

*Exhibit No.:*  
*Issue(s):* Transport revenue  
*Witness:* Justin Tevie  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Direct Testimony  
*Case No.:* GR-2024-0106  
*Date Testimony Prepared:* July 18, 2024

# MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

DIRECT TESTIMONY

OF

JUSTIN TEVIE

LIBERTY UTILITIES (Midstates Natural Gas) CORP.,

d/b/a Liberty

CASE NO. GR-2024-0106

*Jefferson City, Missouri*

*July 2024*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**TABLE OF CONTENTS OF  
DIRECT TESTIMONY OF  
JUSTIN TEVIE  
LIBERTY UTILITIES (Midstates Natural Gas) CORP.,  
d/b/a Liberty  
CASE NO. GR-2024-0106**

EXECUTIVE SUMMARY .....2  
TRANSPORT RATE REVENUES AND BILLING DETERMINANTS .....2  
SPECIAL CONTRACT REVENUE ADJUSTMENT .....6  
CONCLUSION.....7



1 **EXECUTIVE SUMMARY**

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

3 A. The purpose of my testimony is to support Staff's adjustment to the revenue  
4 requirement for Liberty Utilities (Midstates Natural Gas) d/b/a Liberty ("Liberty Midstates") in  
5 relation to transport revenues. The adjustments are with respect to bills counts, customer usage  
6 and transport rate revenues. Staff recommends that the Commission base its awarded revenue  
7 requirement and billing determinants on Staff's rate revenue adjustments and billing  
8 determinants.

9 **TRANSPORT RATE REVENUES AND BILLING DETERMINANTS**

10 Q. Please describe Staff's process for determining transport rate revenues and  
11 billing determinants.

12 A. Staff performed calculations to verify the transport revenues provided by Liberty  
13 Midstates for the test year ending December 2022 using the billing determinants. Calculations  
14 were also performed to determine revenues for the update period ending December 2023 and  
15 subsequently the update adjustments. These adjustments are attached to Staff Witness  
16 Marina Stever's testimony as Schedule MS-d2.

17 Q. What are transport rate revenues?

18 A. Transport rate revenues are the revenues a utility receives from its transport  
19 customers based on the Commission approved rates. Base rates consist of a fixed monthly  
20 customer charge (delivery charge) and a variable rate that depends on usage, amount of  
21 Hundred Cubic Feet ("Ccf") and the season (summer and winter).

Direct Testimony of  
Justin Tevie

1 Q. What are billing determinants?

2 A. They are measurable units that drive system costs and used in conjunction with  
3 filed tariff rates to calculate customer bills. Examples include, but not limited to,  
4 customer/delivery charge, Ccf and bill counts.

5 Q. What are the various rate schedules that transportation customers are  
6 classified under?

7 A. The transportation customers are classified as small firm transport service  
8 (“SGS”), medium firm transport service (“MGS”), or large firm transport service (“LGS”).

9 Q. How does Staff use the billing determinants to calculate the transport rate  
10 revenue for each class?

11 A. Every month, a transport customer in a particular rate class is billed a fixed  
12 monthly delivery/customer charge and a usage charge based on the amount of Ccfs consumed.  
13 To calculate the monthly rate revenue for that class, the monthly billing determinants are  
14 multiplied by the appropriate tariff rates and summed across customers in that class. The total  
15 delivery charge is a product of the bill count and the customer charge, while the total distribution  
16 charge is a product of the Ccf and the usage rate.

17 Q. How did Staff determine the transport rate revenues attributable to each rate  
18 class and special contracts?

19 A. First, Staff isolated the billing determinants for each transport rate schedule by  
20 using the rate/bill codes using information provided by the company for the test year and the  
21 update period for its three rate districts, namely Northeastern Missouri (“NEMO”),  
22 Southeastern Missouri (“SEMO”), and Western Missouri (“WEMO”). The test year is the  
23 twelve months ending December 31, 2022, while the update period is the twelve months ending

Direct Testimony of  
Justin Tevie

1 December 31, 2023. Second, we multiplied each of the billing determinants by their respective  
2 rates to arrive at a revenue total for each rate class in each district. Finally, Staff tallied all the  
3 revenues for each rate schedule all centers to arrive at the grand total revenues for  
4 transportation. A similar analysis was performed for the special contracts category to determine  
5 the total revenues attributable to them. The two major adjustments applied to revenues are to  
6 account for normalization and annualization. The former involves performing adjustments to  
7 the company's billing determinants that account for abnormal events that would not likely  
8 repeat in the years when the new rates from each case are in effect, e.g., events such as rate  
9 switchers in the update period. The latter involves adjustments to the company's billing  
10 determinants to reflect known conditions, such as customer growth, at the end of the  
11 update period.

12 Q. What transport rate schedules did Staff normalize and annualize?

13 A. Staff normalized and annualized revenues for all rate classes.

14 Q. What adjustments did Staff make to the rate revenues for each class?

15 A. Staff made the following adjustments: (1) update period adjustment; (2) rate  
16 switcher adjustment; (3) customer growth; (4) 365 days adjustment; and (5) weather  
17 normalization adjustment.

18 Q. How did Staff calculate the update period adjustment?

19 A. First, Staff used the billing determinants, provided through data requests, to  
20 calculate the revenues and usage for both the test year and update period. Second, Staff  
21 calculated the update adjustments as the differences in revenue and usage between the test year  
22 and update period.

Direct Testimony of  
Justin Tevie

1 Q. What transport rate switch adjustment did Staff make?

2 A. Staff witness, Hari K. Poudel, PhD, provided data on rate switchers that were  
3 then incorporated into the existing data to make the adjustments. During the update period,  
4 some customers switched from non-transport rate classes to transport rate classes and vice  
5 versa. Staff made adjustments (additions or subtractions) to customers, billing units and  
6 revenue of the affected transport rate classes.

7 Q. How did Staff annualize the number of customers?

8 A. Staff adjusted for the number of customers to account for the impact of changes  
9 in customer levels on usage and revenues. To implement this annualization, Staff first used the  
10 bill count in December 2023 as a reference or base number<sup>1</sup>. Staff then divided the bill count  
11 for each individual month in 2023, including December 2023, by the reference number to obtain  
12 a growth rate. This rate was then applied to the usage to obtain the adjusted usage and  
13 subsequently the adjusted revenue. The adjustment reflects the level of usage and rate revenue  
14 that would have occurred if the customers existed throughout the entire 12 months ending  
15 December 31, 2023. It is worth pointing out that that, the bill counts from October to December  
16 were replaced with the average of the 12-months ending September 2023 because of some  
17 billing irregularities present in those months at that time. Staff intends to address this issue at  
18 a later date and testimony.

19 Q. How did Staff perform the weather normalization adjustment?

20 A. Staff Witness Hari K. Poudel, PhD, provided the monthly normalization value  
21 for all the transport rate classes. Staff then applied the weather normalization value to each rate  
22 code's monthly usage and revenue to determine the impact.

---

<sup>1</sup> It corresponds to the last month in the update period and was a logical selection as a reference.

1 Q. How did Staff perform the 365 days adjustment?

2 A. Staff witness, Hari K. Poudel, PhD, provided the monthly 365-day adjusted Ccf  
3 value for each transport rate class. Staff applied this adjusted value in the same manner as the  
4 weather normalization value.

5 Q. How are the revenue adjustments supported/presented in this testimony?

6 A. The revenue adjustments I am sponsoring are attached to Staff Witness  
7 Marina Stever's testimony as Schedule MS-d2 to this testimony.

8 **SPECIAL CONTRACT REVENUE ADJUSTMENT**

9 Q. What is the basis for Staff's special contract revenue adjustment?

10 A. Liberty's tariff sheet for Negotiated Gas Sales Service<sup>2</sup> includes, in part, the  
11 following language under the Availability section:

12 The Company will create and retain for use in future rate proceedings a  
13 rate lower than the tariff rate. **For ratemaking purposes the Company**  
14 **shall have the burden to prove that the negotiated flexed rate was**  
15 **prudent. (emphasis added).**

16 Staff requested Liberty's analysis that demonstrates the prudence of the rate for one of the  
17 contracts, \*\* [REDACTED]

18 [REDACTED]

19 [REDACTED] .<sup>3</sup> [REDACTED]

20 [REDACTED]

21 [REDACTED]

<sup>2</sup> P.S.C. MO. No. 2 Original Sheet No 34.

<sup>3</sup> Liberty response to Staff data request 0274.1 in Case No. GR-2024-0106.

Liberty's response to Staff data request 0336 in Case No. GR-2024-0106 \*\* [REDACTED]

[REDACTED] . \*\*



1 [REDACTED]  
2 [REDACTED] . \*\* While Staff may revise the special contract adjustment based upon updated  
3 information being provide by Liberty, Staff currently recommends an adjustment in the amount  
4 of approximately \*\* [REDACTED] \*\* in rate revenue.

5 **CONCLUSION**

6 Q. What are your recommended rate revenue adjustments for the transportation rate  
7 classes and special contracts?

8 A. The Commission should base its awarded revenue requirement and billing  
9 determinants on Staff's rate revenue adjustments and billing determinants attached to Staff  
10 Witness Marina Stever's testimony as Schedule MS-d2 to this testimony.

11 Q. Does this conclude your direct testimony?

12 A. Yes it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

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

Case No. GR-2024-0106

**AFFIDAVIT OF JUSTIN TEVIE**

STATE OF MISSOURI        )  
  )  
COUNTY OF COLE        )        ss.

**COMES NOW JUSTIN TEVIE** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct Testimony of Justin Tevie*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



\_\_\_\_\_  
**JUSTIN TEVIE**

**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 16<sup>th</sup> 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 CASE PARTICIPATION OF**  
**JUSTIN TEVIE**

**Present Position:**

I am an Economics Analyst in the Tariff/Rate Design Department, Industry Analysis Division, of the Missouri Public Service Commission.

**Educational Background and Work Experience:**

In 2013, I obtained a graduate degree in Economics from the University of New Mexico. In 2019, I joined the Missouri Department of Mental Health as a Research Analyst assisting with data analysis and federal reporting. Prior to that, I was a Forecast Analyst at Department of Social and Health Services in the State of Washington assisting with forensic caseload forecasting and reporting.

<b>Case No.</b>	<b>Company</b>	<b>Testimony</b>	<b>Issue</b>
ER-2022-0337	Ameren Missouri	Direct	Market prices
		Rebuttal	
EO-2023-0136	Ameren Missouri	Direct	Savings shapes, program evaluation, EM & V, Principal-Agent problem, and employment
		Rebuttal	
		Surrebuttal	
ER-2023-0184	Evergy Missouri West	Staff Recommendation	MEEIA Cycle 3
ER-2023-0411	Evergy Missouri West	Staff Recommendation	MEEIA Cycle 3
ER-2024-0186	Evergy Missouri West	Staff Recommendation	MEEIA Cycle 3
ER-2024-0184	Evergy Missouri Metro	Staff Recommendation	MEEIA Cycle 3
ER-2023-0369	Evergy Missouri West	Direct	MEEIA Cycle 4
ER-2023-0370	Evergy Missouri Metro	Direct	MEEIA Cycle 4