

# Exhibit No. 1

Exhibit No.:  
Issue: STP Tariffs  
Witness: Tatiana Earhart  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: The Empire  
District Gas Company  
Case No.: GR-2021-0320  
Date Testimony Prepared: March 2022

**Before the Public Service Commission  
of the State of Missouri**

**Rebuttal Testimony**

**of**

**Tatiana Earhart**

**on behalf of**

**The Empire District Gas Company**

**March 2022**



REBUTTAL TESTIMONY OF TATIANA EARHART  
THE EMPIRE DISTRICT GAS COMPANY  
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. GR-2021-0320

1 **Q. Please state your name and business address.**

2 A. My name is Tatiana Earhart. My business address is 602 S. Joplin Avenue, Joplin,  
3 Missouri 64802.

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

5 A. I am employed by Liberty Utilities Service Corp. My title is Manager, Gas Supply  
6 Operations for the Liberty Utilities Co. (“Liberty”) Central Region, which includes  
7 Liberty Utilities (Midstates Natural Gas) Corp. (“Midstates”) and The Empire District  
8 Gas Company (“EDG” or the “Company”).

9 **Q. On whose behalf are you testifying in this proceeding?**

10 A. I am testifying on behalf of EDG.

11 **Q. Please describe your educational background and professional experience.**

12 A. I hold a Bachelors in Accounting from Missouri Southern State University. I have been  
13 employed by Liberty Utilities Service Corp. or its predecessor-in interest since  
14 December of 2008. Prior to becoming the Manager of Gas Supply for Liberty’s Central  
15 Region, I worked as a Gas Transportation Supervisor, Gas Transportation Analyst,  
16 Supply Management Specialist, and Internal Auditor.

17 **Q. What are your principal responsibilities as Manager of Gas Supply?**

18 A. In my role as Manager of Gas Supply, it is my responsibility to ensure that adequate  
19 and timely natural gas supplies and upstream transportation and storage services are  
20 acquired in order to maintain the integrity of Empire’s local gas distribution system and

1 its storage facilities so that EDG can reliably deliver affordable natural gas to its  
2 customers. As part of this role I monitor and communicate frequently with upstream  
3 service providers as well as with customers, marketers, and aggregators on the EDG  
4 system.

5 **Q. Have you previously testified in a proceeding before the Missouri Public Service  
6 Commission (“Commission”) or before any other utility regulatory agency?**

7 A. No, although I filed an Affidavit in support of a motion for summary determination in  
8 Commission Case No. GC-2022-0062.

9 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

10 A. The purpose of my testimony is to respond to the Direct Testimony of Louie Ervin II on  
11 behalf of the Missouri School Board Association (“MSBA”), which was filed on February  
12 15, 2022. Specifically, I will provide a response to MSBA’s proposed tariff language  
13 revisions relating to the Company’s School Transportation Program (“STP”) Tariff.

14 **Q. Mr. Ervin states that “MBSA is seeking a commission order for Empire establish  
15 a separate rate schedule which clearly identifies rules that are only applicable to  
16 STP schools. Empire would do well to adopt the STP separate rate schedule of its  
17 sister company, Liberty Midstates Utilities.” Ervin Direct, p. 6, lines 5-8. What is  
18 EDG’s response to this request?**

19 A. EDG agrees that it would be helpful and appropriate to develop a separate rate schedule  
20 for the STP schools. Eventually, Liberty hopes to have separate STP rate schedules for  
21 both EDG and Midstates that are very similar and that include the best practices for  
22 STP programs. We do not believe that it would be reasonable for EDG to merely adopt  
23 the stand-alone tariff that currently exists for Midstates or incorporate parts of that tariff

1 into the EDG tariff at this time. EDG believes that there needs to be significant updates  
2 and other language improvements in the Midstates STP tariff, and we believe that it  
3 will take some time to develop and implement some of these changes. For example,  
4 we believe it would be appropriate to change the cashout structure of the Midstates  
5 tariff to be similar to EDG's existing cashout structure, or some other type of cashout  
6 structure that is acceptable to MSBA, the Commission Staff, and other interested  
7 parties.

8 **Q. How would EDG propose to address this concern at this time?**

9 A. EDG would be willing to work with Staff, MSBA and any other interested party to  
10 develop a standalone STP rate schedule that would contain best practices for the school  
11 aggregation programs of both EDG and Midstates prior to the filing of the next  
12 Midstates general rate case at the Commission. This effort would include a review of  
13 the aggregation and balancing charges.

14 **Q. Mr. Ervin states that "MSBA believes Spire's Commission-approved STP carry-**  
15 **over and netting imbalances is fair and simpler to administer." Do you have a**  
16 **response?**

17 A. EDG is willing to consider the approach used by Spire, as it is always willing to  
18 consider various approaches in determining best practices; however, EDG currently  
19 uses a cash-out method which is workable for EDG's system. EDG does not currently  
20 allow the netting or carryover of imbalances which is a method used by some utilities.  
21 EDG is concerned that other approaches may create unknown opportunities for  
22 participants in the overall transaction to benefit themselves to the detriment of the firm  
23 sales customers. This is since netting or carryover of imbalances may result in the use

1 of storage by aggregators that should be reserved for firm sales customers on a short-  
2 term basis for the schools.

3 **Q. Mr. Ervin suggests that he believes that EDG's aggregation and balancing fees**  
4 **are not reasonable. Do you agree?**

5 A. No. EDG's aggregation and balancing fees are the legal rates approved by the  
6 Commission in its last rate case, and EDG has charged them since the effective date of  
7 its rates in 2010. EDG believes that the cash-out charges work to provide incentives  
8 for the STP pool to stay in balance. Such fees also help reduce the gas commodity fees  
9 charged to EDG's firm customers through the Purchased Gas Adjustment (PGA)  
10 Clause. Changing the aggregation and balancing fees at this time, either lower or  
11 higher, without any analysis on the impact to firm customers, would be inappropriate.

12 **Q. Mr. Ervin compares the fees charged to large industrial and commercial**  
13 **customers with the fees charged to STP schools. Is there a reason for the**  
14 **difference in fees?**

15 A. Yes. All pools pay the aggregation pooling fee of 0.04 cents per MCF. Marketers with  
16 large volume pools are assessed this fee. Large industrial and commercial customers  
17 are not assessed the daily balancing fees because they have telemetry and are daily  
18 metered. Therefore, such balancing fees are not needed for those customers. EDG is  
19 balancing the small volume pools, such as the STP pools, since they do not have access  
20 to daily information.

21 **Q. Mr. Ervin mentions that there is a cash-out provision that is applicable only for**  
22 **STP schools and not for large industrial and commercial customers. Why is this**  
23 **difference necessary?**

1 A. Large volume customers are not cashed out on a daily basis. Instead, they are cashed  
2 out with the same tier provisions based upon the Natural Gas Weekly prices.

3 **Q. On page 12 of his Direct Testimony, Mr. Ervin states that MSBA strongly objects**  
4 **to EDG’s proposed multiple tariff revisions which delete the reference to**  
5 **‘marketers, aggregators’ which he believes effectively makes customers liable for**  
6 **OFO and any other tariff charges. Would you explain the purpose of these**  
7 **revisions?**

8 A. Yes. EDG believes that its proposed changes are being misunderstood. EDG proposed  
9 these revisions in response to problems that developed during the Winter Storm Uri in  
10 February, 2021. In some instances, marketers defaulted on their bills, and these  
11 revisions of EDG’s tariffs are designed to clarify that the customer is ultimately liable  
12 for the charges for the gas they received in the event that the marketer or aggregator  
13 that served the customer defaults.

14 **Q. Is EDG willing to make some changes to clarify its intent for proposing these**  
15 **revisions?**

16 A. Yes. EDG is willing to withdraw its proposed revisions on Sheet No. 43 and add the  
17 following paragraph to the existing Operational Flow Order Section, paragraph 2 on  
18 Sheet No. 43: “Responsibility for Payment: Unauthorized Over- or Under-Delivery  
19 Penalties for individually balanced customers shall be billed to and collected from the  
20 applicable customer. Unauthorized Over- or Under- Delivery Penalties for pools shall  
21 be billed to and collected from the agent representing the aggregated customers.  
22 Customers will continue to have ultimate responsibility for all charges on the account.”  
23 We believe that this paragraph will clarify that customers will continue to have ultimate

1 responsibility for the account in the event that the aggregator or marketer defaults on  
2 payment of the pool account. Contrary to Mr. Ervin's testimony, it is not the intention  
3 of EDG to eliminate the MSBA program or force schools under EDG's system supply.

4 **Q. Mr. Ervin questions EDG's requirement that schools with loads of over 40,000**  
5 **CCfs have telemetry. Do you have any comments?**

6 A. Yes. Under EDG's tariffs, all large volume transportation customer which are over  
7 40,000 CCfs are required to have telemetry regardless if they are schools or other  
8 entities.

9 **Q. On page 14, lines 22-23, of his Direct Testimony, Mr. Ervin argues that EDG must**  
10 **release pipeline transportation capacity to STP schools at cost. Does EDG agree?**

11 A. No. Contrary to the testimony of Mr. Ervin, the Company does not release capacity to  
12 large volume transportation customers. The Company does not hold capacity for large  
13 volume customers. EDG holds capacity for the small volume transportation customers  
14 in the event they choose to return to sales service. These small customers will migrate  
15 back and forth from transport-sales more frequently than the larger customers. The  
16 Company releases winter volumes to the pool's marketer at max rates which is the  
17 Company's cost, and then a smaller volume is released in summer at the same max  
18 rates or at the Company's costs.

19 **Q. Does this conclude your rebuttal testimony at this time?**

20 A. Yes, it doe



**VERIFICATION**

I, Tatiana Earhart, under penalty of perjury, on this 17th day of March, 2022, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Tatiana Earhart