Exhibit No.:_____
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Direct Sponsoring Party: Missouri School Boards Association Case No.: GR-2021-0320
Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

SURREBUTTAL TESTIMONY

OF

LOUIE R. ERVIN, SR.

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

Q. Please state your name and business address.

A. Louie R. Ervin Sr. (L1), Suite 300, 150 First Avenue NE, Cedar Rapids, Iowa 52401.

Q. On whose behalf is your surrebuttal testimony presented?

A. I am testifying for the Missouri School Boards' Association (hereinafter "MSBA").

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

A. I am semi-retired as the Executive Vice President of Latham, Ervin, Vognsen and Associates (LEV), which is based in Cedar Rapids, Iowa.

Q. Will you briefly describe Latham, Ervin, Vognsen & Associates?

A. Latham, Ervin, Vognsen & Associates is an independent energy advisor with no affiliation with any utility, energy marketer, broker or pipeline. Our client base consists of colleges and universities, K-12 schools, municipal utilities, rural electric cooperatives, and industrial and commercial enterprises. For over 25 years, our firm has advised clients on the establishment and/or operation of twelve statewide natural gas aggregate purchasing programs in Missouri, Illinois, Wisconsin, Nebraska and Kansas.

Q. Please state your relevant education and background business experience.

A. A more detailed description of my education and industry experience is provided in Appendix 2. I have B.S and M.S. engineering degrees from the University of Missouri-Columbia, an MBA from the University of Iowa, and I am a graduate of the University of Indiana Rate Program and University of Michigan Public Utilities Executive Program. I have over 40 years of continuing education at the University of Wisconsin and Iowa State University along with other education venues. I have been a licensed professional engineer in Missouri for over 40 years and I also held professional engineering licenses in Illinois, Iowa and Louisiana. I have over fifty years of experience in the natural gas and electric utilities industries with primary responsibilities for rates, regulations, contracts, environmental, metering, construction, engineering and operations. Among several positions over the years, I was Manager of Rates for Missouri Utilities Company (merged with Ameren), Associate Director of Lafayette Louisiana Utilities, Director of Rates, and General Manager of Gas Operations for Interstate Power and Light Company. I was named Gas Manager of the Year by Gas Industries. I was responsible for the startup and oversight of MSBA's School Transportation Program (hereinafter "STP"), which was initiated in 2002 in conformance with Section 393.310 RSMo.

Q. Have you testified as an expert witness before courts, legislatures, and regulatory bodies?

A. Yes. Over 40 years ago, I first testified before the Missouri Public Service Commission (hereinafter "the Commission") and have testified several times since then. I have also testified as an expert witness before the Federal Energy Regulatory Commission, the Illinois Commerce Commission, the Iowa Utilities Board, the Missouri, Iowa and Louisiana legislatures and various state and federal courts.

Q. Are you the same Louie R. Ervin who provided direct testimony in this docket?

A. No. My son Louie R. Ervin II (L2) submitted direct testimony in this case. I will provide this surrebuttal testimony which focuses more on the broad issue of statutory compliance.

Q. Why are you testifying?

A. I am testifying because it is abundantly obvious from Company's case filing and Company's and Staff's testimonies and data request responses that neither understand that 393.310 RSMO. establishes a unique set of tariff requirements for Eligible School Entities, that is small school with annual use of 100,000 therms or less. Company's filing is void of cost support for ESE charges and has other conflicts with 393.310 RSMO. Staff's testimony totally ignores the special requirements for ESEs as set forth in 393.310 RSMO. and makes recommendation which are in direct conflict with this statute.

Q. Did you work directly with the Missouri Legislature in drafting Section 393.310 RSMo?

A. Yes. I drafted language which ultimately became Section 393.310 RSMo and I testified before the Commission regarding initial STP implementation in the 2002 consolidated cases for every Missouri gas corporation.

Q. Will you briefly provide the history, purpose and meaning of 393.10 RSMO. to help all parties have a better understanding of this statute that establishes unique tariff requirements for ESEs' School Transportation Program (STP)?

A. Yes. STP is the result of a long history of legislative and regulatory actions to promote competition in the natural gas industry. To support the WWII effort, interstate petroleum pipelines were built from southern producing regions to Midwestern and Eastern manufacturing centers. The federal government financed and owned these interstate pipelines which were built and operated by the War Emergency Pipelines Company, a non-profit corporation. After the end of the war several pipelines were converted to natural gas transportation.

Q. What was the next phase of the industry that led toward creation of STP under Section 393.310 RSMo?

A. Numerous pipeline laterals were built in the 1950s and 1960s to provide communities with natural gas which largely replaced other heating fuels such as coal, fuel oil and wood. In late the 1970s, some prognosticators projected the US would run out of natural gas within ten years, therefore connection of new natural gas customers was restricted and a sequence of curtailments by customer type was developed. The US was heavily dependent on Middle Eastern oil imports and OPEC embargoed oil to the US. The embargo caused major prices increases in petroleum products and fuels, including natural gas. In reaction to the embargo and higher fuel prices, US oil production increased substantially and so did natural gas which comes up with the oil. Natural gas was so abundant and low cost that it was common practice to flare off excess gas at the well head.

Q. What industry change occurred in the 1970s that was a prelude to Section 393.310 RSMo?

A. Heretofore natural gas corporations often monopolized all business segments from the hole in the ground to the end user's meter. To promote competition, the Natural Gas Policy Act of 1978 was signed into law by President Jimmy Carter. The Act authorized the Federal Energy Regulatory Commission (FERC) to regulate both interstate and intrastate natural gas production and transmission to ensure equal access and competition for third-party gas suppliers and marketers.

Q. What was the FERC's direction following its new authority under The Natural Gas Policy Act of 1978?

A. The FERC began a sequence of decisions and orders to introduce competition in the natural gas industry. Pipelines were required to unbundle their sales and transportation services to level the playing field with local distribution companies which competed for retail sales with pipelines. So, the industry became more segmented often with separate ownership of transmission pipelines and local distribution utility systems. The 1980s and 1990s brought further industry competition by providing third-party marketers open access to retail end-user sales through the local utilities' distribution systems under transportation tariffs that are regulated by state regulatory authorities, such as this Commission. Natural gas demand increased and so did its price. In 1986, I was responsible for creating Iowa Electric Company's first transportation tariff and transportation contract for a large fertilizer plant to directly access competitive third-party natural gas supply.

Q. Were there still barriers to competition for retail supply of natural gas in the late 1990s and early 2000s?

A. Yes. Only large industrial type end use consumers could effectively purchase third-party marketer gas supply for transportation under state regulated tariffs. Some local utility tariffs had very high minimum annual use requirements to qualify for transportation which essentially prohibited even the largest of Missouri K-12 schools from access to the alternative competitive gas supply that was enjoyed by larger industrial type consumers. Another barrier to alternative gas supply for smaller retail customers was the lack of in-house expertise to bid, contract for, and manage third-party marketer gas supply. Yet another barrier was utility transportation tariffs requiring expensive daily telemetry, a cost on the order of $5,000 per meter plus upfront telemetry communication line installation costs and monthly communication bills.

Q. Were cash-out provisions in pipeline and large industrial transportation customer tariffs also a barrier to smaller customer accessing competitive third-party natural gas supply?

A. Yes. Large customer gas consumer transportation tariffs mimic pipeline tariffs with tiered penalties of up to 50% of the cost of natural gas if predelivery nominations did not match actual after-the-fact metered quantities. That is, imbalances of supply and demand for large transportation customers are cashed out daily and are subject to penalties that are based on percentages of imbalances.

Q. Will you give an example of how Company's percentage-based cash-out penalties works for large transportation customers and how that was a barrier for small schools to access competitive third-party gas supply?

A. Yes. If a large transportation customer nominates 10,500 MCF in advance to be delivered but actual after the fact metered use 10,000, that is a 500 MCF imbalance of 5% and is not subject to any penalty under Company's cash-out tariff provisions. However, if in a summer month, when schools are not in session, a pool of small schools nominates 120 MCF for the month yet it turns out that they actually used 100 MCF, that imbalance is 20 MCF or 20% imbalance and is subject to Company's penalty of 50% of the market price of gas.

Q. Are you saying that the Company's percentage-based cash out can render no penalty to a large transportation customer with a 500 MCF imbalance for every day of the month, but small schools with a total imbalance of 20 MCF for the month would pay a penalty of 50% of the market price of gas?

A. Yes. Despite large industrial type customer imbalances having much larger impact on Company's system operation than small schools, a percentage-based cash out can result in no penalty to large customers with an imbalance of 25 times the imbalance of small schools but the schools are penalized at 50% of the spot market cost of gas. Prior to Section 393.310 RSMo, cash out was a major barrier for smaller schools to access competitive third-party gas supply.

Q. Were there other barriers for small schools to access third-party gas supply?

A. Yes. An additional market barrier for small consumers was sufficient access to interstate pipeline capacity which was being held by the distribution utilities to deliver their gas supply to schools at retail.

Q. What was the most recent industry phase leading to Section 393.310 RSMo?

A. In the mid to late 1990s, small user transportation tariffs began emerging across the country which addressed each of these barriers that prevented small consumers from accessing competitive gas markets. I believe Georgia was a pioneer in that movement. In 1998, my partner and I negotiated the first small volume transportation tariffs with every gas corporation in Iowa, all of which were approved by the Iowa Utilities Board. Over the next two years our firm established small user aggregation purchasing pools in Iowa, Illinois, Kansas, Nebraska and Wisconsin. These small consumer aggregate purchasing pools were made up of grocery stores, schools, hospitals, independent colleges, office buildings and others.

Q. Will you describe the final phase leading to Section 393.310 RSMo?

A. In 2000 and 2001, the Executive Director of MSBA and I met with every Missouri gas distribution company and the Missouri Public Service Commission in an attempt to establish small volume transportation tariffs, but we were inexplicably forestalled by resistance, primarily from the Commission Staff. Following failed attempts over two years to introduce competition for small consumer natural gas supply in Missouri, I worked with both Democrat and Republican Missouri legislators on a bill that passed in early 2002 and became Missouri law Section 393.310 RSMo when signed by the Governor in July 2002.

Q. What are the keys aspects of the STP under Section 393.310 RSMo which differs from large customer transportation tariffs?

A. Missouri statute Section 393.310 RSMo (see Appendix 1) establishes a different set of rules for “Eligible School Entities” (ESEs) that recognizes differences in small gas consumer characteristics and their lesser impact on utility delivery systems. Section 393.310 RSMo set out unique and materially different rules for small K-12 schools from large customer transportation tariff rules. At minimum, the statute requires:

(1) Aggregate purchasing of natural gas supplies and pipeline transportation services on behalf of eligible school entities in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association.

(2) Provides for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities **at the gas corporation's cost of purchasing of such gas supplies and transportation** (emphasis added), plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the Commission, not to exceed four tenths of one cent per therm delivered during the first year.

(3) Not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually.

(4) Not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all **incremental costs** (emphasis added) caused by the experimental aggregation program.

(5) Except as may be mutually agreed by the gas corporation and eligible school entities and approved by the commission, such tariffs shall not require eligible school entities

to be responsible for pipeline capacity charges for longer than is required by the gas corporation's tariff for large industrial or commercial basic transportation customers.

(6) The Commission shall treat the gas corporation's pipeline capacity costs for associated eligible school entities in the same manner as for large industrial or commercial basic transportation customers, which shall not be considered a negative financial impact on the gas corporation, its other customers, or local taxing authorities.

(7) The Commission may adopt by order such other procedures not inconsistent with this section which the commission determines are reasonable or necessary to administer the experimental program.

Q. How did Section 393.310 RSMo eliminate barriers to competitive gas markets for small school accounts?

A. The following barriers to small school transportation were eliminated by Section 393.310 RSMo:

(a) Smaller schools no longer needed in-house natural gas contracting expertise or the expense of hiring a consultant; the statute allowed aggregate purchasing contracts when negotiated by and through a not-for-profit school association.

(b) The statute allowed existing monthly-read meters to remain for eligible school entities with annual use of 100,000 therms or less, thus, eliminating the large expense of daily telemetry, thus creating monthly cash out for small schools instead of daily cash out that had been applicable for years to pipelines and large retail transportation customers.

(c) It required all gas corporations to provide services to small schools including Aggregation and Balancing services, monthly metering, pipeline capacity releases and other necessary services at the gas corporation’s “incremental cost”, thus providing access to pipeline capacity as well as eliminating penalties and cost multipliers that had been applicable for years to pipelines and large retail transportation customer daily cash outs.

(d) It addressed the concern that certain taxing authorities may not be able to tax out of state gas marketers, so the statute specified that there would be no negative financial impact on local taxing authorities. The statute also provided a quid pro quo that there would not be any negative financial impact on the gas corporation or its other customers by requiring the gas corporation to charge STP participants for the utility's **incremental costs** (emphasis added). This means that services for aggregation and balancing, cash out and pipeline capacity releases are required by Missouri law to be at the gas corporations' incremental cost of providing that service – no more and no less, so there will be neither negative impacts on others nor penalties to eligible small school entities.

Q. Did the Company submit an STP tariff with incremental cost support for it charges to eligible school entities as required by Section 393.310 RSMo?

A. No. The Company's filing is totally absent of any cost support for its proposed charges to small schools and therefore does not comply with Section 393.310 RSMo.

Q. Did the Staff recommendations comply with Section 393.310 RSMo?

A. No. It was my understanding that Staff represents all consumers, including small schools. Inexplicably, Staff went a step farther outside the statute by attempting to place the burden on MSBA instead of the Company to provide cost support for it proposed tariff charges applicable to all customers, including small schools. Staff's recommendations went even farther outside the statutory requirements by recommending pipeline and large transportation cost multiplier cash-out penalties of up to 50% of the spot market cost be approved for STP small schools.

Q. Did the Staff provide a basis for its recommendation to charge small schools a percentage (%) based cash-out penalty?

A. Staff attempts to justify the small school's cash-out penalties on the basis that pipelines and large transportation customers have cash outs based on percentages of imbalances. Staff has totally ignored the Missouri law, Section 393.310 RSMo, which requires Missouri gas corporations to provide services to small schools at cost – not at cost of gas plus a penalty of up to 50%. Staff's recommendations having a percentage-based cash out for small school basis like pipelines and large customer transportation but fails to recognize that pipelines and large customer tariffs are not subject to Section 393.310 RSMo as this statue pertains only to small schools with annual consumptions of 100,000 therms or less. Further, Staff attempted to excuse Company's lack of incremental cost support by arguing that the penalties billed to schools were not a large amount of money. It is true that Staff has agreed to millions of dollars of black box settlements but that doesn't make penalties to schools insignificant. If the penalties are so insignificant, then why take the dollars away from schools which are needed for computers and other classroom needs? But large or small isn't the issue; the issue is non-compliance with Section 393.310 RSMo. The Company's filing and Staff recommendations simply do not comply with Section 393.310 RSMo.

Q. Do you have any other comments regarding a standalone STP rate schedule?

A. Yes. The Company agrees with MSBA that there should be a standalone STP tariff but Company suggests waiting for the next rate case to develop it. Staff argues that there isn't enough time in this case to develop a standalone STP rate schedule as it is a complex undertaking. Schools have been waiting since 2002 for Company to file a STP tariff that totally complies with Section 393.310 RSMo. MSBA missed an opportunity to make its arguments in the Company's last case because it was not notified of the case and thus did not intervene. Staff did not represent schools' interests in that case or comply with Section 393.310 RSMo. Although the burden should not be on MSBA to produce a STP rate schedule that complies with Section 393.310 RSMo, I submit as Appendix 3 an STP rate schedule that complies with the statute. If the Company or Staff wants to offer refinements to my proposed STP rate schedule in the Company's next rate case, they certainly may do so. Except for Empire, all Missouri gas corporations have modified its initial 2002 STP rate schedule to more clearly comply with Section 393.310 RSMo. and to meet the needs of the gas corporations and schools. It is past time for Empire and Staff to comply with the statute.

Q. Does Staff's attempt to overcome Company's failure to provide cost support for other charges that are applicable to schools under Section 393.310 RSMo?

A. Despite Staff's attempt to dismiss the Company's failure to provide any cost support in this case for its proposed STP aggregation, balancing or cash-out charges, Staff's calculation of a balancing charge is fatally flawed. Staff's analysis is based on the false premise that Company balances STP schools by utilizing storage injections and withdrawals. Appendix 4 is Company verification in response to MSBA DR 7.2 that it does not purchase natural gas storage for transportation customers like STP schools. Staff's premise for its development of an aggregation charge is absolutely contrary to Section 393.310 RSMo.

Q. What does Section 393.310 RSMo say about how gas companies are to charge for STP services such as STP aggregation, balancing and cash out?

A. Section 393.310 RSMo is specific in that all gas corporation STP services are to be at "cost of purchasing such gas and supplies." That is, the Company's balancing charge is to recover Company's incremental cost of purchasing or selling gas as needed to balance STP schools' deliveries and consumption. Thus, Staff's attempt to overcome Company's failure to provide cost support of a balancing charge begins with a faulty premise by erroneously assuming the Company provides STP balance service by injecting and withdrawing gas from storage. The daily cost of the gas itself is what Company does or is able to buy or sell daily in the market to provide the statutorily mandated balancing service. Again, the statute states:

"(2) Provide for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities **at the gas corporation's cost of purchasing of such gas supplies and transportation,** (emphasis added) plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the commission, not to exceed four tenths of one cent per therm delivered during the first year;"

The statute also states: "(4) Not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all **incremental costs** (emphasis added) caused by the experimental aggregation program."

Q. What does "at the gas corporation's cost of purchasing of such gas supplies" mean?

A. It means that the Company is to charge what it would actually cost to purchase gas or sell gas. It does not mean a charge of up to 150% of the cost of spot market gas, but it means at 100% of the cost of spot market gas. Contrary to Staff's analysis, it does not mean the cost of the Company's gas which is purchased months in advance primarily during summers months for injection in storage then later withdraws it from storage for its retail customers during later winter months.

Q. Does the Company purchase gas daily at a verifiable cost?

A. Yes. The Company's response to MSBA DR 7.6 is Appendix 5. It states: "All Company purchases were based on Gas Daily Average and First of Month Price Index." These are industry wide publications by Platts which provide the price indices for sales and purchases of natural gas. There is no reason that Empire cannot comply with Section 393.310 RSMo and cash out "**at the gas corporation's cost of purchasing of such gas supplies and transportation.**"

Q. Are there other fundamental flaws with Staff's balancing service costs analysis?

A. Yes. Not only is Staff's storage assumption contrary to the statute requirement to charge STP schools Company's incremental cost of purchasing gas, but Staff's analysis also assumes that the Company operates its system only for STP schools. Staff fails to recognize overall system diversity. Staff's analysis does not reflect actual system diversity and biases toward an overstatement of STP system impact.

Q. Is there data to show how STP schools can at different times actually lower overall system cost of balancing?

A. Yes. STP schools can lower overall system balancing costs when schools over deliver gas on days when the Company is short and vice versa. Staff's data shows that schools had maximum over supply to the system in January 2021 which helped reduce the system requirements during a peak use month when Company would otherwise need to purchase additional gas or withdraw from storage for its retail sales customers. Staff's data also shows that the schools STP maximum under delivery was in June 2021 when the Company would normally be injecting rather than withdrawing gas from storage. Staff's analysis simply failed to recognize the diversity among all users of the Company's system.

Q. Is any other flaw in Staff's calculation of a balancing charge?

A. Yes. Staff applied storage rates of only one pipeline to the total Company system when the Company is serviced by three pipelines. Appendix 6 is Company's response to MSBA DR 7.1 and confirms the Company is serviced by three pipelines while Staff's analysis is based on only one pipeline. Thus, Staff's testimony on and calculation of a balancing charge must be rejected and not be permitted as a substitute for Company's failure to provide cost support of its proposed aggregation charge in this case.

Q. Will you explain more about how Company's and Staff's proposed cash out works?

A. Yes. Contrary to Section 393.310 RSMo, Company's and Staff's proposed cash out for eligible STP schools is the same as for Company's large volumes transportation customers and as modeled after cash outs used by large high-pressure interstate pipelines. Company's and Staff's proposed tiered punitive cash outs are:

(a) Deliveries & Receipts 0%-5%: Company or Customer pay Market Spot Price x 100%

(b) Deliveries & Receipts >5% -10%: Company pays Spot x 85%, Customer pays Spot x 115%

(c) Deliveries & Receipts >10% - 15%: Company pays Spot x 70%, Customer pays Spot x 130%

(d) Deliveries & Receipts >15% to 20%: Company pays Spot x 60%, Customer pays Spot x 140%

(e) Deliveries & Receipts >20% difference: Company pays Spot x 50%, Customer pays Spot x 150%

Q. Will you explain how Company's and Staff's cash-out formula, that was borrowed from pipelines and applied to large volume transportation customers, is illogical, unjust, unreasonable and does not comply with the requirement of Section 393.310 RSMo that services be provided to eligible schools at "incremental cost?"

A. Yes. As I explained earlier, small schools use relatively small volumes of gas such that a 20% small school imbalance has far less system impact that does a 5% variance for a large volumes transportation customer. My earlier example showed how a percentage-based cash out can result in no penalty for a large transportation customer with 25 times the imbalance of a small school which is unreasonably penalized as much as 50% of the cost of purchasing gas on the spot market. Regardless of how pipelines and large transportation customers are cashed out, use of percentages is in conflict with Section 393.310 RSMo and is extremely inappropriate for use in applications for small school cash outs. Adopting a high-pressure interstate pipeline's percentage cash-out method that was developed years before Section 393.310 RSMo and applying it to small schools, is neither logical, reasonable, just nor compliant with Section 393.310 RSMo.

Q. Has MSBA previously made attempts to achieve an Empire STP standalone rate schedule tariff that complies with Section 393.310 RSMo?

A. Yes. In 2018, MSBA worked with both Liberty Midstates and Liberty Empire on a STP rate schedule that would have the same general structure but with respective Commission approved rates. Liberty Midstates filed a revenue-neutral STP rate schedule that Company and MSBA had jointly developed with the intent that Liberty Empire's similarly structured STP rate schedule would follow. However, Staff vehemently opposed that Midstates rate schedule, insisting that it had to be filed as part of a rate case. So, Midstates withdrew its STP rate schedule and MSBA had to wait another 4 years until this case to insist on an STP tariff that complies with Section 393.310 RSMo.

Q. Do you have a recommendation on how the Commission should address all parties' concerns?

A. Yes. Preparation of an STP rate schedule that complies with the statute is actually straightforward as the statute is short and clear. Although the burden should not be on MSBA to produce a cost-based STP rate schedule that complies with Section 393.310 RSMo, I submit herewith Appendix 3 which is a STP rate schedule that complies with the statute. The Commission is requested to approve Appendix 3's language with rates that automatically default to rates as approved by the Commission in this docket. If desired, Company and Staff can work with MSBA on any refinements to the STP rate schedule before the Company's next rate case. As Staff points out in rebuttal testimony, the cost to the Company and impact to other customers is relatively small, but as small as those costs may be relative to the entire Empire revenue requirement, those small dollars are meaningful for a teacher who needs to buy classroom materials. More importantly, now is the time to approve the language in Appendix 3 and bring Empire's rates into compliance with Section 393.310 RSMo.

Q. Will the Commission first need to separately approve STP Customer, Volumetric and Demand charges before approving the STP rate schedule you propose?

A. No. To ensure there is no negative impact on the Company or other rate payers, my proposed STP rate schedule specifies: "All Customer, Volumetric Use and Demand charges shall be equal to those rates approved by the Commission that would otherwise be applicable to each ESE under non-transportation rates." That is, STP schools will pay the same commodity, demand and volumetric delivery rates that they would pay under sales service, plus an Aggregation and Balancing charge which the Company credits to the Purchase Gas Adjustment (PGA). This is exactly what the Company proposes, and Staff accepts in this case; it just is not in a separate STP rate schedule but is comingled among its standard transportation rate schedules. Additionally, under my proposed separate STP rate schedule, ESEs ultimately reimburse their Marketer/Pool Operators for its payments to Company for transportation-related charges such as cash out, OFO gas and the like. Thus, there will be no negative impact to retail customers or the Company.

Q. Does your proposed STP rate schedule include language that the ESE will ultimately pay the Company in the event the Marketer/Pool Operator does not pay the Company?

A. Yes. The Pool Operator shall be responsible for pipeline and Company monthly imbalance cash outs, operational flow order (OFO) gas, overrun gas charges or other charges it may create with the Company, pipeline and/or wholesale supplier(s). Should the Pool Operator fail to satisfy such obligation, after the Company has exhausted all available administrative and legal attempts of collection, each individual transporter within such Pool Group shall remain responsible for their obligations.

Q. Why is it important to add the phrase: "has exhausted all available administrative and legal attempts of collection?"

A. The lawsuits and Commission complaints that resulted from the Polar Vortex (Storm Uri) in February 2021 underscores the need for the Commission to provide further protections for customers, particularly smaller customers like schools. Company has stricken language in its transportation rate schedules that would eliminate the need for the Company to first hold the Marketer/Pool Operator accountable for its actions or inactions before immediately billing transportation customer for OFO charges of which customers had no knowledge or control and must depend on direct communications between Company and Marketer. The Commission has at least two complaint cases before it that goes to the core of this concern. MSBA is a party to the Spire-Symmetry, Constellation and Clearwater complaint cases which involve OFO charges of $150 Million. Empire has a similar complaint case pending before the Commission. The time to revise Company's tariff language relating to Marketers is after these cases are final and the Commission has time to sort through the legalities and develops a regulatory framework for the future.

Q. Did Spire or Empire bypass MSBA's supplier and directly bill STP schools for February 2021 Storm Uri related OFO penalties?

A. No. To Spire's and Empire's credit, both first attempted to hold the Marketers/Pool Operators accountable and did not simply immediately bill customers for millions of dollars of OFO charges allegedly caused by Marketers/Suppliers failure to deliver. If Empire's proposal to strike existing tariff language to hold Marketer/Pool Operators responsible for their actions/inactions, the entire decades old transportation service in Missouri, including the STP program mandated by Section 393.310 RSMo, would be in jeopardy of extinction. One can only imagine how a small commercial establishment or school would cope with a multi-million-dollar OFO bill that resulted from a dispute between Marketer/Pool Operator and Company that relates to OFO penalties which emanated from daily nominations and deliveries that are communicated directly between Marketer/Pool Operator and Company. Company requires Marketers/Pool Operators to sign their standard form Pool Operator Agreement/Group Balancing Agreement and Agency Authorization Form. These agreements signed by the Company and Marketer/Pool Operators should be enforceable first before the Company bills potentially millions of dollars to any customer, especially small volume customers, because these charges result directly from real or alleged failure of the Marketer/Pool Operator to comply with Company's requirements for delivering gas to Company's system. A large transportation industry may have experienced staff to make its own nominations on the Company's electronic bulletin board, but the majority of transportation customer and all STP ESEs are dependent on the direct interface between Marketer/Pool Operator and Company.

Q. Is the issue regarding enforcement of Marketer responsibilities unique to Empire?

A. No. The issue of enforcement of Marketer responsibilities is a valid concern for all Missouri gas corporations. On March 29, 2022, Spire held a pre-filing informational meeting for Staff, OPC and customers and announced that it plans to file proposed guidelines for enforcement of Marketer obligations and new rules for critical human needs customers.

Q. What is your recommendation to the Commission regarding Empire's proposed redline tariff that strikes responsibilities for Marketer/Pool Operators?

A. I recommend that the Commission reject Empire's proposed redlines in this case which strikes Marketer/Pool Operator responsibilities. Deferring Commission approval of Company's proposed deletion of currently Commission-approved tariff language as it relates to Marketer will allow time for the Commission and Federal Court to finalize their rulings in pending cases that involve millions of dollars of OFO penalties. After the Commission and court rulings is the time to sort through the aftermath of these complaint cases before addressing such tariff changes. In due time, the Commission may want to open a Rule Making to receive and carefully consider input from all utilities and affected transportation customers before establishing future tariff language on this subject.

Q. Does it take an inordinate amount of time to create an STP rate schedule that complies with the one-page statute Section 393.310 RSMo?

A. No. I spent about one hour to prepare the STP rate schedule that is submitted as Appendix 3. I remind the Commission that within a three-month period in 2002, it held consolidated hearings for all Missouri gas corporations during which time rate schedules were developed and approved per the Section 393.310 RSMo mandate for implementation by November 1, 2002. It is not necessary to further delay bringing Empire's tariff into closer compliance with Section 393.310 RSMo as MSBA has been waiting to do for twenty years.

Q. Will you please summarize your recommendations to the Commission?

A. Yes. I first recommend that the Commission approve my proposed STP tariff (Appendix 3), which complies with Section 393.310 RSMo as it relates to Company providing Aggregation and Balancing and cash-out charges at its incremental cost of service. I also recommend that the Commission reject the Company's proposed redline changes to its tariff that would delete responsibilities of Marketers/Suppliers and Pool Operators and reconsider those changes after they have been fully vetted for all Missouri gas corporations.

Q. Does this complete your surrebuttal testimony?

A. Yes.

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Gas Company's d/b/a Liberty Request to File Tariffs to Change Its Rates for Natural Gas Service	**)))**	**Case No. GR-2021-0320**

AFFIDAVIT OF LOUIE R. ERVIN SR.

STATE OF Florida)
) ss.
COUNTY OF Charlotte)

Louie R. Ervin Sr., being first duly sworn on his oath, states:

1. My name is Louie R. Ervin Sr. I work in Cedar Rapids, Iowa and am employed by Latham, Ervin, Vognsen & Associates, Inc. as the Executive Vice President.

2. Attached hereto an made a part of hereof for all purposes is my Testimony on behalf of Missouri School Boards' Association which has been prepared in written form for introduction into evidence in the above referenced case.

3. I hereby swear and affirm that my answers contained in the questions therein propounded are true and correct to the best of my knowledge and belief.

Louie R. Ervin Sr.
Executive Vice President
Latham, Ervin, Vognsen & Associates, Inc.

Subscribed and sworn to before me this 30 day of March, 2022.

Notary Public

TODD PRIEST
Notary Public - State of Florida
Commission # HH 142480
My Comm. Expires Jun 15, 2025

Appendix 1
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 1

SECTION 393.310 RSMo.

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

Title XXV INCORPORATION AND REGULATION OF CERTAIN UTILITIES AND CARRIERS

Chapter 393

Effective - 28 Aug 2006

393.310. Certain gas corporations to file set of experimental tariffs with PSC, minimum requirements — extension of tariffs. — 1. This section shall only apply to gas corporations as defined in section 386.020. This section shall not affect any existing laws and shall only apply to the program established pursuant to this section.

2. As used in this section, the following terms mean:

(1) "**Aggregate**", the combination of natural gas supply and transportation services, including storage, requirements of eligible school entities served through a Missouri gas corporation's delivery system;

(2) "**Commission**", the Missouri public service commission; and

(3) "**Eligible school entity**" shall include any seven-director, urban or metropolitan school district as defined pursuant to section 160.011, and shall also include, one year after July 11, 2002, and thereafter, any school for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district.

3. Each Missouri gas corporation shall file with the commission, by August 1, 2002, a set of experimental tariffs applicable the first year to public school districts and applicable to all school districts, whether charter, private, public, or parochial, thereafter.

4. The tariffs required pursuant to subsection 3 of this section shall, at a minimum:

(1) Provide for the aggregate purchasing of natural gas supplies and pipeline transportation services on behalf of eligible school entities in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association;

(2) Provide for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities at the gas corporation's cost of purchasing of such gas supplies and transportation, plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the commission, not to exceed four-tenths of one cent per therm delivered during the first year; and

(3) Not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually.

5. The commission may suspend the tariff as required pursuant to subsection 3 of this section for a period ending no later than November 1, 2002, and shall approve such tariffs upon finding that implementation of the aggregation program set forth in such tariffs will

not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program. Except as may be mutually agreed by the gas corporation and eligible school entities and approved by the commission, such tariffs shall not require eligible school entities to be responsible for pipeline capacity charges for longer than is required by the gas corporation's tariff for large industrial or commercial basic transportation customers.

6. The commission shall treat the gas corporation's pipeline capacity costs for associated eligible school entities in the same manner as for large industrial or commercial basic transportation customers, which shall not be considered a negative financial impact on the gas corporation, its other customers, or local taxing authorities, and the commission may adopt by order such other procedures not inconsistent with this section which the commission determines are reasonable or necessary to administer the experimental program.

7. Tariffs in effect as of August 28, 2005, shall be extended until terminated by the commission.

(L. 2002 H.B. 1402, A.L. 2003 H.B. 208 merged with S.B. 686, A.L. 2004 S.B. 878 merged with S.B. 968 and S.B. 969, A.L. 2006 S.B. 558)

---- end of effective 28 Aug 2006 ----
use this link to bookmark section 393.310

Click here for the **Reorganization Act of 1974 - or - Concurrent Resolutions Having Force & Effect of Law**

In accordance with Section **3.090**, the language of statutory sections enacted during a legislative session are updated and available on this website on the effective date of such enacted statutory section.

▶ **Other Information**

▶ **Other Links**

Missouri Senate **MO.gov** **Missouri House**

Errors / suggestions - WebMaster@LR.mo.gov

Appendix 2
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 2

Louie R. Ervin Sr. Resume

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

Resume Louie R. Ervin, P.E.

Office – Latham, Ervin & Associates, Inc.
150 First Avenue NE, Suite 300
Cedar Rapids, Iowa 52401-1110

Phone: 319-365-6488
Mobile: 319-560-3092
E-mail: ErvinLR@qwestoffice.net

INDUSTRY EXPERIENCE:

- Executive Vice President of Latham, Ervin & Associates, Inc.
- Licensed Professional Engineer
- Expert witness in federal anti-trust case involving wholesale electric wheeling. Expert witness in Louisiana district court involving wholesale/retail wheeling and potential power sales. In-house expert witness in electric, gas and water rate cases before Federal Energy Regulatory Commission, Missouri Public Service Commission and Iowa Utilities Board.
- Responsible for clients representing over 500 mW of electrical load
- Advisor for implementation and operation of multiple aggregate energy purchasing consortiums in Illinois, Iowa, Nebraska, Missouri and Wisconsin.
- Perform engineering and economic generation analysis for industrial and municipal clients.
- Analysis and development of retail electric revenue requirements and rate design for municipal utilities. Develop real time wholesale tariffs for municipal cooperatives.
- Develop energy strategy for industrial and municipal clients.
- Directed a study of the economic impact of Divestiture of IES Utilities Gas Business as part of the Securities and Exchange Commission's merger requirements.
- Past Board Director, Iowan’s for Choice in Electricity
- Responsible for construction of transmission and substation facilities.
- Responsible for management of Environmental, Substation Maintenance, Relaying, Metering, Communications and Electric Equipment Repair for large Investor Owned Utility.
- Directed electric operations for Lafayette Utilities System, including 360 mW of natural gas fired steam turbine generation and over sight of 50% ownership in a 560 mW coal plant.
- Performed consultant/agent functions for 40 municipal and REC utilities in Louisiana and Iowa in the area of energy supply.
- Responsible for power supply, marketing, cogeneration, transmission, distribution, field and commercial operations, stores, transportation, system protection, rates and environmental.
- Primary responsibility for integrating the system and personnel following a $63 million acquisition of an electric utility service territory.
- Negotiated power, steam and natural gas contracts for sales of over $250 million.
- Received *Gas Industries* magazine **1993 Outstanding Manager of the Year Award** for directing a $25,000,000 three-year project, installing over 500 miles of pipe for 52 towns

- Served on Oversight Teams for Information Systems, Integrated Resource Planning, Economic Development and Environmental.

EDUCATION AND PROFESSIONAL:

- BS & MS Electrical Engineering - University of Missouri (with honors)
- MBA - University of Iowa (with highest honors)
- Public Utility Executive Program - University of Michigan
- Edison Electric Institute Rate Program – Indiana University
- Licensed Professional Engineer
- Academic Honor Societies: Beta Gamma Sigma, Tau Beta Pi, and Eta Kappa Nu
- Past Chair of Missouri Valley Electric Association's Rates and Marketing Committee
- Past member of Southwest Power Pool's Operations Committee
- Member of Mid-continent Area Power Pool's Environmental Committee
- Representative to Midwest Ozone Transport Group
- Past member of Edison Electric Institutes' Metering Committee
- Member of Edison Electric's Environmental Committee

EMPLOYMENT:

- Executive Vice President, Latham, Ervin & Associates, Inc. - July, 1996 - present
- Adjunct Professor, Business Policy/Strategic Management - University of Iowa - 1993-1999
- IES Utilities Company - 1985 -1996:
  Director- Environmental, Industrial Applications & Maintenance Engineering - 8/95
  Director- Industrial Applications and Maintenance Engineering - 1/95
  Director - Operations Planning & Development -1994
  Director - Operations Services and District Manager - 1993
  Manager - Gas Operations & District Manager - 1991
  Manager - Eastern District - 1989
  Manager - Rates & Contracts - 1987
  Manager - Rates - 1985
- Lafayette Utilities System - Lafayette, Louisiana:
  Associate Director - Generation, Engineering & Operations - 1984
  Associate Director - Power Development & Sales - 1983
- Missouri Utilities Company 1971

ACTIVITIES:

- Board Chair of Aging Services, Inc.
- Member Robins, IA Planning and Zoning Commission
- Board member of Chamber and Economic Development Corporation
- Board member of Cedar River Shelters
- Trustee of St. Paul’s United Methodist Church
- Family activities, including golf, canoeing and grandchildren

Appendix 3
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 3

Proposed STP Rate Schedule

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

MISSOURI SCHOOL TRANSPORTATION SERVICE

AVAILABILITY:
This service is available to Eligible School Entities (ESEs) which are any seven-director, urban or metropolitan school district as defined pursuant to Section 393.310.2(3), RSMo. (Cum.Supp. 2002), and any school for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district within the Company's Missouri service area that has purchased natural gas from a third-party supplier and desires transportation of those volumes through the Company's facilities under terms of this School Transportation Program (STP) rate schedule. Purchase of third-party natural gas supply and pipeline transportation services shall be aggregated on behalf of ESEs in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association.

Resale or purchase of natural gas supplies by or to Company and related transportation service to, from or for ESEs shall be at the Company's incremental cost of purchasing of such gas supplies and transportation, plus all applicable distribution costs, plus an Aggregation and Balancing fee of four tenths of one cent per therm or per hundred cubic feet ($0.004/Therm or Ccf).

STP service for ESEs shall not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually or under the cost provisions of optional meter terms of the Company's standard transportation rates. All Customer, Volumetric Use and Demand charges shall be equal to those rates approved by the Commission that would otherwise be applicable to each ESE under non-transportation rates. For ESEs with annual use of 100,000 Therms or Ccf per year but equal to or greater than of 40,000 Therms or Ccf per year shall have demand charge billing determinates equal to: (a) monthly consumption divided by 20 for winter months of November through March and (b) monthly use divided by 30 for other non-winter months.

Service under this STP rate schedule is at the Company's incremental cost plus an Aggregation and Balancing charge and shall not have any negative financial impact on the gas corporation, its other customers or local taxing authorities. Except as may be mutually agreed by the Company and ESEs, Company shall not require ESEs to be responsible for pipeline capacity charges for longer than is required by the Company's tariff for large industrial or commercial basic transportation customers. The commission shall treat the gas corporation's pipeline capacity costs for associated eligible school entities in the same manner as for large industrial or commercial basic transportation customers, which shall not be considered a negative financial impact on the gas corporation, its other customers, or local taxing authorities.

APPLICABILITY:
a. Service provided under this Schedule shall be subject to the Company's priorities of curtailment as filed with the Missouri Public Service Commission.

MISSOURI SCHOOL TRANSPORTATION SERVICE

b. All gas transported hereunder by the Company shall be subject to the quality terms specified in respective pipeline company tariff and shall be subject to retention of a portion of the gas received for transportation to compensate the Company for Company used gas and Lost and Unaccounted for gas at a rate of 2%.

c. Service will be furnished at the utilization pressure normally supplied from the distribution system in the area. By mutual agreement, a higher pressure, if available, may be supplied. The heating value of gas must meet the applicable interstate pipeline quality specifications.

d. Participants should notify the Company no later than thirty (30) days prior to service beginning date. Customer shall agree to remain on this STP Rate Schedule for a period of not less than one year. Customer may return to sales service on either July 1 or November 1 of any year or at the end of the program by giving the Company notice of no less than one month. Service to customers shall be subject to a contract between the customer and the Company, in the form set forth in Company's tariff, unless otherwise authorized by state law.

e. To receive service hereunder, the Company will prepare a contract for execution by the Pool Operator addressing its obligations in respect to Nominations, Balancing Charges and Cash-Out provisions and other applicable charges. The Pool Operator shall submit a signed Pool Operator Agreement and an Agency Authorization Form signed by the not-for-profit school association as agent for each member of the pool at least 30 days prior to the beginning of a billing period when service under this STP rate schedule shall commence. A customer that terminates service under this rate schedule or desires to change Pool Operators shall likewise provide Company with a written notice at least 30 days prior to the end of a billing period.

MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

APPLICABILITY (CONT'D):

f. Pool Operator for this section is defined as the entity responsible on the Customer's behalf, to act as an agent for Customer in nominating, scheduling and capacity release activities associated with this program, and cause delivery of, adequate natural gas supplies necessary to meet the Customer's Forecasted Daily Gas Supply Requirements. The Missouri School Board Association will select the Pool Operator.

g. Pool Group is defined as the Customers taking aggregate service under this STP rate schedule. A customer is assigned to a specific pool group on the basis of the connecting pipeline which serves the respective customer. Customers within one Pool Group will be treated as one customer for balancing. Consumption for all ESEs under this STP will be aggregated to be compared to monthly aggregated Confirmed Nominations to calculate the Monthly Imbalance.

h. The Pool Operator is responsible for forecasting the daily gas supply requirements of participating school transportation customers. The Company will initially provide historical monthly consumption information to the Pool Operator to assist in its determination of the daily gas supply requirements.

i. The Pool Operator shall enter into a group monthly balancing agreement with the Company for a term of not less than one year.

j. The Pool Operator shall be responsible for pipeline and Company monthly imbalance cash-outs, operational flow order (OFO) gas, overrun gas charges or other charges it may create with the Company, pipeline and/or wholesale supplier(s). Should the Pool Operator fail to satisfy such obligation, after the Company has exhausted its available administrative and legal remedies of collection, each individual transporter within such Pool Group shall remain responsible for their obligations.

NOMINATIONS AND MONTHLY CASH-OUT:

a. The Pool Operator will actively confirm with the Company's Gas Supply Department by 3:00 p.m. (CST) six (6) working days prior to the end of the preceding month the aggregated daily volumes and associated upstream transportation contract number(s) to be delivered for the Pool Group on whose behalf they are supplying natural gas requirements. This information will be relayed using Company's standard nomination form.

b. In the event the Pool Operator must make any changes to the nomination during the month, the Pool Operator must directly advise Company's Gas Supply Department of those changes by 9:00 a.m. on the day preceding the effective date of the change. The Pool Operator must obtain prior approval from the Company to change the total daily volumes to be delivered to the city gate.

MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

c. Meters for all customers within a Pool Group will be read on the same meter reading cycle. Consumption for all customers within a Pool Group will be aggregated to be compared to monthly confirmed nominations for that Pool Group before calculating the monthly imbalance.

d. The cash-out charge or credit for monthly imbalances will be cashed-out monthly at Company's incremental cost of the corresponding month's daily midpoint average of spot gas market purchases as published by Gas Daily for the respective pipeline. In the event Gas Daily spot market prices are not published, Company will use a reasonable proximity replacement incremental cost of gas.

e. Revenue generated from cash-out charges shall be included in the annual PGA reconciliation filings as a reduction to the cost of gas for system sales customers.

PIPELINE CAPACITY:

a. The Peak Day Capacity Need is defined as the Daily Average of the highest use month for each of the two most recent years for each participant.

b. Company will release requested firm pipeline capacity on the applicable pipeline(s) equal to the Peak Day Capacity Needs for all customers in aggregate to the Pool Operator. The release will be at the same rate that the applicable pipeline(s) charges the Company for that capacity and will be for a term of one year. The release will be made on a recallable basis, but the Company agrees not to recall capacity unless requested to do so by Customer.

MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

BILLING:

a. The monthly commodity, demand and volumetric delivery charges will be at rates equivalent to the applicable companion sales rate that would otherwise be applicable to each ESE within the Pool Group by the Company.

b. Customer will be billed the Aggregation and Balancing charge on all volumes delivered as set forth above.

c. For the first year of service hereunder, Customer will be billed any pipeline transition cost recovery factor and ACA approved by the Commission which would otherwise be applicable as a system sales customer.

d. The Pool Operator shall be required to collect local municipal franchise taxes, if any, on natural gas supplied by a Third Party and remit franchise tax collections to the Company for payment to each local municipal entity. In addition to local franchise taxes, schools shall agree, as a condition of obtaining service under this experimental program, to pay franchise tax on commodity transportation if applicable to ESE schools. Transportation shall be billed as any applicable proportionate part of any directly allocable tax, impost or assessment imposed or levied by a governmental authority, which is assessed or levied against the Company or affects the Company's cost of operation and which the Company is legally obligated to pay on the basis of meters, customers, or rates of, or revenues from gas or service sold, or on the volume of gas produced, transported, purchased for sale, or sold, or on any other basis where direct allocation is possible.

f. Bills are delinquent if unpaid after the twenty-first (**21st**) day following rendition. Rendition occurs on the date of physical mailing or personal delivery, as the case may be, of the bill by the Company.

g. The Company shall add to any delinquent unpaid bill a sum equal to one and one half percent (1-1/2%) of the outstanding balance. In calculating the outstanding balance for these purposes, the Company may not include any amounts due to deposit arrears and amounts agreed to be paid under any deferred payment agreement. An unpaid bill shall be any undisputed amount that remains owing to the Company at the time of the rendition of the next bill. Failure to pay the late payment charge is grounds for discontinuance of service.

DATE OF ISSUE: March 1, 2007 DATE EFFECTIVE: April 1, 2007
month day year month day year
ISSUED BY: Patricia Childers Vice President – Rates and Regulatory Affairs Franklin, TN
name of officer title address

MISSOURI SCHOOL TRANSPORTATION SERVICE (CONT'D)

Missouri School Transportation Service
Standard Form of Pool Operator Agreement/Group Balancing Agreement

This Agreement is made and entered into this __ day of______________ , by and between Liberty Empire Natural Gas Corp. ("Empire" or "Company"), and ________________, having a mailing address of _______________________________ _______("Pool Operator").

Term: This Pool Operator Agreement shall continue in full force and effect for a term of _____________ _______, beginning on ____________________________.

Pool Operator represents and warrants that it is the authorized agent for one or more Missouri School Transportation Service customers and that Pool Operator is authorized to act on behalf of and account for the customers identified on Exhibit ("Customers"). Those Customers or non-for-profit school association have separately executed Transportation Service Agreements with Company. As the authorized agent for such Customers, Pool Operator is authorized to (a) make nominations to Company on behalf of such Missouri School Transportation Service Customers; and (b) receive from Company, for purposes related to the Missouri School Transportation Service to those Customers, usage information, copies of billings, and other such information related to the Missouri School Transportation Service provided to Customers. Such information may include any information that Empire would customarily release to customers, including, but not limited to, all transportation rates applicable to Customers, all information concerning historic usage by and/or transportation of gas to Customers, all available tax rate information with respect to the transportation of natural gas to or for Customers, and any other information or documents in the possession of Empire, which pertain to transportation of natural gas to Customer and/or to Empire on Customers' accounts. Pool Operator further represents that it is properly and duly authorized by Customers to make nominations of natural gas volumes on such Customers' behalf and account in accordance with Customer transportation agreements with Company and applicable tariffs.

Pool Operator acknowledges that Missouri School Transportation Service to Customers is subject to the terms and conditions of Company's tariffs on file and in effect with the Missouri Public Service Commission and as may be amended, modified, reissued and made effective from time to time as provided by law. Company may reject this Pool Operator Agreement in the event that Company reasonably determines that Pool Operator or Customers have failed to satisfy their obligations under this Agreement, any agreements with Company or applicable Company tariffs.

To the extent this agreement is inconsistent with the Company's tariff, the terms of the tariff will be controlling.

IN WITNESS WHEREOF, the parties have executed this Pool Operator Agreement/ Group Balancing Agreement as of the day and year first above written.

Company: Liberty Empire Natural Gas	Pool Operator: _______________________
By:____	By:___________________________________
Title:____	Title:_________________________________
Witness/Attest:___________________________________	Witness/Attest:_________________________

Appendix 4
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 4

Empire's Response to MSBA DR 7.2

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

Liberty Utilities (The Empire District Gas Company)
Case No. GR-2021-0320
Missouri School Board Association Data Request - 7.2

Data Request Received: 2022-03-25
Response Date: 2022-04-01
Request No. 7.2
Witness/Respondent: James Young
Submitted by: Richard Brownlee, rbrownlee@rsblobby.com

REQUEST:

Does the Company purchase pipeline storage for transportation customers?

RESPONSE:

No, the Company does not purchase storage on upstream pipelines for transportation customers use. The Company's use of upstream storage services by the Company provides, in addition to winter and seasonal time gas needs for sales customers, daily balancing for service provided to the system's city gates.

Appendix 5
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 5

Empire's Response to MSBA DR 7.6

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

Data Request Received: 2022-03-25 | Response Date: 2022-04-01
Request No. 7.6 | Witness/Respondent: James Young
Submitted by: Richard Brownlee, rbrownlee@rsblobby.com

REQUEST:

For the test year, please list each day that the Company did not make off system purchases or sales at prices that were equal or based on published market price indices, such as the Gas Daily publication.

RESPONSE:

All Company purchases were based on Gas Daily Average and First of Month Price Index.

The Company did not have off-system sales.

Appendix 6
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin Sr.
Exhibit Type: Surrebuttal
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: April 11, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 6

Empire's Response to MSBA DR 7.1

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
April 11, 2022

Liberty Utilities (The Empire District Gas Company)
Case No. GR-2021-0320
Missouri School Board Association Data Request - 7.1

Data Request Received: 2022-03-25
Request No. 7.1
Submitted by: Richard Brownlee, rbrownlee@rsblobby.com
Response Date: 2022-04-01
Witness/Respondent: James Young

REQUEST:

Does the Company have on-system storage?

RESPONSE:

The Company does not have on-system storage. The Company contracts storage on Southern Star for the South system, Panhandle for the North system and ANR for the NW system.