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Witness: Timothy S. Lyons  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Liberty Utilities  
(Midstates Natural Gas) Corp. d/b/a Liberty  
Case No.: GR-2024-0106  
Date Surrebuttal Prepared: September 2024

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

**Surrebuttal Testimony**

**of**

**Timothy S. Lyons**

**on behalf of**

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

**September 19, 2024**



**\*\*DENOTES CONFIDENTIAL\*\***

**PUBLIC VERSION**

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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 Timothy S. Lyons. My business address is 3 Speen Street, Suite 150,  
4 Framingham, Massachusetts 01701.

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

8 A. Yes.

9 **Q. What is the purpose of your surrebuttal testimony?**

10 A. The purpose of my surrebuttal testimony is to address on behalf of Liberty the rebuttal  
11 testimonies of Marina Stever on behalf of the Missouri Public Service Commission  
12 Staff (“Staff”), Michael L. Stahlman on behalf of Staff, and Justin Tevie on behalf of  
13 Staff. The rebuttal testimonies are regarding the Company’s billing determinants used  
14 in the rate design, the class cost of service study (“COSS”), and special contract rates.

15 **II. RESPONSE TO STAFF WITNESS MARINA STEVER**

16 **Q. Does the Company agree with Staff’s update period adjustments?<sup>1</sup>**

17 A. In part. The Company agrees with Staff’s overall approach to the update period  
18 adjustments but proposes a correction to the billing days adjustment. Specifically, the

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<sup>1</sup> Rebuttal testimony of Marina Stever, pp. 1-3.

1 update period consists of an unusually high number of billing days as compared to a  
2 normal, 365.25-day period.

3 **Q. Does the Company agree with Staff's 365 days adjustment?**

4 A. In part. While the Company agrees with the need for a 365-day adjustment, the  
5 Company proposes a different calculation for the adjustment. As stated earlier, the  
6 update period consists of an unusually high number of billing days due to changes in  
7 the Company's meter reading schedule in October 2023.

8 Specifically, from January through September 2023, customers were billed  
9 based on prior month usage. For example, billed usage in January 2023 reflected  
10 customer usage in November and December 2022.

11 Following changes in the Company's meter reading schedule due to the new  
12 billing system that went live in October 2023, customers were billed based on current  
13 month usage. For example, billed usage in December 2023 reflected customer usage in  
14 November and December 2023.

15 As a result, billed usage in 2023 reflects a double count of some November and  
16 December usage, resulting in an unusually high number of billing days in 2023 as  
17 compared to a normal, 365.25-day period. Consequently, the update period requires an  
18 adjustment to reflect the number of billing days in a normal, 365.25-day period.

19 The unusually higher number of bills days is specific to 2023 and will not  
20 continue going forward.

21 Figure 1 (below) provides an illustration of the change in billed usage. The  
22 Figure shows, for example, the update period for SEMO's residential customers – on  
23 average – consisted of 383.27 billing days.

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**Figure 1: Billing Days Adjustment for SEMO’s Residential Usage**

SEMO - Residential			
2023	Usage	Avg. Start Period	Avg. End Period
Billed Usage	SEMO	SEMO	SEMO
	RS	RS	RS
January'23	2,493,994	11/24/2022	12/23/2022
February'23	2,641,577	12/23/2022	1/23/2023
March'23	2,884,621	1/24/2023	2/25/2023
April'23	1,865,129	2/25/2023	3/28/2023
May'23	765,557	3/28/2023	4/27/2023
June'23	398,793	4/27/2023	5/26/2023
July'23	266,480	5/28/2023	6/28/2023
August'23	232,132	6/29/2023	7/28/2023
September'23	245,954	7/29/2023	8/29/2023
October'23	290,937	9/7/2023	10/2/2023
November'23	905,100	10/5/2023	11/11/2023
December'23	1,991,397	11/11/2023	12/11/2023
Billed Usage	14,981,671		383.27

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The Figure shows billed usage in January 2023 reflected customer usage in November and December 2022. The Figure also shows billed usage in December 2023 reflected customer usage in November and December 2023. Consequently, billed usage in 2023 includes two years of customer usage in November and December, resulting in an unusually high number of billing days in 2023. For example, Figure 1 shows billed usage in 2023 for SEMO’s residential customers consisted of 12 billing periods that started on November 24, 2022 and ended on December 11, 2023, representing in aggregate 383.27 days or 18.02 days higher than a normal 365.25-day period.

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**Q. How does the Company propose to correct for this issue?**

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A. The Company proposes an adjustment of 1,487,133 CCF for SEMO’s residential usage in 2023 to correct for the unusually high number of billing days. The adjustment is based on the difference (18.02 days) between the number of billing days in the update period (383.27 days) and the number of billing days in a normal, 365.25-day period multiplied by the average usage per day in November and December 2022. Effectively,

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1 the adjustment removes the usage equivalent of 18.02 days from November and  
 2 December 2022. The adjustment is presented in Figure 2 (below).

3 **Figure 2: Billing Days Adjustment for SEMO’s Residential Usage**

SEMO - Residential			
2023	Usage	Avg. Start Period	Avg. End Period
Billed Usage	SEMO	SEMO	SEMO
	RS	RS	RS
January'23	2,493,994	11/24/2022	12/23/2022
February'23	2,641,577	12/23/2022	1/23/2023
March'23	2,884,621	1/24/2023	2/25/2023
April'23	1,865,129	2/25/2023	3/28/2023
May'23	765,557	3/28/2023	4/27/2023
June'23	398,793	4/27/2023	5/26/2023
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October'23	290,937	9/7/2023	10/2/2023
November'23	905,100	10/5/2023	11/11/2023
December'23	1,991,397	11/11/2023	12/11/2023
Billed Usage	14,981,671		383.27
Adjustment	(1,487,133)		(18.02)
Adj. Billed Usage	13,494,538		365.25

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 5 The results of the billing days analysis are similar for the SEMO’s other rate  
 6 classes as well as NEMO and WEMO’s rate classes. A summary of the recommended  
 7 billing days adjustments for each rate class in each rate district is set forth in  
 8 **Surrebuttal Schedule TSL-1**. The Company recommends that Staff incorporate these  
 9 adjustments into their billed usage for each rate class in each rate district (SEMO,  
 10 NEMO, and WEMO).

1 **III. RESPONSE TO STAFF WITNESS MICHAEL L. STAHLMAN**

2 **Q. Does the Company agree with Staff’s Average and Peak (“A&P”) allocator that**  
3 **includes interruptible customers?<sup>2</sup>**

4 A. No. The Company’s A&P allocator excludes interruptible customers because the  
5 Company does not design nor construct distribution mains to serve interruptible  
6 customers on the design or peak day. In other words, contrary to Staff’s statement that  
7 “Liberty Midstates system has been designed to handle all of its customer loads,”<sup>3</sup> the  
8 Liberty Midstates system has not been designed nor constructed to serve interruptible  
9 customers on the design day. The Liberty Midstates system is designed and constructed  
10 to serve firm customers on the design day.

11 While interruptible customers may take service on cold days, it is only because  
12 the distribution system has available capacity to serve interruptible customers. The  
13 distribution system is designed to serve firm customers on the design day. Interruptible  
14 customers take service only to the extent there is available capacity after meeting the  
15 needs of firm customers.

16 **Q. Does the Company agree with Staff’s position that separate COSS studies should**  
17 **have been performed for the SEMO and combined NEMO/WEMO rate districts**  
18 **to verify that it would be acceptable to merge these rate classes?<sup>4</sup>**

19 A. No. Separate COSS studies are needed only to the extent consolidation of the Missouri  
20 rate districts was based only on having similar cost structures across rate districts.  
21 However, the Company’s proposed consolidation of the Missouri rate districts in this  
22 proceeding is based on the Company’s approach that treats the Missouri rate districts

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<sup>2</sup> Rebuttal testimony of Michael L. Stahlman, p. 2.

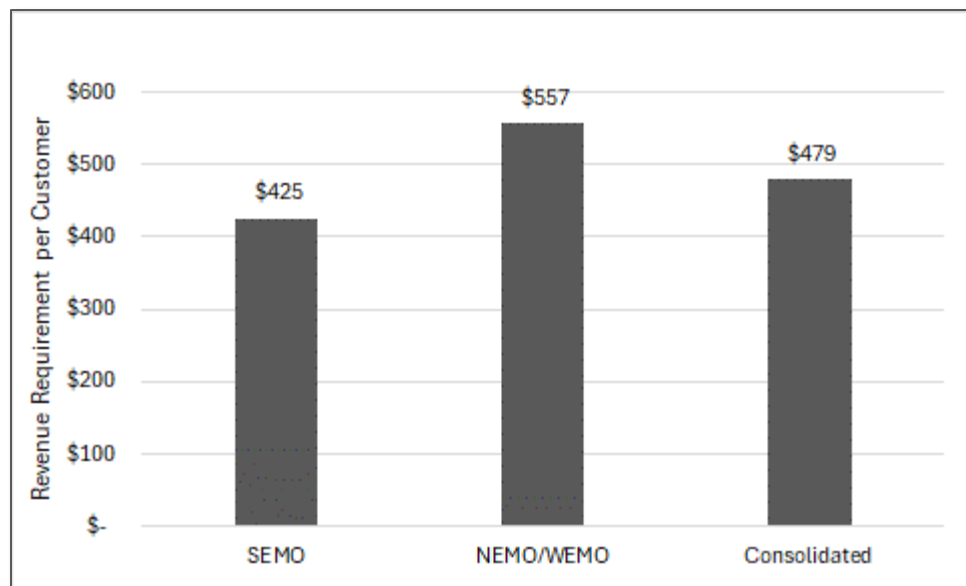
<sup>3</sup> Id.

<sup>4</sup> Id.

1 as a single operating area. In addition, the proposed consolidation helps mitigate  
2 potential rate volatility concerns of uneven deployment of capital investments on  
3 individual systems.

4 It is important to note that while the Company did not perform separate COSS  
5 studies in this rate case proceeding, it did perform such separate COSS studies in its  
6 prior rate case proceeding in Case No. GR-2018-0013, as shown in Figure 3 (below).

7 **Figure 3: Revenue Requirement per Residential Customer (GR-2018-0013)**



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9 The Figure shows the revenue requirement per residential customer in the SEMO rate  
10 district of \$425.00 is approximately 11.00 percent lower than the consolidated revenue  
11 requirement per residential customer of \$479.00. The Figure also shows the revenue  
12 requirement per residential customer in the combined NEMO/WEMO rate district of  
13 \$557.00 is approximately 16.00 percent higher than the consolidated revenue  
14 requirement per residential customer of \$479.00.



1           The Company believes the results of the COSS studies in the prior rate case  
2           proceeding address potential concerns regarding significant cost differences across the  
3           Company’s Missouri rate districts.

4 **IV. RESPONSE TO STAFF WITNESS JUSTIN TEVIE**

5 **Q. What is the Company’s response to Staff’s concern regarding “missing” billing**  
6 **determinants data?<sup>5</sup>**

7 A. Due to the unique and technical nature of this issue, the Company continues to work  
8 with Staff to address concerns regarding the billing determinants, including recently  
9 filed supplemental responses to data requests.

10 **Q. Does the Company agree with Staff’s special contract adjustment?<sup>6</sup>**

11 A. No. Company witness Michael Beatty’s rebuttal testimony explained the special  
12 contract and its benefits. The Company asked ScottMadden to prepare a net revenue  
13 analysis to assess the special contract customer’s contribution to fixed costs. The  
14 analysis was provided in the Company’s response to Staff DR 364. The analysis results  
15 are summarized in Figure 4 (below).

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<sup>5</sup> Rebuttal testimony of Justin Tevie, p. 2

<sup>6</sup> Rebuttal testimony of Justin Tevie, p. 3.

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\*\* [REDACTED]

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]\*\*

6 **Q. Does this conclude your surrebuttal testimony at this time?**

7 **A. Yes.**

**VERIFICATION**

I, Timothy S. Lyons, under penalty of perjury, on this 19th day of September, 2024,  
declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Timothy S. Lyons