

*Exhibit No.:*

*Issue(s):* *Incentive  
Compensation,  
Employee Benefits,  
Pensions & OPEBs*

*Witness:* *Jane C. Dhority*

*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 AND BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**REBUTTAL TESTIMONY**

**OF**

**JANE C. DHORITY**

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

**d/b/a Liberty**

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

*Jefferson City, Missouri*

*August 2024*

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JANE C. DHORITY  
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1 **REBUTTAL TESTIMONY**

2 **OF**

3 **JANE C. DHORITY**

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 Jane C. Dhority and my business address is 111 North 7th Street,  
9 Suite 105, St. Louis, MO 63101.

10 Q. Are you the same Jane C. Dhority who prepared and filed direct testimony in  
11 this case?

12 A. Yes, I am.

13 **EXECUTIVE SUMMARY**

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

15 A. The purpose of this testimony is to describe corrections made to Staff's direct  
16 filing and to present updates to Staff's direct position on incentive compensation based on more  
17 complete Data Request responses recently submitted by Liberty Midstates.

18 **INCENTIVE COMPENSATION**

19 Q. Why is it necessary to update Staff's direct position on incentive compensation?

20 A. Liberty failed to provide complete and timely answers to Staff's Data Requests  
21 pertaining to the issue. The lack of information prevented Staff from presenting its  
22 case-in-chief in direct testimony.

23 Q. What information was missing from Liberty's responses to these Data Requests?

1           A.     Data Requests 0103 and 0103.1, attached as Confidential Schedule JCD-r1 and  
2 Schedule JCD-r2 respectively, asked for Liberty's incentive compensation information  
3 including payout amounts and all documentation relied upon to calculate compensation  
4 amounts for plan years 2017 through 2022 (paid out in years 2018 through 2023). The 2018  
5 and 2019 payout amounts for short-term incentive compensation provided by the Company in  
6 response to Data Request 0103.1 lacked sufficient detail for Staff to address each plan payout  
7 separately. Additionally, Liberty provided division scorecards but not central region  
8 scorecards, even though both scorecards are utilized to calculate short-term  
9 incentive compensation.

10           Q.     How did the missing information affect Staff's adjustments for  
11 incentive compensation?

12           A.     Staff applied a calculated earnings-based compensation percentage to all  
13 short-term incentive compensation paid out in 2018 and 2019 to determine the amount of  
14 capitalized earnings-based incentive compensation to be adjusted for each year. In Staff's direct  
15 testimony, due to the absence of the central region scorecards, Staff calculated the percentage  
16 of incentive compensation tied to earnings based on division scorecard data only.

17           Q.     Has Staff now received all of the information needed to complete its incentive  
18 compensation adjustment?

19           A.     Yes. Liberty provided Staff with the requested central region scorecards and  
20 short-term compensation payout detail for 2018 and 2019.

21           Q.     How has this updated information changed Staff's adjustments?

22           A.     As discussed in its direct testimony, Staff did not intend to adjust payouts to  
23 incentive compensation for union employees because it is part of a collective bargaining

1 agreement between the Company and the union<sup>1</sup>. Now that Staff has been provided adequate  
2 details regarding 2018 and 2019 short-term incentive payouts, Staff has amended those  
3 adjustments such that no capitalized union incentive compensation is removed.

4 Staff also finalized its calculation of earnings-based incentive compensation payouts to  
5 be removed from years 2018 through 2023.

6 Q. How does Staff's finalized incentive compensation adjustment differ from  
7 Staff's direct position?

8 A. Incorporating the missing information into Staff's calculations results in a  
9 decrease in the amounts of incentive compensation removed from expense, plant, and  
10 depreciation reserve accounts.

#### 11 **ERROR CORRECTIONS**

12 Q. Did Staff make any corrections to its direct filing?

13 A. Yes.

14 Q. Please list the corrections Staff made to its direct filing.

15 A. Staff's error corrections are as follows:

- 16 • Staff amended its adjustment to employee benefits to include the correct  
17 capitalization rate. The capitalization adjustment was further updated to only  
18 apply to Staff's adjustment for employee benefits, rather than Staff's total  
19 recommended amount.
- 20 • Staff updated its adjustment to pensions to capitalize only the service cost  
21 portion of the 2023 net periodic pension benefit costs. The capitalization

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<sup>1</sup> Jane C. Dhority Direct, pg. 8, ll. 10-17

1 adjustment was further updated to include the correct capitalization rates for  
2 each pension plan, and the adjustments were switched from debits to credits.  
3 Staff also made adjustments to include the prepaid pension and prepaid other  
4 post-employment benefit assets erroneously excluded from rate base in Staff's  
5 direct filing.

- 6 • Staff updated its property tax adjustment to include invoices that were missing  
7 in Staff's direct adjustment. The correction increases the amount of annualized  
8 property tax expenses included in rates. The correction also increases Staff's  
9 recommended base amount for Liberty's property tax tracker to \$2,344,449.

10 Q. Does this conclude your rebuttal testimony?

11 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. ) 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 JANE C. DHORITY**

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

**COMES NOW JANE C. DHORITY** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Rebuttal Testimony of Jane C. DhORITY*; and that the same is true and correct according to her best knowledge and belief.

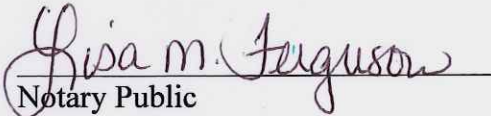
Further the Affiant sayeth not.

  
 \_\_\_\_\_  
**JANE C. DHORITY**

**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 20<sup>th</sup> day of August 2024.



  
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 Notary Public

**Case No. GR-2024-0106**

**SCHEDULE JCD-r1**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**



**Case No. GR-2024-0106**

**SCHEDULE JCD-r2**

**HAS BEEN DEEMED**

**CONFIDENTIAL**

**IN ITS ENTIRETY**