

Exhibit No.: 229

Issues: *Injuries and Damages
Insurance*

Witness: *Michael Jason Taylor*

Sponsoring Party: *MoPSC Staff*

Type of Exhibit: *Rebuttal Testimony*

Case No.: *GR-2017-0215*

GR-2017-0216

Date Testimony Prepared: *October 17, 2017*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

Staff Exhibit No. 229
Date 12-15-17 Reporter A.C.
File No. GR-2017-0215/GR-2017-0216

REBUTTAL TESTIMONY

OF

MICHAEL JASON TAYLOR

**SPIRE MISSOURI, INC., D/B/A SPIRE
LACLEDE GAS COMPANY AND MISSOURI GAS ENERGY
GENERAL RATE CASE**

CASE NOS. GR-2017-0215 and GR-2017-0216

*Jefferson City, Missouri
October 2017*

**** Denotes Confidential Information ****

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INJURIES AND DAMAGES EXPENSE 1

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OF
MICHAEL JASON TAYLOR
SPIRE MISSOURI, INC., D/B/A SPIRE
LACLEDE GAS COMPANY AND MISSOURI GAS ENERGY
GENERAL RATE CASE
CASE NOS. GR-2017-0215 and GR-2017-0216

Q. Please state your name and business address.

A. Michael Jason Taylor, Fletcher Daniels Office Building, 615 East 13th Street, Room 201, Kansas City, Missouri, 64106.

Q. By whom are you employed and in what capacity?

A. I am a Utility Regulatory Auditor with the Missouri Public Service Commission ("Commission").

Q. Are you the same Michael Jason Taylor who previously testified in this case?

A. Yes. I contributed to Staff's Cost of Service Report ("Report") filed September 8, 2017. Within the Report, I testified on injuries and damages, insurance, and PSC assessment.

Q. What is the purpose of your rebuttal testimony?

A. I will respond to Laclede Gas Company ("LAC") and Missouri Gas Energy ("MGE") witness Michael R. Noack's testimony and his sponsored work papers concerning injuries and damages expense.

INJURIES AND DAMAGES EXPENSE

Q. What is LAC's and MGE's position regarding injuries and damages expense?

Rebuttal Testimony of
Michael Jason Taylor

1 A. LAC and MGE used both accrual and cash basis approaches for normalizing
2 injuries and damages expense. LAC and MGE normalized injuries and damages expense
3 using cash payments for workers compensation, auto, and property claims, but used an
4 accrual method for other claims. For LAC and MGE, other claims are claims that are not
5 categorized under workers compensation, auto, and property claims.

6 Q. Does Staff agree with LAC's and MGE's use of the accrual method for the
7 other claims category when determining a normalized level of injuries and damages expense?

8 A. No. The accrued amount that LAC and MGE used for other claims is based on
9 projections that are not representative of the actual costs that they have incurred presently or
10 in the recent past. Staff normalized workers compensation, auto, property, and other claims
11 using actual cash payments made by LAC and MGE.

12 Q. Explain why Staff prefers normalizing costs using the cash method vs. the
13 accrual method.

14 A. For injuries and damages expense, Staff's position is that cash payments are a
15 better reflection of actual known and measureable costs. Accrued amounts are projections
16 that do not represent real costs; but instead are estimates of what LAC and MGE expect the
17 amount of a future liability to be for items such as a workman's compensation claim. The use
18 of an accrued amount may overstate or understate a true normalized level of injuries and
19 damages expense.

20 Q. Are the accrued amounts that LAC and MGE used for the other claims
21 category reflective of the actual cost incurred by MGE and LAC?

22 A. No. As shown in the following table, the accruals for other claims have
23 exceeded actual cash payments in 2014, 2015, 2016, and January through June 30, 2017:

Rebuttal Testimony of
Michael Jason Taylor

1 A. No. As shown in the following table, the accruals for other claims have
2 exceeded actual cash payments in 2014, 2015, 2016, and January through June 30, 2017.¹

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6 Q. Please summarize your rebuttal testimony

7 A. Staff takes the position that the Commission should base its awarded revenue
8 requirement on Staff's recommended normalized level of expenses associated with injuries
9 and damages, which Staff calculates using known and measurable actual cash payments made
10 to determine the appropriate level of expense for all categories of this expense.

11 Q. Does that conclude your rebuttal testimony?

12 A. Yes.

¹ * _____ *

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's)
Request to Increase Its Revenues for) Case No. GR-2017-0215
Gas Service)

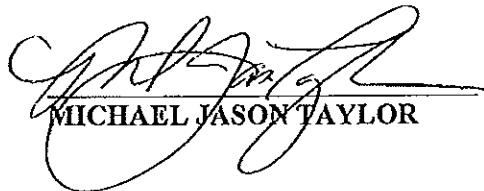
In the Matter of Laclede Gas Company)
d/b/a Missouri Gas Energy's Request to) Case No. GR-2017-0216
Increase Its Revenues for Gas Service)

AFFIDAVIT OF MICHAEL JASON TAYLOR

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

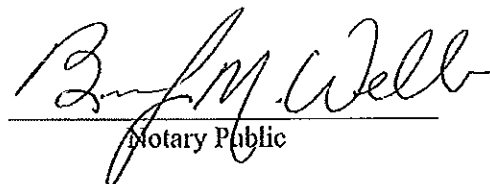
COMES NOW MICHAEL JASON TAYLOR and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Rebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


MICHAEL JASON TAYLOR

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Jefferson City, on this 16th day of October, 2017.


Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2020
Clay County
Commission #12464070