

Exhibit No.:  
Issue: Demand-Side Management Programs,  
Demand-side Management funding,  
Low-income Assistance Programs  
Witness: Nathaniel W. Hackney  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Liberty Utilities  
(Midstates Natural Gas) Corp.  
d/b/a Liberty Utilities  
Case No.: GR-2018-0013  
Date Testimony Prepared: May 9, 2018

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

**Surrebuttal Testimony**

**of**

**Nathaniel W. Hackney**

**On Behalf Of**

**Liberty Utilities (Midstates Natural Gas) Corp.  
d/b/a Liberty Utilities**

**May 2018**





1 targets and the Red-Tag Repair program, and the rebuttal testimony Claire M. Eubanks  
2 regarding a Combined Heat and Power (“CHP”) Feasibility Study.

3 **III. RESPONSE TO STAFF REBUTTAL TESTIMONY**

4 **Q. PLEASE SUMMARIZE THE POINTS IN THE TESTIMONY OF STAFF WITNESS**  
5 **DANA R. PARISH REGARDING THE LOW-INCOME AFFORDABILITY**  
6 **PROGRAM?**

7 A. Staff Witness Parish recommends that Liberty Utilities implement a Low-income  
8 Affordability Program, with similar parameters to the one currently offered by Spire, and  
9 with the annual funding level of \$72,600, as recommended in detail in the direct testimony  
10 of DE witness Martin R. Hyman. Witness Parish recommends that Liberty and its Energy  
11 Efficiency Advisory Collaborate (“EEAG”) work together to design specifics of the  
12 program.

13 **Q. DOES LIBERTY UTILITIES AGREE WITH THE COLLECTIVE POSITION OF**  
14 **STAFF AND DE ON THIS ISSUE?**

15 A. Yes, Liberty Utilities agrees to implement such a program, conditional upon the approval of  
16 the Company’s proposed Weather Normalization Adjustment Rider (“WNAR”) or another  
17 decoupling mechanism. These mechanisms would further promote investment in  
18 affordability and energy efficiency by making the utility agnostic to customer usage.  
19 Liberty Utilities looks forward to working with its EEAG to design a low-income  
20 affordability program that will help its most vulnerable customers maintain or restore their  
21 natural gas service.

22 **Q. WHEN DOES LIBERTY UTILITIES ENVISION SUCH A PROGRAM TAKING**  
23 **EFFECT?**

1 A. Liberty Utilities estimates this kind of program could be developed and hopefully  
2 implemented in advance of the next winter heating system and would work with the EEAG  
3 to achieve that goal. Liberty Utilities recommends November 1, 2018 as an  
4 implementation date for this program.

5 **Q. PLEASE SUMMARIZE THE POINTS IN THE TESTIMONY OF STAFF WITNESS**  
6 **NATELLE DIETRICH?**

7 A. Staff Witness Dietrich expresses in her rebuttal testimony that Staff does not support DE's  
8 request for an annual administration fee of up to five percent of Liberty Utilities' program  
9 budget, and states that it is unlawful. She goes on to state that Staff would support DE  
10 relinquishing administrative duties of the program back to Liberty Utilities.

11 **Q. DOES LIBERTY UTILITIES AGREE WITH THE COLLECTIVE POSITION OF**  
12 **STAFF AND DE THAT LIBERTY UTILITIES SHOULD AGAIN ADMINISTER**  
13 **THIS PROGRAM?**

14 A. Yes. As I mentioned in my rebuttal testimony, Liberty Utilities would be willing to  
15 administer its own Low-income Weatherization program or align itself with an  
16 implementation contractor. Liberty Utilities would only request that DE continue to  
17 administer the program for a long enough interim period to ensure that this transition could  
18 be executed with the appropriate amount of care and precision required to make it as  
19 seamless as possible for Liberty Utilities' customers.

20 **Q. PLEASE SUMMARIZE THE PORTION OF THE REBUTTAL TESTIMONY OF**  
21 **STAFF WITNESS BRAD J. FORTSON REGARDING LIBERTY UTILITIES'**  
22 **ENERGY EFFICIENCY PORTFOLIO FUNDING LEVEL.**

1 A. Staff Witness Fortson communicates Staff's position that funding levels should not be  
2 increased, as recommended in the direct testimony of DE witness Martin R. Hyman.  
3 Witness Fortson makes the case that Liberty Utilities has not spent its current budget on a  
4 consistent enough basis to warrant an increase in funding.

5 **Q. DOES STAFF WITNESS FORTSON ALSO ADVOCATE FOR THE ADDITION OF**  
6 **THE RED-TAG REPAIR PROGRAM, FEATURING THE \$33,000 BUDGET**  
7 **PROPOSED BY DE?**

8 A. Yes, he does.

9 **Q. DOES LIBERTY UTILITIES AGREE WITH STAFF'S RECOMMENDATION FOR**  
10 **KEEPING BUDGET LEVELS THE SAME OR WITH DE'S RECOMMENDATION**  
11 **FOR INCREASING BUDGET LEVELS?**

12 A. Liberty Utilities sees the logic behind both Staff's and DE's positions. Liberty Utilities  
13 believes that a healthy compromise between these two positions would involve only  
14 increasing the energy efficiency funding to accommodate the adoption of the two new  
15 programs recommended in DE Witness Hyman's testimony. If Liberty Utilities were to  
16 adopt these two new programs with the budget levels recommended by DE and supported  
17 by Staff (\$72,600 for the Low-income Affordability Program and \$33,000 for the Red Tag  
18 Repair Program), this would represent an increase of \$105,600, or 37% of the total portfolio  
19 budget. This new portfolio budget of \$394,387 would fall between the two  
20 recommendations made by DE Witness Hyman (\$363,811, or 0.5% of operating revenue,  
21 and \$493,216, or 0.75% of operating revenue).

1 **Q. PLEASE SUMMARIZE STAFF’S POSITION ON THE CHP FEASIBILITY**  
2 **STUDY, AS DETAILED IN THE REBUTTAL TESTIMONY OF STAFF WITNESS**  
3 **CLAIRE M. EUBANKS.**

4 A. Staff witness Eubanks favors DE’s recommendation that Liberty Utilities conduct a CHP  
5 Feasibility Study, utilizing the CHP Technical Assistance Partnership (“CHP TAP”), but  
6 recommends that additional language be included to prohibit recovery of any costs that  
7 exceed \$5,000.

8 **Q. WAS THERE A SIMILAR LIMITATION SET ON THE CHP FEASIBILITY**  
9 **STUDY CONDUCTED FOR THE EMPIRE DISTRICT GAS COMPANY, AS**  
10 **ORDERED IN CASE NO. EM-2017-0213?**

11 A. Yes.

12 **Q. DOES LIBERTY UTILITIES HAVE ANY CONCERNS ABOUT THERE BEING A**  
13 **SIMILAR LIMITATION ON ITS OWN RECOVERY OF A CHP FEASIBILITY**  
14 **STUDY, SHOULD THE COMMISSION ORDER IT?**

15 A. No. This limitation seems reasonable.

16 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

17 A. Yes.

