

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

FILED

MAR 11 1999

Missouri Public  
Service Commission

In the matter of Laclede Gas Company's )  
Tariff to Revise Natural Gas Rate )  
Schedules. )

Case No. GR-99-315

A F F I D A V I T


STATE OF MISSOURI )  
 ) SS.  
CITY OF ST. LOUIS )

Ronald L. Krutzman, of lawful age, being first duly sworn,  
deposes and states:

1. My name is Ronald L. Krutzman. My business address is  
720 Olive Street, St. Louis, Missouri 63101; and I am Treasurer and  
Assistant Secretary of Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is  
my direct testimony, consisting of pages 1 to 4 inclusive; and  
Section C - Schedules 21 and 22

3. I hereby swear and affirm that my answers contained in the  
attached testimony to the questions therein propounded and the  
information contained in the attached schedules are true and correct  
to the best of my knowledge and belief.

  
\_\_\_\_\_  
Ronald L. Krutzman

Subscribed and sworn to before me this 10<sup>TH</sup> day of March, 1999.

PATRICIA P. HICKS  
Notary Public — Notary Seal  
STATE OF MISSOURI  
City of St. Louis  
My Commission Expires: June 27, 2002

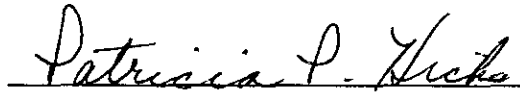
  
\_\_\_\_\_  
Patricia P. Hicks



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

Taxes  
Ronald L. Krutzman  
Direct Testimony  
Laclede Gas Company  
GR-99-315

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LACLEDE GAS COMPANY

GR-99-315

DIRECT TESTIMONY

OF

RONALD L. KRUTZMAN



DIRECT TESTIMONY OF RONALD L. KRUTZMAN

1 Q. Please state your name and business address.

2 A. My name is Ronald L. Krutzman and my business address is  
3 720 Olive St., St. Louis, Missouri, 63101.

4 Q. What is your present position?

5 A. I am the Treasurer and Assistant Secretary of Laclede Gas  
6 Company.

7 Q. Please state how long you have held this position and  
8 describe your responsibilities.

9 A. I was elected Treasurer and Assistant Secretary effective  
10 February 1, 1996. In addition to other duties in this  
11 position, I am responsible for all tax and payroll  
12 administration matters of the Company, including  
13 preparation and filing of all tax returns, and accounting  
14 for taxes and employee compensation.

15 Q. What is your educational background?

16 A. I graduated from the University of Missouri - Columbia in  
17 1967 with a degree of Bachelor of Arts, majoring in  
18 economics. I was enrolled in the Graduate School of  
19 Business at the University of Missouri - St. Louis from  
20 1975 to 1978, and also studied taxation at St. Louis  
21 University in 1980.

22 Q. Are you a member of any professional societies?

1 A. I am a current member of the Financial Executives  
2 Institute, and a past member of the Tax Executives  
3 Institute. In addition, I served on the Taxation  
4 Committee of the American Gas Association for a number of  
5 years.

6 Q. Will you briefly describe your experience with Laclede  
7 prior to becoming Treasurer and Assistant Secretary?

8 A. I joined Laclede in 1969 as a Staff Auditor in the  
9 Internal Audit Department. From 1969 to 1985, I held  
10 staff, assistant manager, and manager positions in various  
11 financial departments of the Company. In 1985, I was  
12 promoted to the position of Tax Manager in the Accounting  
13 Department. I was promoted to Manager, Tax and Payroll in  
14 1992 and I served in that capacity for four years until I  
15 was elected Treasurer and Assistant Secretary of the  
16 Company in 1996.

17 Q. Have you previously testified before this Commission?

18 A. Yes, I have.

19 Q. What is the purpose of your testimony?

20 A. The purpose of my testimony is to present evidence to this  
21 Commission pertaining to the proper level of tax expense  
22 to be included in the determination of the Company's  
23 cost-of-service in this proceeding.

24 Q. Please list the schedules you are sponsoring.

25 A. I am sponsoring the following schedules which were  
26 prepared under my supervision:

1 Section C TEST YEAR UTILITY OPERATING INCOME STATEMENTS  
2 AND ADJUSTMENTS, Schedules 22 and 23. These schedules  
3 provide supporting detail for certain adjustments to test  
4 year utility operating income which I am sponsoring on  
5 Schedule 2.

6 Adjustment to Utility Operating Income

7 Q. Please describe the adjustments you have made on Schedule  
8 22.

9 A. Schedule 22 contains calculations and support for  
10 Adjustments 8.a, 8.b, 8.c and 8.d related to taxes other  
11 than income taxes set out on Schedule 2. Adjustment 8.a.  
12 calculates the adjustment of property taxes and  
13 manufacturers' license expense to reflect the actual  
14 increase in assessed value at January 1, 1999, and for the  
15 unrealized portion of such taxes applicable to net utility  
16 plant at March 31, 1999, at tax rates which were in effect  
17 during calendar year 1998.

18 Q. Please continue.

19 A. Adjustment 8.b. increases FICA expense to reflect the  
20 increased wage and salary level described in the testimony  
21 of James A. Fallert and reflected on Schedule 18.  
22 Adjustment 8.c. adjusts Missouri Unemployment Taxes for  
23 the taxable wages and tax rate effective January 1, 1999.  
24 Adjustment 8.d. reflects the increase in the City of St.  
25 Louis Payroll Expense Tax resulting from the wage and  
26 salary level changes described in Schedule 18.

1 Q. Please describe Schedule 23.

2 A. Schedule 23 shows the calculations of the proper amount of  
3 income tax expense related to the adjusted Test Year and  
4 Pro Forma Utility Operating Income Statement. Page 1 of  
5 Schedule 23 shows the differences in the recognition of  
6 revenue and expense for tax and book purposes, and the  
7 resulting calculation of taxable income.

8 Q. Do the pro forma adjustments listed on Schedule 2 of  
9 Section C also affect taxable income?

10 A. Yes. All of the pro forma adjustments affect taxable  
11 income, and consequently, they all affect either current  
12 or deferred income tax expense.

13 Q. Please continue.

14 A. Page 2 of Schedule 23 shows the calculation of the  
15 current, pro forma income tax expense. Finally, Page 3 of  
16 Schedule 23 shows the calculation of total income tax  
17 expense, including deferred income taxes and investment  
18 tax credit amortization. The pro forma investment tax  
19 credit amortization has been adjusted to match the lives  
20 used for calculating book depreciation as reflected in  
21 Adjustment 7.

22 Q. Are you sponsoring any other adjustments to the income  
23 statement?

24 A. No, I have no other adjustments to the income statement.

25 Q. Does this conclude your testimony?

26 A. Yes it does.