

*Exhibit No.:*  
*Issue(s):* *Customer Deposits,  
Interest on Customer  
Deposits, Insurance  
Expense and  
Miscellaneous Expense*  
*Witness:* *Blair Hardin*  
*Sponsoring Party:* *MoPSC Staff*  
*Type of Exhibit:* *Surrebuttal Testimony*  
*Case No.:* *GR-2024-0106*  
*Date Testimony Prepared:* *September 18, 2024*

**MISSOURI PUBLIC SERVICE COMMISSION**

**FINANCIAL & BUSINESS ANALYSIS DIVISION**

**AUDITING DEPARTMENT**

**SURREBUTTAL TESTIMONY**

**OF**

**BLAIR HARDIN**

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

**d/b/a Liberty**

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

*Jefferson City, Missouri  
September 18, 2024*



Surrebuttal Testimony of  
Blair Hardin

1 incorrect information. What data needed to be corrected that impacted the calculation of  
2 interest on customer deposits?

3 A. After reviewing Liberty Midstates' Rebuttal testimony and workpapers and  
4 comparing this information to the general ledger data that Staff included in its direct cost of  
5 service, Staff noticed that the ending monthly balances for all rate districts  
6 (WEMO, SEMO, and NEMO) in May 2023 in Liberty Midstates' rebuttal workpapers, did not  
7 tie to Staff's balances. In addition, it was also determined that Staff's customer deposit balances  
8 for October, November, and December 2023 for the NEMO district did not tie to  
9 Liberty Midstates' balances for these months. Staff met with Liberty Midstates' personnel to  
10 determine why the amounts included in Liberty Midstates' Rebuttal testimony did not tie to the  
11 general ledger balances that Staff included in its case.

12 When Liberty Midstates Gas transitioned to its System Applications and Products in  
13 Data Processing (SAP)" general ledger beginning in October 2023, it was decided that the profit  
14 center for the Kirksville, MO service territory would be delineated separately in the general  
15 ledger from the rest of the NEMO profit center. Staff's customer deposit balances for  
16 October, November, and December 2023 were missing the balances for Kirksville, MO.  
17 Staff did not include the Kirksville customer deposit balances into its NEMO balances in its  
18 Direct filing, but included Kirksville in its Surrebuttal. It was also determined that  
19 Liberty Midstates utilized a report in its Rebuttal customer deposit balances that was missing  
20 some information that Staff had included in its May 2023 balances. Liberty Midstates  
21 confirmed that Staff's May 2023 ending balances were correct. Staff then calculated an  
22 updated 13-month average of customer deposits ending December 31, 2023, as a reduction to

1 rate base and applied the tariffed interest rate to that 13-month average to determine the correct  
2 amount of interest on customer deposits to include in the cost of service.

3 Q. Is Staff and Liberty Midstates in agreement on the correct amount of customer  
4 deposits to include in rate base and the annualized amount of interest on customer deposits to  
5 include in the cost of service?

6 A. Yes.

7 **INSURANCE AND WORKERS COMPENSATION EXPENSE**

8 Q. On page 12, lines 21-24 and page 13, lines 1-3, of her Rebuttal testimony,  
9 Liberty Midstates witness Emery discusses how the Company reduced its insurance premiums  
10 included in its cost of service, based upon a response that was provided to Staff DR 100.  
11 Is Staff and Liberty Midstates in agreement on the annualized amount of insurance expense to  
12 include in the cost of service?

13 A. Yes.

14 Q. On page 17, lines 6-14, of her Rebuttal testimony, Liberty Midstates witness  
15 Emery discusses how the Company's previously proposed adjustment for worker's  
16 compensation expense contained an incorrect allocation factor in its calculation. Is Staff and  
17 Liberty Midstates in agreement on the annualized amount of worker's compensation expense  
18 to include in the cost of service?

19 A. Yes.

20 **MISCELLANEOUS EXPENSES**

21 Q. On page 13, lines 7-15, of her Rebuttal testimony, Liberty Midstates witness  
22 Emery discusses her disagreement with Staff's proposed removal of miscellaneous expenses

Surrebuttal Testimony of  
Blair Hardin

1 due to the overlap of removed charges and other additional items that were proposed  
2 for removal. Besides the non-recoverable items for removal that were agreed upon between  
3 Liberty Midstates and Staff, what other charges did Staff propose to remove?

4 A. For a discussion of the overlap in the costs of items proposed to be removed for  
5 the non-recoverable/miscellaneous expenses, please refer to Staff witness Lisa M. Ferguson's  
6 Surrebuttal testimony. As far as the costs for additional items I proposed removing, these  
7 charges were related to promotional items that have no benefit to ratepayers, and therefore  
8 should not be included in the cost of service.

9 Q. Does this conclude your surrebuttal testimony?

10 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 BLAIR HARDIN**

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

**COMES NOW BLAIR HARDIN** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Surrebuttal Testimony of Blair Hardin*; and that the same is true and correct according to her best knowledge and belief.

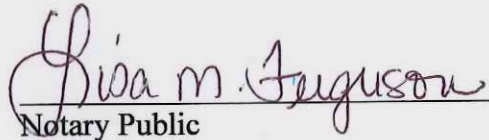
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**BLAIR HARDIN**

**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 17<sup>th</sup> day of September 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

  
\_\_\_\_\_  
Notary Public