

Exhibit No.: _____
Issues: Pension, OPEB
Witness: James A. Fallert
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Liberty Utilities
(Midstates Natural Gas) Corp. d/b/a Liberty
Case No.: GR-2024-0106
Date Testimony Prepared: September 2024

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

Surrebuttal Testimony

of

James A. Fallert

on behalf of

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

September 19, 2024



TABLE OF CONTENTS
FOR THE SURREBUTTAL TESTIMONY OF JAMES A. FALLERT
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. GR-2024-0106

SUBJECT	PAGE
I. INTRODUCTION.....	1
II. EXPENSE ADJUSTMENTS.....	1
III. PREPAID OPEB ASSET.....	2
IV. CONCLUSION	3

SURREBUTTAL TESTIMONY OF JAMES A. FALLERT
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. GR-2024-0106

1 **I. INTRODUCTION**

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

3 A. My name is James A. Fallert. My business address is 3507 Burgundy Way Dr., St.
4 Louis, MO, 63129.

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

8 A. Yes.

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

11 A. I address certain statements made by Staff witness Jane Dhority in rebuttal testimony
12 regarding pension and other post-employment benefits (“OPEB”) issues.

13 **II. EXPENSE ADJUSTMENTS**

14 **Q. Do you have any issues in regard to Staff’s calculation of expense for pension and**
15 **OPEBs as revised in rebuttal?**

16 A. I am in agreement with Staff’s calculations with one exception in regard to the
17 adjustment for capitalization of pension costs.

18 **Q. What is the issue in regard to capitalization of pension costs?**

19 A. It appears that Staff’s adjustment inadvertently included the normalized capitalization
20 amount as an adjustment to the test year. The test year included an allocation of
21 \$(294,665) of pension costs to capital. Staff’s workpapers calculate the normalized

1 allocation to capital as \$(275,488). This should result in an adjustment to the test year
2 of \$19,177. However, in Staff's accounting schedules, they have included the
3 \$(275,488) as an adjustment to the test year rather than as the normalized amount. This
4 resulted in an overstatement of the normalized allocation of pension cost to capital of
5 \$(294,665).

6 Company representatives have had discussions with Staff regarding this issue
7 and the Company hopes to be able to reach a resolution.

8 **III. PREPAID OPEB ASSET**

9 **Q. How is the prepaid OPEB asset determined?**

10 A. The prepaid OPEB asset is the cumulative difference between the amount funded by
11 Liberty and the Net Periodic Benefit Cost.

12 **Q. What is the amount of the prepaid OPEB asset in this case?**

13 A. Both the Company's and Staff's rebuttal workpapers calculate that the cumulative
14 contributions have exceeded cumulative net periodic benefit cost by \$572,613. Thus,
15 the prepaid OPEB asset is \$572,613.

16 **Q. What then is the issue since the calculations in the workpapers agree?**

17 A. When Staff entered the prepaid OPEB asset into Rebuttal Accounting Schedule 2, it
18 was included as a liability rather than an asset. This resulted in a reduction of
19 \$1,145,226 from the appropriate amount to be included in rate base.

20 **Q. Do you have any additional comments?**

21 A. Company representatives have discussed this issue with Staff and, at this writing, Staff
22 is reviewing the rate base calculation. The Company hopes to resolve this issue but
23 mentions it here in order to preserve our position.

1 IV. CONCLUSION

2 Q. Does this conclude your surrebuttal testimony?

3 A. Yes.

VERIFICATION

I, James A. Fallert, 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/ James A. Fallert