

Exhibit No.:
Issue: Depreciation
Witness: John A. Robinett
Sponsoring Party: MoPSC Staff
Type of Exhibit: Rebuttal Testimony
Case No.: GR-2014-0007
Date Testimony Prepared: March 4, 2014

MISSOURI PUBLIC SERVICE COMMISSION

**REGULATORY REVIEW DIVISION
UTILITY SERVICES - EMSU**

REBUTTAL TESTIMONY

OF

JOHN A. ROBINETT

**MISSOURI GAS ENERGY
A DIVISION OF LACLEDE GAS COMPANY**

CASE NO. GR-2014-0007

*Jefferson City, Missouri
March 2014*

1 A. Page 12 of Mr. Noack's direct testimony beginning at line 1, confirms that
2 Missouri Gas Energy is requesting the current ordered depreciation rates from Case No.
3 GR-2009-0355 be used for purposes of this case.

4 Q. What support did MGE provide for leaving the rates at currently ordered levels?

5 A. None. The Company submitted a depreciation study with this case to meet the
6 requirements of 4 CSR 240-3.235 and 4 CSR 240-3.275. The depreciation study submitted by
7 MGE was conducted under a contract entered into with Black and Veatch. The results of that
8 study showed a net reduction to depreciation expense when compared to the currently ordered
9 depreciation rates.

10 Q. Did Staff review MGE's submitted depreciation study and the retirement data
11 used in that study?

12 A. Yes. Staff reviewed MGE's historical retirement data and conducted its own
13 depreciation study. Staff's conclusion is that the recommended depreciation rates
14 contained within MGE-supplied Black & Veatch study represent a reasonable update to the
15 existing ordered depreciation rates.

16 Q. Is it reasonable to rely on this particular Black and Veatch depreciation study?

17 A. Yes. Black & Veatch has conducted previous depreciation studies of MGE,
18 which were submitted to Staff in 1995, 2000, 2005, 2010 and 2013. Staff has reviewed the data
19 Black and Veatch relied on, as well as the methods used. While the actuarial analysis underlying
20 the Black and Veatch study is deficient, the study is reasonable for purposes of identifying
21 theoretical reserve deficiencies. Staff has concerns about the theoretical depreciation reserve
22 deficiencies indicated by the Black and Veatch study. However, the overall MGE theoretical
23 reserve deficiency is very small, and thus the total MGE accumulated depreciation

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1 reserves compared to the total MGE calculated expected (theoretical) reserves is not of concern
2 in this case.

3 Q. What is Staff's recommendation regarding the depreciation rates?

4 A. Staff recommends the Commission order the depreciation rates set forth in
5 schedule JAR(DEP) -1 attached to this testimony which was also included in Appendix 3 of the
6 Staff Cost of Service Report filed on January 29, 2014. These rates are the recommendation by
7 Black & Veatch from table 5-2 column H with a conversion of column G to reflect net salvage as
8 a percent of original cost.

9 Q. Does this conclude your rebuttal testimony?

10 A. Yes.

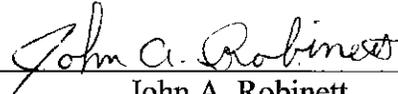
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Missouri Gas Energy, Inc.'s)
Filing of Revised Tariffs to Increase its Annual) Case No. GR-2014-0007
Revenues for Natural Gas)

AFFIDAVIT OF JOHN A. ROBINETT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

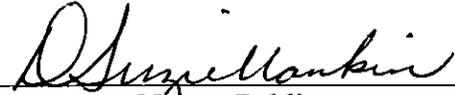
John A. Robinett, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Rebuttal Testimony in question and answer form, consisting of 3 pages to be presented in the above case; that the answers in the foregoing Rebuttal Testimony were given by him; that he has 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 4th day of March, 2014.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2016 Commission Number: 12412070
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Notary Public