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Witness: Marina Stever
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Date Testimony Prepared: July 18, 2024

MISSOURI PUBLIC SERVICE COMMISSION
INDUSTRY ANALYSIS DIVISION
TARIFF/RATE DESIGN DEPARTMENT

DIRECT TESTIMONY
OF
MARINA STEVER

LIBERTY UTILITIES (Midstates Natural Gas) CORP.,
d/b/a Liberty

CASE NO. GR-2024-0106

Jefferson City, Missouri
July 2024

1 **DIRECT TESTIMONY**

2 **OF**

3 **MARINA STEVER**

4 **LIBERTY UTILITIES (Midstates Natural Gas) CORP.,**

5 **d/b/a Liberty**

6 **CASE NO. GR-2024-0106**

7 Q. Please state your name and business address.

8 A. My name is Marina Stever, 200 Madison Street, Jefferson City, MO 65101.

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

10 A. I am employed by the Missouri Public Service Commission (“Commission”)
11 as a Senior Research/Data Analyst for the Tariff/Rate Design Department in the Industry
12 Analysis Division.

13 Q. Please describe your educational and work background.

14 A. I have a Master’s of Science in Environmental and Natural Resource Economics
15 from the University of Rhode Island. Additionally, I hold a Bachelor’s of Science in Business
16 Administration with a concentration in Economics from the University of Central Missouri.
17 My work experience prior to becoming of member of the Commission Staff includes two years
18 as an Energy Analyst at Missouri’s Department of Natural Resources - Division of Energy, as
19 well as one year as an Economic Development Specialist at Missouri’s Department of
20 Economic Development. I started my career with the Commission as a Senior Research/Data
21 Analyst in October 2023.

22 Q. Have you previously filed testimony before the Commission?

23 A. Yes. Please refer to Schedule MS-d1, attached to this direct testimony, for a list
24 of the cases in which I have assisted and filed testimony with the Commission.

1 **EXECUTIVE SUMMARY**

2 Q. What is the purpose of your direct testimony?

3 A. The purpose of my direct testimony is to provide the billed rate revenue
4 adjustments for the residential, small general firm, medium general firm, large general firm and
5 interruptible rate classes for Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty
6 (“Liberty Midstates”). The adjustments are applied to the update period¹ revenues earned by
7 the Company. Adjustments will also be applied to the update period billing determinants of
8 Liberty Midstates and will be the basis of Staff’s recommended rate designs.

9 Q. Through this testimony, do you provide any recommendations that should be
10 specifically reflected in the Commission’s Report and Order in this case?

11 A. Yes, I recommend that the Commission Order reflect Staff’s adjusted rate
12 revenue as provided in my testimony along with the billing determinants, which were used to
13 calculate the adjusted rate revenue.

14 **RATE REVENUES AND BILLING DETERMINANTS**

15 Q. What are rate revenues?

16 A. Rate revenues are the revenues a utility earns from its customers based on rates
17 approved by the Commission. The rates consist of a fixed customer charge and a variable rate
18 that is dependent on usage and the season. For example, an energy charge rate for the winter
19 could be different than an energy charge rate for the summer.

20 Q. What are billing determinants?

¹ Twelve months ending December 31, 2023.

1 A. Billing determinants are the unit of measurement of different items on a
2 customer's bill that rates are applied to calculate the customer's total bill. The billing
3 determinants included in this testimony are based off of the company's tariff and include
4 bill count and energy usage in Ccf.² The revenue requirement is divided by the billing
5 determinants to determine rates.

6 Q. How are the billing determinants used in Staff's analysis?

7 A. For example, the usage charge on a residential customer bill varies depending
8 on the season³ and the usage block⁴ and is determined by the amount of natural gas used.
9 Liberty Midstates' rates also vary by district, for example a residential customer's rate in the
10 Southeast ("SEMO") district is different than that of a residential customer in the Northeast or
11 West ("NEMO" or "WEMO") districts. For each class, Staff multiplies the monthly amount of
12 energy usage by the appropriate rate and sums the quantities, along with the delivery charge, to
13 determine the monthly rate revenue.

14 Q. How did Staff determine the rate revenue for the different classes?

15 A. Staff began by calculating the test year revenue⁵ based on billing determinants
16 provided by Liberty Midstates. Staff requested the billing determinants for January 1, 2023,
17 through December 31, 2023.⁶ Staff then calculated the revenue for the 12 months ending
18 December 31, 2023. Staff normalized and annualized the billing units for the update period and
19 then applied the appropriate rates and discounts.

² Ccf stands for 100 cubic feet of natural gas.

³ The summer season is May through October. The winter season is November through April.

⁴ Liberty Midstates' Residential energy charge is billed at the first 30 Ccf and amount over 30 Ccf, all other rate classes are not based on blocks.

⁵ Twelve months ending December 31st, 2022.

⁶ Data Request Response 0209.0, *Missouri Public Service Commission Data Request- 0209 CONFIDENTIAL.xlsx*.

1 Q. What is normalization?

2 A. Normalization adjusts a utility's billing determinants to account for unusual
3 events that would likely not happen in future years. Accounting for extreme weather conditions
4 is an example of normalization.

5 Q. What is annualization?

6 A. Annualization adjusts a utility's billing determinants to account for known
7 conditions at the end of the update period as if these conditions were carried out through the
8 entire 12-month period. Adjustments for customers that switch rates are an example of an
9 annualization adjustment.

10 Q. What rate classes did Staff normalize and annualize?

11 A. Staff normalized and annualized billing determinants for the residential, small
12 general firm ("SGF"), medium general firm ("MGF"), large general firm ("LGF"), and
13 interruptible ("INT") rate classes.⁷

14 Q. What rate revenue adjustments did Staff make to the rate classes?

15 A. Staff made the following adjustments to the rate classes:

- 16 a. Update period adjustments;
17 b. Rate switchers;
18 c. 365 days adjustment; and
19 d. Weather normalization

20 Q. How did Staff calculate its update period adjustment?

21 A. As mentioned above, Staff requested the billing determinants for January 1,
22 2023, through December 31, 2023.⁸ Staff then calculated the revenue for the 12 months ending

⁷ Staff witness Justin Tevie discusses the transportation class in his direct testimony.

⁸ Data Request Response 0209.0, *Missouri Public Service Commission Data Request- 0209 CONFIDENTIAL.xlsx*.

1 December 31, 2023. The update period adjustment is the difference of billed usage and revenue
2 through December 31, 2023, compared to the billed usage and revenue through the 12 months
3 ending December 31, 2022.

4 Q. What rate switcher adjustment did Staff make?

5 A. Staff adjusts the update period to reflect the customer classes as they are at the
6 end of the update period. Staff requested the rate switcher data for all customers that switched
7 rates during the update period and Liberty Midstates provided the data as a response to Data
8 Request No. 0211. Staff witness Hari K. Poudel, PhD adjusted for rate switchers through the
9 calculation of the weather normalization and 365-Days-Adjustment.

10 Q. How did Staff calculate the 365-Days-Adjustment?

11 A. The need for a 365-Days-Adjustment stems from the fact that calendar months
12 and revenue months do not often cover the same period of time. As the name suggests, calendar
13 months begin on the first day of the month and end on the last day of the month.
14 Revenue months coincide with when a utility reads a customer's meter and issues their bill.
15 For example, a bill for the revenue month of February may cover usage from the calendar
16 months of January and February. With that being said, a revenue year may contain more than
17 or less than 365 days of usage. For example, if the revenue month of February accounts for
18 30 days, then that would exceed the number of days for the calendar month of February. For
19 this reason, Staff determines an annualization adjustment to bring the revenue year usage (Ccf)
20 into a 365-day interval. In order to do so, Staff calculates a 365-Days factor by determining the
21 difference in the customer's actual days of service from 365 days and dividing that by 365 days.
22 This fraction is then multiplied by the customer's Ccf for the year to yield the 365-days Ccf.

1 The sum of the actual Ccf and the 365-days Ccf is divided by the actual Ccf giving Staff the
2 days adjustment factor to apply to all energy usage in the rate class.

3 Staff witness Hari K. Poudel, PhD provided the 365-Days-Adjustment as a part of the
4 rate switcher and weather normalization calculation.

5 Q. How did Staff calculate the weather normalization adjustment?

6 A. Staff witness Poudel provided the monthly weather normalization adjustment
7 that accounts for rate switchers and the 365-Days-Adjustment. A weather normalization factor
8 is calculated and applied to each rate class's monthly usage. For example, if the weather
9 normalized Ccf is .9 for the month of November, then the total adjusted usage for that month
10 and for that rate class is decreased by 10%.

11 The residential class has a rate block split between the first 30 Ccf used by a customer
12 and all usage above 30 Ccf. For this reason, Staff used the ratio between the update period usage
13 in the first rate block (30 Ccf and below) and the second rate block (over 30 Ccf) to distribute
14 normalized monthly Ccf to the residential rate blocks. This results in normalized usage by rate
15 block and rate class which was then converted to total normalized revenues by multiplying the
16 usage by the appropriate rates.

17 Q. Did Staff make an adjustment for customer growth?

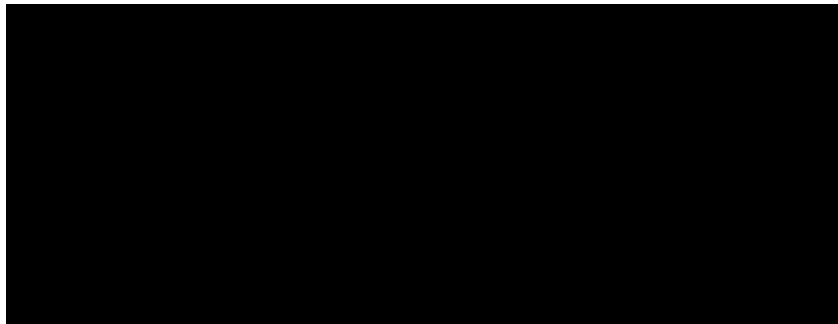
18 A. No, Staff ultimately did not include an adjustment for customer growth.

19 Gas customers often, but do not always, fluctuate seasonally over a 12-month period.
20 Some customers leave the system during the spring and summer months and come back on the
21 system during the fall and winter months. Upon review, Liberty Midstates' customer growth
22 adjustment would have been negative and minimal. However, in Liberty Midstates' response

1 to Data Request No. 0209⁹, the bill counts provided for November 2022 and November 2023,
2 as well as December 2022 and December 2023, for all districts and all rate classes were
3 identical. *Table 1* below provides an example of the monthly bill counts matching for the
4 Residential rate class in the NEMO district. It is worth noting that Liberty Midstates switched
5 to a new billing system towards the end of 2023. For these reasons, Staff did not apply the
6 customer growth factor.

7 **TABLE 1**

8 **



**

9
10 *NEMO- Residential Bill Counts for November-December 2022 and November-December 2023*

11 Q. Will the revenues and adjustments need to be updated?

12 A. Yes. The billing system change mentioned above has led to unreliable billing
13 counts and customer usage surrounding the months during which the system change took place.
14 Staff has spoken with Liberty Midstates and how the unreliable billing determinants can impact
15 revenue and revenue adjustments. Staff will need to update the adjustments in later testimony
16 if updated and more accurate data is provided by Liberty Midstates.

17 Q. How are revenues and revenue adjustments depicted in the Staff's accounting
18 schedules?

⁹ Data Request Response 0209.0, *Missouri Public Service Commission Data Request- 0209 CONFIDENTIAL.xlsx*.

1 A. Staff discovered that Liberty Midstates’ revenue workpapers based upon test
2 year billing determinants that were provided by Liberty Midstates on February 15, 2024, do not
3 correspond directly to each Federal Energy Regulatory Commission (FERC) Uniform System
4 of Accounts (USOA) revenue major account as recorded on its books for the same time period.
5 The tariffed rate class revenue is recorded in the general ledger FERC USOA major accounts
6 480, Residential Sales, and 481, Commercial and Industrial Sales. The company has created
7 minor accounts for each sale type (for example, Fixed Charges, Variable Charges, ISRS¹⁰,
8 WNAR¹¹, PGA¹² revenue, unbilled fixed charges, unbilled variable charges, unbilled PGA
9 revenue), under each customer description (for example, Residential, Commercial, Industrial).
10 However, Liberty Midstates does not have tariffed rates for commercial customers that differ
11 from industrial customers, rather the tariffed rates vary by service classification, Residential,
12 Small General Firm, Medium General Firm, Large General Firm, Interruptible, and
13 Transportation¹³. In general, each of these tariffed rate service classifications will serve some
14 industrial customers and some commercial customers. Due to this, the revenue from the
15 different tariffed rate classes intermingle within the overall FERC major account 481 and 489.

16 When Liberty Midstates provided its test year billing determinants in response to
17 Staff Data Request No. 0209 on May 6, 2024, the starting revenues based upon those
18 determinants did not match the starting revenues recorded within the FERC USOA accounts

¹⁰ Infrastructure System Replacement Surcharge (ISRS).

¹¹ Weather Normalization Adjustment Rider (WNAR).

¹² Purchased Gas Adjustment (PGA).

¹³ Transportation customer’s follow the same rate code as their “companion rate class” (i.e. a Large Transportation customer has the same base rate structure as a Large General Firm customer). Transportation revenue is currently recorded on Liberty Midstates records within FERC major account 489.

1 general ledger during the same time period. This could be caused by rebills, billing adjustments,
2 and other corrections and adjustments to billing determinants that occur over time.

3 In order for Staff to tie out the per book revenue by FERC USOA account to the
4 tariffed rate class billing determinants for the test year ending December 31, 2022, Staff's test
5 year revenue is bucketed by tariffed rate class and a separate line item has been added called
6 "Test Year Difference GL v. Billing Determinants." That line item reconciles
7 Liberty Midstates' per book GL total revenue to the Staff's starting revenue calculation derived
8 from the provision of test year billing determinants in response to Data Request No. 0209.
9 Please refer to Staff witness Lisa M. Ferguson's direct testimony for further discussion
10 regarding the FERC USOA accounts for revenue and the reflection of test year revenue in the
11 Staff's accounting schedules.

12 Q. How can this problem be addressed going forward?

13 A. Staff encourages the company to record each applicable tariffed rate service
14 classification within the FERC major account 481 and 489 for Commercial and Industrial using
15 some type of minor account or specific coding within the general ledger so that Staff can align
16 billing determinant revenue and general ledger revenue at a point in time as part of Liberty
17 Midstates' next rate case.

18 Q. Are you aware of possible alternative solutions?

19 A. Yes. It is Staff's understanding that at least one major Missouri utility, Ameren
20 Missouri, reports its revenues and energy sales for its FERC Form 1 by service classification,
21 not by FERC major account. Staff suggests that it could facilitate a discussion between Ameren
22 Missouri and Liberty Midstates to determine what steps, if any, Ameren Missouri took to ensure

1 the compliance of its practices with the FERC USOA while also maintaining tariffed rate class
2 specific information.

3 **CONCLUSION**

4 Q. What is your recommendation?

5 A. The Commission should base its awarded revenue requirement and billing
6 determinants on Staff's rate revenue adjustments and billing determinants as attached, to be
7 updated if more reliable billing determinants are provided by Liberty Midstates.¹⁴

8 Q. Does this conclude your direct testimony?

9 A. Yes, it does.

¹⁴ Schedule MS-d2-Confidential.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Request of Liberty)
Utilities (Midstates Natural Gas) Corp.) Case No. GR-2024-0106
d/b/a Liberty to Implement a General Rate)
Increase for Natural Gas Service in the)
Missouri Service Areas of the Company)

AFFIDAVIT OF MARINA STEVER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MARINA STEVER and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Marina Stever*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.



MARINA STEVER

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 July 2024.

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

Credentials and Background of Marina Stever

I have a Master's of Science in Environmental and Natural Resource Economics from the University of Rhode Island. Additionally, I hold a Bachelor's of Science in Business Administration with a concentration in Economics from the University of Central Missouri. My work experience prior to becoming of member of the Commission Staff includes two years as an Energy Analyst at Missouri's Department of Natural Resources- Division of Energy, as well as one year as an Economic Development Specialist at Missouri's Department of Economic Development.

I am currently employed as a Data Analyst in the Tariff/Rate Design Department of the Industry Analysis Division of the Missouri Public Service Commission Staff. I have been employed at the Missouri Public Service Commission since October 2023 and am responsible for preparing staff recommendations and ensuring that Staff presents recommendations in a neutral, independent manner to inform the Commission of Staff's position and possible alternatives.

Case Number	Company	Issues
ER-2024-0112	Ameren Missouri	RESRAM Rate Adjustment
ER-2024-0187	Ameren Missouri	MEEIA EEIC Rider Adjustment
GO-2024-0180	Spire Missouri	Carbon Offset Initiative
GR-2024-0106	Liberty MNG	Rate Revenues
ER-2024-0189	Evergy Missouri West	Large Power Services Rate Revenues

Case No. GR-2024-0106

SCHEDULE MS-d2

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY