

Exhibit No.:
Issue: Commission Approval of the
CAM and CAM Annual
Submission
Witness: Glenn W. Buck
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: Laclede Gas Company
Case No.: GC-2011-0098
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LACLEDE GAS COMPANY

GC-2011-0098

REBUTTAL TESTIMONY

OF

GLENN W. BUCK

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1 Q. Please state your name and business address.

2 A. My name is Glenn W. Buck, and my business address is 720 Olive St., St. Louis,
3 Missouri, 63101.

4 Q. Are you the same Glenn W. Buck who filed direct testimony in this docket?

5 A. Yes.

6 Q. What is the purpose of your rebuttal testimony?

7 A. The purpose of my rebuttal testimony is to address some of the assertions made by
8 Charles R. Hyneman in his direct testimony filed on behalf of Staff on March 22, 2011.
9 Specifically, I will address the information on the two Staff counts regarding the
10 Commission's approval of Laclede's Cost Allocation Manual (CAM) and the obligation
11 to file the CAM annually.

COMMISSION APPROVAL OF THE CAM

12
13 Q. On pages 11-12 of his direct testimony, Staff witness Hyneman testified that Laclede has
14 never filed for Commission approval of its CAM. Is he correct?

15 A. No. In direct testimony, Laclede explained how the Commission approved the CAM and
16 the procedure for supplementing the CAM in Case No. GM-2001-342. In addition,
17 Laclede has filed its CAM annual reports with the Commission each year beginning in
18 2003, which reports are based on the CAM submitted in 2001, and submitted again in
19 2004 with minor revisions. Based on the custom and practice established by the Staff,
20 Laclede believes that these facts establish Commission approval of Laclede's CAM at a
21 level equal to or greater than that demanded of other utilities.

22 Q. Please explain.

1 A. My understanding is that utilities have received approval of their CAMs not through
2 formal dockets, but through submissions of those CAMs to the Staff, and filings of CAM
3 annual reports each year. Until October 2010, Staff had not brought a complaint against
4 any utility for not having a Commission-approved CAM, including Laclede, which has
5 had a CAM in place since 2001. This past October, without warning, Staff suddenly
6 brought a complaint on this point against Laclede, the one utility that has formally
7 challenged Staff's unlawful positions on affiliate transactions.

8 Q. Did Staff discuss this issue with Laclede before filing the complaint?

9 A. Not that I recall.

10 Q. Are you suggesting that Staff is retaliating against Laclede as part of a vendetta?

11 A. I am. There is no other logical explanation for the Staff, after all these years, to suddenly
12 raise this issue, without notice, against the only company that has dared to formally
13 challenge the Staff on its rogue regulation of affiliate transactions.

14 If there was a more formal action that the utilities should have been taking, then Staff
15 appears to be incompetent for not objecting to utility practices over all this time, and
16 vindictive for then raising it only against Laclede, and without warning. If there was no
17 more formal action required, then the Staff has acted appropriately all of these years, and
18 is bringing this action now only to unfairly seek retribution against one company. Either
19 way, Staff's actions are hostile and not representative of a governmental body that is
20 supposed to be a neutral party balancing the interests of the utilities and their customers.

21

CAM ANNUAL FILINGS

1 Q. On pages 12-13 of his direct testimony, Staff witness Hyneman testified that Laclede has
2 violated Section 2(E) of the Rule, because its CAM has not been filed annually. Is Mr.
3 Hyneman mistaken?

4 A. Yes. This is possibly the pettiest claim brought by Staff and the clearest example of
5 Staff's vendetta against Laclede. Staff's accusation is that Laclede is not filing the CAM
6 on an annual basis. The basis for Staff's position that Laclede is obligated to file the
7 CAM annually is Section 2(E) of the Rules, which states as follows:

8 If a customer requests information from the regulated gas corporation about goods
9 or services provided by an affiliated entity, the regulated gas corporation may
10 provide information about its affiliate but must inform the customer that regulated
11 services are not tied to the use of an affiliated provider and that other service
12 providers may be available. The regulated gas corporation may provide reference
13 to other service providers or to commercial listings, but is not required to do so.
14 The regulated gas corporation shall include in its annual Cost Allocation Manual
15 (CAM), the criteria, guidelines and procedures it will follow to be in compliance
16 with the rule.
17

18 Q. Does Staff concede that Laclede's CAM contains the Company's plan for complying
19 with the rule?

20 A. Yes, Mr. Hyneman so states at p. 12, lines 19-22 of his direct testimony.

21 Q. Does Staff concede that Laclede files its CAM report annually?

22 A. Yes.

23 Q. So is Staff's complaint that the information in the CAM itself is not filed annually with
24 the CAM annual report?

25 A. Yes.

26 Q. Did Staff discuss this matter with Laclede prior to filing the complaint?

27 A. Yes. In my direct testimony, I stated that Laclede provided the CAM itself to Staff in
28 2001, and again in 2004 when it was revised. I further testified that I discussed with Staff

1 whether Laclede needed to send the CAM itself each year, and that Staff advised me that
2 it did not need to receive the same CAM each year if there was no change.

3 Q. Is it clear to you that there is an obligation to file the CAM itself each year?

4 A. No. Section 2(E), recited above, pertains to information that utility personnel provide
5 their customers about their affiliates, and the fact that the utility's approach should be
6 included in the CAM. Notably, Section 2(E) says nothing about submitting or filing the
7 referenced CAM. It is unclear why the term "annual" appears before the term CAM; it
8 seems out of place.

9 Q. So there is no provision in the Rules that explicitly requires utilities to submit CAMs on
10 an annual basis?

11 A. No.

12 Q. Is there a provision in the Rules that explicitly requires utilities to submit affiliate
13 transaction-related information on an annual basis?

14 A. Yes. Section 4 of the Rule requires annual submissions of certain enumerated
15 information, and Laclede submits such information in its annual CAM reports.

16 Q. Why would Section 2(E), which does not pertain to annual submissions, refer to an
17 annual CAM, when there is no separate provision requiring annual submissions of the
18 CAM?

19 A. I don't know.

20 Q. Would it have made sense for Laclede to interpret the word "annual" in Section 2(E) as a
21 requirement that the CAM itself be submitted annually?

22 A. It doesn't make sense to send Staff the same paper each year. In fact, it would be
23 wasteful of everyone's resources. I don't know why anyone would want to interpret this

1 rule in a way that promotes such waste. In fact, up until now, Staff has not made or
2 enforced such an interpretation. To the contrary, as noted above, I testified on direct that
3 the Company and Staff had previously agreed that resubmitting the same CAM year after
4 year did not make any sense.

5 Q. Prior to receiving the Staff's complaint in October 2010, was Laclede informed by Staff
6 that Staff considered the absence of an annual CAM submission to be a violation of
7 Section 2(E)?

8 A. Not that I am aware.

9 Q. If Staff had asked Laclede to submit its CAM each year with its annual report, how
10 would Laclede have reacted?

11 A. Laclede would have viewed such a submission as unnecessary, but given the ease of
12 performing the task, it would have likely acceded to Staff's request. It is certainly a great
13 deal more preferable to send Staff the same CAM every year than to defend against a
14 complaint like this on such a silly topic.

15 Q. So why would Staff not only make a strained interpretation of Section 2(E) that seems
16 non-sensical, but actually file a complaint against Laclede over it after representing to
17 Laclede that it need not submit the CAM annually?

18 A. A formal complaint of this nature is one more indication of the retribution Staff seeks to
19 achieve in response to Laclede daring to challenge Staff's abuse of the affiliate
20 transaction rule.

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes, it does.

