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**LACLEDE GAS COMPANY
MISSOURI GAS ENERGY**

**GR-2017-0215
GR-2017-0216**

REBUTTAL TESTIMONY

OF

RYAN L. HYMAN

OCTOBER 2017

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REBUTTAL TESTIMONY OF RYAN L. HYMAN

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

2 A. My name is Ryan L. Hyman and my business address is 700 Market Street, St.
3 Louis, Missouri 63101.

4 Q. **WHAT IS YOUR PRESENT POSITION?**

5 A. I currently serve as Vice President-Information Technology Services for Spire,
6 Inc.

7 Q. **PLEASE STATE HOW LONG YOU HAVE HELD YOUR PRESENT
8 POSITION AND BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.**

9 A. I was appointed to my present position in February, 2012. In that position, I am
10 responsible for overseeing the development, performance, and security of the
11 Company's information technology services and assets, including the software,
12 hardware, logistical and other elements of that technology. Prior to being
13 appointed to my current position, I was an Assistant Vice President for
14 Technology Services, where I performed many of the same functions.

15 Q. **WHAT WAS YOUR WORK EXPERIENCE PRIOR TO JOINING
16 LACLEDE?**

17 A. From September 1999 to April 2008, I served as Vice President for Information
18 and Technology Management for SM&P Utility Resources, Inc., a national
19 underground locating firm that had been acquired and subsequently sold by
20 Laclede shortly before my arrival at the Company. While in that position, I had

1 the responsibility of overseeing the development, performance and security of
2 SM&P's information technology assets.

3 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

4 A. I graduated from Purdue University in 1999 with a degree in Computer
5 Programming Technology.

6 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS**
7 **COMMISSION?**

8 A. Yes, I submitted direct testimony on behalf of Laclede Gas Company in Case
9 No. GR-2013-0171.

10 **I. PURPOSE OF TESTIMONY**

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

12 A. The purpose of my testimony is to respond to the direct testimony and
13 recommendations submitted by witnesses for the Staff of the Missouri Public
14 Service Commission ("Staff") and the Office of the Public Counsel ("OPC")
15 relating to the Information Management System ("IMS") that the Company
16 implemented for Laclede Gas Company ("LAC") in 2013 and for Missouri Gas
17 Energy ("MGE") in 2015. Specifically, I will explain why there is no
18 justification for either Staff's or OPC's recommendation that a significant
19 portion of the costs incurred to implement these systems should be excluded
20 from the Company's cost of service of in these proceedings. As I will discuss,
21 these recommendations are based on an incomplete or inaccurate understanding
22 of MGE's pressing need to upgrade its information management systems, the

1 relative costs and benefits that were achieved as a result of extending LAC's
2 IMS to MGE versus other stand-alone options, and the manner in which the IMS
3 is actually used to serve the various members of Spire's corporate family. In the
4 end, the approach taken by the Company has resulted in MGE and its customers
5 receiving a new, state-of-the art information management system at significant
6 discount from what it would have cost to install such a system on a stand-alone
7 basis. Also, by having a single, common system across the state of Missouri,
8 customers can expect a consistent experience for information, billing, and
9 service levels. This also reduces risk to MGE customers by ensuring these
10 systems are kept up to date and not allowed to lapse in software support. At the
11 same time, LAC's customers will receive a significant reduction in what they
12 are paying to support the IMS by virtue of the Company's ability to allocate a
13 share of its costs to MGE's customers. It is truly a "win-win" for the customers
14 of both operating units and there is absolutely no basis for excluding any of its
15 associated costs from rates.

16 **II. ORIGINS AND CHARACTERISTICS OF THE IMS**

17 **Q. PLEASE DESCRIBE THE GENRAL FEATURES OF THE IMS SYSTEM**
18 **THAT WAS IMPLEMENTED BY LAC IN 2013.**

19 **A.** For the first time in its corporate history, the IMS provided LAC with a fully
20 integrated and comprehensive information management system. The system
21 touches more than 80% of all of LAC's business processes and provides
22 enhanced accounting tools, cross-functional communication, data tracking and

1 analyses, and other essential business processes in the areas of customer service,
2 billing and information, financial performance, supply chain/inventory, human
3 resources and asset management.

4 **Q. CAN YOU DESCRIBE THE VARIOUS COMPONENTS OF IMS?**

5 A. Yes. The IMS has four major components. The first is the Oracle Enterprise
6 System which is the core ERP (Enterprise Resource Planning) system. This
7 system is applicable to accounting, reporting, payment processing and supply
8 chain functionality and the core HR system where Missouri employee data is
9 stored. The second component is the PowerPlant system, which is applicable to
10 fixed asset and tax accounting. The third is the Oracle Customer Care and
11 Billing System which is applicable to billing, collections and customer service
12 functions. The fourth component is the IBM Maximo system applicable to
13 enterprise asset management and work management.

14 **Q. WHY DID THE COMPANY CHOOSE TO INITIATE A PROJECT OF**
15 **THIS SIZE, COST AND COMPLEXITY WHEN IT DID?**

16 A. As I previously testified in Case No. GR-2013-0171, a significant consideration
17 was the need to ensure that the Company would continue to have an information
18 management system in place that would be able to support its ability to provide
19 customer service on the kind of reliable basis that our customers have come to
20 expect. As Commissioners undoubtedly understand from their own personal
21 experience, technology, software, applications and other features associated
22 with information management technology change at an incredibly rapid pace,

1 whether one is looking at a smartphone or enterprise management system. As
2 a result, those vendors that service and equip such systems, and the schools that
3 train the professionals required to do the work are, by necessity, always focusing
4 their resources on supporting the technology as it exists today and is likely to
5 evolve in the future. By investing in modern technology, the Company is able
6 to better and more reliability support its customer base and has the ability to
7 provide additional services to customers as they are required.

8 **Q. WHY WAS THIS SUCH A SIGNIFICANT FACTOR IN THE**
9 **COMPANY’S DECISION TO MOVE FORWARD WITH THE IMS**
10 **INVESTMENT?**

11 **A.** Because Laclede has typically taken a conservative approach to making the kind
12 of large investments represented by IMS only where there is a compelling case
13 to do so, the Company had maintained and continued to operate a number of its
14 information management systems for a comparatively long time. In fact, the
15 largest and oldest of our major information systems -- the Customer Information
16 System or “CIS” – was some 25 years old at the time the new IMS was
17 implemented. Due to its age, it had become increasingly difficult for the reasons
18 previously discussed to find programmers and software providers with the
19 knowledge and expertise to maintain and, in the event of an emergency, repair
20 the system. There were instances in the past where the previous IMS system
21 would have an outage resulting in hours of inability to service customers.

1 Accordingly, it became ever more obvious that we needed to move forward with
2 a new information management system.

3 **Q. DID THE COMPANY TAKE AN EQUALLY CONSERVATIVE**
4 **APPROACH TOWARD ENSURING THAT THE COST, QUALITY OF**
5 **ITS INVESTMENT IN IMS WOULD BE PRUDENTLY MANAGED?**

6 **A.** Yes. In fact, I have never been involved with a technology acquisition project
7 that has had the level of cost and quality controls that have been employed by
8 the Company in connection with the IMS investment. At every stage of the
9 project, maximum attention was given to ensuring involvement and oversight of
10 the project by both senior management as well as the front-line managers who
11 are most familiar with the functional areas that will be impacted by the new
12 systems. We also retained experienced consultants at each stage of the process
13 to advise the Company on the best and most competitive ways to acquire and
14 implement the technology, establish and monitor the progress of the project,
15 including our performance on key cost and quality metrics, and ensure
16 successful implementation of the system upon its completion.

17 **Q. WHAT WAS THE ULTIMATE COST OF THE NEW IMS FOR LAC**
18 **ONCE ITS WAS COMPLETED AND FULLY OPERATIONAL?**

19 **A.** The final cost of the IMS was approximately \$80 million.

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III. EXTENSION OF IMS TO MGE

Q. WHEN DID THE COMPANY COMPLETE ITS REPLACEMENT OF MGE’S OLD INFORMATION MANAGEMENT SYSTEM WITH LAC’S SYSTEM?

A. In September of 2015.

Q. WHY DID THE COMPANY REPLACE MGE’S OLD INFORMATION SYSTEM WITH LAC’S NEW IMS.

A. We took this action for several reasons. During the course of our acquisition of MGE and in the months that followed, we performed a detailed analysis of the MGE’s current system, including its functionality, age, ability to service, etc. We identified a couple of reasons why we needed to replace MGE’s systems with LAC’s. First, the financial systems that MGE relied upon were owned by their previous owner. Therefore, when MGE was sold their backend financial systems were not assets that came along with the company. Also, MGE’s former owner was no longer supporting the technology that MGE used. In fact, they had abandoned that technology completely as they were moving towards SAP and were letting MGE “linger”. This was not in the best interests of MGE’s customers. Secondly, the billing system that was used at MGE was customized and aging. Finding employees in a competitive market to support the system was an operational and reliability risk to MGE’s customers that would only grow worse over time. Given the situation MGE was in system wise, new technology had to be implemented. The decision was made to leverage LAC’s new IMS

1 system (sometimes referred to as the “newBlue” system) because by doing so
2 we could save customers money at both MGE and LAC. Had this option not
3 been chosen, a stand-alone newBLUE “like” project for MGE would have added
4 tens of millions of dollars in cost to the project. Furthermore, by implementing
5 LAC’s system at MGE customers were able to take advantage of LAC’s
6 customer portal.

7 **Q. WHAT OTHER FACTORS PROMPTED THE COMPANY’S DECISION**
8 **TO REPLACE MGE’S INFORMATION MANAGEMENT SYSTEM**
9 **WITH ITS OWN NEW IMS?**

10 A. While MGE’s information system needed to be replaced regardless of any other
11 considerations, we also knew that replacing it with LAC’s IMS would produce
12 significant financial, operational and service benefits for the Company and its
13 customers.

14 **Q. HOW SO?**

15 A. By extending LAC’s IMS system to MGE, we knew that we would not only be
16 able to provide MGE with a new start-of-the-art information system for a far
17 lower cost than what MGE would have incurred to install its own IMS from
18 scratch, but also make the LAC customer portal available to MGE customers.
19 We were also able to facilitate the achievement of other synergies and practice
20 improvements while significantly reducing the risk to customers from system
21 outages, etc.

22 **Q. DID THIS, IN FACT, OCCUR?**

1 A. Yes. As I previously noted, MGE incurred approximately \$32.5 million in
2 incremental costs to install LAC's IMS in place of its existing system. And
3 even after an allocation of approximately \$26 million by LAC to cover its share
4 of the existing IMS system, MGE's total cost for its IMS is still \$20 to \$25
5 million less than what a standalone system would have cost MGE based on the
6 costs recently incurred by LAC in 2013 for its own system.

7 **Q. DID THIS APPROACH ALSO RESULT IN ONGOING OPERATIONAL**
8 **SAVINGS IN ADDITION TO THESE REDUCTIONS IN INITIAL**
9 **COSTS?**

10 A. Yes. Again, if MGE went with a separate, stand-alone system, there would have
11 been significantly more implementation costs involved to implement business
12 processes as well as potentially significant cost increases from a data center
13 perspective and support staff perspective. An average staff needed to run a full
14 system for a company the size of MGE could range from 30-50 FTE's which
15 would have significantly increased the cost back to customers by millions of
16 dollars annually.

17 **Q. HAS THE APPROACH TAKEN BY THE COMPANY ALSO REDUCED**
18 **THE COST THAT LAC'S CUSTOMERS WILL HAVE TO PAY FOR**
19 **THE IMS THAT SERVES THEM?**

20 A. Without question. Because \$26 million of the current net investment incurred
21 by LAC for the IMS has been properly allocated to MGE, LAC's customers will
22 also receive a substantial savings in the amount of investment included in their

1 rate, assuming Company's proposed allocation is approved by the Commission.
2 In short, both the customers of MGE and the customers of LAC are benefitting
3 tremendously from how the Company implemented its management information
4 system platforms following the acquisition of MGE.

5 **Q. WHAT OTHER CONSIDERATIONS PLAYED A ROLE IN THE**
6 **COMPANY'S DECISION TO IMPLEMENT THE SAME IMS**
7 **PLATFORM FOR LAC AND MGE?**

8 A. We also recognized early on that having both MGE and LAC operating off the
9 same IMS platform would be critical to achieving a number of the efficiencies
10 and customer service enhancements that were contemplated by the acquisition.
11 Simply put, the ability to operate off the same accounting, supply chain,
12 reporting, customer service, billing and other platforms contributed significantly
13 to the realization of many of the synergies and other efficiencies that, as other
14 witnesses have testified, are currently reflected in the cost of service for both
15 LAC and MGE. I should note, however, that these benefits are in addition to
16 those cost savings and other benefits that, standing alone, fully justify the costs
17 that have been incurred to make the IMS platform available to both MGE and
18 LAC.

19 **IV. POSITIONS OF STAFF AND OPC**

20 **Q. PLEASE PROVIDE YOUR UNDERSTANDING OF THE POSITIONS**
21 **TAKEN BY STAFF AND OPC REGARDING THE INCLUSION OF IMS**
22 **EXPENDITURES IN THE COST OF SERVICE FOR MGE AND LAC.**

1 A. It is my understanding that Staff witness Keith Majors is proposing to exclude
2 approximately \$32.5 million of the incremental cost incurred to extend LAC’s
3 IMS to MGE on the theory that these conversion expenditures are “transition
4 costs” and that the Company has not yet demonstrated a level of synergies
5 sufficient to permit their recovery. For its part, OPC proposes to allocate
6 approximately \$30 million of the costs incurred for the IMS system to other
7 Spire businesses, most notably Alagasco and Energy South, or to disallow a
8 portion of such costs on the false premise that a sufficient study was not
9 performed to support their allocation. As I and other Company witnesses
10 discuss, these proposals are without merit. In terms of Staff’s and OPC’s
11 argument regarding whether there are sufficient savings or synergies to cover
12 these expenditures one needs look no further than the savings that were directly
13 achieved as a result of the project itself – savings which more than justify its
14 costs. As for whether these IMS costs should be allocated to Spire’s utility
15 businesses in other states, such a result would also be inappropriate since those
16 utilities utilize separate stand-alone systems for their operations which systems
17 are supported and maintained by Alabama and Mississippi employees.

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20 **V. GENERAL RESPONSE**

21 **Q. DO YOU HAVE ANY GENERAL COMMENTS REGARDING THE**
22 **POSITIONS TAKEN BY STAFF AND OPC?**

1 A. Yes. I think it is important to note that in making their recommendations for
2 how these IMS costs should be treated, neither Staff nor OPC have asserted or
3 even implied that such costs were excessive or imprudently incurred by the
4 Company. Nor have they asserted or even implied that MGE did not need to
5 replace its information management system or that the approach taken by the
6 Company to achieve that goal was inappropriate or in some way misguided.
7 Instead, their positions and arguments are centered on factors that really have
8 nothing to do with the technical soundness, cost effectiveness and overall
9 propriety of the Company's actions in bringing the IMS platform to MGE.
10 These unrelated and wholly extraneous arguments should not be allowed to
11 overshadow the significant benefits that have been achieved by the Company
12 through its management of this process or to exclude from rates costs that have
13 already been minimized to very favorable levels as a result of those actions.

14 **VI. RESPONSE TO STAFF**

15 **Q. WHY IS STAFF PROPOSING TO EXCLUDE FROM THE COMPANY'S**
16 **COST OF SERVICE APPROXIMATELY \$32.5 MILLION IN SOFTWARE**
17 **AND OTHER COSTS INCURRED BY THE COMPANY TO BRING LAC'S**
18 **IMS PLATFORM TO MGE?**

19 A. At page 82 of the Staff Cost of Service Report, Mr. Majors characterizes these
20 costs as a "transition costs" and then claims that they should be excluded from the
21 Company's cost of service because the Company did not supposedly comply with
22 certain technical requirement for including such transition costs in rates.

1 **Q. DO YOUR AGREE WITH MR. MAJORS' ASSESSMENT?**

2 A. No. In his rebuttal testimony, Company witnesses Flaherty and Lobser will
3 explain in detail why Staff is simply incorrect in its technical claims regarding
4 whether certain requirements for the recovery of transition costs were met. From
5 the perspective of someone who has managed the acquisition and implementation
6 of numerous information management systems over the years, however, I want to
7 make sure the Commission understands just how fundamentally inappropriate
8 Staff's attempt to exclude these costs really is.

9 **Q. PLEASE CONTINUE.**

10 A. I have already explained how the approach taken by the Company for extending
11 LAC's IMS system to MGE has saved the customers of both operating units
12 millions of dollars in costs that would have otherwise been required to implement
13 a standalone system. In my opinion, this fact alone should be more than sufficient
14 to justify the recovery of all of the associated costs either standing alone or when
15 viewed through the prism of the terms approved by Commission for the recovery
16 of transition costs in the MGE acquisition case.

17 **Q. WHAT IS YOUR UNDERSTANDING OF THOSE TERMS?**

18 A. As I understand it, under the MGE acquisition agreement approved by the
19 Commission, capital costs such as the \$32.5 million in expenditures incurred to
20 extend LAC's IMS system to MGE that are designated as transition costs by Mr.
21 Majors are to be recovered like any other capital item as long as there are sufficient
22 synergies or savings to offset their impact on revenue requirement.

1 **Q. DO THE IMS EXPENDITURES FOR MGE QUALIFY FOR RECOVERY**
2 **UNDER THIS CRITERIA?**

3 A. Absolutely. While implementation of the IMS at MGE was critical for realizing
4 certain efficiencies from the integration of the LAC and MGE, these IMS changes
5 were also needed for other reasons. MGE was running its customer information
6 system on an IBM Mainframe. Such mainframe systems are being phased out
7 across all industries. Like LAC's prior IMS system, MGE's legacy information
8 management system was also too old and too unserviceable to have been
9 maintained and used for any extended period of time. Accordingly, this change in
10 MGE's information management system, or one very much like it, would have had
11 to happen regardless of LAC's acquisition of MGE's. Fortunately, because of the
12 acquisition, the Company was able to make it happen for a significantly lower cost
13 than would have otherwise been the case.

14 **Q. PLEASE EXPLAIN.**

15 A. As I previously testified, to implement a modern, integrated and enterprise wide
16 information management system, MGE would have had to incur costs roughly
17 equivalent to or higher than what LAC incurred to install its IMS. In other words,
18 the cost of both systems would have been twice as much as the \$80 million that
19 LAC spent on it, or approximately \$160 million. Because the Company was able
20 to leverage its existing IMS system in creating a new one for MGE, however, the
21 total cost for both was approximately \$117 million which represents a savings of
22 more than \$40 million. This, of course, more than offsets the \$32.5 in incremental

1 costs that were incurred to extend LAC's IMS system to MGE. Moreover, this
2 calculation does not take into consideration the millions of dollars in additional
3 synergies and ongoing operational cost savings that were made possible by
4 creating and utilizing the same information management platform for both LAC
5 and MGE.

6 **Q. COULDN'T SIMILAR SAVINGS HAVE BEEN ACHIEVED HAD MGE'S**
7 **PREVIOUS OWNER, ETE, IMPLEMENTED A SIMILAR ENTERPRISE**
8 **WIDE IMS FOR ITSELF AND MGE?**

9 A. I think anyone trying to answer that question would be engaging in pure
10 speculation. What I know is that at the time we acquired MGE, no such plans were
11 in the works. In fact, MGE's previous owner was abandoning the back end
12 technology that supported MGE. They had isolated MGE's technology and were
13 providing just enough support to keep it running until they found a buyer for MGE.
14 This was communicated directly to me by the CIO of ETE. Once we started
15 diligence on MGE, it became apparently clear what Energy Transfer was doing.
16 I have also been advised that ETE did not make it a practice to invest heavily in
17 upgrading the physical assets of the two natural gas distribution systems that it still
18 owned, whether such assets were information technology platforms like the IMS
19 that MGE received or the pipeline, services and other facilities that made up its
20 distribution system. It is also my understanding that ETE's lines of business,
21 unlike those of the Company, had operational characteristic that differed in many
22 respects from those of a local distribution company. Given these considerations,

1 I do not believe it is possible to assess with any degree of certainty what ETE
2 would have done.

3 **Q. DO YOU HAVE ANY CONCLUDING COMMENTS REGARDING**
4 **STAFF'S POSITION ON THIS ISSUE?**

5 A. It is very disappointing to see the Staff attempt to exclude from rates millions of
6 dollars in costs for a project that was undertaken in a way that was so obviously
7 beneficial for the customers of both MGE and LAC. This is especially true when
8 such a recommendation is made for highly technical reasons that have nothing to
9 do with the prudence, cost effectiveness or compelling need for the project. The
10 fact that the recovery of these expenditures is amply supported, regardless of
11 whether they are considered a transition cost or simply a remarkably cost-effective
12 investment needed to provide utility service, only underscores why Staff's
13 proposed treatment of the costs should be rejected.

14 **VII. RESPONSE TO OPC**

15 **Q. WHAT ARE OPC'S RECOMMENDATIONS REGARDING THESE IMS**
16 **COSTS?**

17 A. OPC is also recommending that the expenditures for extending LAC's IMS to
18 MGE be excluded from rates, although it offers several theories in support of its
19 position. The first, which is articulated by OPC witness John Robinett at page 4
20 of his direct testimony, is identical to the reason given by Staff witness Majors in
21 the Staff's Cost of Service Report, namely that the these expenditures are transition
22 costs that have not been adequately supported with evidence of offsetting savings.

1 **Q. ARE THESE ASSERTIONS BY OPC EQUALLY INVALID?**

2 A. Yes, like Staff, OPC devotes no more than a couple of paragraphs in support of its
3 recommendation to exclude millions of dollars in legitimate costs on these
4 specious grounds. The same reasons I have given for why the Commission should
5 reject Staff's recommendation to exclude such costs on this untenable theory are
6 equally applicable to Mr. Robinett's recommendation and should result in the
7 same outcome.

8 **Q. WHAT OTHER THEORIES HAS OPC OFFERED FOR EXCLUDING IMS**
9 **COSTS?**

10 A. OPC's consultant, Ms. Ara Azad, testifies in her direct testimony that more than
11 \$30 Million in IMS costs should be excluded from the Company's cost of service
12 for two reasons. First, she appears to believe that a significant portion of these
13 costs should be allocated to Spire's other utility businesses, including Alagasco
14 and EnergySouth. Second, she asserts that such costs should be disallowed
15 because the Company did not presumably perform a sufficient study of how its
16 IMS costs should be allocated as required by its Commission-approved Cost
17 Allocation Manual.

18 **Q. WHAT IS YOUR RESPONSE TO MS. AZAD'S FIRST ARGUMENT?**

19 A. Ms. Azad's argument that a significant portion of these IMS costs should be
20 allocated to Alagasco and EnergySouth is apparently based on the mistaken
21 assumption that Laclede's IMS system is used to serve those utilities.

22 **Q. ARE THEY?**

1 A. No. They are not. As I previously discussed, Alagasco and EnergySouth still
2 maintain their own information management systems and utilize them to support
3 their operations in Alabama and Mississippi for nearly all of the functions that the
4 Company's IMS system is used for to support its Missouri operations.
5 Specifically, their information management systems, rather than the IMS used by
6 LAC and MGE, is used for managing their accounting, supply chain, reporting,
7 field operations, customer care and billing, and other information management
8 functions. In fact, the only remote connection from these utilities to Missouri is
9 through an Oracle Hyperion interface to the LAC IMS general ledger.
10 Accordingly, there is no basis for allocating a proportionate share of the IMS costs
11 incurred for LAC and MGE to these other utility businesses.

12 **Q. HAS THE STAFF RECOGNIZED THAT THE IMS USED BY LAC AND**
13 **MGE ARE NOT USED BY THESE OTHER UTILITY BUSINESSES?**

14 A. Yes. At page 82 of its Cost of Service Report, the Staff recognizes that while Spire
15 is evaluating the potential extension of its LAC and MGE IMS platform to these
16 business, it is not anticipated that such an extension would take place for a number
17 of years after the completion of this case. In the meantime, it is singularly
18 inappropriate to allocate costs to those other businesses as if this event had already
19 occurred.

20 **Q. WHAT ABOUT MS. AZAD'S SUGGESTION THAT SUCH COSTS**
21 **SHOULD BE EXCLUDED BECAUSE A STUDY HAS NOT BEEN**

1 **CONDUCTED TO ASSESS HOW THESE IMS COSTS SHOULD BE**
2 **ALLOCATED.**

3 A. As Company witness Buck explains in his rebuttal testimony, this claim is simply
4 inaccurate and, in any event, would represent an incredibly unreasonable and
5 inappropriate basis for excluding such costs. The fact is that Spire’s basis for
6 allocating these costs to its various business units is straight-forward, transparent
7 and reflective of appropriate cost causation principles. Moreover, if OPC has a
8 concern regarding whether such allocations have been done properly, the
9 appropriate remedy is to propose changes in those allocations, not to summarily
10 recommend the wholesale elimination of tens of millions of dollars in costs that
11 are necessary and providing service to Missouri utility customers today.

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

13 A. Yes, it does.

