

*Exhibit No.:*  
*Issue:* Payroll, Payroll Taxes,  
Employee Benefits,  
*Witness:* Asad A. Shakoor  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Surrebuttal/True-Up Direct  
Testimony  
*Case No.:* GR-2018-0013  
*Date Testimony Prepared:* May 9, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

**OF**

**ASAD A. SHAKOOR**

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.,  
d/b/a LIBERTY UTILITIES**

**CASE NO. GR-2018-0013**

*Jefferson City, Missouri  
May 2018*

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6 **d/b/a LIBERTY UTILITIES**

7  
8 **CASE NO. GR-2018-0013**

9 Q. Please state your name and business address.

10 A. Asad A. Shakoor, 111 N. 7<sup>th</sup> Street, St. Louis, MO 63101.

11 Q. By whom are you employed?

12 A. I am employed by the Missouri Public Service Commission (“Commission”)  
13 as a member of the Commission Staff (“Staff”) within the Auditing Department.

14 Q Are you the same Asad A. Shakoor who contributed to Staff’s *Revenue*  
15 *Requirement Cost of Service Report*, on March 2, 2018?

16 A. Yes, I am.

17 Q. What is the purpose of your surrebuttal/true-up direct testimony in this  
18 proceeding?

19 A. My surrebuttal/true-up direct testimony will address Staff’s true-up  
20 adjustments to payroll, payroll tax, and employee benefits.

21 **PAYROLL AND PAYROLL TAXES**

22 Q. Has Staff updated its calculation for payroll and payroll tax expense as part of  
23 Staff’s true-up audit?

1           A.     Yes. Staff updated its annualized O&M payroll to reflect the actual number of  
2 employees and their current wages as of March 31, 2018. The current wages include the  
3 merit salary increases that went into effect in February 2018 for non-union employees and the  
4 contractual union salary increase of 4.0% in January 2018. Staff's annualized payroll also  
5 includes 2017 actual incurred overtime factored up for the union and non-union salary  
6 increases discussed above as well as the June 2018 union increase.

7           Q.     Has Staff included the 2.0% union wage increase that occurs for union  
8 employees on June 1, 2018, in its annualized payroll?

9           A.     Yes. Staff included the union wage increase even though it occurs outside the  
10 true-up cutoff date because the increase is part of a negotiated contractual agreement between  
11 the union employees and Liberty Midstates – MO.

12          Q.     Has Staff included any vacant positions, as proposed by Liberty Midstates -  
13 MO in direct testimony, in Staff's calculation?

14          A.     No. Staff included the actual number of employees as of March 31, 2018.  
15 Staff did not include vacant positions, as the cost of filling those positions and the time frame  
16 for when they will be filled are not known and measurable.

17          Q.     Has Staff updated its calculation for payroll taxes as part of its true-up audit?

18          A.     Yes. Staff annualized the Federal Insurance Contributions Act (FICA), Old  
19 Age Survivors and Disability Insurance (OASDI), FICA Medicare, Federal (FUTA) and State  
20 (SUTA) Unemployment Taxes by applying the 2018 payroll tax rates and associated dollar  
21 threshold caps to its annualized true-up payroll expense.

1 **EMPLOYEE BENEFITS**

2 Q. Has Staff updated its calculation for employee benefits as a part of the true-up  
3 audit?

4 A. Yes. Staff reviewed the most current invoices for medical insurance as well as  
5 for dental, vision, life insurance, long term disability, and short term disability. Staff applied  
6 the last known rates for each insurance election to those employees who elected coverage as  
7 of March 31, 2018.

8 Q. Did Liberty Midstates – MO make any changes to its employee benefits  
9 programs since Staff’s direct filing?

10 A. Yes. Liberty Midstates – MO changed its life insurance provider effective  
11 January 1, 2018, from MetLife Insurance Company to Standard Insurance Company  
12 (“Standard”). Prior to the change, Liberty Midstates – MO was billed directly for life  
13 insurance expense, similar to how all other employee benefits are incurred and paid.  
14 However, once the changeover to Standard occurred, the life insurance bill is now incurred  
15 and paid at the Liberty Utilities corporate level and then charged down to Liberty Midstates -  
16 MO through intercompany allocation. Staff reviewed the level of coverage and cost of the  
17 new life insurance and it is very similar to the coverage and cost of the former provider. The  
18 cost of the new provider is reflected in Staff’s true-up number.

19 Q. Does this conclude your surrebuttal/true-up direct testimony?

20 A. Yes, it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

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

**AFFIDAVIT OF ASAD A. SHAKOOR**

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

**COMES NOW ASAD A. SHAKOOR**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony and True-Up Direct Testimony, and that the same is true and correct according to his best knowledge and belief.

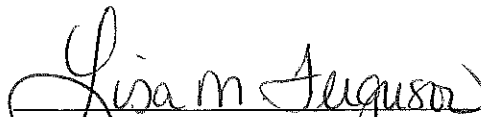
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**ASAD A. SHAKOOR**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the City of St. Louis, State of Missouri, at my office in St. Louis, on this 7<sup>th</sup> day of May, 2018.

LISA M. FERGUSON  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: June 08, 2020  
Commission Number: 16631502

  
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Notary Public