

**Exhibit No.:**

**Issue(s):**

**Witness/Type of Exhibit:**

**Sponsoring Party:**

**Case No.:**

\_\_\_\_\_  
Rate Case Expense/  
Management Expense

Conner/Direct

Public Counsel

GR-2018-0013

**DIRECT TESTIMONY**

**OF**

**AMANDA C. CONNER**

Submitted on Behalf of the Office of the Public Counsel

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.  
D/B/A LIBERTY UTILITIES'**

FILE NO. GR-2018-0013

March 2, 2018

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Liberty Utilities )  
(Midstates Natural Gas) Corp. d/b/a )  
Liberty Utilities' Tariff Revisions Designed ) File No. GR-2018-0013  
to Implement a General Rate Increase for )  
Natural Gas Service in the Missouri Service )  
Areas of the Company )

**AFFIDAVIT OF AMANDA C. CONNER**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

Amanda C. Conner, of lawful age and being first duly sworn, deposes and states:

1. My name is Amanda C. Conner. I am a Public Utility Accountant I for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my direct testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.



Amanda C. Conner  
Public Utility Accountant I

Subscribed and sworn to me this 2<sup>nd</sup> day of March 2018.



JERENE A. BUCKMAN  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037



Jerene A. Buckman  
Notary Public

My Commission expires August 23, 2021.

## TABLE OF CONTENTS

| <b>Testimony</b>           | <b>Page</b> |
|----------------------------|-------------|
| Introduction               | 1           |
| Rate Case Expense          | 2           |
| Management Expense Charges | 3           |

**DIRECT TESTIMONY**  
**OF**  
**AMANDA C CONNER**  
**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY**  
**UTILITIES**  
**CASE NO. GR-2018-0013**

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. Amanda C. Conner, PO Box 2230, Jefferson City, Missouri 65102.

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

5 A. I am employed by the Missouri Office of the Public Counsel (“OPC”) as a Public Utility  
6 Accountant.

7 **Q. On whose behalf are you testifying?**

8 A. I am testifying on behalf of the OPC.

9 **Q. What is the nature of your duties at the OPC?**

10 A. My duties include performing audits, reviews and examinations of the books and records of  
11 public utilities operating within the state of Missouri.

12 **Q. Have you conducted a review of the books and records of Liberty Utilities (“Liberty”)**  
13 **in this rate case?**

14 A. Yes, with the assistance of other members of the OPC.

15 **Q. Please describe your educational background.**

16 A. I earned a Bachelor of Science degree in Accounting from Columbia College in May 2012.

17 **Q. Please describe your related background.**

1 A. I began my employment with the OPC in February of 2016. Prior to my current position, I  
2 was employed by the Missouri Department of Revenue. In this capacity, I worked with the  
3 public addressing various types of tax issues.

4 **Q. Have you received specialized training related to public utility accounting and rate**  
5 **making?**

6 A. Yes. I received regulatory and ratemaking training as an employee of the OPC. In addition  
7 to this training, I attended the Utility Ratemaking Fundamentals course sponsored by  
8 Brubaker Associate, Inc. (BAI) in the Spring of 2016. In the Fall of 2016 I attended the  
9 NARUC Utility Rate School sponsored by Michigan State University.

10 **Q. Have you previously filed testimony before the Missouri Public Service Commission**  
11 **(“Commission” or “PSC”)?**

12 A. Yes. Please refer to Schedule ACC-D-1, attached to this testimony, for a list of cases in which  
13 I have submitted testimony.

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

15 A. My testimony addresses OPC’s rate making position on the following issues; 1) Rate Case  
16 Expense, and 2) Management Expense Charges. These adjustments are based on MAWC  
17 direct charges and American Water Works (AWW) corporate allocated costs.

18 **RATE CASE EXPENSE**

19 **Q. What is OPC’s position on the appropriate allocation of rate case expense between**  
20 **ratepayers and shareholders in a utility rate case?**

21 A. OPC supports the rate case expense methodology of the sharing of rate case expense between  
22 customers and shareholders, which is the same methodology the Commission ordered in

1 KCPL's ER-2014-0370 rate case ("2014 Order"). The Commission in its 2014 Order, ordered  
2 this adjustment approach because rate cases benefit both customers and shareholders.

3 While it must be specific to each rate case, the adjustment methodology of allocating rate case  
4 expense based on the ratio of the dollar revenue requirement ordered by the Commission to  
5 the dollar revenue requirement sought by a utility in its rate case application is reasonable.

6 Since that Commission Order was issued, the Commission Staff ("Staff") has applied this rate  
7 case adjustment methodology in most, if not all, of its rate case Cost of Service Reports. The  
8 approach used by the Commission in its 2014 Order is the approach preferred by OPC in order  
9 to allocate the cost appropriately.

10 **Q. Is rate case expense significantly different from other types of operating expenses?**

11 A. Yes. For example, Liberty has only an estimated amount for its rate case expense that will  
12 vary based on how the rate case proceeds. Other operating expenses, while subject to updates,  
13 will not change directly because of the process of the case. Furthermore, of the rate case  
14 expenses incurred, a portion is solely for the benefit of Liberty shareholders.

15 **MANAGEMENT EXPENSE CHARGES**

16 **Q. Does Liberty have a policy on the types of employee expenses that are reimbursable**  
17 **by the utility?**

18 A. Yes. Provided to OPC in response to DR 1203 is an overview of Liberty Travel &  
19 Entertainment Policy. This Expense Policy is attached as ACC-D-2.

20 **Q. Are you conducting a review of Liberty management expense charges?**

21 A. Yes. I am conducting a comprehensive and detailed analysis of all or substantially all of  
22 Liberty officer expenses charged in the June 30, 2017 test year general ledger.

1 **Q. What were OPC's findings from this review?**

2 A. At this time, the OPC analysis is continuing. OPC believes there will be an adjustment  
3 made, however, at this time an amount has not been determined.

4 **Q. Does this conclude your direct testimony?**

5 A. Yes, it does.

**CASE PARTICIPATION  
OF  
AMANDA C. CONNER**

| <b><u>Company Name</u></b>        | <b><u>Case No.</u></b> |
|-----------------------------------|------------------------|
| Empire District Electric Company  | ER-2016-0023           |
| Kansas City Power & Light Company | ER-2016-0285           |
| Laclede Gas Company               | GR-2017-0215           |
| Missouri Gas Energy               | GR-2017-0216           |
| Missouri American Water Company   | WR-2017-0285           |



# **Liberty Utilities**

## **Travel & Entertainment Policy**

**09.16.2014**

### ***Overview***

It is the policy of Liberty Utilities to reimburse our employees for reasonable and necessary expenses incurred for approved travel and business affairs on behalf of the company. Liberty Utilities encourages use of travel discounts when making travel arrangements.

Travelers seeking reimbursement are encouraged to obtain the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is allowed only when reimbursements have not been, and will not be, received from other sources. If a circumstance arises that is not specifically covered in this travel policy, then the most conservative course of action should be taken.

### ***Authorization and Responsibility***

Travelers should verify with Supervisor that planned travel is eligible for reimbursement before making travel arrangements. Travelers must submit an expense report and supporting documentation to obtain reimbursement of expenses within 30 days of receipt of the Corporate American Express Statement or 30 days of completion of a trip according to the date of the last receipt obtained.

An individual may not approve his or her own travel reimbursement. The expense report must be signed by the employee's supervisor or an approved alternate. Approved alternates include the President, Directors, and Manager of Finance.

### ***Internal Audit/External Audit***

Expense reports are subject to internal and external audits. Employee expense reports may be selected at random for a monthly expense report audit. The Finance Department will audit all of the claimed expenses and supporting documentation.

### ***Personal Funds***

Travelers should review reimbursement guidelines before spending personal funds for business travel to determine if such expenses are reimbursable. Liberty Utilities reserves the right to deny reimbursement of travel-related expenses for failure to comply with policies and procedures.

Travelers who use personal funds to facilitate travel arrangements will not be reimbursed until after the trip occurs and proper documentation is submitted unless the expense is a permissible prepaid travel expense.

### ***Vacation in conjunction with business travel***

We encourage employees to complete a Travel Request Form in cases in which vacation time is added to a business trip. Any cost variance in airfare, car rental or lodging must be clearly identified on the receipt. Liberty Utilities will not prepay any personal expenses with the intention of being “repaid” at a later time, nor will any personal expenses be reimbursed.

### ***Exceptions***

Occasionally it may be necessary for travelers to request exceptions to this travel policy. Requests for exceptions to the policy must be made in writing and approved by the President, Directors, or Manager of Finance. Exceptions related to the President or Director of Operations must be submitted to the opposite person for approval.

### **Travel Expenses/Procedures**

#### ***Employee Expense Reports***

Reimbursement for reasonable and necessary expenses can be requested on the Liberty Utilities Expense report which should be properly supported by receipts and packing slips. In the event that an employee is missing a receipt for an expense that is \$25 or less a Missing Receipt Form should be completed and approved prior to submission.

#### ***Retention Policy***

Employees are encouraged to retain a copy of their expense reports for 4 years. When original receipts are not submitted with the expense report, Liberty Utilities reserves the right to request original receipts if the expense report becomes subject to an audit.

#### ***Permissible prepaid travel expenses***

Before the travel, Liberty Utilities may issue prepayments for conferences registration fees and hotel deposits.

#### ***American Express Corporate Cards***

If purchases were made with a Corporate American Express Card a copy of the American Express Statement must be attached to the expense report for reimbursement or as soon as possible.

#### ***Office Supplies***

Office supplies should be ordered through the company Staples account when possible.

### ***Electronic Equipment/Accessories***

Electronic equipment and accessories should be ordered by the Procurement Manager or IT Administrator when possible.

### ***Airfare***

Travelers are expected to book airfare through RESX/NuTravel. Liberty Utilities employees are encouraged to obtain the lowest available airfare that reasonably meets business travel needs. Travelers are expected to book flights at least 30 days in advance when possible to avoid premium airfare pricing.

### ***Rental Vehicles***

Liberty Utilities encouraged travelers to obtain economical vehicle rental pricing when available. Travelers are expected to book vehicle rentals through RESX/NuTravel. In certain circumstances larger vehicles may be rented, with supervisory approval. The rental agreement must clearly show the dates and the points of departure/arrival, as well as the total cost. Drivers must adhere to the rental agreements, and restrictions must be followed.

### ***Foreign Travel***

Reimbursement for travel to a foreign country will be converted to US Currency. Travelers are encouraged to submit a copy of their credit card statement showing the actual price paid when possible.

### ***Conference registration fees***

If the conference was not prepaid, Liberty Utilities will reimburse these fees, including business-related banquets or meals that are part of the conference registration. If the conference does not provide a receipt, then a cancelled check, credit card slip/statement or documentation that the amount was paid is required for reimbursement.

### ***Lodging***

The cost of overnight lodging (room rate & tax only) will be reimbursed to the traveler if the authorized traveler is 45 miles or more from the traveler's home or primary worksite.

Exceptions to this restriction may be approved in writing by the Employee's Supervisor. Liberty Utilities encourages all travelers to reserve lodging expenses at reasonable, single occupancy or standard business room rates. When the hotel or motel is the conference or convention site, we encourage travelers to book rooms at the conference rate.

### ***Business Meals***

Employees are required to follow Liberty Utilities expenditure policies when requesting reimbursement for business meals. Itemized receipts are encouraged and original receipts should be available upon

request. Please include on each receipt the list of attendees and the purpose for the meal. We will not reimburse more than a 20% gratuity and exceptions to this must be approved by the Supervisor.

### ***Non-reimbursable Travel Expenses***

The following items that may be associated with business travel will not be reimbursed by Liberty Utilities unless approved by the Employee's Supervisor or Department Head:

- Airline club memberships
- Airline upgrades (including Early Bird Check-in)
- Hygiene products, medical supplies, or prescriptions
- Child care, babysitting, house-sitting, or pet-sitting/kennel charges.
- Commuting between home and the primary work location
- Cost incurred by traveler's failure to cancel travel or hotel reservations in a timely fashion.
- Evening or formal wear expenses.
- Haircuts and personal grooming.
- Laundry and dry-cleaning.
- Passports, vaccinations, and visas when not required as a specific and necessary condition of the travel assignment.
- Personal entertainment expenses, including in-flight movies, headsets, health club facilities, hotel pay-per-view movies, in-theater movies, social activities and related incidental costs.
- Travel accident insurance premiums or purchase of additional travel insurance.
- Other expenses not directly related to the business travel.

### ***Travel for Non-Employees***

Additional costs for travel, lodging, meal or other travel expenses for spouses or other family members will not be reimbursed unless the individual has a bona fide company purpose for engaging in the travel or attending the event. Such travel shall be approved by the Employee's Supervisor or Department Head.