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Witness: John A. Robinett
Sponsoring Party: MoPSC Staff
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Case No.: GO-2012-0363
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MISSOURI PUBLIC SERVICE COMMISSION
REGULATORY REVIEW DIVISION
UTILITY SERVICES DEPARTMENT
ENGINEERING & MANAGEMENT SERVICES UNIT

SURREBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

LACLEDE GAS COMPANY

CASE NO. GO-2012-0363

Jefferson City, Missouri
July 2012

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1 replacement of Laclede's current systems is more comparable to the change in technology from
2 an 8-Track tape to a MP3 player. In addition to technological changes, this is a replacement of
3 the core operating system of the Company not replacement of personal computer and employee
4 workstations. The following table illustrates other major differences between the systems.

Function/Feature	Old System	New System
Facility	Onsite	Offsite contracted
Processing	IBM Mainframe	Blade servers
Storage	Tape	Separate redundant systems
Back-up	Tapes shipped out of town	By cable to Dallas
Software	COBOL/ DOS/ proprietary	Integrated systems
Interface	Alphanumeric	Graphical User Interface

5
6 **FUNCTIONALITY**

7 Q. On page 4 of Mr. Robertson's testimony he recommends a five (5) year useful
8 life, and a 20% depreciation rate as both "applicable and appropriate." Do you agree?

9 A. No. Personal computers are currently recorded in Accounts 391.1 Data
10 Processing System and 391.3 Data Processing Software that currently have an annual
11 depreciation rate of twenty percent (20%) or a five (5) year service life. Staff's opinion is that the
12 new EIMS will have such a significantly longer service life than personal computers. Based on
13 Staff's review and site visits this year of five enterprise information management systems
14 currently in service or transitioning to new systems, Staff expects an EIMS will have a
15 significantly longer use life than personal computer systems. In addition to site visits, Staff has
16 reviewed the FERC Form 2 for some gas companies throughout the United States looking for
17 approved rates for similar EIMS systems or values associated with account 391. This review

1 has supported Staff's opinion of the expected use life of this type of information
2 management system.

3 Q. What is the basis for this conclusion?

4 A. Unlike off-the-shelf personal computers and software, the EIMS is designed
5 specifically to meet Laclede's information management needs. For example, one component is
6 the asset management. This system is specifically designed for the management of utility assets
7 including work orders related to a particular plant. Another component is data storage and
8 backup. In terms of data storage and back, the EIMS allows Laclede to have multiple backup
9 locations one of which is outside the geographic region.

10 As the EIMS functionality matures into a system designed for a specific company, there
11 will be updates, but there is less opportunity and reason for entire system replacement. To state
12 it another way, the basic functions required to run the enterprise do not change significantly,
13 however, the analytical, data acquisition, and data storage functions do continue to evolve to
14 specifically meet Laclede's needs.

15 Q. What are some other functionalities that support the seven percent (7%)
16 depreciation rate recommended by Staff?

17 A. There are three very basic or primary areas regarding the functionality of the
18 EIMS. The first is customer billing and accounts. Some of the basic information such as
19 location, contact information, usage and payments are the same for any utility service provider.
20 The EIMS, however, facilitates analytical and tracking tools that the old system cannot. Some
21 examples are automatic meter reading (AMR), distribution metrics, analytics, safety system
22 notifications, and high usage notification. The system may also provide notices and service
23 contact verification that allows a customer to be informed in advance of a service call.

1 Q. What is the second core function of the EIMS used to meet the Company's and its
2 customers' needs?

3 A. Asset management and asset information should improve with the EIMS.

4 Q. Why is it important for Laclede to track its assets?

5 A. First, a utility needs to know what its assets are and where the assets are located to
6 provide safe and adequate service. It is important for Laclede to know the location of all of its
7 mains and service lines and the EIMS will improve access to this information by having it
8 immediately available through the EIMS system and also having the data backed up remotely.

9 Q. What other asset information is important to Laclede providing service to its
10 customers?

11 A. Besides information related to its distribution system, EIMS will have information
12 about tools, shop and garage equipment, laboratory equipment, and communications facilities.

13 Q. Why is immediate access to this information important?

14 A. These systems and tools are what is necessary to provide the day to day services
15 and safety checks that allow Laclede to operate in a safe and efficient manner. Laboratory
16 equipment and services ensure that the customer is receiving a safe product. Communications
17 ensures that should a problem develop on the system, it can be addressed quickly, while tools,
18 garage and shop equipment ensure that the employees have the adequate resources and where
19 they can be obtained in a timely manner.

20 Q. Are there any other core functions that the new EIMS may be capable of
21 performing?

22 A. In addition to customer billing and asset management, the EIMS is capable of
23 having payroll and human resources modules that integrate with the core system. The following

1 modules are the components that make up the EIMS: Customer Care and Billing, Enterprise
2 Asset Management (Maximo), Enterprise Business Suite (Financials), and PowerPlant (Fixed
3 Assets, Allocations, Taxes).

4 **PROJECT IMPLEMENTATION AND OPERATION COST ALLOCATION**

5 Q. Has Staff conducted a cost benefit analysis or otherwise reviewed the EIMS
6 project costs or prudence?

7 A. No. Staff anticipates that Staff will conduct this analysis when Laclede proposes
8 including these assets in its rate base.

9 Q. What is Staff's recommendation regarding the depreciation authority order as
10 requested by Laclede?

11 A. Staff recommends that the Commission order that the Company establish a
12 depreciation sub-account, 391.5, Enterprise Information Management System to account for the
13 EIMS assets being placed in service by Laclede Gas Company to serve its Missouri rate payers
14 and order the depreciation rate at seven percent (7%) as a reasonable rate. The establishment of
15 this sub-account and its corresponding depreciation rate in this case will be reviewed in the
16 Company's next general rate proceeding when all of the Company's plant accounting and
17 depreciation rates will be studied and examined in their totality.

18 Q. Does this conclude your Surrebuttal Testimony?

19 A. Yes.

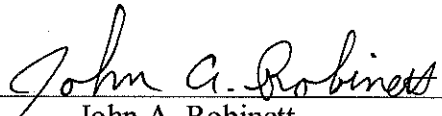
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's)
Application to Establish Depreciation Rates for) Case No. GO-2012-0363
Enterprise Computer Software Systems)

AFFIDAVIT OF JOHN A. ROBINETT

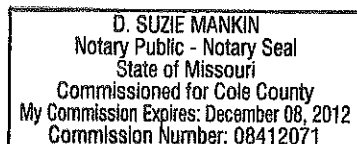
STATE OF MISSOURI)
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COUNTY OF COLE) ss.

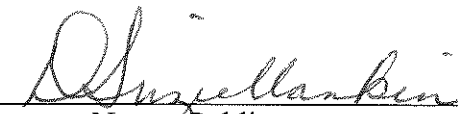
John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Surrebuttal Testimony in question and answer form, consisting of 5 pages to be presented in the above case; that the answers in the foregoing Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true and correct to the best of his knowledge and belief.



John A. Robinett

Subscribed and sworn to before me this 30th day of July, 2012.





Notary Public