

Exhibit No.:
Issue(s): Meters, Mains, and
Service Lines
Witness: Claire M. Eubanks, P.E.
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

ENGINEERING ANALYSIS DEPARTMENT

SURREBUTTAL TESTIMONY

OF

CLAIRE M. EUBANKS, P.E.

LIBERTY UTILITIES (Midstates Natural Gas) CORP.,

d/b/a Liberty

CASE NO. GR-2024-0106

Jefferson City, Missouri
September 2024

1 As an example, Mr. Lyons points out that Staff's data represents most 12" steel mains as having
2 a vintage year of 1998 while the Company's underlying data ranges from 1955 to 2006.
3 However, Staff included the effect of retirements in its proposed classification of mains while
4 the Company classified mains based on the full cost of plant that has ever existed in its CPR.

5 Q. Why is Staff's approach more reasonable?

6 A. Staff's approach is more reasonable because it is calculated on the plant that is
7 reflected in the CPR while considering retirements. If the Company has retired steel main of
8 vintage 1955 from its property records, it means that vintage of steel main has either been
9 replaced by new material or retired for some other reason. At any rate, the 1955 vintage steel
10 main is no longer serving the customers Liberty Utilities (Midstates Natural Gas) Corp., d/b/a
11 Liberty ("Liberty Midstates" or "Company") serves today.

12 Q. How does Liberty Midstates retire plant from its CPR?

13 A. Liberty Midstates described the method it uses to retire property from its CPR
14 in response to Staff data request 205 and 205.1, indicating that its Operations department
15 provides enough details to Property Accounting regarding the location, material type/size,
16 and vintage of retirements such that Property Accounting can search its assets and make a
17 retirement in the records.

18 Q. Please explain Mr. Lyons concern with Staff's meter study.

19 A. Mr. Lyons, on page 5 lines 19-20 of his rebuttal testimony, argues that Staff's
20 meter study disproportionally allocates more costs to rate classes with more customers, like the
21 residential class. He then proposes a new option for the Commission to consider, to allocate
22 unidentified meter costs by the identified portion of meter costs rather than the by number of
23 meters in each class.

1 Q. What does Mr. Lyons mean by unidentified costs?

2 A. The Company's meter records provide details on the number of meter types that
3 are associated with each rate class and the Company's CPR contains details regarding meter
4 types and the net cost of meter plant. The Company has over \$21 million in its meter account
5 (FERC account 381) and 72% is not attributable to specific meter types in the Company's CPR.
6 Nearly half of the "unidentified" costs are actually identified by the Company in its CPR as
7 being related to either a residential or commercial meter replacement project or are meters
8 whose average cost (\$84.50 per meter) is more closely aligned to the average cost of
9 Class 1 meters (\$81.67). Class 1 meters are generally used by rate classes with more customers,
10 like the residential class.

11 Q. Regarding Staff's study to allocate services plant to each rate class, Mr. Lyons
12 is concerned about the difference in costs between the Company and Staff.¹
13 How do you respond?

14 A. Mr. Lyons is comparing apples to oranges. Staff used the plant costs (net of
15 retirements) as reflected in the Company's CPR to determine a per meter cost of the different
16 diameters of service lines used by the Company. In contrast, the Company developed an
17 estimate of material, labor, and overhead associated with the different diameters of service lines,
18 assuming that service lines, regardless of rate class, are 68 feet long. For 6" diameter service
19 lines, Mr. Lyons simply doubled the estimated cost of a 4" service line. The higher cost service
20 lines in Staff's study (2" and 6" service lines) reflects that there are just fewer meters that require
21 that size service line. For example, there are only 3 meters that require a 6" service line yet
22 there is approximately \$362,959 in the services plant account that are identified as 6"

¹ Rebuttal testimony of Timothy Lyons, page 6, lines 7-9.

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1 service line. The Company's CPR contains approximately \$13.4 million in plant associated
2 with 2" service lines. Using the Company's per meter cost (which includes material, labor,
3 and overhead costs), there would need to be over 9,200 meters utilizing a 2" service line.
4 However, the Company only identified 404 meters.

5 Q. On page 4, line 9-10, Mr. Lyons points out that Staff prepared three CCOS
6 studies, are you the appropriate witness to address Staff's reasoning for the preparation of three
7 CCOS studies?

8 A. No. The preparation of three CCOS studies was previously discussed by Staff
9 witness Stahlman in his direct and rebuttal testimony.

10 Q. Does that conclude your surrebuttal testimony?

11 A. Yes, it does.

