

Exhibit No.:
Issue: *Rate Design*
Witness: *Michael L. Stahlman*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *GR-2021-0320*
Date Testimony Prepared: *March 17, 2022*

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRIAL ANALYSIS DIVISION

TARIFF RATE AND DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

**THE EMPIRE DISTRICT GAS COMPANY,
d/b/a Liberty (Empire)**

CASE NO. GR-2021-0320

Jefferson City, Missouri
March 2022

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL L. STAHLMAN**

4 **THE EMPIRE DISTRICT GAS COMPANY,**
5 **d/b/a Liberty (Empire)**

6 **CASE NO. GR-2021-0320**

7 Q. Please state your name and business address.

8 A. My name is Michael L. Stahlman, and my business address is Missouri Public
9 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

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

11 A. I am employed by the Missouri Public Service Commission (“Commission”) as
12 a Regulatory Economist in the Tariff/Rate Design Department in the Industrial Analysis
13 Division, a member of Commission Staff (“Staff”).

14 Q. Are you the same Michael L. Stahlman that filed direct testimonies in this case
15 on January 24, 2022, and February 15, 2022?

16 A. Yes.

17 **EXECUTIVE SUMMARY**

18 Q. What is the purpose of your testimony?

19 A. I will provide rebuttal testimony on three areas: weather, weather normalization,
20 and the Weather Normalization adjustment rider (“WNAR”) proposed in the Class Cost of
21 Service Direct Testimony of The Empire District Gas Company, d/b/a Liberty (“Empire”)
22 witness Timothy S. Lyons. I will also describe some corrections to Staff’s proposed rate design.

1 **WEATHER-RELATED ISSUES**

2 Q. What is Staff's position concerning Empire's WNAR proposed by Empire
3 witness Timothy S. Lyons?

4 A. Staff does not oppose a WNAR, but does recommend that if the Commission
5 approves a WNAR for Empire, the WNAR should be based solely on the weather for the Kansas
6 City International Airport ("KCI") weather station.

7 Q. Why does Staff recommend using the KCI weather station for the WNAR?

8 A. As discussed in my direct testimony, the Conception weather station is generally
9 not as reliable as the KCI weather station. The adjustments Staff calculated for the Conception
10 station to match NOAA normals were not consistent month-to-month and there was a large
11 amount of missing data points in the raw data. While Staff has been able to compute a close
12 approximation of the daily weather by using the average of three nearby weather stations for
13 shorter time periods of missing data, this issue became more significant in the WNAR for
14 another company, Liberty Utilities (former Atmos Company), when the Kirksville weather
15 station ceased the consistent recording of temperature data on February 6, 2020. To avoid a
16 potential repeat of that episode, Staff recommends using the KCI weather station.

17 Q. Did Empire and Staff use the same weather?

18 A. Yes, with the exception of the Northwest service territory. Staff utilized the
19 Kansas City weather station for all of Empire's service territories since the Staff is not opposing
20 the WNAR. The WNAR mimics the same process used in Staff's weather normalization to
21 determine the proper adjustment for weather. To be consistent with the rate case revenues, it is
22 important that the values in the WNAR tariff formulas match the regression coefficients used
23 in this rate case.

1 Q. Could the WNAR be designed with another weather station instead of using
2 KCI alone?

3 A. Yes, but to be consistent with the rate case revenues the weather normalization
4 should be redone for each new weather station.

5 Q. Is Staff's weather normalization process identical to Empire's?

6 A. With one exception, Staff and Empire used similar processes. Unlike Staff,
7 Empire weather normalized Large Volume customers. The analysis of these customers indicate
8 that they are not weather sensitive and should not be weather normalized. The R^2 by Empire's
9 own regression is only about .56; ideally this number should be close to 1.00.

10 **RATE DESIGN CORRECTIONS**

11 Q. What corrections did Staff make to its Rate Design?

12 A. First, Staff corrected the treatment of the Federal Tax Rate Reduction. In Staff's
13 direct filing, that rate was excluded from factoring into the rate design based on an incorrect
14 understanding that the reduction was excluded from the revenue requirement.

15 Second, Staff added billing determinants and included the meter administration charge
16 which is paid by some transportation customers. This information came from Staff witness
17 Joseph P. Roling's rebuttal workpaper.

18 Finally, Staff updated the rate design to incorporate some suggestions from Empire and
19 include Staff's rebuttal revenue requirement. An update of Table 4 from my direct testimony,
20 the current rates and proposed rates that would reflect Staff's recommendations is below:

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Table 4: Current Rates and Rate that Reflect Staff's Recommendations			
Residential		Current Rates	Approximate Proposed Rates
	Customer Charge (\$/Month)	16.50	18.00
	Usage (\$/Ccf)	0.20721	0.20146
	Federal Tax Rate Reduction (\$/Ccf)	-0.01699	-
SCFS [SVFTS]			
	Customer Charge (\$/Month)	25.00	22.50
	Usage (\$/Ccf)	0.26078	0.26404
	Federal Tax Rate Reduction (\$/Ccf)	-0.01629	-
	Meter Admin Charge (\$/Month)	11.50	11.50
SCFM [SVFTM]			
	Customer Charge (\$/Month)	85.00	80.00
	Usage (\$/Ccf)	0.21960	0.21377
	Federal Tax Rate Reduction (\$/Ccf)	-0.01159	-
	Meter Admin Charge (\$/Month)	11.50	11.50
SCFL [SVFTL]			
	Customer Charge (\$/Month)	200.00	180.00
	Usage (\$/Ccf)	0.19766	0.19836
	Federal Tax Rate Reduction (\$/Ccf)	-0.00986	-
	Meter Admin Charge (\$/Month)	11.50	11.50
LV [LVT]			
	Customer Charge (\$/Month)	400.00	419.50
	Usage (\$/Ccf)	0.02257	0.01862
	Federal Tax Rate Reduction (\$/Ccf)	-0.00467	-
	Demand (\$/Ccf)	0.60000	0.63000

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3

Q. Does this conclude your rebuttal testimony?

4

A. Yes it does.

BEFORE THE 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 MICHAEL L. STAHLMAN

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Michael L. Stahlman*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.




MICHAEL L. STAHLMAN

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16th day of March, 2022.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070



Notary Public