Exhibit No.:	
Issue:	**ISRS Overhead Costs Cost Allocation Process**
Witness:	**Timothy W. Krick**
Type of Exhibit:	**Direct Testimony**
Sponsoring Party:	**Spire Missouri, Inc**
Case Nos.:	**GO-2019-0356, GO-2019-0357**
Date Prepared:	**September 27, 2019**

SPIRE MISSOURI INC

File Nos. GO-2019-0356, GO-2019-0357

DIRECT TESTIMONY

OF

TIMOTHY W. KRICK

September 2019

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<u>DIRECT TESTIMONY OF TIMOTHY W. KRICK</u>

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Timothy W. Krick, and my business address is 700 Market Street, St. Louis, Missouri 63101.

Q. WHAT IS YOUR PRESENT POSITION?

A. I am Controller for Spire Inc. and Controller for Spire Missouri Inc. ("Spire Missouri" or "Company").

Q. PLEASE STATE HOW LONG YOU HAVE HELD YOUR POSITION AND BRIEFLY DESCRIBE YOUR RESPONSIBILITIES.

A. I was promoted by the Company into my present position in January 2017. In this position, I am responsible for accounting, financial reporting, tax and external financial reporting.

Q. WILL YOU BRIEFLY DESCRIBE YOUR EXPERIENCE AT SPIRE MISSOURI PRIOR TO BECOMING CONTROLLER?

A. In 2014 I was hired as Director of Accounting. In that capacity, I was responsible for Missouri utility accounting and financial reporting.

Q. **PLEASE DESCRIBE YOUR WORK EXPERIENCE PRIOR TO JOINING THE COMPANY**.

A. I started my career in 1996 in the accounting department of the Dana Corporation, an automobile parts manufacturer. I earned my Certified Public Accountant ("CPA") certification in 1997. After serving as an internal auditor, I was promoted to Plant Controller for one of the company's largest plants, in Pottstown, PA. In 2000, I relocated to St. Louis and joined Sigma-Aldrich Corporation to help develop its newly formed internal audit department. Shortly after joining the company, I was promoted into a special assignment to overhaul the inventory management and cost accounting of a troubled division. Subsequently, I was promoted to Global Cost Accounting Manager and worked in that capacity until 2006. In that role, I was responsible for developing and implementing the company's cost accounting strategy, policy, and underlying methods to allocate costs in the manufacturing process. In 2007, I was promoted to Director of Finance, Global Supply Chain and Cost Accounting. While managing the Company's cost accounting function, I also served on a cross functional strategy team that developed and executed an improved approach to global supply chain management. In 2009, I earned the Certified Management Accountant ("CMA") certification. In 2012, I was promoted to Director of Finance North America, and Global Cost Accounting. In this role I had regional controller responsibility for a dozen reporting locations and corporate financial reporting. I also worked closely with the shared services team on implementation of roles into the newly formed structure. At the same time, I continued to maintain responsibility for Global Cost Accounting which included the strategy, communication, and successful execution of the company's cost accounting approach throughout the U.S. and Europe. I served as the company expert for cost allocations with internal management and external auditors for most of my career with Sigma-Aldrich.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I graduated from the University of Missouri-Columbia with a degree in Accounting.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THIS COMMISSION?

A. Yes, I submitted testimony in Case Nos. GR-2017-0215 and GR-2017-0216

I. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to present evidence to the Commission concerning the issue raised by OPC concerning the overheads allocated or assigned to the Company's ISRS projects in its Spire East and Spire West service areas. In doing so, I will describe the cost allocation processes that the Company has implemented to ensure that costs are appropriately allocated, assigned and or/charged to the appropriate activity or function, including ISRS projects, so that customers are fairly and reasonably charged for such costs in their rates for utility service.

II. OPC'S OBJECTIONS ON OVERHEADS

Q. WHAT CONCERNS DID THE OPC RAISE PERTAINING TO OVERHEADS IN ITS OBJECTIONS FILED IN THIS CASE?

A. The OPC raises several issues in its objections claiming that Spire's inclusion of certain overhead costs is inappropriate because Spire is unable to directly attribute its overhead costs to ISRS related construction costs; that some of Spire's overhead costs are being added to direct construction costs of its ISRS projects using arbitrary general allocation percentages; and that the Uniform System of Accounts for Natural Gas Companies ("USoA gas") prohibits allocation of costs using arbitrary general allocation percentages.

Q. DO YOU AGREE WITH THE OPC'S CLAIMS PERTAINING TO SPIRE'S TREATMENT OF OVERHEADS?

A. No, I do not for the following reasons: All of the overhead costs included in Spire's ISRS projects can be attributed to the ISRS projects either directly or indirectly. The allocation percentages applied to the ISRS projects are not arbitrary, and are in compliance with the Company's approved Cost Allocation Manual. The USoA adopted by the Commission in rule 4 CSR 240-40.040 includes one paragraph that references overhead costs using the term "such as" and provides the framework and principles for the capitalization of constructions overhead costs. There is not a detailed list however that prescribes how to account for every component of overhead. Additionally, Commission rule 4 CSR 240-40.040 states that "in prescribing this system of accounts the Commission does not commit itself to the approval or acceptance of any item set out in any account, for the purpose of fixing rates or in determining other matters before the Commission." Considering all of the points discussed above, the company's approach is (and has been for decades) to include overheads in construction capital and ISRS in a manner that is consistent with the methodologies and assumptions used by the Commission's staff in the development of its cost of service in the last rate cases. The remaining sections of my testimony touches on these matters in more detail in addition to providing an overview the cost allocation process.

III. COST ALLOCATION PROCESS

Q. DID YOU SUBMIT TESTIMONY IN THE LAST GENERAL RATE CASE PROCEEDING FOR SPIRE EAST AND SPIRE WEST?

A. Yes. Both I and our consultant, Thomas Flaherty, submitted extensive testimony on the issue of cost allocations in the Company's last rate proceedings for these operating units, Case Nos. GR-2017-0215 and GR-2017-0216. My testimony in those cases was primarily to explain shared service allocations, the implementation of a shared service company, and the evolution and change of those processes since 2013 because of significant business acquisitions and growth of the company.

Q. IS YOUR TESTIMONY FROM THOSE CASES RELEVANT TO THE ISSUE RAISED BY OPC?

A. Yes, in that it describes and explains how allocations of some overhead expenses are allocated to Spire Missouri through shared services. Although the allocation of overheads within Spire Missouri for ISRS and capital projects follows a secondary and more detailed process, my rate case testimony demonstrated how diligent the Company has been to allocate costs properly and in compliance with its existing, Commission-approved cost allocation manual (CAM). In addition, my rate case testimony in those cases also responded to questions raised around allocations by OPC and their expert witness Ms. Azad.

Q. HAVE THERE BEEN ANY RECENT FUNDAMENTAL CHANGES TO SPIRE MISSOURI'S PROCESS FOR ALLOCATING COSTS, INCLUDING OVERHEAD COSTS, TO CAPITAL PROJECTS?

A. No, the process for allocating costs to ISRS and capital projects for Spire Missouri has not fundamentally changed in at least the last couple of decades. I can personally attest that there have not been any significant changes in the process during the five years that I have worked for the Company. I am also confident based on my discussions with long term employees familiar with past practices in this area that our current approach for allocating costs to capital projects is consistent with those long standing past practices.

Q. HOW DOES THIS LONG-STANDING PROCESS FOR ALLOCATING COSTS TO CAPITAL PROJECTS WORK?

A. The allocation of costs to capital orders has dozens of steps and is a complex systematic process. In accordance with the Stipulation and Agreement approved by the Commission in the Company's last ISRS cases, Case Nos. GO-2019-0115 and GO-2019-0116, the Company presented an overview to Staff and OPC in June 2019 that explained this process and the components of overhead costs in detail. A copy of this presentation is attached as Schedule TWK-1 to my direct testimony.

As the Company explained in that presentation, the types of costs charged to capital orders can be broken down into 3 main categories:

1. Direct charges – These include direct labor and payroll charged to capital orders, purchases of materials, and issuance of material from inventory. Costs incurred by third-party construction companies are also classified as direct.
2. Overhead (Operational) – These include operational overhead costs supporting the construction of assets such as field operations support and supervision, transportation including equipment and vehicles, and operations services including engineering and GIS.
3. Overhead (Employee benefits, Shared service and Administrative and General (A&G)) – These include non-operational overhead costs supporting construction activities. The largest cost in this category is comprised of employee benefits such as medical insurance and pension. Other costs include the salaries and general expense of shared service and A&G support, insurance costs, claims, payroll taxes and AFUDC; all of which are properly allocated to construction projects.

Q. ARE THESE DESCRIPTIONS OF OVERHEAD COSTS CONSISTENT WITH OPC'S UNDERSTANDING OF THE TERM?

A. It is apparent from my review of the record in the Company's last ISRS cases, that OPC did not have a clear understanding of what costs are included in the overheads allocated to capital projects at the time it first raised concerns regarding the magnitude of those costs. For example, OPC did not appear to understand that as defined by the Company, overhead is a relatively broad term that includes all construction-related costs that are not by definition "direct charges". These include costs that are directly related to ISRS eligible capital projects, but are allocated to capital as an overhead. As I indicated, the largest cost in this category is employee benefits. My concern is that OPC has generically used this large category of costs defined as "overheads" and arrived at conclusions that were misleading in the testimony it provided in Case Nos GO-2019-0115 and GO-2019-0116. This is especially true since OPC, acknowledged in that testimony that "the charging of vacation and benefits costs to the project's direct labor would be appropriate, since these costs are directly related to the direct labor of the ISRS project". Despite this acknowledgement OPC made no effort to quantify or footnote its analysis to reflect these important facts and avoid giving a skewed picture of the data underlying its arguments. Since these admittedly appropriate costs make up a substantial majority of the overheads allocated to ISRS projects, recognition of this factor alone demonstrates how overstated OPC's overhead concerns are.

Q. HAS THE OPC PROVIDED ANY FEEDBACK OR FOLLOW UP QUESTIONS RELATED TO THE JUNE 2019 OVERHEAD PRESENTATION SPIRE MADE PURSUANT TO THE STIPULATION AND AGREEMENT IN CASE NOS. GO-2019-0115 AND GO-2019-0116?

A. No. The OPC has not. While OPC resubmitted as data requests questions it had asked prior to the June 2019 meeting, it has not taken advantage of any of the company resources that have been made available to further explain or address their concerns with overhead costs.

Q. DID THE OPC RAISE ANY ISSUES REGARDING THE LEVEL OR TREATMENT OF THE COMPANY'S OVERHEAD COSTS IN ITS LAST GENERAL RATE CASES?

A. No not to my knowledge.

Q. IS THERE OTHER INFORMATION AVAILABLE TO OPC TO ANALYZE OVERHEAD COSTS?

A. Yes. Per the Commission's order in Spire's last general rate cases, the Company provides quarterly surveillance reporting in which overhead cost categories may be tracked. The Company also provides an annual CAM report that provides detail of cost allocations each fiscal year and explains the procedures and underlying allocation methods used. These reports are provided to the Commission staff and I believe are readily available to OPC if requested.

Q. WERE THERE ANY DEVELOPMENTS IN THE COMPANY'S LAST RATE CASES THAT WOULD IMPACT THE AMOUNT OF OVERHEADS BEING ALLOCATED TO CONSTRUCTION PROJECTS?

A. Yes, during the last Spire East general rate case, Case No. GR-2017-0215, the Company began amortizing over eight years a $131 million legacy pension regulatory asset that was not recovered in prior settlements and that the parties agreed should be included in rates. This amortization is subject to transfer to construction at the Company's current transfer rate which in its last rate case was approximately 46%. This factor alone resulted in approximately $7.4M annually in higher overhead costs allocated to capital.

Q. IS THE APPROPRIATE TREATMENT OF OVERHEADS AN ISSUE BEST SUITED FOR A RATE CASE?

A. Yes. The approach for overheads is much more suited for longer proceedings in which the parties have the opportunity to assess overhead costs in a much more detailed and considered manner, and I expect this to be a normal part of the assessment of overhead costs in a rate case. The Company continues to follow a long standing, consistent, and supportable approach that is in line with how rates were established in the last rate case. To the extent there are any concerns regarding the Company's allocation methodologies, such concerns could also be raised in the discussions that have been held to consider revisions to the Company's CAM. To date OPC has not done so. An ISRS proceeding, however, is one of the most unfavorable vehicles for addressing this kind of issue, given the limited timeframes available.

Q. PLEASE RESPOND TO THE CONCERNS NOTED IN THE DIRECT TESTIMONY OF ROBERT E. SCHALLENBERG IN CASE NOS GO-2019-0115 AND GO-2019-0116

A. I do not agree with the concern raised by OPC that Spire has included overhead costs for recovery in ISRS that are not ISRS eligible. This concern was raised for four reasons. I will respond to each one separately below.

The first reason noted by OPC is that overhead by its nature is not normally an eligible ISRS costs. I do not agree. The overhead costs included in Spire's capitalized construction cost does support ISRS eligible projects. The majority of self-constructed assets at both Spire MO East and West are ISRS eligible. As a matter of simple logic, that means that a portion of overhead costs associated with functions that directly and indirectly support all capital projects should be eligible for capitalization, and ISRS eligible projects should receive a reasonable allocation of those costs. The concerns raised by OPC in relation to the interpretation and application of the FERC USOA to overheads and the ISRS statute are also inconsistent with my interpretation and experience. Unlike OPC, my interpretation and experience is grounded on the specific assumptions and practices used in the Company's last rate case to calculate its cost of service which were, in turn, consistent with the long standing approach used by Spire for the allocation of overheads to capital. In short, Spire Missouri's long standing practices for allocating costs to the overhead component of ISRS projects – the results of which have been subject to audit and review in numerous rate case proceedings –complies fully with the Commission rules on this subject at CSR 240-40-040 Uniform System of Accounts-Gas Corporations, the requirements of the Company's Commission-approved Cost Allocation Manual ("CAM"), and with US Generally Accepted Accounting Principles.

Q. **HAS OPC IDENTIFIED ANY SPECIFIC COMPONENTS OF OVERHEAD COSTS THAT IT BELIEVES SHOULD BE EXPENSED RATHER THAN CAPITALIZED OR NOT CHARGED TO ISRS PROJECTS**?

A. No. And that is perhaps the most frustrating thing about OPC's entire approach to this issue. OPC speaks in broad generalities about its so called concerns with the Company's allocation of overhead costs to ISRS projects, but it has never identified any specific components of overhead costs that it believes should not be included in overheads. Nor has it identified any components of overhead costs that it believes should be recovered over a much shorter duration of time as an expense item rather than capitalized and recovered over the 40 to 70 year life of an asset. The Company was hoping that if OPC did have such components in mind it would have advised the Company of such during the settlement process that was agreed upon to discuss this issue. If OPC ever does identify such components, however, it should bring them forward in the Company's next rate case. And if the Commission agrees with OPC, the Company will follow the outcome of that decision on a going forward basis, the same approach the Company is following today by modeling the components of overhead costs eligible for capitalization in line with what was done in the last rate case.

The second reason noted by OPC relates to the sheer size of overhead. The overhead costs included in these filings, however, are in line with costs approved in the last rate case. As I previously indicated, the largest category of costs included in the definition of overhead (and hence the amounts being allocated as an overhead) is employee benefits, which OPC has acknowledged are properly allocated to capital projects such as our ISRS projects.

The third reason noted by OPC is the supposed lack of internal controls around overhead costs. Spire does have adequate internal controls to ensure that overhead costs are appropriately allocated. These include a robust review of the capitalization of overhead costs, and a regular review of any variances of overhead costs to those included in budget, forecast, and prior year overhead amounts. Additionally, an internal audit of the annual CAM report and related allocations processes is performed every three years. The last of these audits was performed in August 2018, a copy of which was provided to the MO PSC with the ACA audit filing last year.

The fourth reason noted by OPC is that Spire has a financial incentive to overstate overhead costs. Spire is a large public company that undergoes the scrutiny of an annual audit, reviews by Public Service Commissions, and reviews by its internal audit function. Given this extraordinary level of oversight, Spire's real incentive is to ensure that its accounting protocols, including its treatment of overhead costs, is done in a responsible, accurate and cost driven manner.

Q. DO YOU BELIEVE THAT THE COMPANY ACCOUNTS FOR ITS OVERHEAD ALLOCATIONS AT AN APPROPRIATE LEVEL OF DETAIL?

A. Absolutely. The allocation of overheads is a complex process that utilizes several assumptions to reasonably allocate costs to capital vs O&M, and to assign those costs to specific capital orders. I recognize that OPC desires to analyze the overhead costs charged to capital at a very low level of detail for each capital order, or in some requests for "each and every item" in overhead. I believe the information provided and available to OPC gives them an adequate level of detail to properly assess the nature and level overhead costs allocated to capital, and alleviate their concerns raised in this case. Overall, I am very confident that Spire is allocating costs in a fair, reasonable, and supportable manner. The type and content of overhead costs eligible for capitalization and the approach used to allocate those costs to capital work orders for Spire Missouri has been consistent for decades.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Spire Missouri Inc. to Change its Infrastructure System Replacement Surcharge in its Spire Missouri East Service Territory	))))	**File No. GO-2019-0356**
In the Matter of the Application of Spire Missouri Inc. to Change its Infrastructure System Replacement Surcharge in its Spire Missouri West Service Territory	))))	**File No. GO-2019-0357**

<u>A F F I D A V I T</u>

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

Timothy W. Krick, of lawful age, being first duly sworn, deposes and states:

1. My name is Timothy W. Krick. I am the Controller for Spire Missouri Inc. My business address is 700 Market St., St Louis, Missouri, 63101.

2. Attached hereto and made a part hereof for all purposes is my direct testimony on behalf of Spire Missouri Inc.

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.

Timothy W. Krick

Subscribed and sworn to before me this 27th day of September 2019.

LISA M. REED
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Nov. 7, 2019
Commission # 11265169

Lisa M. Reed
Notary Public

Spire Missouri: Overheads Overview

June 2019

Agenda

- Allocations Overview
  - General Overview
  - Shared Services / CAM
  - Transportation Clearings / Depreciation Capitalized
  - Field Operations Clearings
  - Other Allocations / Clearings
  - Transfers to Construction
- Capital Project Costs
  - Direct vs Indirect
  - Examples
- Questions

Overheads Overview

Overview of Spire Overheads

- Shared Services / CAM – allocates payroll and non-payroll costs between legal entities based on drivers (customers, system miles, three factor, etc.)
  - Corporate / Distribution Operations Shared Services / CAM
- Clearings – collects and allocates payroll and non-payroll costs based on (hours, vehicles hours, payroll, etc.)
  - Field Operations / Gas Operations
  - Transportation
  - Business & Economic Development
  - Operations Services / Engineering
- Overheads / Transfers to Construction– allocates payroll and non-payroll portion of administrative and general overhead costs from O&M to Capital/Removal
  - General
  - Benefits
- Other
  - Payroll Taxes
  - Allowance for Funds Used During Construction (AFUDC)

Shared Services / Cost Allocation Manual (CAM)

- Allocates corporate / shared services payroll and non-payroll costs between legal entities based on fixed proportions:
  - Three Factor Method (Executive, Corporate Communications, Legal/Claims/Insurance, Strategy & Corporate Development, Project Management, Internal Audit, Finance, External Affairs, etc.)
    - Revenue
    - Fixed Assets
    - Payroll
  - % of Fixed Assets (Insurance)
  - Percentage of Payroll (HR – Pension / Group Insurance)
  - Headcount (Human Resources, Health & Safety)
  - Customers (Customer Service, Measurement)
  - System Miles (Engineering)
  - Square Footage (Facilities)
  - IT Factors – Invoices, Headcount, System Users (Information Technology Services)
  - Gas Supply (Sendout)

Transportation Clearings / Depreciation Capitalized

- Collects and allocates payroll and non-payroll vehicle and equipment costs associated with the day to day operation and maintenance based on the type of work (O&M vs Capital/Removal), on which the vehicle and equipment hours were charged:
  - Small Trucks
  - Medium Trucks
  - Special Truck (Leak Trucks, Dump Trucks)
  - Specialty Equipment (Trenchers, Compressors, Tractors, etc.

- Costs associated with cars are allocated on a fixed percentage based on the number of vehicles assigned to each cost center (department).

Other Allocations / Clearings

Business & Economic Development

- Allocates portion of payroll for Business Development Representatives to new business main capital projects based on historical time study

Operations Services / Engineering

- Collects and allocates payroll and non-payroll costs associated with pre-construction design (Construction Engineering, Right-of-Way) and during / post construction general services (GIS), among other costs to capital projects
  - Applies fixed proportion to Capital/Removal – 80% vs O&M – 20%

Facilities

- Collects and allocates payroll and non-payroll costs associated with the utilities, janitorial, etc. of the Field Operations (regional offices, satellites, etc.) facilities.
  - Costs allocated based the headcount assigned to each functional area

Information Technology Services

- Collects and allocates payroll and non-payroll costs associated with operating, maintaining, and supporting distribution operations oriented software (Maximo, G4, GIS)
  - Costs allocated based on the number of Field Operations users

Field Operations / Gas Operations

- Collects and allocates payroll and non-payroll costs, which are collected in clearing accounts, generally for "non-productive" activities:
  - Allowed Time – holiday, vacation, sick leave, etc.
  - Non-Productive Time – shop time, setup / breakdown, breaks, weather standby etc.
  - Supervision - light duty, system processing, off-hour standby, management/supervision, etc.
  - Training – on the job training, safety, vehicle / equipment, etc.
  - Tools – setup, repair, calibration, etc.

- Costs allocated based on the proportion of productive hours / dollars to various types of work (O&M vs Capital)

	$ Millions	Capital	O&M
MO East	$ 53.1	58%	42%
MO West	$ 21.0	48%	52%

Overheads - Transfers to Construction

- Transfers to Construction* = Transferable Base x Transfer Rate
  - "Transfers" dollars from Income Statement to Balance Sheet
    - Credits - O&M – Transfers to Construction
    - Debits – Capital – Benefits / General Overheads
  - General – apportioned / follows non-payroll charges to capital projects
  - Benefits – apportioned / follows payroll charges to capital projects

- Missouri East – FY '18 ~ $46 mil
  - General - $40 mil x 48% = ~$18 mil
  - Benefits - $57 mil x 49% = ~ $28 mil

- Missouri West – FY '18 ~ $24 mil
  - General - $26 mil x 61% = $15 mil
  - Benefits - $20 mil x 43% = $9 mil

* Adjusted for non-service cost for pensions and portion of annual incentive plan, which cannot be capitalized

Overheads - Transferable Base

- Transferable Base – collection of administrative and general overhead costs:
  - General Base (MO East – FY ’18 ~ $38 mil / MO West ~ FY ’18 - $26 mil)
    - Administrative & General Salaries (920.000, 920.180, 920.190)
    - General Office Supplies & Expenses (921.000)
    - Injuries & Damages – Claims (925.220)
    - Injuries & Damages – Insurance Premiums (925.200, 925.280)
    - Miscellaneous General Expenses – Directors Expenses (930.300)
  - Benefits Base (MO East – FY ’18 ~ $57 mil / MO West ~ FY ’18 - $20 mil)
    - Group Insurance (926.200, 926.280)
    - Pensions (926.100)
    - Employee Benefits – Other (926.300)

Overheads - Transfers Rates

- Transfer Rates – percentage of capital payroll vs total payroll
  - General Rate = [(Capital + Removal Payroll) + (Capital + Removal Contractor Spend x 50%)] / (Total Payroll + Total Contractor Payroll – A&G Payroll)
    - FY ‘18 Rates
      - MO East – 48%
      - MO West – 61%
  - Benefits Rate = (Capital + Removal Payroll) / (Total Payroll – A&G Payroll)
    - FY ‘18 Rates
      - MO East – 49%
      - MO West – 43%

Capital Project Costs

Capital Project Cost Overview

- Direct Expenditures:
  - Costs directly charged to a project
  - Examples – Payroll, Purchases, Stores / Inventory, Contractor

- Indirect Expenditures:
  - Costs indirectly charged to a project through an allocation
  - Examples: Department Clearings, Mechanical Equipment, General Overheads, Benefit Overheads, Payroll Taxes, AFUDC

Missouri East Capital Project

WO 901534 – Replace 1,030 Feet – 10th Street – Phase II

- ISRS - Part Cast Iron Replacement Program
- Completed with Internal Crews, which drives
  - Direct Expenditures:
    - Payroll
  - Indirect Expenditures:
    - Payroll Taxes
    - Department Clearings
    - Mechanical Equipment
    - Benefits Overheads

Expenditure Type	$	%
Direct Payroll	480,526	23%
Contractor	-	0%
Purchases	164,130	8%
Stores / Inventory	42,687	2%
Direct	**$ 687,343**	**33%**
Department Clearings	537,290	26%
Mechanical Equipment	121,724	6%
General Overheads	257,901	12%
Benefits Overheads	389,935	19%
Other - Payroll Taxes / AFUDC	81,304	4%
Indirect	**$ 1,388,154**	**67%**
Total	**$ 2,075,497**	**100%**

Missouri West Capital Project

WO 801862 – Replace 6,550 Feet – East 57th to East 50th

- ISRS - Part of Bare Steel Replacement Program
- Completed with External Contractor (includes their "overheads") which drives
  - Direct Expenditures:
    - Contractor
  - Indirect Expenditures:
    - General Overheads

Expenditure Type		$	%
Direct Payroll		18,125	1%
Contractor		900,358	69%
Purchases		3,938	0%
Stores / Inventory		133,010	10%
Direct	**$**	**1,055,431**	**81%**
Department Clearings		65,568	5%
Mechanical Equipment		6,523	1%
General Overheads		146,655	11%
Benefits Overheads		23,781	2%
Other - Payroll Taxes / AFUDC		6,064	0%
Indirect	**$**	**248,591**	**19%**
Total	**$**	**1,304,022**	**100%**

Questions