

Exhibit No.: _____
Issue(s): Minimum Filing Requirements and
Stipulations and Agreements
Witness: LaToya Johnson
Type of Exhibit: Direct Testimony
Sponsoring Party: The Empire District Gas
Company
Case No.: GR-2021-0320
Date Testimony Prepared: August 2021

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

Direct Testimony

of

LaToya Johnson

on behalf of

The Empire District Gas Company

August 2021



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FOR THE DIRECT TESTIMONY OF LATOYA JOHNSON
THE EMPIRE DISTRICT GAS COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. GR-2021-0320

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DIRECT TESTIMONY OF LATOYA JOHNSON
THE EMPIRE DISTRICT GAS COMPANY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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1 **I. INTRODUCTION**

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

3 A. My name is LaToya Johnson. My business address is 602 South Joplin Avenue,
4 Joplin, MO, 64802.

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”) as a Senior Analyst of
7 Rates and Regulatory Affairs for the Liberty Utilities Co.’s (“Liberty”) Central Region,
8 which includes The Empire District Gas Company (“EDG” or “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 and professional background.**

12 A. I hold a Bachelor of Business Administration in accounting from the University of
13 Memphis and a Master of Business Administration from Webster University. I have
14 also attended formal regulatory training provided by New Mexico State University.
15 Prior to joining Liberty-Empire, I was employed first by the Railroad Commission of
16 Texas and subsequently by the Arkansas Public Service Commission. My positions at
17 both agencies involved analyzing company filings, conducting compliance audits, and
18 sponsoring revenue and expense adjustments in testimony. I was then employed by
19 CenterPoint Energy for over five years working in Regulatory and Rates, where I
20 analyzed and provided recommendations on company regulatory filings including
21 topics such as revenue requirement components and calculations, purchased gas cost

1 prudence and accuracy. My role revolved around and ensured compliance with
2 reporting to the Railroad Commission of Texas, Arkansas Public Service Commission,
3 and Louisiana Public Service Commission. I started my current position with the
4 Company in 2020.

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

7 A. While I have not provided testimony before this Commission, I have provided
8 testimony before the Arkansas Public Service Commission.

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

10 A. The purpose of my Direct Testimony is to explain and demonstrate the Company’s
11 compliance with the Missouri Public Service Commission’s (“MPSC”) Minimum
12 Filing Requirements (“MFRs”) for a utility company general rate increase request and
13 explain and demonstrate compliance with certain merger stipulations and agreements
14 made in File No. EM-2016-0213 (the “Merger Docket”).

15 **II. GENERAL RATE INCREASE MINIMUM FILING REQUIREMENTS**

16 **Q. What is the purpose of this part of your testimony?**

17 A. This portion of my testimony details how the Company has met the Commission’s
18 MFRs requirements as set forth in Commission Rule 20 CSR 4240-3.030.

19 **Q. What is required by Commission Rules 20 CSR 4240-3.030(3)(A) and 20 CSR**
20 **4240-3.030(3)(B)?**

21 A. Commission Rule 20 CSR 4240-3.030, effective September 30, 2019, sets forth the
22 MFRs for all general rate increase requests. Counsel for Empire is providing the tariff
23 transmittal letter as required by 20 CSR 4240-3.030(3)(A). The table below displays a

1 list of the remaining MFRs as required by 20 CSR 4240-3.030(3)(B) and a description
2 of where this information can be found in supporting schedules and testimony.

#	Description	References
1	Aggregate Annual Increase Dollars and Percentage	Direct Schedule LJ-01
2	Counties and Communities Affected	Direct Schedule LJ-02
3	Number of Customers Affected by Service and Rate Class	Direct Schedule LJ-03
4	Dollar and Percentage Change by Service and Rate Class	Direct Schedule LJ-03
5	Proposed Annual Aggregate Change by Service and Rate Class	Direct Schedule LJ-03
6	Press Release	Direct Schedule LJ-04
7	Summary of Reasons for Proposed Changes	Direct Schedule LJ-05

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4 **Q. What is required by Commission Rule 20 CSR 4240-3.090?**

5 A. Commission Rule 20 CSR 4240-3.090 contains additional filing requirements for gas
6 utility general rate increase requests which are the submission of a depreciation study,
7 database, and property unit catalog under certain circumstances.

8 **Q. Is a depreciation study included with EDG's direct filing?**

9 A. Yes. The Company is presenting its full and complete detailed depreciation study in
10 this proceeding, which is being sponsored by Company witness Dan Stathos.

11 **III. STIPULATIONS AND AGREEMENTS – FILE NO. EM-2016-0213**

12 **Q. Has the Company complied with the conditions set forth in the Stipulations and**
13 **Agreements with the Staff and Office of the Public Counsel (“OPC”) regarding**
14 **Financing?**

15 A. Yes. Empire District Electric Company (“Empire”) and EDG as a subsidiary of
16 Empire has complied with the following conditions regarding financing:

- 17 • The Company agreed that Empire shall not seek an increase to the cost of capital
18 as a result of this Transaction or Empire's ongoing affiliation with Algonquin

1 Power & Utilities Corp. and its affiliates other than Empire after the
2 Transaction. Any net increase in the cost of capital Empire seeks shall be
3 supported by documentation that: (a) the increases are a result of factors not
4 associated with the Transaction or the post Transaction operations of Algonquin
5 Power & Utilities Corp. or its non-Empire affiliates; (b) the increases are not a
6 result of changes in business, market, economic or other conditions caused by
7 the Transaction or the post Transaction operations of Algonquin Power &
8 Utilities Corp. or its non-Empire affiliates; and (c) the increases are not a result
9 of changes in the risk profile of Empire caused by the Transaction or the post
10 Transaction operations of Algonquin Power & Utilities Corp. or its non-Empire
11 affiliates. The provisions of this section are intended to recognize the
12 Commission's authority to consider, in appropriate proceedings, whether this
13 Transaction or the post Transaction operations of Algonquin Power & Utilities
14 Corp. or its non-Empire affiliates has resulted in capital cost increases for
15 Empire. Nothing in this agreement shall restrict the Commission from
16 disallowing such capital cost increases from recovery in Empire's rates.

17 ○ The Company has not attempted to seek an increase to the cost of capital
18 as a result of the Transaction. Please refer to the testimony of Company
19 witness Todd Mooney regarding compliance with the foregoing
20 stipulation.

21 ○ The Company agreed if Empire's per books capital structure is different
22 from that of the entity or entities in which Empire relies for its financing
23 needs, Empire shall be required to provide evidence in subsequent rate
24 cases as to why Empire's per book capital structure is the most

1 economical for purposes of determining a fair and reasonable allowed
2 rate of return for purposes of determining Empire’s revenue
3 requirement.

4 ○ Please refer to the testimony of Company witness Todd Mooney
5 regarding compliance with the foregoing stipulation.

6 • The Company agreed to the extent the goodwill arising from the Transaction
7 which is assigned to Liberty Utilities (Central) Co. (“LU Central”) becomes
8 impaired and such impairment negatively effects Empire’s cost of capital, all
9 net costs associated with the decline in Empire’s credit quality specifically
10 attributed to the goodwill impairment, considering all other capital cost effects
11 of the Transaction and the impairment, shall be excluded from the
12 determination of its rates.

13 ○ The Company’s goodwill impairment analysis was initially completed
14 on January 26, 2018 and filed on March 21, 2018. The Company
15 produces an annual goodwill impairment analysis of which none have
16 indicated impairment of the goodwill.

17 • The Company agreed for the first five years after closing of the Transaction, LU
18 Central shall provide Staff and OPC, its annual goodwill impairment analysis in
19 a format that includes spreadsheets in their original format with formulas and
20 links to other spreadsheets intact and any printed materials within 30 days after
21 it is performed. Thereafter, this analysis will be made available to Staff and OPC
22 upon request.

- 1 ○ The Company filed the annual goodwill impairment analysis for 2017
2 on March 21, 2018; for 2018 on May 7, 2019; for 2019 on May 5, 2020;
3 and for 2020 on March 23, 2021.

4 **Q. Has EDG complied with the conditions set forth in the Stipulations and**
5 **Agreements with Staff and OPC regarding gas assets?**

6 A. Yes. EDG has complied with the following conditions:

- 7 • For purposes of accruing depreciation expense, EDG shall use the ordered
8 depreciation rates from File No. GR-2009-0434 until they are changed in a
9 subsequent rate proceeding.

- 10 ○ EDG is accruing depreciation expense at the rates ordered in File No.
11 GR-2009-0434.

- 12 • EDG continues to book all plant and depreciation reserve records in compliance
13 with the format set forth in Title 18: Conservation of Power and Water
14 Resources, Part 201—Uniform System Of Accounts Prescribed For Natural
15 Gas Companies Subject To The Provisions Of The Natural Gas Act (FERC
16 USOA).

- 17 • EDG prepare and maintain its books in accordance with the FERC Uniform
18 System of Accounts (USOA).

- 19 ○ EDG continues to prepare and maintain its books in accordance with the
20 FERC Uniform System of Accounts (USOA).

- 21 • EDG submit the following information in accordance with 4 CSR 240-3.275
22 Submission Requirements for Gas Utility Depreciation Studies.

1 ○ Please refer to Company witness Dan Stathos for further information on
2 the depreciation study submitted in compliance with the above statute.

3 **Q. Has EDG complied with the conditions regarding natural gas procurement**
4 **practices?**

5 A. Yes. EDG has complied with the following conditions:

6 • LU Central agreed it shall prepare a cost benefit analysis prior to any decision
7 to materially change any existing gas procurement practices of EDG to a LU
8 Central gas procurement approach. This should include, but not be limited to,
9 an evaluation of EDG's existing supplier availability, hedging methods, gas
10 volume accounting systems, transportation balancing systems, Purchased Gas
11 Adjustment (PGA), and Actual Cost Adjustment (ACA) recordkeeping and
12 other existing EDG gas procurement practices as contrasted to changing a
13 materially different gas procurement practice.

14 ○ No cost benefit analysis is necessary as LU Central has not materially
15 changed any existing gas procurement practices of EDG to a LU Central
16 gas procurement approach.

17 **IV. CONCLUSION**

18 **Q. Does this conclude your direct testimony?**

19 A. Yes.

VERIFICATION

I, LaToya Johnson, under penalty of perjury, on this 23rd day of August, 2021,
declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ LaToya Johnson