

Exhibit No.: _____
Issues: Customer First
Witness: Lauren Preston
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

Lauren Preston

on behalf of

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

August 22, 2024



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LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
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1 I. **INTRODUCTION**

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

3 A. My name is Lauren Preston. My business address is 15 Buttrick Rd. Londonderry, New
4 Hampshire, 03053.

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

8 A. Yes.

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

11 A. I will be addressing certain statements made by Office of the Public Counsel (OPC)
12 witness Manzell Payne in direct testimony regarding the design and content of
13 Liberty’s customer invoice and to affirm statements made by Staff witness Lisa
14 Ferguson regarding the overall Customer First Program.

15 Q. **Are you sponsoring any schedules in support of your rebuttal testimony?**

16 A. Yes. **Rebuttal Schedule LP-1** is a copy of the back side of the Company’s redesigned
17 bill, and **Rebuttal Schedule LP-2** shows a new definition provided on Liberty’s
18 website of “Degree Day.”

1 **II. RESPONSE TO OPC WITNESS PAYNE’S DIRECT TESTIMONY**

2 **Q. Do you agree with witness Payne that the new bill design being produced through**
3 **the SAP system complies with the Billing and Payment Standards set forth in 20**
4 **CSR 4240-13.020 and specifically part (9)(A) - (I)?**

5 A. Yes, Liberty placed considerable care into the bill design to make sure all of the
6 required elements of a carefully designed bill met the standards required by the
7 regulations. Liberty also placed considerable care into adding additional information
8 on the bill that are commonly sought information from our customers such as: physical
9 addresses, mailing addresses, internet references, phone numbers, clear line-item
10 details of the charges on the bill, and special billing and assistance programs. Liberty
11 believes the new bill is an improvement over the previous versions. Furthermore,
12 Liberty sought a bill that is easy to read and aesthetically pleasing.

13 **Q. Do you agree with witness Payne’s assertion that “there are glaring flaws in the**
14 **Company’s billing statements that can easily confuse or intimidate customers.”**
15 **(Manzell Payne Direct Testimony, at page 10, line 10)?**

16 A. No. I believe the additional information can provide useful information for customers
17 who want that level of detail. For those customers who want very simple information
18 about the total amount of the bill, how much energy was used and when their payment
19 is due, that information is in large bold font right at the top of the bill. The bill design
20 is intended to help both customers who want a quick and easy summary along with
21 those who want to have greater detail.

22 **Q. Do you agree with witness Payne’s assertion that “there is a graphical**
23 **representation of the gas usage the customer used over the previous 12 months**
24 **and the current 12 months. While the graph does show the customers their usage,**

1 **it does so in a confusing way.” (Manzell Payne Direct Testimony, at page 10, line**
2 **25)?**

3 A. Liberty’s design of the graph is to portray a lot of information in a compact and
4 comparable format. As many of Liberty’s natural gas customers have highly seasonal
5 variations in their energy usage, showing the history for twenty-four months allows a
6 customer to see patterns over time. Liberty believes the use of two different colors in
7 the bar part of the graph allows for easy representation of a current and prior year. The
8 use of lines overlaying the relative temperature of each month allows a customer to
9 visualize changes in consumption that may be more weather dependent. As we
10 designed the new bill, Liberty’s customer communications team provided information
11 to be sent to customers and published on our website with comprehensive “how to read
12 your bill” information.

13 **Q. Does Liberty offer other ways to get usage/consumption information other than**
14 **the monthly invoice?**

15 A. Yes, Liberty’s new My Account system, which is part of the Customer First upgrade,
16 allows customers to view their prior usage in a table format and download it to an
17 electronic file - comma-separated values (csv) or downloadable to Microsoft excel (xls)
18 format.

19 **Q. Do you agree with witness Payne’s assertion that “the impact of temperature is**
20 **shown as ‘degree days’, a term not widely known by most people outside of the**
21 **utilities industry and related occupations” (OPC witness Payne Direct Testimony,**
22 **at page 11, line 4) and that use of the term creates confusion?**

23 A. I agree it is a term not commonly used and would like to thank the witness for bringing
24 this to our attention. We have modified the back of our bill and our website to more

1 clearly define the term to be clearer with our customers. Copies of the new format and
2 website are attached as **Rebuttal Schedules LP-1** and **LP-2**.

3 **Q. Do you agree with the recommendation to add average temperature instead of**
4 **degree days?**

5 A. Respectfully, I disagree. While I agree average temperature is a more commonly
6 understood concept of changes in the weather, degree days is a more technically precise
7 measurement to explain changes in consumption rather than average temperature,
8 particularly when there are uncommon variations in temperature within a month, such
9 as at the beginning and end of a heating season. Liberty added additional information
10 on the back of the bill and on our website to better explain to customers about what this
11 measure means.

12 **Q. Please provide an example of how uncommon shifts in weather can create**
13 **confusion in relying on average temperature and explain why Liberty believes**
14 **degree days is better.**

15 A. Degree days (DD) will generally give a more useful representation of the relationship
16 between energy use and weather and will help a customer understand seasonal changes
17 to their usage especially when a customer will decide to turn on their heat compared to
18 days when a customer may elect to turn the heat off. For example, if there is a month
19 wherein weather is cool and/or damp in the first week, averaging 40 degrees, the total
20 amount of degree days during that week would be 125. If the weather then warms up
21 for days 6-21 to an average of 60 degrees per day, the DD value for that period is just
22 80 in total. If the weather then warms up to 70 degrees for the remaining days 22 - 30,
23 there would be no HDD for this period. Over the course of the month the nominal
24 average temperature would be 60 degrees, implying a DD value of 150 (65 degrees

1 baseline – 60 average temperature = 5 DD per day x 30 days). However, using the DD
2 per day across the month allows Liberty to show the relative impact of the cold damp
3 first week.

4 **III. RESPONSE TO STAFF WITNESS FERGUSON’S DIRECT TESTIMONY**

5 **Q. Regarding Staff witness Lisa Ferguson’s testimony, do you agree with her overall**
6 **characterizations of the scope and timeline of the Customer First or “C1” project**
7 **as shown in pages 43 – 53 of her testimony?**

8 A. Yes, she captured the overall breadth and complexity well. And I agree with her
9 characterization of the depreciation rates for the major project components. There are
10 a few clarifications I would like to address below.

11 1. On page 45, line 1, Ms. Ferguson describes some of Liberty’s companies were
12 still in the process of implementing the system. To update, as of April 8, 2024,
13 all of Liberty’s companies are now using the C1/SAP platforms.

14 2. On page 50, line 16, Ms. Ferguson describes some cost allocations and
15 decisions regarding acquisitions including the terminated proposal to purchase
16 Kentucky Power. It is true that the purchase proposal was terminated.
17 However, a different substantial acquisition was completed during the C1
18 project deployment which provided some cost sharing benefit to the rest of
19 Liberty’s regulated utilities. Liberty acquired the New York Water Company
20 in 2021 allowing Liberty to include New York Water in its rollout of the C1
21 project for that company’s employees and customers and apportioned \$38.691
22 million in capital costs for the program to Liberty Utilities (New York Water)
23 Corp. The overall program and costs allocation were approved for Liberty’s
24 New York Water subsidiary on August 15, 2024 through approval of a joint

1 settlement for an increase in rates and new programs. See Liberty Utilities
2 (New York Water) Corp. general rate case before the New York State Public
3 Service Commission, Case No. 23-W-0235, Order Adopting Terms of Joint
4 Proposal and Establishing Rate Plan, issued August 15, 2024.

- 5 3. On page 51, line 2, Ms. Ferguson describes certain issues raised during the post-
6 go live period. Liberty continues to work through the post-go live Hypercare
7 period and provided a supplemental report to the Commission on August 6,
8 2024 in Case Nos. EE-2024-0232, GE-2024-0201, WE-2024-0202, and SE-
9 2024-0203¹ outlining various billing delays and data corrections made after the
10 system transition. Liberty anticipated a conversion of this complex nature
11 would require a period of cleanup and validation and staffed for this effort
12 accordingly. Liberty has made progress in this effort.

13 **Q. Ms. Ferguson requests that the Commission order Liberty Midstates to maintain**
14 **all supporting documentation of the allocation of costs to Liberty Midstates and a**
15 **full accounting of all “true-up” calculations for C1 so that Staff can review such**
16 **in the Company’s next general rate case. Ferguson direct at page 50, lines 11 – 14.**
17 **Does the Company object to such request?**

18 A. No objections. The Company keeps cost and allocation information including true-up
19 calculations in its normal course of business.

20 **Q. Staff included an annualized level of expense for C1 ongoing O&M instead of the**
21 **amount estimated by the Company. Ferguson direct at page 53, lines 10 – 14. Why**
22 **does the Company disagree with Staff’s use of the annualized level of expense?**

¹ The cited cases involved applications for variances filed by The Empire District Electric Company, The Empire District Gas Company, and Liberty Utilities (Missouri Water) LLC related to the April 8, 2024 go live for SAP.

1 A. The Company continues to believe that the budgeted amount of \$765,885 is a more
2 accurate indication of on-going O&M related to C1 based upon the agreements in place.
3 Additionally, Staff and Company have discussed the calculation described above and
4 discovered some issues with the adjustment proposed by Staff. Specifically, Staff's
5 current adjustment ignores test year costs that will continue to exist in the future for
6 maintenance unrelated to C1.

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

8 A. Yes.

VERIFICATION

I, Lauren Preston, 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/ Lauren Preston