

**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)	<u>File No. GR-2024-0106</u>
Increase for Natural Gas Service in the)	Tracking No. JG-2024-0111
Missouri Service Areas of the Company)	

**LIST OF ISSUES, LIST AND ORDER OF
WITNESSES, ORDER OF OPENING STATEMENTS,
AND ORDER OF CROSS-EXAMINATION**

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and on behalf of the parties¹ in this case submits the following *List of Issues, List and Order of Witnesses, Order of Opening Statements, and Order of Cross-Examination.*

List of Issues

Parties to this case are: Staff; Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty Midstates” or “Company”); the Office of The Public Counsel (“OPC”); and the Missouri School Board’s Association (“MSBA”). This *List of Issues* includes contributions by several parties with adverse positions in this action; it is necessarily a compromise. All parties may not agree that every issue herein listed is properly an issue to be decided by the Commission in this case. All parties may not agree on the wording of every issue.

1. Cost of Capital:

a. What capital structure should the Commission use in this case to determine a revenue requirement for Liberty?

¹ Staff sought input on this document from all parties to this case and received input on this document from all parties. As of the time of filing, Staff is not aware of any party which had affirmatively indicated disagreement with this *List of Issues*.

b. What is the appropriate cost of debt that the Commission should apply in this case to determine a revenue requirement for Liberty?

c. What is the appropriate return on common equity that the Commission should apply in this case to determine a revenue requirement for Liberty?

2. Contract Customers:

a. Has Liberty provided support for determining whether the negotiated flexed rate for customers served under the Negotiated Gas Sales Service tariff is prudent?

b. If not, what is the appropriate amount of revenue imputation to offset Liberty's revenue requirement.

3. Depreciation:

a. What depreciation rates should be ordered by the Commission?

b. Should Staff's proposed adjustments to reallocate negative reserve be included in Liberty Midstates' cost of service?

c. Should Liberty Midstates be able to implement General Plant Amortization accounting?

4. Rate Design and Related Issues:

a. Should the NEMO/WEMO rate district be consolidated with the SEMO rate district?

b. What is the appropriate rate design, including customer charge and volumetric rates, for each customer class and each district (if applicable)?

5. Revenues

a. What normalized revenues and billing determinants are appropriate for establishing rates in this case?

6. Capitalized Transition/Transaction Costs

a. Should capitalized transition and transaction costs stemming from Case No. GM-2012-0337 be removed from the cost of service and written off of Liberty Midstates' books and records?

7. Prepayments

a. Is it appropriate to include the PSC assessment in rate base so that Liberty Midstates' can earn a return on it?

8. Customer Advances

a. Is it appropriate to include the last known amount or a 13-month average of customer advances in rate base?

9. Cash Working Capital

a. Should a 37-day expense lag or 365-day expense lag be used in calculating the cash working capital requirement for both federal and state income taxes?

b. Should a 168.5-day expense lead or 14.13-day expense lead be adopted for the PSC Assessment?

c. Should a 159.31-day expense lag or 293.53-day expense lag be adopted for property taxes?

d. Should gas costs be included in the Cash Working Capital calculation?

10. Property Tax Tracker Regulatory Asset

a. What amount should Liberty Midstates' be permitted to include as the property tax tracker base to measure against actual property tax expense, that will be

recovered as a regulatory asset in rate base and over what period of time should the regulatory asset be amortized?

11. Payroll and Payroll Tax Expense

a. What is the amount of payroll expense that should be included in Liberty Midstates' cost of service and how should the annualized level of overtime expense be calculated?

b. Should certain Liberty Utilities employee salaries be excluded from the cost of service?

c. What capital percentage should be applied to annualized payroll expense?

d. What amount of payroll tax expense should be included in the cost of service?

12. Uncollectible Expense

a. What amount of uncollectible expense should be included in the cost of service in this case?

b. Should an additional amount of uncollectible expense be included in the cost of service for possible bad debt associated with the incremental revenue requirement increase requested in this case?

13. Fuel Expense

a. What amount of fuel expense should be included in the cost of service?

14. Miscellaneous Expense

a. Is it appropriate for Liberty Midstates' to include promotional items in their cost-of-service calculation?

15. Rate Case Expense

- a. What amount of rate case expense should be excluded from Liberty Midstates' revenue requirement?
- b. What amount of customer notice costs should be included in Liberty Midstates' revenue requirement?
- c. What amount of depreciation study costs should be included in Liberty Midstates' revenue requirement?
- d. Should rate case expense be subject to a 50/50 sharing mechanism?
- e. Should rate case expense be normalized or amortized and over what period of time?

16. Training and Travel Expense

- a. What amount of training and travel costs should be included in Liberty Midstates' cost of service in this case?

17. Employee Benefits Expense

- a. What amount of 401(k) match expense should be included in Liberty Midstates' cost of service in this case?

18. Customer First Operations & Maintenance Expense

- a. What is the appropriate amount of operations & maintenance expense to include in Liberty Midstates' cost of service for hosting and maintenance agreements related to the new Customer First software transition?

19. Business Development Costs

a. Should labor and non-labor costs associated with business development activities be included in the cost of service?

20. Allocations

a. **Test Year Expense Disallowance**: Should allocated costs such as late fees, advertising expenses, car and housing allowances, and awards/gifts be included in the cost of service?

b. **Allocation Factor Update**: Should the 2022 or 2023 corporate allocation factors be used in determining the appropriate amount of cost to allocate to Liberty Midstates?

21. State Income Tax Stub Period and ADIT

a. What amount of accumulated deferred income tax (ADIT) should be included as an offset to rate base?

b. Should Liberty Midstates defer the revenue requirement difference based on the change in state tax rate, for the period of January 1, 2020 through the effective date of rates in this case, to be returned to customers in Liberty Midstate's next rate case?

c. What is the appropriate amount of net operating loss to apply to the federal and state excess accumulated deferred income tax for return to customers?

22. Non-Revenue Requirement Related Items:

a. Should Liberty Midstates continue to provide the same type of quarterly surveillance and actual earnings information related to their natural gas operations, separately by the rate divisions that are ultimately determined as part of this case?

b. Should Liberty Utilities periodically perform compensation studies for all employees, including those at the director level and above?

c. Should Liberty Utilities periodically perform internal audits regarding time reporting to ensure compensation levels allocated to Liberty Midstates are appropriate?

d. Should Liberty Midstates maintain its SAP general ledger with detail similar to that of the legacy Great Plains general ledger with minor accounts and certain coding?

23. Customer Service:

a. Should the Commission order Liberty Midstates to change its IVR to prompt callers to select their state? If so, should the Commission order Liberty Midstates to include Missouri-specific metrics in the existing Monthly Performance Report?

b. Should the Commission order Liberty Midstates to investigate and resolve the issue(s) causing an increase in the number of estimated bills it generates per month?

24. Weather Normalization Adjustment Rider (“WNAR”):

a. Should the Commission approve the continuation of Liberty Midstates’ WNAR, with modifications?

b. If so, what modifications should be made?

LIST AND ORDER OF WITNESSES AND ORDER OF OPENING STATEMENTS

Tuesday, October 15, 2024

8:30 A.M. Preliminary matters

9:30 A.M. Opening statements: Liberty, Staff, OPC, MSBA

11:30 A.M. **Cost of Capital Issues** (capital structure, cost of debt, cost of equity)

Liberty: John Cochrane

Staff: Chris Walters

OPC: David Murray

MSBA:

Wednesday, October 16, 2024

8:30 A.M.

Capitalized Transition/Transaction Costs

Liberty: Charlotte Emery

Staff: Lisa Ferguson

OPC:

MSBA:

Prepayments

Liberty: Charlotte Emery

Staff: Blair Hardin

OPC:

MSBA:

Customer Advances

Liberty: Charlotte Emery

Staff: Blair Hardin

OPC:

MSBA:

Depreciation

Liberty: Dane Watson

Staff: Amanda Coffey

OPC: John Robinett

MSBA:

Thursday, October 17, 2024

8:30 A.M.

Revenues

Liberty: Eric Fox, Timothy Lyons

Staff: Marina Stever, Francisco Del Pozo, Justin Tevie, Hari Poudel

OPC:

MSBA:

Contract Customers issues (a) and (b)

Liberty: Michael Beatty, Timothy Lyons

Staff: Justin Tevie

OPC:

MSBA:

Rate Design and Related Issues

Liberty: Timothy Lyons

Staff: Michael Stahlman

OPC:

MSBA:

Cash Working Capital

Liberty: Timothy Lyons, Charlotte Emery

Staff: Paul Amenthor, Lisa Ferguson

OPC: John S. Riley

MSBA:

Friday, October 18, 2024

8:30 A.M. **Payroll and Payroll Tax Expense**

Liberty: Charlotte Emery

Staff: Ben Burton

OPC:

MSBA:

Uncollectible Expense

Liberty: Charlotte Emery

Staff: Paul Amenthor

OPC:

MSBA:

Fuel Expense

Liberty: Charlotte Emery

Staff: Ben Burton

OPC:

MSBA:

Miscellaneous Expense

Liberty: Charlotte Emery

Staff: Blair Hardin

OPC:

MSBA:

Rate Case Expense

Liberty: Charlotte Emery

Staff: Jane Dhority

OPC: Manzell Payne

MSBA:

Training and Travel Expense

Liberty: Charlotte Emery

Staff: Jane Dhority

OPC:

MSBA:

Monday, October 21, 2024

8:30 A.M. **Allocations**

Liberty: Jill Schwartz

Staff: Lisa Ferguson

OPC:

MSBA:

State Income Tax Stub period and Excess ADIT

Liberty: Michael McCuen, Charlotte Emery

Staff: Lisa Ferguson

OPC: John S. Riley

MSBA:

Property Tax

Liberty: Michael McCuen, Charlotte Emery

Staff: Jane Dhority

OPC:

MSBA:

Customer Service

Liberty: Haylee Sirmon²

Staff: Tyrone Thomason

OPC:

MSBA:

Tuesday, October 22, 2024

8:30 A.M. **Employee Benefits Expense**

Liberty: Charlotte Emery

Staff: Jane Dhority

OPC:

MSBA:

Customer First Operations & Maintenance Expense

Liberty: Charlotte Emery and/or Lauren Preston

Staff: Lisa Ferguson

OPC:

MSBA:

Business Development Costs

Liberty: Charlotte Emery

Staff: Lisa Ferguson

OPC:

MSBA:

Non-Revenue Requirement Related Items

Liberty: Charlotte Emery

Staff: Lisa Ferguson

² Another Company witness will adopt Ms. Sirmon's testimony.

OPC:

MSBA:

ORDER OF CROSS-EXAMINATION

Liberty Midstates witnesses: MSBA, OPC, Staff

Staff witnesses: OPC, MSBA, Liberty

OPC witnesses: Staff, MSBA, Liberty

MSBA witnesses: Liberty, OPC, Staff

**LIBERTY WITNESSES EXCUSED FROM HEARING
BECAUSE THEY HAVE NO DISPUTED ISSUES**

Nathaniel Hackney, Kimberly Dragoo, Tatiana Earhart, Ron Snider, Jeff McChristian & James Fallert.

WHEREFORE, Staff submits this List of Issues, List and Order of Witnesses, Order of Opening, and Order of Cross Examination for the Commission's consideration.

Respectfully submitted,

/s/ J. Scott Stacey

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**ATTORNEY FOR STAFF OF THE
PUBLIC SERVICE COMMISSION**

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been transmitted by electronic mail to counsel of record this 1st day of October, 2024.

/s/ J. Scott Stacey