

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Request of The Empire District)
Gas Company d/b/a Liberty for Authority to File) **Case No. GR-2021-0320**
Tariffs Increasing Rates for Gas Service Provided)
To Customers in its Missouri Service Area)

STIPULATION AND AGREEMENT

COMES NOW The Empire District Gas Company d/b/a Liberty Utilities or Liberty (“EDG” or “the Company”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), and Midwest Energy Consumers Group (“MECG”)(collectively “Signatories”¹), and present to the Missouri Public Service Commission (“Commission”) for approval this Stipulation and Agreement (“*Stipulation*”) commemorating an agreement between the Signatories resolving all the issues in this case, except for the Missouri School Board Association (“MSBA”) issues. In support of this *Stipulation*, the Signatories respectfully state as follows:

BACKGROUND

1. On August 23, 2021, EDG filed tariff sheets designed to implement a general rate increase of \$1.36 million for its gas service territory, together with supporting testimony. The Commission issued a procedural schedule in its October 20, 2021 *Order Setting Procedural Schedule and Adopting Test Year*.
2. After the filing of testimony and holding local public hearings, the Signatories began negotiations to determine whether a resolution of issues could be mutually reached in advance of the evidentiary hearings. As a result of these discussions, the Signatories have agreed to a series

¹ The following: Missouri School Board Association (“MSBA”) and Symmetry Energy Solutions, LLC (“Symmetry”) are parties to the case, and have authorized the Signatories to represent that MSBA and Symmetry do not oppose this *Stipulation*.

of compromises to determine mutually acceptable resolutions to all issues, except for the MSBA issues. The Signatories agreed to the settled “black box” revenue requirement increase amount using their own assumptions.

SPECIFIC TERMS AND CONDITIONS

A. Revenue Requirement and Billing Determinants

3. **Revenue Requirement Increase.** The Signatories agree that, based on Staff’s updated billing determinants, EDG should be authorized to file tariff sheets designed to increase the Company’s annual gas revenues from rates based on those billing determinants by \$1.0 million from \$20,624,457 to a total of \$21,624,457, exclusive of any applicable license, occupation, franchise, gross receipts taxes, or similar fees or taxes. If a customer’s billing cycle covers days both before and after the effective date of the new rates, the rates will be prorated on the customer’s bill.

4. **Billing Determinants.** The Signatories agree that Staff’s updated billing determinants derived by first merging EDG’s existing Medium and Large rate classes ([SCFM & SCFL], and [SVFTM & SVFTL]), then weather normalizing the revenues of EDG’s residential (RS) and small commercial firm small customer (SCFS) rate classes at the total company level based on actual and normal weather from the Kansas City International Airport weather station, will be used to set the rates implemented from this case. Exhibit A adopts the Staff’s updated billing determinants in this case.

B. Continuation of Existing Tracking Mechanisms

5. **Pension/OPEB.** The Signatories request that the Commission authorize the continuation of a tracker mechanism for pension and OPEB expenses as previously authorized in Case No. GR-2009-0434. The annual level of ongoing Missouri jurisdictional pension and OPEBs expense is \$2,400,974 and \$(227,058), respectively. This includes the actuarially

determined expenses of \$544,047 for pensions and \$331,614 for OPEBs, and the five (5) year amortization of Missouri jurisdictional amounts of \$1,856,927 for pensions and (\$558,672) for OPEBs. The regulatory asset/(liability) as of September 30, 2021, is a total of \$8,064,442 for pensions and (\$2,793,360) for OPEBs. The prepaid pension asset balance as of September 30, 2021 is \$841,624 Missouri jurisdictional. The Accounting Standards 715-30 and 715-60 (FAS 87/106) tracker language shall continue in effect.

6. **Unprotected Excess ADIT.** The Signatories agree that EDG return the unprotected Excess ADIT back to the customers over a three-year period as recommended in the direct testimony of Staff witness Bolin.

7. **Protected Excess ADIT.** The Signatories agree that EDG will establish a tracker to capture the differences between the protected Excess ADIT returned to customers as part of the revenue requirement in this case, and the actual amortization recorded by EDG using the Average Rate Assumption Method (ARAM) for protected Excess ADIT balances. EDG will adopt Staff's recommendation to include in the cost of service an annual amortization of \$20,085 for the protected portion of the Excess ADIT, which is the amount of amortization calculated using ARAM for calendar year 2022.

C. **Rate Base**

8. **Rate Base.** The Signatories agree that the net original cost rate base as of September 30, 2021 is \$65,703,891. Any future ISRS adjustments or any future rate case adjustments shall only be made for rate base investments that become in-service after September 30, 2021.

D. Depreciation Rates & Reserves

9. The Signatories agree that the depreciation rates and reserves set forth on Exhibit B attached hereto and incorporated herein by this reference shall be implemented on the effective date of the new rates in this case. Exhibit B adopts Staff’s recommendation for depreciation rates.

EDG will increase its accumulated depreciation reserves for account 366 transmission structures & improvements by \$1,973 to reflect stopped depreciation expense since May of 2014. EDG will increase its accumulated depreciation reserves of account 391.1 Office furniture and equipment by \$19,190 to reflect stopped depreciation since January of 2021.

E. Class Allocations and Rate Design.

10. The Signatories agree and recommend that the overall revenue requirement specified in paragraph 1 of this agreement shall be allocated between rate classes as follows:

Rate Class	Revenue Responsibility Increase	Percentage
Residential	\$698,051.00	5.60%
SGS	\$117,281.95	3.60%
LGS	\$87,540.09	3.98%
LV	\$97,126.96	3.60%

With the exception of the residential rate class, for which the customer charge is to remain unchanged, the increases for each rate class apply equally to all rate elements.

F. Cancellation of Federal Tax Rate Reduction Riders

11. The Signatories agree that the following tariff sheets authorizing Federal Tax Rate Reduction Rider Schedules should be cancelled and replaced with tariff sheets that are designated

“RESERVED FOR FUTURE USE”: P.S.C. Mo. No. 2, Original Sheet Nos. 9.a, 10.a, 11.1, 11.b, 13.a, 15.a, 36.a, 38.a and 40.a.

G. Implementation of Rider WNAR

12. The Signatories agree that the Company will implement a Weather Normalization Adjustment Rider (WNAR) as defined in the attached tariff sheets. The WNAR rates (applicable to EDG’s residential and small general service classes) will apply throughout EDG’s service area. The weather response coefficients from Staff’s weatherization run used for designing EDG’s new rates will be used in the WNAR. The WNAR will begin the later of September 1, 2022 or the first day of the calendar month after rates become effective in this rate case. The first WNAR adjustment year will be for the time period from the later of September 1, 2022 or the effective date of rates in this case through August 31, 2023. The tariff filing for each WNAR rate for each 12 months ended August 31 will be filed at least 60 days prior to the next following November 1. For these filings, the weather normalization adjustments for the July and August revenue months will be assumed to be zero.

H. Low-Income/Payment Assistance Programs.

13. Low-Income Assistance Program. EDG agrees for shareholders to fund \$50,000 for a low-income assistance program similar to the low-income assistance program of Liberty-Midstates. EDG will modify the Experimental Low-Income Program re-branded as the “Low-Income Affordability Program” as described in the Direct Testimony of EDG witness Nathaniel W. Hackney, and as shown in the modified tariff page R-51a, R-51b, and R-51c, filed as Schedule JY-1 to the Direct Testimony of EDG witness James A. Young.

14. Low-income Weatherization Program. EDG agrees to continue its Low-income Weatherization Program at its current funding level, as recommended by Staff witness

Kory Boustead. Funding under this program will be allowed to include the option for pass-over, marketing, hiring, training, health and safety; relaxation of funding restrictions to be revisited in the next rate case, as recommended by OPC witness Geoff Marke. Missouri Division of Energy will continue to have administrative oversight of this low-income weatherization program and the costs of such administrative oversight will be borne by EDG shareholders until rates are effective in a subsequent general rate case. EDG agrees to train Customer Service Reps (“CSRs”) to ask for consent to forward contact information of customers who express to the CSR difficulties paying their bills to the Community Action Agencies.

15. Critical Needs Program. EDG will establish a critical needs program consistent with the direct testimony of OPC witness Geoff Marke. This program will be developed in conjunction with the Critical Needs Program being developed by The Empire District Electric Company, as agreed to in settlement in Case No. ER-2021-0312. Costs of development, implementation, and operation for the program will be funded at \$30,000 and the cost split 50/50 between customers and the Company.

J. Infrastructure System Replacement Surcharge

16. For purposes of establishing or changing ISRS (Infrastructure System Replacement Surcharge) rate schedules that will allow for the adjustment of EDG's rates and charges to provide for the recovery of costs for eligible infrastructure system replacements as permitted by § 393.1009, et seq., in particular § 393.1015, RSMo., EDG’s pretax weighted cost of capital (cost of common equity, and cost of debt and preferred stock weighted by its regulatory capital structure) is 8.00%.

K. Miscellaneous Agreements.

17. Late Payment Fees. The late fee assessed on customer payments made after the bill due date shall be reduced from its current 0.5% per month to 0.25% per month, and such change will be reflected in the tariff.

18. Credit Card Fees. The Signatories agree that the Commission should authorize EDG to stop directly charging customers a transaction/processing fee for making payments with credit/debit cards, as proposed in the Direct Testimony of EDG witness Jon Harrison. Instead, such transaction/processing fees are included in EDG's cost of service. EDG agrees to share with stakeholders the final verbiage that EDG intends to use in its communication plans to customers pertaining to payment options.

19. Energy Efficiency: EDG will combine the ENERGY STAR® Water Heating, and ENERGY STAR® Space Heating into the re-branded High-efficiency Appliance Rebate Program, as described in the Direct Testimony of EDG witness Nathaniel W. Hackney, and as shown in the modified tariff page R-51g, filed as filed as Schedule JY-1 to the Direct Testimony of EDG witness James A. Young. EDG will continue the commitments to the Low-Income Weatherization programs and the Apogee online energy calculator. EDG also will add two new programs described in the direct testimony of Nathaniel W. Hackney: the EDG Energy Education program and the Energize EDG Homes program. The proposed modified tariffs for these new programs were filed as Schedule JY-1 to the Direct Testimony of EDG witness James A. Young, as tariff pages R-51h and R-51i, respectively.

GENERAL PROVISIONS

20. This *Stipulation* is being entered into solely for the purpose of settling the issues specifically set forth above, and unless otherwise specifically set forth herein represents a settlement on a mutually-agreeable outcome without resolution of specific issues of law or fact.

This *Stipulation* is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. No Signatory will be deemed to have approved, accepted, agreed, consented, or acquiesced to any substantive or procedural principle, treatment, calculation, or other determinative issue underlying the provisions of this *Stipulation* except as otherwise specifically set forth herein. Except as specifically provided herein, no Signatory shall be prejudiced or bound in any manner by the terms of this *Stipulation* in any other proceeding, regardless of whether this *Stipulation* is approved.

21. This *Stipulation* has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not approve this *Stipulation* or approves it with modifications or conditions to which a Signatory objects, then this *Stipulation* shall be null and void, and no Signatory shall be bound by any of its provisions.

22. If the Commission does not approve this *Stipulation* unconditionally and without modification, and notwithstanding its provision that it shall become void, neither this *Stipulation*, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.090, RSMo 2016 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this *Stipulation* had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this *Stipulation* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

23. If the Commission unconditionally accepts the specific terms of this *Stipulation* without modification, the Signatories waive, with respect only to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2016; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2016; (3) their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2016; (4) their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2016; and (5) their respective rights to judicial review pursuant to Section 386.510, RSMo Supp. 2020. These waivers apply only to a Commission order respecting this *Stipulation* issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this *Stipulation*.

24. The Signatories shall also have the right to provide, at any agenda meeting at which this *Stipulation* is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that each Signatory shall, to the extent reasonably practicable, provide the other parties with advance notice of the agenda meeting for which the response is requested. Signatory's oral explanations shall be subject to public disclosure, except to the extent they refer to matters that are privileged or protected from disclosure pursuant to the Commission's rules on confidential information.

25. This *Stipulation* contains the entire agreement of the Signatories concerning the issues addressed herein.

26. This *Stipulation* does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the *Stipulation's* approval. Acceptance of this *Stipulation* by the Commission shall not be deemed as constituting

an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this *Stipulation* is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

27. The Signatories agree that this *Stipulation*, except as specifically noted herein, resolves all issues related to these topics, and that the agreement and its exhibits should be received into the record without the necessity of any witness taking the stand for examination. Further, contingent upon Commission approval of this *Stipulation* without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the pre-filed written testimony of their witnesses.

WHEREFORE, the Signatories respectfully request that the Commission approve this *Stipulation*, so that EDG may move forward on these provisions, and grant any other and further relief as it deems just and equitable.

Respectfully submitted,

/s/ Jamie S. Myers

Jamie S. Myers
Deputy Staff Counsel
Missouri Bar Number 68291
P.O. Box 360
Jefferson City, MO 65102
573-526-6036 (Voice)
573-526-6969 (Fax)
jamie.myers@psc.mo.gov

**Attorney for Staff of the
Missouri Public Service Commission**

/s/ Diana C. Carter

Diana C. Carter MBE #50527
Liberty Utilities
428 E. Capitol Ave., Suite 303
Jefferson City, Missouri 65101
Joplin Office Phone: (417) 626-5976
Cell Phone: (573) 289-1961
E-Mail: Diana.Carter@LibertyUtilities.com

James M. Fischer MBN#27543
Fischer & Dority, P.C.
101 Madison Street—Suite 400
Jefferson City, MO 65101
Cell Phone: (573) 353-8647
E-Mail: jfischerpc@aol.com

**ATTORNEYS FOR THE EMPIRE DISTRICT
GAS COMPANY D/B/A LIBERTY OR LIBERTY
UTILITIES**

/s/ Nathan Williams

Nathan Williams
Chief Deputy Public Counsel
Missouri Bar No. 35512
Office of the Public Counsel
Post Office Box 2230
Jefferson City, MO 65102
(573) 526-4975 (Voice)
(573) 751-5562 (FAX)
nathan.williams@opc.mo.gov

Attorney for The Office of the Public Counsel

/s/ Tim Opitz

Tim Opitz, Mo. Bar No. 65082
Opitz Law Firm, LLC
308 E. High Street, Suite B101
Jefferson City, MO 65101
T: (573) 825-1796
tim.opitz@opitzlawfirm.com

**Attorney for
Midwest Energy Consumers Group**

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand-delivered, transmitted by e-mail or mailed, First Class, postage prepaid, this 12th day of April, 2022, to counsel for all parties on the Commission's service list in this case.

/s/ Jamie S. Myers

Settlement Billing Determinants

		<u>Rounded</u>
Res	Customer Charge Count	460,488
	Usage	25,603,177
SCFS + SVFTS	Customer Charge Count	57,902
	Usage	7,404,318
	Meter Admin Charge Count	
SCFM/L + SVFTM/L	Customer Charge Count	7,056
	Usage	7,249,443
	Meter Admin Charge Count	761
LV	Customer Charge Count	1,103
	Usage	40,008,014
	Demand	2,567,713

THE EMPIRE DISTRICT GAS COMPANY
d/b/a Liberty (Empire)
SCHEDULE OF DEPRECIATION RATES & DEPRECIATION RESERVE
(GAS)
GR-2021-0320

ACCOUNT NUMBER	ACCOUNT NAME	AVERAGE SERVICE LIFE	NET SALV. PCT	DEPRECIATION RATE	AVERAGE AGE	DEPRECIATION RESERVE AT 9/30/2021
TRANSMISSION PLANT						
366	STRUCTURES AND IMPROVEMENTS	0	0%	0.00%		\$12,853
367	MAINS	70	0%	1.43%	31.2	\$6,696,586
369	MEASURING AND REGULATING STATIONS	55	0%	1.82%	22.5	\$277,453
DISTRIBUTION PLANT						
375	STRUCTURES	50	0%	2.00%	19.8	\$49,813
376	MAINS	55	0%	1.82%	22.4	\$39,899,428
378	MEASURING AND REGULATING STATIONS	55	0%	1.82%	26.2	\$487,729
379	CITY GATE STATIONS	55	0%	1.82%	21.1	\$712,645
380	SERVICES	50	-1%	2.02%	22.2	\$18,059,491
381	METERS	30	0%	3.33%	10.7	\$3,251,032
383	REGULATORS	40	0%	2.50%	26.3	\$2,576,167
385	INDUSTRIAL MEASURING AND REGULATING EQUIPMENT	50	0%	2.00%	16.6	\$428,732
387	OTHER EQUIPMENT	0	0%	0.00%		\$5,472
GENERAL PLANT						
390	STRUCTURES AND IMPROVEMENTS	40	0%	2.50%	9.5	\$813,085
391.1	OFFICE FURNITURE AND EQUIPMENT	11	0%	9.09%	3.5	\$227,419
391.3	COMPUTER EQUIPMENT	7	0%	14.29%	10.9	\$391,840
392	TRANSPORTATION EQUIPMENT	14	1%	7.07%	6.7	\$874,382
393	STORES EQUIPMENT	30	0%	3.33%	14.8	\$29,607
394	TOOLS, SHOP, AND GARAGE EQUIPMENT	40	0%	2.50%	18.5	\$1,106,308
395	LABORATORY EQUIPMENT	35	0%	2.86%	31.5	\$101,823
396	POWER OPERATED EQUIPMENT	18	1%	5.50%	7.4	\$733,791
397	COMMUNICATION EQUIPMENT	25	0%	4.00%	8.5	\$32,206
398	MISCELLANEOUS EQUIPMENT	26	0%	3.85%	17.2	\$88,086
COMMON PLANT (Same as rates ordered in Case No. ER-2021-0312)						
390	STRUCTURES AND IMPROVEMENTS	45	-10%	1.73%		\$349,705
391.1	OFFICE FURNITURE AND EQUIPMENT	20	0%	5.00%		\$102,146
391.3	COMPUTER EQUIPMENT	5	0%	20.00%		\$614,632
397	COMMUNICATION EQUIPMENT	15	0%	6.67%		\$140,234
398	MISCELLANEOUS EQUIPMENT	34	0%	2.94%		\$4,684
						\$78,067,349

WNAR Tariff Sheets

WEATHER NORMALIZATION ADJUSTMENT RIDER

APPLICABILITY

The Weather Normalization Adjustment (“WNA”) Rider is applicable to each ccf of gas delivered under the terms of the residential and small commercial rate schedules of Liberty Utilities (Empire Gas Distribution) Corp’s d/b/a Liberty Utilities (“Liberty”) until such time as it may be discontinued or modified by order of the Commission in a general rate case.

CALCULATION OF ADJUSTMENT

The WNA Adjustment will be calculated for each revenue month as follows:

$$WNA_i = \sum_{j=1}^{18} ((NDD_{ij} - ADD_{ij}) \cdot C_{ij}) \cdot \beta$$

Where:

- i= the applicable revenue month
- WNA_i = Weather Normalization Adjustment in ccfs
- j = the billing cycle
- NDD_{ij} = the total normal heating degree days based upon the daily normal weather as determined in the most recent rate case
- ADD_{ij} = the total actual heating degree days, base 65° at the Kansas City International Airport
- C_{ij} = the total number of customer charges charged in billing cycle j and revenue month i
- β = the applicable weather response coefficient: **0.1212168** for the residential class, and **0.2761050** for the small general service sales class.

1. Monthly WNA_i dollar amount = $WNA_i \times \text{Weighted Volumetric Rate (“WRVR”)}_i$
2. For the residential rate class, the WRVR shall be equal to the Residential Distribution Commodity rate established at the conclusion of each general rate case. For Case No. GR 2021-0320, the amount is **\$x.xxxxx**.
For the small general service rate class, the WRVR shall be equal to the Small General Service Distribution Commodity rate established at the conclusion of each general rate case. For Case No. GR 2021-0320, the amount is **\$x.xxxxx**.

WEATHER NORMALIZATION ADJUSTMENT RIDER (Cont'd)

3. The Current Annual WNA amount ("CAWNA") shall be the sum of the twelve Monthly WNA_i for the revenue months in the applicable twelve-month period divided by the annual volumetric billing determinates set for the residential rate class or the Small General Service Class (whichever is applicable) in the most recent rate case.
4. Annual Reconciliation Rate ("ARR"): Three (3) months prior to the end of the twelve (12) months of billing of each CAWNA, the over- or under-billing of the numerator of the CAWNA shall be calculated based on nine (9) months actual sales and three (3) months projected sales. Three (3) months prior to the end of the twelve (12) months of billing of each ARR, the over- or under-billing of the ARR shall be calculated based on nine (9) months actual sales and three (3) months projected sales. The three (3) months projected sales associated with each CAWNA and ARR shall be trued-up with actuals upon calculation of the next applicable ARR. The amount of over or under billing shall be adjusted as ordered by the Commission, if applicable. The resulting amount shall be divided by the annual volumetric billing determinates set for the corresponding rate class in the most recent rate case.
5. The Company shall make a WNAR filing each calendar year to be effective for the November billing month at least sixty (60) days prior to the effective date. The first WNAR adjustment year will be for the time period from September 1, 2022 or the effective date of rates in this case through August 1, 2023. Each CAWNA and ARR will remain in effect for twelve (12) months. The total WNA Rider rate shall be the sum of all effective CAWNAs and ARRs.
6. There shall be a limit of \$0.05 per ccf on upward adjustments for the WNA and no limit on downward adjustment. Any WNA adjustment amounts in excess of \$0.05 per ccf will be deferred for recovery from customers in the next WNA adjustment and applicable to part a. below.
 - a. Each month, monthly interest at the Company's monthly short-term borrowing rate shall be applied to the Company's average beginning and ending monthly WNA balances. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the WNA deferral period.

Calculation of Current Weather Adjustment Rate (WR):

Monthly WNA included in WNA Factor:

Date of this Sheet through October 31, 2023

Residential Class

CAWNA

Sum of Monthly WNA / rate case billing determinates 0.0000

Annual Reconciliation Rate (ARR) + 0.0000

WNA Rider Rate = 0.0000/ccf

Small General Service Sales Class

CAWNA

Sum of Monthly WNA / rate case billing determinates 0.0000

Annual Reconciliation Rate (ARR) + 0.0000

WNA Rider Rate = 0.0000/ccf