

Exhibit No.:

Issue:

**Staff's Approach to Laclede's
CAM**

Witness:

Glenn W. Buck

Type of Exhibit:

Direct Testimony

Sponsoring Party:

Laclede Gas Company

Case No.

GC-2011-0006

Date Testimony

Prepared:

December 15, 2010

LACLEDE GAS COMPANY

GC-2011-0006

DIRECT TESTIMONY

OF

GLENN W. BUCK

DIRECT TESTIMONY OF GLENN W. BUCK

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. What is your present position?

5 A. I am presently employed as Manager, Financial Services, for Laclede Gas Company
6 ("Laclede" or "Company").

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

9 A. I was appointed to my present position in March, 1999. In this position, I am responsible
10 for the financial aspects of rate matters generally, including financial analysis and
11 planning. I am also responsible for preparing various financial forecasts, overseeing the
12 Company's accounts payable functions, and monitoring regulatory trends and
13 developments.

14 Q. What was your experience with the Company prior to becoming Manager, Financial
15 Services?

16 A. I joined Laclede in August 1986 as a Budget Analyst in the Budget Department. I was
17 promoted to Senior Budget Analyst in June 1988, and transferred to the Financial
18 Planning Department in December 1988 as an Analyst. I was promoted to Senior
19 Analyst in February 1990, Assistant Manager in February 1994, and Manager in January
20 1996. I acted in that capacity until being appointed to my current position.

21 Q. What is your educational background?

1 A. I graduated from the University of Missouri - Columbia, in 1984, with a Bachelor of
2 Science degree in Business Administration.

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

4 A. Yes, I have, in Case Nos. GR-94-220, GR-96-193, GR-99-315, GR-2001-629, GT-2001-
5 329, GR-2002-356, GO-2004-0443, GR-2005-0284, GR-2007-0208, GT-2009-0026, ER-
6 2010-0036, and GR-2010-0171. Further, I provided oral testimony before the
7 Commission regarding the Infrastructure System Replacement Surcharge rulemaking in
8 Case No. AX-2004-0090.

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 regarding my
12 experience with the Staff as it pertains to the Company's Cost Allocation Manual
13 ("CAM").

14 Q. What is your role regarding the CAM?

15 A. Under my direction and supervision, the Financial Services department is responsible for
16 preparing the monthly journal entries that allocate to affiliates a portion of the cost of
17 shared/support services (such as Directors fees, administrative supplies expense, and
18 rent). Such allocations utilize multiple allocation methodologies. Annually we
19 summarize these monthly entries and costing information into a CAM Annual Report that
20 is submitted to the Staff, Office of Public Counsel, and our Unions. I am also responsible
21 for the periodic interaction we have with Laclede employees to ensure that payroll dollars
22 are being appropriately charged to affiliates. Finally, I have served as the primary liaison
23 to the Staff regarding CAM-related questions, both during the rate case process and at

1 other times when Staff had other informal inquiries, with such inquiries dating as far back
2 as 2003 (questions related to the 2002 Annual Report).

3 Q. In assembling the CAM annual report each year, have you requested information from
4 the Company's affiliates, including Laclede Energy Resources, Inc. ("LER")?

5 A. Yes, I have.

6 Q. Have you requested and received information from LER supporting Laclede's gas supply
7 transactions with LER?

8 A. Yes, I have received all information requested from both Laclede and LER that was
9 necessary to compile the CAM annual report.

10 Q. Has the Company submitted to Staff its annual reports on the CAM each year?

11 A. Yes. Beginning in 2003, we have submitted to Staff an annual report on our CAM
12 activities each year. I understand that Laclede's CAM Annual Report is entered into
13 EFIS as a non-case submission.

14 Q. Has Laclede provided to Staff a copy of the CAM itself each year?

15 A. We sent Staff the original CAM in December 2001. When we updated the CAM in
16 March 2004, we also sent that version to Staff. Otherwise, we have directed Staff to the
17 CAM by reference to the CAM in Staff's possession.

18 Q. Has Staff been agreeable to that procedure?

19 A. Yes. As I recall, Staff indicated that it didn't need to be sent the CAM itself each year if
20 there were no changes to it. Staff said doing so would just create more unnecessary
21 paper.

22 Q. Have you ever discussed the CAM with Staff?

1 A. Yes, I have participated in substantive discussion with Staff about the CAM on more than
2 one occasion.

3 Q. Please describe these discussions.

4 A. During Laclede's 2005 rate case (GR-2005-0284), I participated in a multi-hour meeting
5 with Staff in Jefferson City. The Staff was interested in the nuts and bolts of how the
6 CAM annual report was developed. We mostly discussed cost allocation of shared
7 services. I believe I also explained that the fair market price is used to price gas supply
8 transactions because it is the same as the fully distributed cost.

9 Q. Did Staff express to you any concerns about the CAM or the CAM annual report?

10 A. No, not at that time.

11 Q. What other discussions did you have with Staff about the CAM?

12 A. In the settlement of Laclede's 2007 rate case (Case No. GR-2007-0208), the parties
13 agreed to meet to discuss "any issues or concerns they may have relating to Laclede's
14 Cost Allocation Manual ("CAM"), the compliance of the CAM with the Commission's
15 affiliate transaction rules, and transactions between Laclede and its affiliates."
16 (Unanimous Stipulation and Agreement, p. 21) Thereafter, the parties did meet to discuss
17 affiliate issues.

18 Q. Did Staff express any issues regarding the CAM?

19 A. No. As I recall, most of the discussions centered around Staff's general distaste for
20 affiliate transactions. Staff did raise some issues pertaining to cost allocations, but never
21 discussed any specifics about the CAM or its applicability to gas supply transactions.

22 Q. Have you participated in any CAM-related discussions with Staff since 2007?

1 A. During the pendency of Laclede's last rate case (GR-2010-0171), I participated in
2 multiple meetings and discussions regarding the CAM. In that rate case, the Staff
3 submitted 56 data requests, with well over 100 subparts. The discussions centered on
4 allocation of corporate costs; the Staff declined to discuss gas supply affiliate
5 transactions. Nevertheless, the discussions were productive and the parties reached an
6 understanding regarding corporate cost allocations.

7 Q. Did Staff ever express a commitment to reviewing the CAM in its entirety and providing
8 feedback to Laclede?

9 A. Yes. I recall that several years ago, in response to a request by Laclede, Staff stated that
10 it would review our CAM page by page and provide feedback.

11 Q. Did Staff provide the pledged feedback at that time?

12 A. No.

13 Q. Does this complete your direct testimony?

14 A. Yes.

The Staff of the Missouri Public Service Commission,
Complainant,
v.
Laclede Gas Company,
Respondent.

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

1. My name is Glenn W. Buck. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Manager-Financial Services 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.

Subscribed and sworn to before me this 14th day of December, 2010.

Karen C. Justice
Notary Public

