

Exhibit No.:
Issues: *Prepayments,
True-Up*
Witness: *Christopher D.
Caldwell*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Surrebuttal/True-Up
Direct Testimony*
Case No. : *GR-2018-0013*
Date Testimony Prepared: *May 9, 2018*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

SURREBUTTAL/TRUE-UP DIRECT TESTIMONY

OF

CHRISTOPHER D. CALDWELL

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES**

CASE NO. GR-2018-0013

*Jefferson City, Missouri
May 2018*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

TABLE OF CONTENTS
SURREBUTTAL/TRUE-UP DIRECT TESTIMONY OF
CHRISTOPHER D. CALDWELL
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.
D/B/A LIBERTY UTILITIES
CASE NO. GR-2018-0013

PREPAYMENTS..... 2

TRUE-UP 3

Plant-In-Service and Accumulated Depreciation Reserve.....3

Customer Advances.....4

Customer Deposits.....4

Gas Storage4

Prepayments5

1 **SURREBUTTAL/TRUE-UP DIRECT TESTIMONY**

2 **OF**

3 **CHRISTOPHER D. CALDWELL**

4 **LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.**

5 **d/b/a LIBERTY UTILITIES**

6 **CASE NO. GR-2018-0013**

7 Q. Please state your name and business address.

8 A. My name is Christopher D. Caldwell. My business address is 111 N. 7th
9 Street, St. Louis, MO 63101.

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

11 A. I am employed by the Missouri Public Service Commission (“Commission”)
12 as a member of the Commission Staff (“Staff”) as part of the Auditing Department.

13 Q. Are you the same Christopher D. Caldwell who contributed to *Staff’s Revenue*
14 *Requirement Cost of Service Report* filed on March 2, 2018 in this case?

15 A. Yes, I am.

16 Q. What is the purpose of your surrebuttal/true-up direct testimony in this
17 proceeding?

18 A. My surrebuttal testimony will address the rebuttal testimony of Liberty
19 Midstates – MO witness Jill Schwartz regarding prepayments. This testimony will also
20 discuss updates made by Staff, as part of its true-up audit ending March 31, 2018, to plant-in-
21 service, accumulated depreciation reserve, customer advances, customer deposits, interest on
22 customer deposits, prepayments, and gas storage.

1

PREPAYMENTS

2

Q. What was Staff's proposed treatment for prepaid items in its direct filing?

3

A. Staff recommended including a 13-month average as of December 31, 2017,

4

for the prepayments that were direct charged to Liberty Midstates –MO and for the allocated

5

prepayments that were charged down to Liberty Midstates – MO. In determining the

6

appropriate amount of prepayments to include in the 13-month average, Staff removed

7

prepaid dues for Missouri Energy Development Association (MEDA) and PSC assessment

8

fees. The direct-charged Liberty Midstates – MO prepayments consisted entirely of MEDA

9

and PSC assessment fees, so after removing them from the calculation, the 13-month average

10

was zero for those particular items. The remaining 13-month average balance related to the

11

prepayment amounts allocated to Liberty Midstates – MO which from Liberty Midstates

12

were then allocated to the three districts (NEMO, SEMO, and WEMO).

13

Q. On page 40, lines 1-5 of her rebuttal testimony, Liberty Midstates – MO

14

witness Jill Schwartz states "Staff removed \$13,839.21 that was included in the Company's

15

test year revenue requirement for SEMO but as of December 31, 2017. The prepayment

16

account balance for SEMO was zero, however, so the amount removed by Staff was not

17

included in the Company's revenue requirement as of December 31, 2017. Staff's

18

adjustment should accordingly be eliminated." Does Staff agree with these statements?

19

A. No. In workpapers updated through December 31, 2017, provided to Staff,

20

Liberty Midstates – MO was seeking to recover \$14,767 of district level prepayments that

21

were recorded at the SEMO level and allocated between the three Missouri Districts. The

22

\$13,839.21 amount cited by Ms. Schwartz in her testimony is the 13-month average

1 requested by Liberty Midstates – MO in its direct filing for district level prepayments that
2 were recorded in the SEMO district and allocated between the three districts in its direct
3 filing.

4 Q. Does Staff believe that it is appropriate to include prepaid MEDA dues as a
5 component of prepayments in this case?

6 A. No, MEDA is a lobbying organization that primarily represents the interests
7 of investor-owned utilities. Staff has made adjustments to disallow the dues paid to MEDA;
8 therefore, it is appropriate to remove any balance associated with MEDA from prepayments
9 as well. Please see the surrebuttal testimony of Staff witness Paul Amenthor for further
10 discussion of Staff’s proposed disallowance of MEDA dues.

11 **TRUE-UP**

12 Plant-in-service and Accumulated Depreciation Reserve

13 Q. Did Staff make any adjustments to plant-in-service and accumulated
14 depreciation reserve for purposes of the true-up audit?

15 A. Yes. Staff adjusted the plant-in-service and accumulated depreciation reserve
16 balances for direct and corporate allocated plant and reserve to include all additions and
17 retirements through the March 31, 2018, true-up cutoff. These updated balances include the
18 automatic meter reading devices (AMRs) that were installed beginning in early 2018. Please
19 see the surrebuttal/true-up direct testimony of Staff witness Lisa M. Ferguson for further
20 information on the AMR devices.

21

22

1 Customer Advances

2 Q. Has Staff updated the level of customer advances included in the cost of
3 service calculation?

4 A. Yes. Staff has included a 13-month average ending March 31, 2018, of
5 customer advances to rate base.

6 Q. Has Staff removed the plant adjustments that were included in its direct filing
7 reflecting expiration of customer advances contracts?

8 A. Yes. Staff is in agreement with Liberty Midstates – MO witness Schwartz’s
9 rebuttal testimony that the adjustments for expired customer advances contracts have now
10 been included in the updated plant-in-service balances and these specific adjustments are no
11 longer needed.

12 Customer Deposits

13 Q. Has Staff updated the level of customer deposits to be included in rate base as
14 part of its true-up audit?

15 A. Yes. Staff has included a 13-month average ending March 31, 2018, of
16 customer deposits in rate base. Staff has also recalculated the interest, using the tariffed
17 interest rate, on the updated level of customer deposits to reflect the new level of customer
18 deposits interest.

19 Gas Storage

20 Q. Has Staff updated the amount of gas storage inventory to include in rate base
21 as part of its true-up audit?

Surrebuttal/True-Up Direct Testimony
Christopher D. Caldwell

1 A. Yes. Staff has included a 13-month average ending March 31, 2018, of gas
2 storage inventory in rate base.

3 Prepayments

4 Q. Has Staff updated prepayments to determine the appropriate amount to
5 include in rate base through the true-up date?

6 A. Yes. Staff has updated the level of prepayments to reflect a 13-month average
7 ending March 31, 2018. As previously discussed, Staff continues to not include prepaid
8 amounts for MEDA dues or Missouri Public Service Commission assessment fees in the
9 calculation of its 13-month average per Staff's direct position in this case.

10 Q. Does this conclude your surrebuttal/true-up direct testimony?

11 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Liberty Utilities)
(Midstates Natural Gas) Corp. d/b/a)
Liberty Utilities' Tariff Revisions)
Designed to Implement a General Rate)
Increase for Natural Gas Service in the)
Missouri Service Areas of the Company)

Case No. GR-2018-0013

AFFIDAVIT OF CHRISTOPHER D. CALDWELL

STATE OF MISSOURI)
)
CITY OF ST. LOUIS) ss.

COMES NOW CHRISTOPHER D. CALDWELL and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Surrebuttal Testimony and True-Up Direct Testimony, and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Christopher D. Caldwell
CHRISTOPHER D. CALDWELL

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the City of St. Louis, State of Missouri, at my office in St. Louis, on this 7th day of May, 2018.

LISA M. FERGUSON
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis County
My Commission Expires: June 08, 2020
Commission Number: 16631502

Lisa M. Ferguson
Notary Public