

*Exhibit No.:*  
*Issue(s):* Payroll & Payroll Tax  
Expense, Dues &  
Donations Expense  
*Witness:* Benjamin H. Burton  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case No.:* GR-2024-0106  
*Date Testimony Prepared:* August 22, 2024

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL & BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**BENJAMIN H. BURTON**

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

**d/b/a Liberty**

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

*Jefferson City, Missouri*  
*August 2024*

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BENJAMIN H. BURTON  
LIBERTY UTILITIES (Midstates Natural Gas) CORP.,  
d/b/a Liberty  
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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **BENJAMIN H. BURTON**

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 Benjamin H. Burton, and my business address is 111 North 7<sup>th</sup>  
9 Street, Suite 105, St. Louis, MO, 63101.

10 Q. By whom are you employed?

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

13 Q. Are you the same Benjamin H. Burton who filed revenue requirement direct  
14 testimony filed July 18, 2024 in this case?

15 A. Yes, I am.

16 Q. What is the purpose of your rebuttal testimony?

17 A. The purpose of this testimony is to provide corrections and updates to payroll  
18 and payroll tax expense along with corrections to dues and donations expense based upon  
19 discussions with Liberty Midstates personnel and verified by data request response.

20 **PAYROLL**

21 Q. Please explain the corrections that Staff is proposing to its direct calculations for  
22 Liberty Midstates gas payroll expense.

1           A.     Liberty Midstates Gas operates in Missouri, Illinois and Iowa. In its direct  
2 position, Staff included all Liberty Midstates employee salaries allocated at 66.2% which  
3 reflects the Missouri only portion of the annualized 2023 employee salaries. However, after  
4 discussions with Liberty Midstates personnel, Staff discovered that it had overlooked some  
5 discovery demonstrating that a number of the Liberty Midstates employees devote 100% of  
6 their time to Missouri natural gas operations and do not provide service to all three states.  
7 The annualized 2023 salaries for these certain employees should not be subject to an allocation;  
8 rather, their full salaries should be included in the cost of service.

9           Q.     Why should some payroll costs be 100% allocated to Missouri rate districts?

10          A.     Liberty Midstates gas operates in the Northeast (“NEMO”),  
11 Western (“WEMO”) and Southeastern (“SEMO”) regions of Missouri. There are certain  
12 Liberty Midstates employees that perform work within one single Missouri district while others  
13 allocate their time to one or more districts. Therefore, if an employee is performing work for  
14 one district within Missouri, the cost of that employee is incurred and recorded by that specific  
15 Missouri rate district.

16          Q.     Are there further changes in Staff’s annualized payroll expense due  
17 to allocations?

18          A.     Liberty Midstates has relayed to Staff that there are Central Region employees  
19 that dedicate more of their time to Missouri than was initially supported by the Company’s  
20 original data request response. Staff has been provided with time sheet information supporting  
21 new allocation factors to be applied to these certain employees’ 2023 salaries. The changes to  
22 these employees’ salaries have been included in Staff’s recommended revenue requirement,  
23 filed concurrently with its rebuttal testimony.

1 Q. Are there any other aspects of Staff's payroll expense calculation that might be  
2 subject to change?

3 A. Possibly. Due to ongoing discussions, Liberty Midstates may supplement one  
4 of Staff's data requests with updated capitalization rates by employee. Staff has reflected,  
5 within its payroll annualization, the capitalization rates for which support has been provided up  
6 to the time of filing this rebuttal testimony.

7 **PAYROLL TAXES**

8 Q. Did Staff include changes to payroll taxes to align with updated calculations for  
9 payroll expense?

10 A. Yes. Staff applied the same corrections to the payroll taxes regarding allocations,  
11 previously discussed; as it did to payroll expense.

12 Q. Did Staff have any other corrections on payroll taxes?

13 A. Yes. Staff fixed an erroneous cell reference within the payroll tax calculation to  
14 correct the application of the capitalization rate for each employee's payroll taxes.

15 **DUES AND DONATIONS**

16 Q. Does Staff still maintain that an adjustment for dues and donations is necessary?

17 A. Yes, there are a portion of dues that Liberty Midstates pays that is directly related  
18 to lobbying efforts. Staff continues to propose that this amount be disallowed.

19 Q. Please explain the corrections that Staff made to dues and donations expense.

20 A. After having a conversation with Liberty Midstates personnel, Staff corrected  
21 an allocation error. Previously, Staff's dues and donations recommended disallowance was  
22 allocated to just Missouri rate districts, when the expense should have been allocated using a

Rebuttal Testimony of  
Benjamin H. Burton

1 four-factor allocation to include Illinois and Iowa as well. This change in the allocation factor  
2 reduces the amount of Staff's recommended disallowance for dues and donations that was  
3 addressed in direct testimony.

4 Q. Does this conclude your rebuttal testimony?

5 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            )

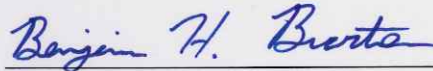
Case No. GR-2024-0106

**AFFIDAVIT OF BENJAMIN H. BURTON**

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

**COMES NOW BENJAMIN H. BURTON** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Rebuttal Testimony of Benjamin H. Burton*; and that the same is true and correct according to his best knowledge and belief.

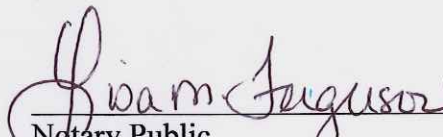
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**BENJAMIN H. BURTON**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of ST. LOUIS, State of Missouri, at my office in ST. LOUIS, on this 20th day of August 2024.

LISA M. FERGUSON  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for St. Louis County  
My Commission Expires: June 23, 2028  
Commission Number: 16631502

  
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Notary Public