

Exhibit No.:
Issue(s): Transport revenues
Witness: Justin Tevie
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2024-0106
Date Testimony Prepared: September 19, 2024

MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF AND RATE DESIGN DEPARTMENT

SURREBUTTAL TESTIMONY

OF

JUSTIN TEVIE

LIBERTY UTILITIES (Midstates Natural Gas) CORP.,

d/b/a Liberty

CASE NO. GR-2024-0106

Jefferson City, Missouri

September 19, 2024

1 **SURREBUTTAL TESTIMONY**

2 **OF**

3 **JUSTIN TEVIE**

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 Justin Tevie, 200 Madison Street, Jefferson City, MO 65102.

9 Q. Are you the same Justin Tevie that provided rebuttal testimony in this case?

10 A Yes.

11 **EXECUTIVE SUMMARY**

12 Q. What is the purpose of your surrebuttal testimony?

13 A. I will respond to the testimony of Liberty Utilities (Midstates Natural Gas)
14 Corp., d/b/a Liberty (“Liberty Midstates” or “Company”) witness Michael Beatty, regarding
15 Staff’s original proposed imputation of ** [REDACTED] **. I will also provide updated results to
16 Staff’s rebuttal workpaper on Southeastern Missouri (“SEMO”) transport revenues and
17 Schedule MS-r1 based upon new information and billing determinants, provided by
18 Liberty Midstates.

19 **RESPONSE TO MICHAEL BEATTY**

20 Q. What does Liberty Midstates witness Mr. Michael Beatty say in his
21 rebuttal testimony?

22 A. Mr. Beatty states on page 2, lines 20-22 and page 3, lines 1-5 that “For context,
23 through current general rates, the annual revenue from an average Southeast residential

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1 customer using 54 Ccf a month is \$337.69. Therefore, losing this customer would be equivalent
2 to losing ** [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED] **”

7 Q. What is Staff’s response to this statement?

8 A. The ** [REDACTED] ** contract was signed in 2005 by ** [REDACTED] **, the
9 original signatory to the contract, that was subsequently acquired by Liberty Midstates in 2012.
10 This contract has been in effect for almost two decades, without any modifications, and the
11 burden is on Liberty Midstates to justify that it reflects current economic conditions. Put simply,
12 the Company must provide supporting documentation that it makes economic sense to continue
13 with the provisions of the current contract and keep ** [REDACTED] ** as a customer. It is
14 Staff’s view, that if certain customers should be allowed to have contractual rates that are
15 different than other customers, there must be economic reasons for the special contract rate as
16 well as the contract rate must cover certain costs to limit the overall impact on other ratepayers.
17 This is referenced in the Liberty Midstate’s tariff sheet for Negotiated Gas Sales Service below.
18 In the absence of such documentation, it is Staff’s view that the imputation of revenues must
19 be in place and must be borne solely by Liberty Midstates and not by its other
20 Missouri customers. Staff will object to any attempts by Liberty Midstates to pass on the cost
21 of this imputation to its other Missouri customers.

22 Q. Has Staff proposed increasing the ** [REDACTED] ** contract rate in this case?

23 A. No.

1 Q. Is Liberty Midstates obligated by its currently effective tariff to support the
2 contract rate?

3 A. Yes. Liberty Midstate's tariff sheet for Negotiated Gas Sales Service¹
4 includes, in part, the following language under the Availability section:

5 The Company will create and retain for use in future rate proceedings a
6 rate lower than the tariff rate. **For ratemaking purposes the Company**
7 **shall have the burden to prove that the negotiated flexed rate was**
8 **prudent. (emphasis added).**

9 Q. Has Liberty Midstates provided support for the current contract rate as specified
10 in the ** [REDACTED] ** contract?²

11 A. No.

12 **TRANSPORT BILLING DETERMINANTS**

13 Q. Why is an adjustment to SEMO transport revenue necessary in this case?

14 A. Liberty Midstates informed Staff that even though ** [REDACTED]
15 [REDACTED] ** ceased to be a customer, its billing determinants were still reflected in the
16 aggregate billing determinants for the LGT class for the SEMO profit center for the update
17 period.

18 Q How did Staff remove the impact of ** [REDACTED] ** from
19 the billing determinants?

20 A. Liberty Midstates provided a supplemental response to Staff data request ("DR")
21 No. 287 and DR 287.1, in which it provided the usage (Ccf) and bill count data for
22 ** [REDACTED] ** during the update period. Staff then deducted the billing

¹ P.S.C. MO. No. 2 Original Sheet No 34.

² This contract is referred to as ** [REDACTED] ** in Liberty Midstate's response to Staff Data Request Nos. 274 and 274.1.

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1 determinants from the total for the LGT class for each month during the update period to arrive
2 at the new determinants. Staff subsequently used these determinants in conjunction with the
3 rates specified in the Company's tariff sheets to derive the new transport revenue for the LGT
4 class in the SEMO profit center.

5 Q. How does this correction affect Staff's revenue calculations for LGT class?

6 A. Incorporating the correct billing determinants, the ending revenues decreased by
7 approximately 30%. Consequently, an adjustment of approximately ** [REDACTED] ** was
8 applied, resulting in ending revenues of almost ** [REDACTED] **. These adjustments are
9 attached to Staff witness Marina Stever's surrebuttal testimony as Confidential
10 Schedule MS-s1.

11 **CONCLUSION**

12 Q. What are your recommendations?

13 A. Staff recommends that the revenue imputation of ** [REDACTED] ** should be in
14 place until Liberty Midstates can provide support for the current contract to serve
15 ** [REDACTED] ** as required by Liberty Midstate's tariff. Staff also recommends an
16 adjustment of approximately ** [REDACTED] ** be applied to Staff's revenue calculations for
17 the LGT class.

18 Q. Does this conclude your surrebuttal testimony?

19 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

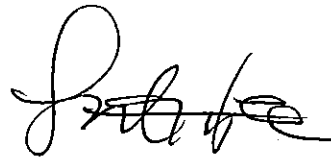
In the Matter of the Request of Liberty)
Utilities (Midstates Natural Gas) Corp.) Case No. GR-2024-0106
d/b/a Liberty to Implement a General Rate)
Increase for Natural Gas Service in the)
Missouri Service Areas of the Company)

AFFIDAVIT OF JUSTIN TEVIE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JUSTIN TEVIE and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Surrebuttal Testimony of Justin Tevie*; and that the same is true and correct according to his best knowledge and belief.

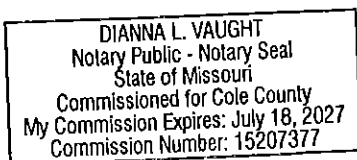
Further the Affiant sayeth not.



JUSTIN TEVIE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of September 2024.



Dianna L. Vaughn
Notary Public