

Exhibit No.: _____
Issue: Rate Base
Witness: Rick H. Lawler, CPA
Exhibit Type: Surrebuttal
Sponsoring Party: Summit Natural Gas of Missouri, Inc.
Case No.: GR-2014-0086
Date: August 8, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2014-0086

SURREBUTTAL TESTIMONY

OF

RICK H. LAWLER, CPA

ON BEHALF OF

SUMMIT NATURAL GAS OF MISSOURI, INC.

**Jefferson City, Missouri
August 2014**

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SURREBUTTAL TESTIMONY

RICK H. LAWLER, CPA

SUMMIT NATURAL GAS OF MISSOURI, INC.

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

2 A. Rick H. Lawler, CPA, 7810 Shaffer Parkway, Suite 120, Littleton, CO 80127.

3 **Q. ON WHOSE BEHALF IS YOUR TESTIMONY PRESENTED?**

4 A. I am testifying on behalf of Summit Natural Gas of Missouri, Inc. (“SNG” or the
5 “Company”).

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

7 A. I am the Chief Financial Officer for Summit Utilities, Inc., the parent company of
8 SNG.

9 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY AND SCHEDULES IN**
10 **THIS CASE?**

11 A. Yes, I submitted Rebuttal Testimony and schedules on July 11, 2014.

12 **Q. ARE YOU SPONSORING ANY SCHEDULES IN SUPPORT OF YOUR**
13 **SURREBUTTAL TESTIMONY?**

14 A. No.

1 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

2 A. The purpose of my Surrebuttal Testimony is to respond to Office of the Public
3 Counsel ("Public Counsel") witness Keri Roth's Rebuttal Testimony as it relates
4 to income tax impacts of the combination of the legacy Southern Missouri
5 Natural Gas assets with the legacy Missouri Gas Utility, Inc. assets that was
6 approved by the Missouri Public Service Commission in its Case No. GM-2011-
7 0354.

8 **Q. WHAT ACCOUNTING TREATMENT DOES MS. ROTH SUGGEST SHOULD**
9 **BE APPLIED TO THE LEGACY SOUTHERN MISSOURI NATURAL GAS**
10 **ASSETS?**

11 A. Ms. Roth suggests that those assets should be booked at a purchase price that
12 is less than the net original cost of the assets.

13 **Q. WAS THE ULTIMATE OWNER OF THE ASSETS (I.E. THE ULTIMATE**
14 **PARENT OF SOUTHERN MISSOURI NATURAL GAS) THE SAME BEFORE**
15 **AND AFTER THE TRANSACTION APPROVED IN CASE NO. GM-2011-**
16 **0354?**

17 A. Yes.

18 **Q. IN HER REBUTTAL TESTIMONY (pages 8-9), PUBLIC COUNSEL WITNESS**
19 **ROTH ALLEGES THAT THE "OWNERS" HAVE BENEFITTED FROM THIS**
20 **TRANSACTION BECAUSE "...APPROXIMATELY 38% OF THE**
21 **DIFFERENCE BETWEEN THE COSTS HAS LIKELY ALREADY BEEN**

1 **RECOVERED BY THE UTILITY[Y'S] OWNERS VIA TAX BENEFITS.” IS**
2 **THIS CONSISTENT WITH YOUR UNDERSTANDING?**

3 A. No. Most importantly, whatever tax benefit or detriment that might have been
4 incurred by SNG’s owner has absolutely no impact on SNG’s earnings results
5 or financial position and thus, no relevance to the proceedings in this rate case.
6 Nonetheless, in response to Ms. Roth’s specific allegation of a 38% tax benefit
7 to SNG’s parent relative to its “sale” of utility assets to SNG at less than book
8 value, that presumption is entirely false as the transaction actually resulted in a
9 detrimental monetary impact to SNG’s owner’s investors due to the pass-
10 through nature of the taxable gain on the sale.

11 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

12 A. Yes.

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

In the Matter of Summit Natural Gas of)
Missouri Inc.'s Filing of Revised Tariffs)
To Increase its Annual Revenues For)
Natural Gas Service)

Case No. GR-2014-0086

AFFIDAVIT OF RICK H. LAWLER

STATE OF COLORADO)
) ss
COUNTY OF JEFFERSON)

Rick H. Lawler, being first duly sworn on his oath, states:

1. My name is Rick H. Lawler and I work in Littleton, Colorado and I am employed by Summit Utilities, Inc. as the Chief Financial Officer.
2. Attached hereto and made a part of hereof for all purposes is my Surrebuttal Testimony on behalf of Summit Natural Gas of Missouri, Inc. consisting of 3 pages, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



Rick H. Lawler

Subscribed and sworn to before me this 7th day of August, 2014.



Notary Public

My commission expires: 6/7/16

