

Exhibit No.:

Issue:

Witness:

Type of Exhibit:

Sponsoring Party:

Case No.:

Accounting Schedules

Kenneth M. Beerup Jr.

Direct Testimony

Laclede Gas Company

GR-2002-356

LACLEDE GAS COMPANY

GR-2002-356

DIRECT TESTIMONY

OF

KENNETH M. BEERUP JR.

Direct Testimony of Kenneth M. Beerup Jr.

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DIRECT TESTIMONY OF KENNETH M. BEERUP JR.

1 Q. Please state your name and business address.

2 A. My name is Kenneth M. Beerup Jr., and my business address is 720 Olive St., St.
3 Louis, Missouri, 63101.

4 Q. What is your present position?

5 A. I am currently employed as the Manager, General Accounting for Laclede Gas
6 Company ("Laclede" or "Company").

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

9 A. I was promoted to my present position in January, 2001. In this position, I am
10 responsible for the processing of payments to our suppliers and maintaining
11 various records.

12 Q. What is your educational background?

13 A. I graduated from Western Illinois University in 1993 with the degree of Bachelor
14 of Business, majoring in finance. In 1994, I received a Master's Degree in
15 Business Administration from Saint Louis University.

16 Q. Will you briefly describe your experience with the Company prior to becoming
17 Manager, General Accounting?

18 A. I joined Laclede in February, 1995, as a Budget Analyst in the Budget
19 Department. In November, 1996, I was promoted to Senior Budget Analyst. In
20 January, 1997, I was assigned to a project team responsible for assisting the

1 Information Systems Department in implementing a new General Ledger software
2 system. In July, 1999, I was promoted to Senior Analyst in the Financial
3 Planning Department. I acted in that capacity until being promoted to my current
4 position.

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

6 A. Yes, I filed testimony in Case No. GR-2001-629.

7 **PURPOSE OF TESTIMONY**

8 Q. What is the purpose of your testimony?

9 A. I am sponsoring certain components of the Company's calculation of cash
10 working capital as referred to in the testimony of Company witness G. W. Buck.

11 Q. Please list the schedules you are sponsoring.

12 A. Schedule 9 of Section A, SUMMARY OF CASH WORKING CAPITAL was
13 prepared by me or under my supervision.

14 **EXPENSE LAG – CASH WORKING CAPITAL**

15 Q. Please discuss Schedule 9 of Section A.

16 A. Schedule 9 is a summary schedule showing the computation of cash working
17 capital required for payment of operating expenses. The length of lag time
18 supplied by the Company's vendors and employees for major expense categories
19 are consistent with those that were utilized in GR-2001-629 with certain
20 exceptions, which are addressed later in my testimony. This expense lag time is
21 subtracted from the overall revenue lag time, as sponsored by Company witness
22 G. W. Buck and reflected in Schedule 8. The resultant net lag (or net lead) time is

1 multiplied by daily expense to derive the average cash working capital required
2 from (or available to) the Company's investors for each category. These
3 computations are combined to determine the cash working capital required from
4 the Company's investors. This total, as shown at the bottom of Schedule 9, is the
5 amount of Cash Working Capital Mr. Buck is sponsoring for inclusion in rate
6 base.

7 Q. What time period was utilized to calculate the expense lag times used in Schedule
8 9?

9 A. Since there has been no significant change in the manner in which the Company
10 processes payments, the expense lag times used in Schedule 9 are consistent with
11 those that were utilized in Case No. GR-2001-629 with two exceptions. First, the
12 expense lag for interest charges was updated to reflect the Company's issuance of
13 the 6-5/8% Series Bonds, which pay interest on a quarterly, rather than a semi-
14 annual basis. Second, the expense lag was updated to reflect the relative mix
15 between long-term and short-term debt included in the filing.

16 Q. Does this complete your testimony?

17 A. Yes, it does.