7 claims his belief is based upon "meeting the merger commitments related to abandoned call rate and
8 average speed of answer, maintaining estimated meter reads at a very low level, and maintaining
9 Commission complaints/inquiries at generally moderate levels". Also, "his overall experience in
10 the business, his knowledge of MGE's overall operations". Finally, witness Oglesby points to
11 pages 2 and 3 of witness Ricketts prefiled direct testimony regarding the abandoned call rate (ACR)
12 and average speed on answer (ASA).

13 **Q. WHAT MERGER COMMITMENTS REGARDING THE ABANDONED CALL RATE AND**
14 **AVERAGE SPEED OF ANSWER ARE WITNESS OGLESBY AND RICKETTS**
15 **DISCUSSING?**

16 A. In response to Public Counsel data request 5028 attached as Schedule KKB-2 witness Ricketts
17 identifies the 8.5% abandon call rate and 75 second average speed of answer used to demonstrate
18 MGE's alleged "commitment to service quality" stemming from Commission Case No. GM-2000-
19 43 and notes these performance measures were subsequently re-adopted in Cases Nos. GM-2000-
20 500, GM-2000-503 and GM-2003-0238. A copy of the Stipulation and Agreement and Order
21 Approving the transaction is attached as Schedule KKB-3.

1 **Q. PLEASE DESCRIBE THE ABANDONED CALL RATE.**

2 A. The abandoned call rate (ACR) measures the number of customer calls that are abandoned by the
3 customer prior to being handled by a customer representative. The number is a percentage and is
4 the total number of incoming calls divided by the total number of abandoned calls.

5 **Q. PLEASE DESCRIBE THE AVERAGE SPEED OF ANSWER.**

6 A. The average speed of answer is the average amount of time in seconds between receiving customer
7 calls and having them answered by a customer service representative.

8 **Q. HAS MGE REQUESTED THAT THE COMMISSION INCREASE ITS RATE OF**
9 **RETURN BECAUSE MGE IS ACHIEVING "HIGH QUALITY CUSTOMER**
10 **PERFORMANCE LEVELS"?**

11 A. Yes. MGE witness Dunn in his prefiled direct testimony at page 62 requests the Commission make
12 a .25% increase to rate of return.

13 **Q. DOES THE OFFICE OF PUBLIC COUNSEL BELIEVE MGE IS PROVIDING A**
14 **LEVEL OF CUSTOMER SERVICE THAT JUSTIFIES A .25% ADDITION TO**
15 **RATE OF RETURN?**

16 A. No.

17 **Q. PLEASE PROVIDE A HISTORICAL REVIEW OF THE CUSTOMER SERVICE**
18 **PROBLEMS MISSOURI GAS ENERGY HAS CREATED SINCE ACQUIRING**
19 **WESTERN RESOURCES MISSOURI GAS DISTRIBUTION ASSETS.**

20 A. Only ten months after MGE purchased Western Resources Missouri gas distribution assets, the
21 Commission issued an order to establish a docket (Case No. GO-95-177) based on a joint motion
22 filed by the Office of Public Counsel, the Missouri Public Service Commission staff and MGE to

1 investigate the billing practices and customer service practices of the Company in light of problems
2 experienced by MGE in complying with the provision of Chapter 3 of the Commission's rules.
3 Staff filed a report in this case detailing 37 audit recommendations. As a result of this case, the
4 Company provides Public Counsel and Staff with monthly status reports of the activities of its
5 customer service and call center department until that case was closed in early 2004.

6 **Q. WHAT HAPPENED IN 1996?**

7 A. In July 1996, the Staff filed a seven count complaint the MGE unlawfully billed certain residential
8 customers and engaged in billing practices that were inconsistent with Commission rules and
9 MGE's tariff.

10 Less than a year later, the Office of Public Counsel filed a complaint with the Commission against
11 MGE alleging MGE unlawfully billing certain customers from November 1996 through February
12 1997. The alleged unlawful bills were the result of the use of unauthorized purchase gas adjustment
13 cost of gas (PGA) rates by MGE. This case was docketed as GC-97-497. The result of this
14 complaint and Staff's complaint was a Commission approved Stipulation and Agreement filed in
15 each case in which the Company committed to correct bills and issue credit and donate money to
16 heating assistance programs in the Company's service territory.

17 **Q. WAS CUSTOMER SERVICE AN ISSUE IN ALL THREE OF THE PREVIOUS**
18 **MGE RATE CASES?**

19 A. Yes. Besides the cases I have previously mentioned, customer service has been an issue in all of
20 MGE's rate cases. In the first case, Case No. GR-96-285, the Company made commitments to the
21 Commission to improve its customer service in MGE's late-filed Exhibit number 120 and in

testimony filed by a Company witness. In Case No. GR-98-140, the commitments made by the Company were still not satisfied and the Commission stated in its Report and Order on page 63,

‘The Commission urges the Company to redouble its efforts and fulfill prior commitments made in Case No. GR-96-285 in order to ensure timely and successful completion of customer service improvements. The Commission wishes to reinforce the parties’ understanding that prior commitments ordered in Case No. GR-96-285 remain in effect and will continue to be in effect until such time as an order relieving MGE of said commitments is issued.’

Testimony was filed in Case No. GR-2001-292, showing that the Company had still not achieve the commitments made in Case No. GR-96-285 and reaffirmed in Case No. GR-98-140.

Q. DO YOU BELIEVE THAT THE 8.5% ABANDONED CALL RATE AND 75 SECOND SPEED OF ANSWER SET OUT IN CASE NO. GM-2000-43 AND RELIED ON BY WITNESSES RICKETTS AND OGLESBY IS THE APPROPRIATE STANDARD TO CONCLUDE THAT MGE IS PROVIDING "HIGH QUALITY CUSTOMER SERVICE"?

A. No, I do not.

Q. WHY NOT?

A. First, Case No. GM-2000-43 was a merger proceeding in which Southern Union Company d/b/a Missouri Gas Energy sought to merge with Pennsylvania Enterprises, Inc., the parent company of a local distribution company in Pennsylvania. Second, the Missouri call center performance standards that were agreed to were to ensure that the merger would not have a detrimental impact on Missouri customers. These standards were the minimal standards acceptable to Public Counsel to settle those cases.

1 **Q. DO THE GOALS FOR ABANDONED CALL RATE AND AVERAGE SPEED OF**
2 **ANSWER CONTAINED IN CASE NO. GM-2000-43 REPRESENT EVEN AN**
3 **AVERAGE INDUSTRY PERFORMANCE?**

4 A. No. These measures represent below average industry performance.

5 **Q. UPON WHAT DO YOU BASE THE CLAIM THAT A 8.5% ABANDONED CALL**
6 **RATE AND 75 SECONDS SPEED OF ANSWER REPRESENT BELOW AVERAGE**
7 **INDUSTRY PERFORMANCE?**

8 A. I base that statement on a study conducted by Theodore Barry and Associates commissioned by
9 MGE in 1997. According to the study (a copy of which is attached as Schedule KKB-4) the
10 industry average abandoned call rate is 7.5% and the industry average for speed of answer is 60
11 seconds (See page 7 of Schedule KKB-4).

12 **Q. DO YOU BELIEVE THAT MGE SHOULD RECEIVE A .25% INCREASE IN ITS**
13 **RATE OF RETURN FOR PROVIDING CUSTOMER SERVICE WITH RESPECT TO**
14 **THE ABANDONED CALL RATE AND AVERAGE SPEED OF ANSWER THAT IS**
15 **WORSE THAN THE INDUSTRY AVERAGE?**

16 A. Absolutely not. While those levels of performance for abandoned call rate and average speed of
17 answer are improvements over MGE's past unacceptably high levels of abandoned calls and high
18 average speed of answer rate the level of these customer service indicators do not represent the
19 alleged "high quality customer service performance levels" witness Oglesby claims. In fact, these
20 "standards" are not consistent with customer service commitments MGE made to this Commission
21 or consistent with MGE's own customer service plans.

1 **Q. WHAT ABANDONED CALL RATE IS MGE CURRENTLY ACHIEVING?**

2 A. As of March 31, 2004, the year to date abandoned call rate was 26.39%.

3 (Source: Missouri Gas Energy's GM-2000-43, et.al. customer service report for January 1, 2004
4 through March 31, 2004.)

5 **Q. WHAT AVERAGE SPEED OF ANSWER RATE IS MGE CURRENTLY ACHIEVING?**

6 A. As of March 31, 2004, MGE's year-to-date average speed of answer was 378 seconds (six minutes
7 and 18 seconds).

8 (Source: Missouri Gas Energy's GM-2000-43, et.al. customer service report for January 1, 2004
9 through March 31, 2004)

10 **Q. WHAT DO YOU MEAN WHEN YOU SAY THE STANDARDS USED BY WITNESSES**
11 **OGLESBY AND RICKETTS ARE NOT CONSISTENT WITH CUSTOMER SERVICE**
12 **COMMITMENTS MGE MADE TO THIS COMMISSION OR CONSISTENT WITH**
13 **MGE'S OWN CUSTOMER SERVICE PLANS?**

14 A. Customer service or lack thereof has been an issue with MGE since it purchased the assets of
15 Western Resources in 1994. In MGE's first rate case, Case No. GR-96-285, MGE made specific
16 commitments to the Commission to improve customer service. MGE developed a Customer
17 Service Action Plan that set certain customer service goals MGE would meet.

18 **Q. WHO ON BEHALF OF MGE MADE THOSE CUSTOMER SERVICE COMMITMENTS?**

19 A. Those commitments were made by MGE President and Chief Operating Officer, Thomas Clowe.
20 Mr. Clowe stated in his surrebuttal testimony in GR-96-285 on page 2:

I have previously told the Commission informally that MGE is fully aware that the performance of the customer service center earlier in the year was less than it should have been. I have previously communicated to the Commission informally that MGE is committed to taking whatever corrective action is needed to insure that our customer service is what it should be. The action plan addressed by Mr. Gillmore will be carried out. The performance standards contained in that action plan will be met.

Significant progress has already been made toward the achievement of the goals set forth in the action plan, and I can assure the Commission that I personally will accept nothing less than full achievement of those goals.

Q. WHAT WERE THE PERFORMANCE STANDARDS CONTAINED IN THE CUSTOMER SERVICE ACTION PLAN FOR THE ABANDONED CALL RATE AND THE AVERAGE SPEED OF ANSWER?

A. The Customer Service Action Plan which was Exhibit 112 in Case No. GR-96-285 set performance goals of 45 seconds for the average speed of answer and 5 % for the abandoned call rate. The Customer Service Action Plan is attached as Schedule KKB-5.

Q. DID THE PLAN ADDRESS OTHER CUSTOMER SERVICE AREAS SUCH AS SCHEDULING SERVICE, COLLECTION EFFORTS, REMITTANCE PROCESSING AND THE BILLING SYSTEM AND THEIR EFFECT ON THE CALL CENTER PERFORMANCE?

A. Yes. The plan stated:

The ASA must be reduced to 45 seconds or less to accomplish the objective of lowering the abandon rate to five (5) percent. And, a proactive procedure to cultivate business practices to reduce the need for the customers to call must be established. Effects of scheduling service, collection efforts, remittance processing and the billing system all generate unnecessary customer calls. Further, it is not reasonable to expect an average of 158,000 call monthly on a 460,000 customer base. Today our business practices has resulted in a ratio of one call for every three customer accounts. Our customer (sic) are not calling to tell us what a

1 good job we are doing! They are simple (sic) reacting to our business
2 practices.

3 **Q. DID THE COMPANY ALSO COMMIT TO IMPLEMENTING CHANGES TO**
4 **IMPROVE CUSTOMER SERVICE IN MGE'S LATE FILED EXHIBIT NUMBER**
5 **120?**

6 A. Yes, after the hearings in Case No. GR-96-285, MGE filed the late-filed exhibit number 120
7 describing the changes that the Company would implement to improve customer service (See
8 Schedule KKB-6).

9 **Q. DID THE COMPANY ACHIEVE THESE PERFORMANCE STANDARDS AND**
10 **COMMITMENTS MADE IN THE COMPANY'S LATE FILED EXHIBIT NUMBER**
11 **120?**

12 A. No. Attached to my rebuttal testimony as Schedule KKB-7 is a consolidated report prepared by the
13 Consumer Service Staff which was a schedule to Staff witness Janet Hoerschgen's direct testimony
14 in Case No. GR-98-140. This report details which changes were completed and which were not
15 completed as of that date.

16 **Q. IN HIS REBUTTAL TESTIMONY IN CASE NO. GR-98-140, DID MR.**
17 **CLOWE COMMIT TO ACHIEVING THE SAME GOALS CONTAINED IN THE**
18 **COSTUMER SERVICE ACTION PLAN AGAIN?**

19 A. Yes. On page 4 of his rebuttal testimony (See attached Schedule KKB-8) Mr. Clowe states on page
20 4:

21 Q. Does MGE still intend to achieve the call center performance
22 goals set out in the "customer service action plan"?

23 A. Yes.

Also, on page 5 of his rebuttal testimony Mr. Clowe stated:

Although I am pleased with the progress that has been made to date, performance of MGE's call center must be further improved. The goal at MGE is to be among the top call center performers nationally, which is why we have set a long term goal of achieving an ACR of 5%. We are well on our way toward achieving that goal.

Q. DID MGE ADMIT IT FAILED TO ACHIEVE THOSE GOALS?

A. Yes, on page 118 of MGE's initial brief in Case No. GR-98-140 the Company states:

MGE candidly admits, however, that it did not achieve all of the goals set in Case No. GR-96-285. Among them was the goal to achieve an abandoned call rate ("ACR:") of 5% and an average speed of answer ("ASA") of 45 seconds.

Q. IN CASE NO. GR-98-140 DID MGE INDICATE IT HAD CHANGED ITS GOALS FOR ABANDONED CALL RATE AND AVERAGE SPEED OF ANSWER?

A. No. However, Mr. Buckstaff from the firm Theodore Barry & Associates who MGE hired to conduct a review of MGE's billing process and customer service suggested the following on page 6 of his rebuttal testimony in Case No. GR-98-140:

Q. Did TB&A assist MGE in assessing both short and long term center performance goals?

A. Yes. We recommended an ACR of 8% and an ASA of 75 seconds. For the long term we recommend an ACR of 5% and an ASA of 45 seconds. The recommendation for this year was based on trends over the past 3 years; it is a "stretch" goal. The long term goal of 5% is just short of the top quartile of utility performance nationally; **it represents superior performance.** (Emphasis added)

Q. WHEN WAS THE STIPULATION AND AGREEMENT FOR CASE NO. GR-2000-43 SIGNED IN WHICH THE COMPANY AGREED TO THE 8.5% ABANDONED CALL RATE AND THE 75 SECONDS AVERAGE SPEED OF ANSWER?

1 A. The Stipulation and Agreement was signed on October 6, 1999. The standards set out in the merger
2 stipulation were base measurements representative of MGE's average performance from July 1997
3 to June 1999.

4 Q. DID THE COMPANY STATE ANYWHERE IN CASE NO. GR-2001-292 THAT
5 THE GOALS SET IN CASE NO. GR-96-285 AND REAFFIRMED IN CASE
6 NO. GR-98-140 FOR THE ABANDONED CALL RATE AND AVERAGE SPEED
7 OF ANSWER HAD BEEN CHANGED?

8 A. No.

9 Q. IN THE THIRD RATE CASE, CASE NO. GR-2001-292 DID THE
10 COMPANY'S PRESIDENT AND CHIEF OPERATING OFFICER STEVEN
11 CATTRON STATE IT WAS HIS INTENTION THAT MGE WOULD LIVE UP TO
12 EACH AND EVERY COMMITMENT MADE IN THE PRIOR RATE CASES?

13 A. Yes, on page 8 of his direct testimony (attached as schedule KKB-9) that was filed November 7,
14 2000 he states the following:

15 Q. In its order in Case No. GR-98-140, the Commission found that
16 MGE had not yet fully complied with commitments made in its prior rate
17 case (No. GR-96-285) and reminded the parties that such commitments
18 remain in effect until such time as an order relieving MGE of such
19 commitments is issued. Are you aware of this statement?

20 A. Yes. I take very seriously all commitments made by MGE to the
21 Commission. It is my intention that MGE live up to each and every such
22 commitment. As more specifically reported in the direct testimony of
23 MGE witness Karen M. Czaplewski, it is my belief that, except for not yet
24 reaching the ASA ("average speed of answer") goal of 45 seconds, MGE
25 has fulfilled all of the commitments it has made to the Commission.

1 Q. HAS THERE BEEN AN ORDER OF THIS COMMISSION RELIEVING MGE OF
2 SUCH COMMITMENTS?

3 A. No, not to my knowledge.

4 Q. WAS COMPANY WITNESS OGLESBY AWARE OF THESE COMMITMENTS?

5 A. Apparently not. At his deposition taken April 23, 2004 witness Oglesby testified as follows:

6 By Mr. Micheel

7 Q. Would you agree with me that one of your predecessors as (sic)
8 the job of president and chief operating officer was Mr. Steve Cattron?

9 A. Yes.

10 Q. And would you agree with me that prior to Mr. Cattron being the
11 president and chief operating officer, that was held by a gentleman by the
12 name of Mr. Clowe?

13 A. Yes.

14 Q. And you worked with both Mr. Clowe and Mr. Cattron, did you
15 not?

16 A. I worked for both of them, yes.

17 Q. You worked for both of them, yes.

18 A. Um-hum.

19 Q. - - or is there some top-down difference between working for and
20 with?

21 A. I work for Mr. Cattron and I worked for Tom Clowe in different
22 positions.

23 Q. Are you aware whether or not Mr. Clowe had certain goals with
24 respect to the abandoned call rate?

25 A. I am not aware of them.

1 Q. Are you aware of whether Mr. Clowe had certain different
2 standards with respect to the average speed of answer?

3 A. No, I am not.

4 Q. Did you do anything to endeavor to find out whether or not your
5 predecessors had items in place with respect to the abandoned call rate and
6 the average speed of answer?

7 A. The abandoned call rate – the goals for the abandoned call and
8 average speed of answer was in place, as I indicated. And no, I did not go
9 back to research to see if there was any other standard that had been I
10 place in the past.

11 Q. And you didn't think it was important to do that?

12 A. No, I did not.

13 Q. And why didn't you think it was important to do that?

14 A. As I indicated earlier, I felt like in visiting with the staff on the
15 floor in the phone center, they felt these were very, very, very good goals
16 as industry standards go and that it was going to be difficult to meet them
17

18 (Oglesby deposition, pps. 116-117)

19 **Q. SHOULD WITNESS OGLESBY HAVE BEEN AWARE OF THE PREVIOUS**
20 **COMMITMENTS MADE BY MGE?**

21 A. Yes he should have been. In March of 1997 he participated in a strategic planning session where in
22 MGE reaffirmed its goal to achieve or excess a 5 % abandoned call rate and a 45 second average
23 speed of answer. This strategic planning document is attached as Highly Confidential KKB-10. In
24 fact, Ron Crowe, the Director of Customer Service also attended this meeting and should have been
25 well aware of these commitments. Moreover, witness Oglesby should have reviewed at least
26 witness Cattron's testimony from Case No. GR-2001-292 to see if he had made any commitments.

1 **Q. DO YOU BELIEVE WITNESS OGLESBY DID REVIEW WITNESS CATTRON'S**
2 **TESTIMONY IN CASE NO. GR-2001-292?**

3 A. Yes. Witness Cattron's testimony in Case No. GR-2001-292 and witness Oglesby's testimony in
4 this case are word for word in numerous questions and answers.

5 **Q. MR. RICKETTS STATES ON PAGE 4 OF HIS DIRECT TESTIMONY,**
6 **"PERFORMANCE STANDARDS WERE IMPLEMENTED IN THE CONTACT CENTER**
7 **IN 2002." WHAT ARE THESE PERFORMANCE STANDARDS?**

8 A. Attached as Schedule KKB-11 is a copy of the response to Staff data request number 146. The
9 response contains departmental goals for call center analysts, customer service supervisors and
10 trainers and quality assurance analysts.

11 **Q. WHAT ARE THE SPEED OF ANSWER AND ABANDON CALL RATE GOALS SET**
12 **OUT IN MGE'S DEPARTMENTAL GOALS?**

13 A. 75 seconds for average speed of answer and 8.5 percent for the abandon call rate, which are the
14 maximum allowable levels to be obtained to comply with the merger stipulations. These goals are
15 lesser goals than the goals the Company committed to the Missouri Public Service Commission to
16 achieve in the last three rate cases.

17 **Q. DOES PUBLIC COUNSEL CONSIDER THESE GOALS TO BE ABOVE AVERAGE**
18 **GOALS FOR A COMPANY TO ACHIEVE?**

19 A. No. As I previously discussed, these goals are not even average goals for the industry. According
20 to a study commissioned by MGE in 1997 by Theodore Barry and Associates, the industry average
21 is 60 seconds for average speed of answer and an abandoned call rate of 7.5%.

1 Q. HAS MISSOURI GAS ENERGY OBTAINED OR CONDUCTED ANOTHER STUDY
2 ON CALL CENTER OBJECTIVES SINCE THE 1997 STUDY THAT WOULD
3 STATE THE GOALS IN THE CALL CENTER ARE ABOVE OR BELOW
4 INDUSTRY AVERAGE?

5 A. No.

6 Q. ON PAGE 3 OF HIS TESTIMONY WITNESS RICKETTS CLAIMS THAT THE
7 DECLINE IN THE NUMBER OF ESTIMATED METER READS DEMONSTRATES
8 MGE'S COMMITMENT TO HIGH QUALITY SERVICE. DO YOU AGREE WITH
9 HIS CONCLUSION?

10 A. No. The decreased number of estimated meter reads is due to the installation of the automated
11 meter reading (AMR) system the Company installed in 1997-1998. The estimated meter reads
12 occurring now are not employee errors but machine failures.

13 Q. WHEN WAS THE AMR SYSTEM INCLUDED IN THE COMPANY'S COST OF
14 SERVICE?

15 A. The AMR system and all AMR associated expenses were included in the Company cost of service
16 in MGE's rate case, Case No. GR-98-140. The rates that were produced from this rate case and
17 include the costs of the AMR system became effective on September 2, 1998.

18 Q. ALSO ON PAGE 3 OF THE SAME TESTIMONY MR. RICKETTS STATES, "IN
19 ADDITION, THE NUMBER OF COMPLAINT/INQUIRY CONTACTS MADE BY
20 MGE CUSTOMERS WITH THE COMMISSION'S CONSUMER SERVICES
21 DEPARTMENT HAS ALSO BEEN TRENDING FAVORABLY OVER THE PAST
22 SEVERAL YEAR. . . " DO YOU AGREE WITH THIS STATEMENT?

1 A. No. In fact the chart that shows the number of complaints/inquires in Mr. Ricketts testimony only
2 contains data for the first six months of calendar year 2003. In a report recently filed in Case No.
3 GO-95-177 by the Staff, titled Implementation Review of Missouri Gas Energy Billing and
4 Customer Service Review, the Commission's consumer services department received 469 for the
5 calendar year 2003. This produced a rate of .9 complaints per 1,000 customer for the calendar year
6 2003. Attached as schedule KKB-12 is a chart showing MGE's complaints per customers ratio for
7 the past five years. The Company is achieving close to the same rate of complaints per customer
8 now as it was in 1999.

9 **Q. WHAT MATERIALS RELATING TO MISSOURI GAS ENERGY DID COMPANY**
10 **WITNESS JOHN QUAIN REVIEW IN PREPARING HIS DIRECT TESTIMONY?**

11 A. On page 4 of his direct testimony, Mr. Quain states he reviewed the direct testimony of James
12 Oglesby and Michael Noack.

13 **Q. DO YOU BELIEVE THE INFORMATION IN MR. OGLESBY AND MR. NOACK'S**
14 **DIRECT TESTIMONY IS SUFFICIENT TO DRAW A CONCLUSION THAT**
15 **THERE IS A SIGNIFICANT PROBLEM IN THE REGULATORY PROCESS AS**
16 **APPLIED TO MGE?**

17 A. No.

18 **Q. HAS THE OFFICE OF PUBLIC COUNSEL RECEIVED ANY E-MAILS OR**
19 **LETTERS FROM CUSTOMERS IN OPPOSITION TO THIS RATE INCREASE?**

20 A. Yes, attached to my testimony as Schedule KKB-13 are copies of e-mails and letters our office has
21 received. Public Counsel did not receive any letters supporting this increase or stating that the
22 service Missouri Gas Energy provides is excellent.

1 **Q. AT THE LOCAL PUBLIC HEARINGS DID ANY CUSTOMERS REGARDING POOR**
2 **CUSTOMER SERVICE?**

3 A. Yes, several customers relayed their poor customer service experiences to the Commission at the
4 local public hearings.

5 **Q. HAS THE COMPANY ALSO RECEIVED E-MAILS FROM CUSTOMERS**
6 **CONCERNING THIS RATE INCREASE?**

7 A. Yes, attached to my testimony as Schedule KKB-14 are copies of e-mails that the Company has
8 received.

9 **Q. ON PAGE 16 OF COMPANY WITNESS OGLESBY'S TESTIMONY HE STATES,**
10 **"AS SHOWN IN THE DIRECT TESTIMONY OF MGE WITNESS CARLTON A.**
11 **RICKETTS, MGE PROVIDES HIGH QUALITY CUSTOMER SERVICE...." DOES**
12 **PUBLIC COUNSEL AGREE WITH THIS STATEMENT?**

13 A. No. Mr. Ricketts testimony provides several customer service measure results, such as the average
14 speed of answer, average abandoned call rate, number of estimated reads, and number of
15 complaints/inquiries received by the Commission as evidence of the quality of customer service
16 MGE is currently providing. These standards do not prove that MGE is even providing average
17 customer service.

18 **Q. DOES PUBLIC COUNSEL AGREE THAT MISSOURI GAS ENERGY SHOULD BE**
19 **REWARDED FOR GOOD QUALITY SERVICE AT A COST EFFECTIVE**
20 **FASHION?**

21 A. No. Good quality service at a cost effective fashion would be expected of any regulated utility.
22 Utility shareholders do not deserve a higher return on their investments because a utility is

1 providing a level of customer service that is expected of all regulated utilities within the state of
2 Missouri.

3 **Q. SHOULD MGE BE REWARDED FOR IMPROVING ITS CUSTOMER SERVICE?**

4 A. No. MGE should not be rewarded for improving terrible customer service to a level that is not even
5 an average level of customer service. As I stated before good quality customer service should be
6 expected of any utility company, just because MGE is now closer to providing the type of service
7 the Company should have provided all along is no reason to reward the Company with an addition
8 of .25 % to its rate of return.

9 **INCENTIVE COMPENSATION**

10 **Q. PLEASE DESCRIBE MGE'S INCENTIVE COMPENSATION PROGRAM.**

11 A. Missouri Gas Energy's incentive compensation program is based upon the Company achieving
12 three sets of goals. The first goal is the return on rate base/financial goal for both the Southern
13 Union Company and for its division, MGE. The second goal is achieving a ** __ * seconds
14 average speed of answer and the third goal is a safety goal. The standard for the safety goal is to
15 response to leaks under ** _____ ** (See Highly Confidential Schedule KKB-15)

16 **Q. DID THE PUBLIC COUNSEL INCLUDE THE SAFETY BONUS IN ITS COST**
17 **OF SERVICE?**

18 A. Yes.

19 **Q. SHOULD THE CUSTOMER SERVICE BONUS BE INCLUDED IN THE COST OF**
20 **SERVICE?**

1 A No. As I stated in earlier in this testimony and in my direct testimony, the goal of average speed of
2 answer is too low of a goal to achieve to reward the Company or its employees for obtaining.

3 **Q. WHAT IS THE RETURN ON RATE BASE/FINANCIAL GOAL?**

4 A. This goal has two parts. The first goal, which is the given the most weight in figuring the incentive
5 compensation to be paid is based upon Southern Union achieving the following goal:

6 ** _____
7 _____
8 _____
9 _____
10 _____
11 _____ *

12 The second part of the return on rate base/financial goal is based upon the following goal for MGE:

13 ** _____
14 _____
15 _____
16 _____

17 **Q. DID THE COMMISSION RULE IN CASE NO. GR-96-285 THAT MGE'S**
18 **INCENTIVE COMPENSATION PROGRAM SHOULD NOT HAVE BEEN INCLUDED**
19 **IN THE COST OF SERVICE BECAUSE THE PROGRAM WAS CREATED TO**
20 **REWARD EMPLOYEES FOR MAXIMIZING SHAREHOLDER WEALTH?**

21 A. Yes. In the Report and Order the Commission stated:

22 The Commission finds that the costs of MGE's incentive compensation
23 program should not be included in MGE's revenue requirement because the
24 incentive compensation program is driven at least primarily, if not solely,
25 by the goal of shareholder wealth maximization, and it is not significantly
26 driven by the interests of ratepayers.

1 **Q. IS THE MGE'S CURRENT INCENTIVE COMPENSATION PLAN ALSO DRIVEN**
2 **BY THE GOAL OF MAXIMIZING SHAREHOLDER WEALTH**

3 A. Yes, it is. The majority of the incentive available is based upon the Company achieving its return
4 on rate base/financial goal. The achievement of this goal solely benefits the Company's
5 shareholder.

6 **MANUFACTURED GAS PLANT REMEDIATION/ENVIRONMENTAL RESPONSE FUND**

7 **Q. WHICH COMPANY WITNESS ARE YOU REBUTTING WITH THIS TESTIMONY?**

8 A. Mr. Michael Noack.

9 **Q. WHAT IS MR. NOACK'S RECOMMENDATION?**

10 A. On pages 22, line 19-21 of his direct testimony, Mr. Noack requests that the Commission authorize
11 an annual funding of \$750,000 to cover manufactured gas plant remediation costs. His proposal is
12 that Company be authorized to setup what it terms as an "Environmental Response Fund" to be
13 funded initially with a ratepayer provided \$750,000 per year.

14 **Q. DOES MR. NOACK ALSO ALLEGE THAT COMPANY ACTUALLY INCURRED**
15 **REMEDATION COSTS DURING THE TEST YEAR?**

16 A. Yes. On page 23, line 5, of his direct testimony, Mr. Noack alleges that MGE expended \$6,320,000
17 during the test year for remediation efforts.

18 **Q, WHAT IS THE PUBLIC COUNSEL'S POSITION ON THE COMPANY'S**
19 **PROPOSAL?**

20 A. The Public Counsel recommends that the Commission deny Company authorization to recover from
21 ratepayers any of the remediation costs associated with the former manufactured gas plant sites. It
22 is our belief that the customers of MGE should not be forced to reimburse Southern Union

1 Company (SUC or Southern Union) for the costs for various reasons, not the least of which, is the
2 fact that SUC knew of the environmental problems when it purchased MGE from Western
3 Resources, Inc. (WRI). Furthermore, because SUC knew that the costs would likely be incurred, it
4 and the former MGE owner, WRI, contractually agreed to share liability for the payment of any
5 costs associated the MGP remediation. Company's current request to have ratepayers fund some
6 type of reserve surreptitiously titled as an environmental response fund makes no sense given that
7 SUC and WRI (and other potentially responsible parties (PRPs)) have already agreed to pay for any
8 costs expended to remediate the MGP sites.

9 **Q. DID SOUTHERN UNION COMPANY WILLINGLY ASSUME RESPONSIBILITY**
10 **FOR THE POTENTIAL LIABILITY ASSOCIATED WITH THE MGP**
11 **REMEDICATION?**

12 A. Yes it did. On page one of the Environmental Liability Agreement, attached as Schedule KKB-16,
13 it states:

14 Article 1. ASSUMPTION OF LIABILITY. Except as hereinafter
15 provided, Buyer hereby (a) assumes and agrees to be responsible for all
16 Environmental Claims now pending or that may hereafter arise with
17 respect to the Assets and the Business and (b) agrees to pay perform and
18 discharge, as and when due and payable, all Environmental Costs with
19 respect to such Environmental Claims. Buyer hereby agrees, except as
20 herein provided, to indemnify and hold Seller harmless from and against
21 all Environmental Claims and Environmental Costs which Buyer has
22 assumed or agreed to be responsible for pursuant to this Article 1.

23 **Q. WHAT EXACTLY WAS THE LIABILITY THAT SUC ASSUMED?**

24 A. Covered matters are defined on page 2 of the Environmental Liability Agreement as:

25 Article 2. DEFINITION OF COVERED MATTERS. (a) Definition. As
26 used herein, the term "Covered Matters" shall mean and refer to all
27 Environmental Claims and Environmental Costs related to the Assets or

the Business which (i) arise out of or are based upon Environmental Laws,
and (ii) are not included in Assumed Liabilities.

Newly Discovered Matters. Covered Matters that are discovered by Buyer
prior to the date which is two (2) years following the date of this
Agreement shall be subject to the cost sharing provision contained herein.
All Covered Matters discovered by Buyer more than two (2) years
following the date of this Agreement shall be the sole responsibility of
Buyer.

Q. WHAT IS WESTERN RESOURCES FINANCIAL RESPONSIBILITY?

A. Article 2 (c) of the Environmental Liability Agreement states:

(v). Buyer/Seller Shared Liability Amount. Upon exhaustion of relief
contemplated under subparagraphs (c) (i) through (iv), Buyer and Seller
shall share equally in payment of costs incurred by Buyer in connection
with Covered Matters in excess of the amounts received by Buyer under
subparagraph (c) (i) through (iii) (or paid by Buyer under subparagraphs
(c) (iv)) to a maximum aggregate amount of Fifteen Million Dollars
(\$15,000,000.00), without regard to the number of claims concerning
Covered Matters required to reach said amount. Notwithstanding anything
to the contrary herein, Seller's total liability for Covered Matters shall be
limited to the amount of Seven Million Five Hundred Thousand Dollars
(\$7,500,000.00), and Buyer shall indemnify and hold Seller harmless with
respect to all claims, costs, demands and liabilities with respect to all other
Covered Matters.

Furthermore, in Article 2(d) the Agreement states:

(d) Limitation on Seller's Liability. Seller's liability under subparagraph
(c) above shall terminate upon that date (the "Termination Date") which is
fifteen (15) years after the Closing Date. From and after the Termination
Date, Seller shall have no further obligations or responsibilities with
respect to all other Covered Matters.

1 **Q. ARE THE MGP REMEDIATION COSTS POTENTIALLY RECOVERABLE FROM**
2 **THE COMPANY'S INSURERS?**

3 A. Yes, possibly through MGE's share of historical coverage with Western Resources relating to sites
4 formerly owned and/or operated by The Gas Service Company. The Company is investigating this
5 coverage. (See Schedule KKB-17)

6 **Q. ARE MANUFACTURED GAS PLANT REMEDIATION COSTS POTENTIALLY**
7 **RECOVERABLE FROM OTHER POTENTIALLY RESPONSIBLE PARTIES?**

8 A. Yes, they are. As former owners of the Missouri utility operations, Western Resources, Inc. is
9 potentially liable for the payment of costs associated with the remediation of the MGP sites. It is
10 likely that WRI's potential liability will exceed that agreed to by WRI and SUC in their Asset
11 Purchase Agreement. .

12 **Q. IS IT REASONABLE TO ASSUME THAT MGE COULD POSSIBLY ENTER INTO**
13 **FUTURE COST SHARING AGREEMENTS WITH THE FORMER OWNERS OR**
14 **OTHER POTENTIALLY RESPONSIBLE PARTY'S?**

15 A. Yes.

16 **Q. YOU REFERENCED SUC AS THE PARTY LIABLE FOR THE MGP**
17 **REMEDATION. DID MGE ACTUALLY EXPEND ANY FUNDS DURING THE**
18 **TEST YEAR FOR REMEDIATION ACTIVITIES?**

19 A. No. Contrary to Mr. Noack's testimony (referenced above), MGE did not actually incur any costs
20 associated with MGP remediation activities during the test year. It's my understanding that all costs
21 associated with the remediation activities were paid for by Southern Union Company and recorded
22 on Southern Union's books. MGE has it own books and no costs were recorded on MGE's books.

1 **Q. NO COSTS ASSOCIATED WITH THE MGP REMEDIATION ACTIVITIES ARE**
2 **BEING BOOKED IN MGE'S FINANCIAL RECORDS - IS THAT CORRECT?**

3 A. Yes, all the costs are being booked at the corporate level. Mr. Noack's statement, on page 23, line 5,
4 of his direct testimony, that MGE expended \$6,320,000 during the test year for MGP remediation
5 efforts is inaccurate. SUC is the liable party and SUC is the entity booking the costs.

6 **Q. PLEASE DISCUSS SOME OF THE OTHER REASONS THAT SUPPORT THE**
7 **PUBLIC COUNSEL'S RECOMMENDATION THAT SUC'S MGP REMEDIATION**
8 **COSTS NOT BE RECOVERED FROM RATEPAYERS.**

9 A. One very important reason is that no coal gas is manufactured at the plant sites where the
10 manufactured gas plants were formerly operated. That and the fact that the Company does own
11 many of the sites where the alleged activities are occurring indicates that the sites are not, and will
12 not, be used and useful in the provision of gas services to current or future MGE customers.

13 **Q. PLEASE EXPLAIN THE CONCEPT OF "USED AND USEFUL."**

14 A. The "used and useful" test is commonly used by regulatory commissions to determine if an item
15 should be included as a utility's cost of service component. Under this concept, only the costs
16 associated with plant or property that currently provides utility service to the public is authorized
17 cost of service treatment. As I stated in my direct testimony on page 10, lines 15 and 16, MGE has
18 a current ownership interest in only six MGP sites, but it has identified fourteen other MGP sites it
19 does not own in which it may or may not be a PRP. While it is undisputed that no manufactured
20 gas is being produced at any of the twenty sites identified, it is extremely relevant that the fourteen
21 MGP sites not owned by the utility will never produce or provide any services to the customers of
22 MGE. To include any costs associated with the remediation of these sites would be unreasonable.

1 Theses sites play no part in the current operations of MGE. They are nothing more than a legal
2 obligation of the Southern Union Company. Therefore, SUC and its shareholder, not MGE
3 ratepayers, are solely responsible for any remediation costs they incur.

4 **Q. ARE THERE OTHER REASONS THAT, FOR THE SIX MGP SITES ACTUALLY**
5 **OWNED BY MGE, RATEPAYERS SHOULD NOT BE HELD RESPONSIBLE FOR**
6 **REIMBURSEMENT OF THE REMEDIATION COSTS?**

7 A. Yes. Essentially, the activities involved in the MGP remediation process are intended to bring the
8 property in question back up to a normal standard of usability or, at least, a non-threatening status
9 level. What I mean by that statement is that a MGP site that has been cleaned-up is capable of
10 being sold and/or utilized for other purposes. As such, if Company desires it could likely sell its
11 interest in the properties possibly without recourse. If that occurs, any gain associated with a
12 property's sale would naturally flow to the shareholders. In such a situation, shareholders would
13 directly benefit from a sale that was only made possible because ratepayers funded the activities
14 that brought the site back up to par so it could be sold. Ratepayers would be harmed in two ways,
15 1) they reimbursed the utility for the remediation costs but received no services from it, and 2) they
16 do not share in the gain when the site is sold.

17 **Q. ARE GAINS AND LOSSES ON THE SALE OF UTILITY PROPERTY IN THE**
18 **STATE OF MISSOURI EVER SHARED WITH RATEPAYERS?**

19 A. No. Based on past Commission practice, utilities in Missouri expect that any gain on a sale of an
20 asset (i.e., any sale of an asset in excess of its net book value) will occur to the shareholders and not
21 to the ratepayers. To my knowledge no Missouri utilities have come forward proposing to share
22 gains from the sale of assets with ratepayers. It is inconsistent to expect ratepayers to pay for losses

1 on sale of property or assets while shareholders reap the benefits of any gains when a company
2 disposes of utility property.

3 **Q. WERE RATEPAYERS AT FAULT FOR THE MGP CONTAMINATION?**

4 A. No. Ratepayers had no input as to the manner in which MGP sites were operated or dismantled nor
5 were they at fault for the contamination of the MGP sites.

6 **Q. WHY IS IT SIGNIFICANT TO ESTABLISH THAT THE RATEPAYERS ARE**
7 **NOT AT FAULT FOR THE MGP CONTAMINATION?**

8 A. It is significant to establish the ratepayers lack of fault in order to highlight the impropriety of
9 MGE's proposal. The proposal is a classic example of a public utility trying to take advantage of
10 the captive position of its customers. Essentially, it's the Company's desire to shift the risk and
11 financial burden of the MGP sites remediation from its shareholders to its customers. Customers
12 did not cause the contamination. In fact, it is unlikely that current customers played any part in the
13 management and operation of the plant that is now being remediated. Any contamination that
14 occurred was done under the auspices of managers of the Company. To absolve them of this
15 responsibility, for whatever reason, is not appropriate. The Company's shareholders have been
16 reimbursed for the risk of events such as these through Commission approved rate of return.
17 Accordingly, the Company's shareholders should be held responsible for the resulting liabilities and
18 costs.

19 **Q. DOES THE PUBLIC COUNSEL BELIEVE THAT SUC HAS ALREADY BEEN**
20 **REIMBURSED BY RATEPAYERS FOR THE MGP REMEDIATION COSTS?**

21 A. Yes. It is the Public Counsel's belief that SUC has already been reimbursed for the costs. Our
22 position is that the utility's shareholders are compensated for this particular business risk through

1 the risk premium applied to the equity portion of the utility's weighted average rate of return. Since
2 businesses are dynamic, the risk of unknown business changes is a factor included in a utility's rate
3 of return authorized by the Commission, and utility's in this State receive a monetary recovery for
4 that risk each and every year of their existence. MGE, and its predecessors, received that monetary
5 recovery for the MGP sites at the time of their operation going forward every year to the present.
6 The utility should not now be allowed an additional return to compensate it for those very same
7 costs.

8 **Q. DOES THE PUBLIC COUNSEL BELIEVE THE COMPANY'S ENVIRONMENTAL**
9 **RESPONSE FUND PROPOSAL TO BE FAIR AND REASONABLE?**

10 A. No. Public Counsel finds the Company's proposal to be quite the opposite as I will explain in the
11 following testimony.

12 **Q. IN YOUR DIRECT TESTIMONY YOU ADDRESSED THE COMPANY PROPOSED**
13 **ENVIRONMENTAL RESPONSE FUND AND THE COMPANY FILED A MOTION TO**
14 **STRIKE YOUR TESTIMONY BECAUSE IT WAS "IN THE GUISE OF DIRECT**
15 **TESTIMONY." BY MENTIONING THE COMPANY'S PROPOSAL IN YOUR**
16 **DIRECT TESTIMONY WERE YOU TRYING TO EXPLAIN PUBLIC COUNSEL'S**
17 **POSITION ON MANUFACTURED GAS PLANT REMEDIATION COSTS?**

18 A. Yes, I was. The Company in its direct proposed including money in the cost of service for future
19 manufactured gas plant remediation costs through a fund they titled Environmental Response Fund.
20 In order to avoid confusion of the issues in this case, while putting forth Public Counsel's position
21 of including no manufactured gas plant (MGP) remediation costs in the cost of service, I referenced
22 the Company's proposal for the fund.

1 **Q. WHY ELSE DOES THE PUBLIC COUNSEL FIND THE COMPANY'S "FUND"**
2 **PROPOSAL TO BE INAPPROPRIATE?**

3 A. The major issue we have with the Company's environmental response fund proposal (excluding
4 those issues I discussed in the preceding testimony) is the fact that, under the terms proposed by
5 Company, it is their intention that SUC shareholders should profit from any insurance proceeds
6 received related to the remediation activities and/or contributions obtained from Westar Energy (the
7 successor of Western Resources, Inc.) and/or contributions obtained from any other potentially
8 responsible parties. Company's position is that its shareholders should receive, net of the costs
9 associated with obtaining such proceeds, 50% of all such reimbursements and/or contributions, and
10 the remaining 50% will be utilized to benefit ratepayers by reducing the remediation costs recorded
11 in the proposed fund mechanism. In essence, Company wants ratepayers to reimburse it for all
12 remediation costs it incurs, and also provide SUC's shareholders with a 50% bonus for all net
13 proceeds received from other parties. Ironically, it is ratepayers alone who provide the Company
14 reimbursement, via rates, with all the "costs" (i.e., salaries, outside services, etc.) it would incur to
15 obtain the proceeds from insurance companies, WRI and/or other PRPs. Public Counsel finds this
16 aspect of the Company's proposal to be quite unfair and unreasonable.

17 **Q. PLEASE CONTINUE.**

18 A. Given that it was the Company's past management (i.e., the shareholders representatives) that
19 allowed the MGP contamination to occur in the first place, Public Counsel finds it completely
20 unacceptable that current and future customers of the Company should be held responsible for
21 funding the utility's entire MGP remediation activities going forward, and also must provide

incentives to the current crop of management to seek reimbursements from other entities which, in part, would be provided to shareholders as a bonus. We find such a situation at best illogical.

Q. DOES PUBLIC COUNSEL BELIEVE THAT SUC SHAREHOLDERS SHOULD RECEIVE ANY OF THE MGP-RELATED INSURANCE, WRI OR OTHER PRP REIMBURSEMENTS OR PROCEEDS?

A. Yes, they should receive all that is obtained. Since it is the Public Counsel's recommendation that no MGP remediation costs be reimbursed to Company by MGE's ratepayers, it is also our position that Company should be allowed to keep for its shareholders any and all reimbursements or proceeds received from entities such as insurance companies, etc.

LOBBYING/LEGISLATIVE COSTS

Q. WHAT IS THE ISSUE?

A. Public Counsel believes the salary of MGE employee Paul Snider and his reimbursed expenses incurred should be removed from the cost of service in this case.

Q. WHAT IS MR. SNIDER'S OFFICIAL EMPLOYEE TITLE?

A. Mr. Snider's position at MGE is Legislative Liaison.

Q. WHICH DEPARTMENT IS MR. SNIDER ASSIGNED TO?

A. He is an employee in the Company's Customer and Governmental Relations Department.

Q. IN CASE NO. GR-98-140 DID THE COMMISSION DIRECT THE COMPANY TO KEEP TIME RECORDS TO SHOW THE TIME EMPLOYEES SPEND PERFORMING TASKS THAT ARE PROPER AND NOT PROPER TO INCLUDE IN THE COST OF SERVICE?

1 A. Yes. On page 30 of the Report and Order for Case No. GR-98-140 the Commission states:

2 MGE should keep time records that would at least show the time expense
3 spent by staff members on regulated or recoverable activities. This would
4 give the Commission competent documentary evidence indicating the
5 respective amount of time spent on the various activities assigned to the
6 Public Affairs and Community Relations Department. Lacking such
7 competent evidence, the Commission must disallow any expense that is
8 not supported by competent and substantial evidence.

9 **Q. DOES MR. SNIDER COMPLETE TIME SHEETS?**

10 A. Yes, he does.

11 **Q. DO YOU BELIEVE THESE TIME SHEETS ARE COMPLETE DOCUMENTATION**
12 **WHICH WOULD ALLOW VERIFICATION OF WHICH TASKS SHOULD BE**
13 **INCLUDED OR NOT INCLUDED IN THE COST OF SERVICE?**

14 A. No, I do not. The time sheet entry category descriptions are too vague to determine if the activity
15 the employee performed is an activity that is one that is necessary for the utility to provide safe and
16 adequate service. (See Schedule KKB-18)

17 **Q. PLEASE GIVE AN EXAMPLE.**

18 A. The Definition of work description of Communication-Public Policy is:

19 This includes communication activities related to public policy
20 development. PAC related activities are included here. Specific projects
21 to which significant time is devoted may be listed separately on the time
22 sheets.

23 Many tasks that an employee might perform for MGE could be recorded under this description.,
24 thus it is difficult to ascertain whether the employee's time was spent performing tasks that are
25 necessary to provide safe and adequate service.

1 **Q. PLEASE STATE AGAIN HOW YOU ARRIVED AT REMOVING ALL OF MR.**
2 **SNIDER'S SALARY FROM THE COST OF SERVICE?**

3 A. I reviewed his time sheets, appointment calendar and expense reports. Mr. Snider's appointment
4 calendar and expense reports indicate that he spends most if not all of his time contacting legislator
5 and political groups, interacting with the Company's outside lobbyists and attending political
6 fundraisers. Mr. Snider's appointment calendar and expense reports are attached to my direct
7 testimony as Schedules KKB-6 and KKB-7.

8 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

9 A. Yes.