

<b>Exhibit No.:</b>	
<b>Issue:</b>	<b>Taxes</b>
<b>Witness:</b>	<b>Christopher M. Reck</b>
<b>Type of Exhibit:</b>	<b>Direct Testimony</b>
<b>Sponsoring Party:</b>	<b>Laclede Gas Company</b>
<b>Case No.:</b>	<b>GR-2010-</b>
<b>Date Testimony</b>	
<b>Prepared:</b>	<b>December 4, 2009</b>

**LACLEDE GAS COMPANY**

**GR-2010-**

**DIRECT TESTIMONY**

**OF**

**CHRISTOPHER M. RECK**

## **Direct Testimony of Christopher M. Reck**

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**DIRECT TESTIMONY OF CHRISTOPHER M. RECK**

1                                   **GENERAL INFORMATION / QUALIFICATIONS**

2     Q.     Please state your name and business address.

3     A.     My name is Christopher M. Reck, and my business address is 720 Olive Street,  
4             St. Louis, Missouri 63101.

5     Q.     What is your present position?

6     A.     I am Director of Corporate Taxes for Laclede Gas Company (“Laclede” or  
7             “Company”).

8     Q.     Please state how long you have held your position and briefly describe your  
9             responsibilities.

10    A.     I was appointed to my present position in February 2008. In this position, I am  
11            responsible for the Company’s tax accounting, tax compliance, tax audits, and  
12            tax planning functions.

13    Q.     Will you briefly describe your experience prior to joining Laclede?

14    A.     I was previously employed with Wal-Mart Stores, Inc. in their Global Tax  
15            Department. I held various positions with the tax department concluding with  
16            the position of Senior Manager Global Tax Planning on my departure. My  
17            tenure at Wal-Mart focused on research and planning, state income tax, audits  
18            and various other activities. Prior to joining Wal-Mart, I was in private  
19            practice as a tax attorney with a law firm in Rogers, Arkansas.

20    Q.     What is your educational background?

1 A. I graduated from the University of Arkansas at Little Rock in 1990 with the  
2 degree of Bachelor in Business Administration, majoring in management. In  
3 1991, I received a Master's Degree in Business Administration from the  
4 University of Central Arkansas. In 1996 I received my Juris Doctorate from  
5 the University of Arkansas at Little Rock School of Law. In 1997 I received  
6 my Masters of Law degree in taxation from the University of Denver.

7 Q. Have you previously filed testimony before this Commission?

8 A. No.

9 **PURPOSE OF TESTIMONY**

10 Q. What is the purpose of your testimony?

11 A. The purpose of my testimony is to present evidence to the Commission  
12 concerning the following items:

- 13 1. Taxes other than income taxes; and
- 14 2. Income taxes.

15 Q. Please list the schedules you are sponsoring.

16 A. The following schedules were prepared by me or under my supervision:  
17 Schedule 6 contains the calculation of income taxes included on Schedule 4. I  
18 am also sponsoring various adjustments listed on Schedule 5. Specific items  
19 are detailed later in my testimony.

20 **TAXES OTHER THAN INCOME TAXES**

21 Q. Please describe the adjustments you have made to taxes, other than income  
22 taxes.

1 A. Adjustment 11.a. calculates the adjustment of property taxes and  
2 manufacturers' license expense to reflect the increase in assessed value at  
3 January 1, 2009, and the increase anticipated at January 1, 2010, and for the  
4 unrealized portion of such taxes applicable to net utility plant at March 31,  
5 2010, at tax rates which were in effect during calendar year 2009.

6 Q. Please continue.

7 A. Adjustment 11.b. increases FICA expense to reflect the increased wage and  
8 salary level described in the testimony of other witnesses and reflected on  
9 Adjustment 8. Adjustment 11.c. reflects the increase in the City of St. Louis  
10 Payroll Expense Tax resulting from the wage and salary level changes made in  
11 Adjustment 6.

12 **INCOME TAXES**

13 Q. Please describe Schedule 6.

14 A. Schedule 6 shows the calculations of the proper amount of income tax expense  
15 related to the adjusted Test Year and Pro Forma Utility Operating Income  
16 Statement. The resulting adjustment to income tax expense is included in  
17 Adjustment 12 on Schedule 5. Page 1 of Schedule 6 shows the differences in  
18 the recognition of revenue and expense for tax and book purposes, and the  
19 resulting calculation of taxable income.

20 Q. Do the pro forma adjustments listed on Schedule 5 also affect taxable income?

21 A. Yes. All of the pro forma adjustments affect income, and consequently, they  
22 all affect either current or deferred income tax expense.

1 Q. Please continue.

2 A. Page 2 of Schedule 6 shows the calculation of the current, pro forma income  
3 tax expense. Finally, Page 3 of Schedule 6 shows the calculation of total  
4 income tax expense, including deferred income taxes and investment tax credit  
5 amortization. The pro forma investment tax credit amortization matches the  
6 lives used for calculating book depreciation as reflected in Adjustment 10.a.

7 Q. Are there any other items relevant to your testimony regarding the Company's  
8 calculation of pro forma income tax expense that you have not mentioned?

9 A. Yes. There are various items for which the timing of expense is different  
10 between financial reporting and tax reporting purposes. I have not included in  
11 the calculation of income tax expense on Schedule 6 the book to tax timing  
12 differences, known as Schedule M items, for which there is an equal and  
13 corresponding deferred tax offset unless the item appears in the determination  
14 of rate base. This treatment is done in this case for the purpose of brevity only.  
15 The situation exists because income tax rates have not changed in recent years  
16 and the Company's deferred tax balances for the omitted items have been  
17 provided at rates equal to current income tax rates. The Company hereby  
18 reserves the right to include the omitted Schedule M items in future filings  
19 before the Commission should income tax rate changes result in deferred tax  
20 balances which are not provided at then current rates.

21 Q. Are you sponsoring any additional adjustments?

- 1    A.     Yes. I have included a reduction in rate base on Schedule 1 related to deferred  
2           income taxes resulting from tax timing differences on depreciation and other  
3           rate base items.
- 4    Q.     Does this conclude your direct testimony?
- 5    A.     Yes, it does.


In the Matter of Laclede Gas Company's )  
Tariff to Revise Natural Gas Rate Schedules ) Case No. GR-2010-

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

1. My name is Christopher M. Reck. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Director of Corporate Taxes of Laclede Gas Company.

2. Attached hereto and made a part hereof for all purposes is my direct testimony, on behalf of Laclede Gas Company.

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

  
Christopher M. Reck

Subscribed and sworn to before me this 3<sup>rd</sup> day of December, 2009.

Laura A. Justiere  
Notary Public

