

Exhibit No.: \_\_\_\_\_  
Issues: Special Contract  
Witness: Michael D. Beatty  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Liberty Utilities  
(Midstates Natural Gas) Corp. d/b/a Liberty  
Case No.: GR-2024-0106  
Date Testimony Prepared: August 2024

**Before the Public Service Commission  
of the State of Missouri**

**Rebuttal Testimony**

**of**

**Michael D. Beatty**

**on behalf of**

**Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty**

**August 22, 2024**



**\*\*DENOTES CONFIDENTIAL\*\***  
20 CSR 4240-2.135(2)(A)1

PUBLIC VERSION

REBUTTAL TESTIMONY OF MICHAEL D. BEATTY  
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY  
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION  
CASE NO. GR-2024-0106

1 **Q. Please state your name and business address.**

2 A. My name is Michael D. Beatty. My business address is 602 South Joplin Avenue,  
3 Joplin, MO 64801.

4 **Q. Are you the same Michael D. Beatty who provided direct testimony in this matter**  
5 **on behalf of Liberty Utilities (Midstates Natural Gas) Corp. (“Liberty” or the**  
6 **“Company”)?**

7 A. Yes.

8 **Q. What is the purpose of your rebuttal testimony in this proceeding before the**  
9 **Missouri Public Service Commission (“Commission”)?**

10 A. I will be addressing the direct testimony of Commission Staff witness Justin Tevie  
11 related to Liberty’s special contract with **\*\*General Mills\*\***.

12 **Q. What is your understanding of the Staff’s proposed adjustment related to the**  
13 **\*\* [REDACTED] \*\*?**

14 A. On page 7 of his direct testimony, Mr. Tevie states that “While Staff may revise the  
15 special contract adjustment based upon updated information being provided by Liberty,  
16 Staff currently recommends an adjustment in the amount of approximately **\*\* [REDACTED]**  
17 **\*\* in rate revenue.”** I will explain the background of this contract and demonstrate  
18 that the contract is reasonable under the circumstances that exist for serving this  
19 customer.

20 **Q. What is the background of the **\*\* [REDACTED]****

1 A. [REDACTED]  
2 [REDACTED]  
3 [REDACTED] ry  
4 [REDACTED] \*\*

5 The confidential contract is attached as Confidential Rebuttal Schedule MB-1.

6 **Q. What is the purpose of Liberty’s contract with \*\* [REDACTED] \*\*?**

7 A. \*\* [REDACTED]  
8 [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]  
12 [REDACTED]  
13 [REDACTED] \*\*

14 **Q. Why is the special contract with \*\* [REDACTED] \*\* in the best interest of Liberty  
15 and its customers?**

16 A. The \*\* [REDACTED] \*\* contract benefits the Company's Missouri customers because,  
17 even with the discounted contract rates, \*\* [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED] \*\* For context, through current general rates, the annual  
21 revenue from an average Southeast residential customer using 54 Ccf a month is  
22 \$337.69.<sup>1</sup> Therefore, losing this customer would be equivalent to losing \*\* [REDACTED]

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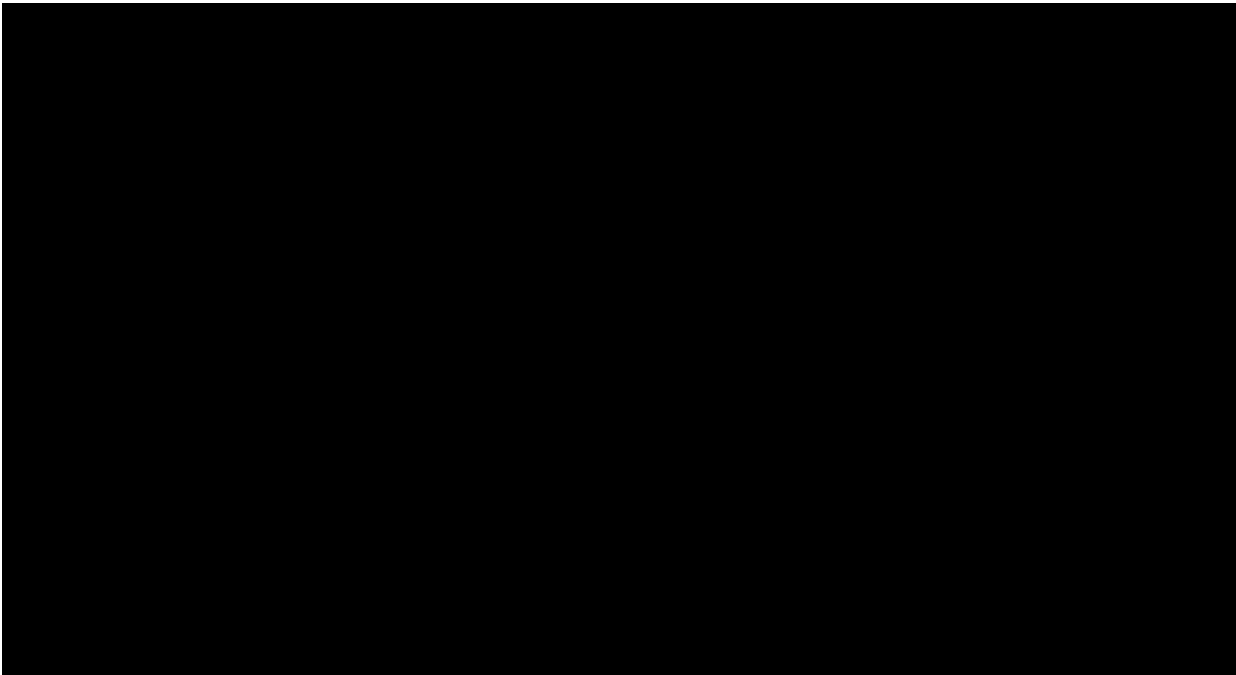
<sup>1</sup> Calculated by adding 12 monthly customer charges of \$15.00 per month to 12 months of volumetric charge for 54 Ccf of usage per month. [(12 months X \$15.00 per month) + (12 months X 54 Ccf X \$0.24335)] = \$337.69.

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED] \*\* Support of

6 healthy and competitive industry in Missouri benefits the State's economy and  
7 promotes continued growth. Staff's proposed adjustment would wrongly punish the  
8 Company.

9 Q. \*\* [REDACTED]  
10 [REDACTED]

11 A. [REDACTED]  
12 [REDACTED]  
13 [REDACTED]  
14 [REDACTED]  
15 [REDACTED]  
16 [REDACTED]  
17 [REDACTED]  
18 [REDACTED]  
19 [REDACTED]  
20 [REDACTED]



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4 **Q. Has the Commission Staff reviewed the \*\* [REDACTED] \*\* Contract in past Atmos**  
5 **and Liberty general rate cases?**

6 A. Yes. The Commission Staff has reviewed the \*\* [REDACTED] \*\* contract in previous  
7 Atmos Energy and Liberty cases.<sup>2</sup> To my knowledge, the Commission has never  
8 adopted an imputation adjustment related to this special contract.

9 **Q. Has the Commission also ruled on the appropriateness of the \*\* [REDACTED] \*\***  
10 **special contract?**

11 A. Yes. In Liberty's 2014 general rate case, the Commission reviewed the appropriateness  
12 of the \*\* [REDACTED] \*\* contract and found that it was not appropriate to include the  
13 revenue imputation adjustment proposed by Staff. In its Report and Order in File No.  
14 GR-2014-0152, the Commission stated:

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<sup>2</sup> See e.g., *Unanimous Stipulation and Agreement*, p. 3, *Re Atmos Energy Corporation*, Case No. GR-2010-0192 (filed August 11, 2010)(Staff agreed that there would be no imputation of revenues related to the General Mills special contract).

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**Decision**

The Commission finds this issue in favor of Liberty. Imputing the revenue that Staff seeks to impute to Liberty would greatly reduce Liberty’s revenue requirement. That, in turn, could force Liberty to raise rates for Noranda and General Mills to the point that they, having the legal right to seek an alternative energy provider and the practical and economic incentive to do so, would likely leave Liberty’s system. This would ultimately cause financial harm to Liberty and to its customers.

The negotiated rates Liberty charged Noranda and General Mills were reasonable because those rates covered all variable costs and some fixed costs of serving these customers. Imputing the tariffed rate would not accurately reflect the historical revenues or the expected revenues as the new tariff for special contracts does not require the Company to use the tariffed rates. If in fact any entity believes future rates negotiated under the Company’s special contract tariff are excessively discounted, those entities may file a Complaint under the Commission’s Complaint procedures.<sup>3</sup>

**Q. Do you have any concluding comments?**

A. Yes. \*\* [REDACTED]

[REDACTED] \*\* In any event, the Commission should reject the Staff’s proposed revenue imputation adjustment in this case.

**Q. Does this conclude your rebuttal testimony at this time?**

A. Yes.

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<sup>3</sup> Report and Order, p. 34, Re 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 (December 3, 2014).

**VERIFICATION**

I, Michael D. Beatty, under penalty of perjury, on this 22nd day of August, 2024,  
declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Michael D. Beatty