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	)))))	**File No. GR-2024-0106** Tracking No. JG-2024-0111

POSITION STATEMENT OF LIBERTY UTILITIES (MIDSTATES NATURAL GAS) D/B/A LIBERTY

COMES NOW Liberty Utilities (Midstates Natural Gas) d/b/a Liberty ("Liberty" or the "Company") and hereby submits its Position Statement in this matter.

List of Issues

1. Cost of Capital:

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

LIBERTY POSITION: The Commission should use Liberty's actual common equity ratio of 52.5% as of December 31, 2023 in this case. (Cochrane Surrebuttal, Exhibits 28P & 28C, p. 28; & Cochrane Rebuttal, Exs. 27P & 27C, p. 48.)

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

LIBERTY POSITION: The Commission should apply the 5.58% cost of long-term debt as agreed upon by Liberty and Staff. (Cochrane Surrebuttal, Exhibits 28P & 28C, p. 48: & Cochrane Rebuttal, Exs. 27P & 27C, p. 20 & Rebuttal Schedule JC-1, p. 2 of 2.)

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

LIBERTY POSITION: The Commission should accept Liberty's recommended (return on equity ("ROE") of 10.0%. (Cochrane Surrebuttal, Exs. 28P & 28C, p. 28.) In direct testimony, the Company had originally requested a 10.80% ROE based on multiple methods: Constant Growth and Multi-Stage Discounted Cash Flow ("DCF") methods, Capital Asset Pricing Model ("CAPM"), the Bond Yield Plus Risk Premium Model ("RPM"), and quantitative analysis to account for costs that Liberty would incur for the issuance of new equity capital. (Cochrane Direct, Ex. 14, p. 4.) After reviewing the parties' filed testimony and despite continued belief that 10.80% is still a reasonable ROE as the midpoint of the calculated direct range, the Company moved to 10.0% ROE to lessen the overall rate impact on its customers and reduce issues in the case. (Cochrane Rebuttal, Exs. 27P & 27C, p. 2.)

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 so, what is the appropriate amount of revenue imputation to offset Liberty's revenue requirement?

LIBERTY POSITION: Yes and zero. The Commission should reject Staff's proposal to impute additional revenues associated with the **[redacted]** special contract. The Company has provided the testimony of Michael Beatty to explain the unique circumstances surrounding the need for the special contract. (Beatty Rebuttal, Exs, 16P & 16C, pp. 2-5). **[redacted]

[redacted]**

The Company has also provided the testimony and analysis of Timothy Lyons which shows that the special contract customer's revenues exceed their cost of service, providing a net benefit to all customers. (Lyons Surrebuttal, Exs. 31P & 31C, pp. 7-8.) If the customer bypassed Liberty's system, then such net benefit to customers would be lost. Moreover, the Company's ability to provide competitive transportation service to this customer enables it to more effectively control its energy costs, thereby making it more competitive in its industry. Support of healthy and competitive industry in Missouri benefits the State's economy and promotes continued growth. (Beatty Rebuttal, Exs. 16P & 16C, pp. 2-5.)

Based upon the testimony and analysis of Mr. Lyons, the Net Present Value ("NPV") of the special contract revenues exceed the NPV of the Company's investments and expenses to serve the special contract customer. (Lyons Surrebuttal, Exs. 31P & 31C, pp. 7-9.) Michael Beatty's testimony clearly demonstrates that **[redacted]** would be a bypass threat if the full tariffed rates were mandated. Thus, Staff's proposed adjustment would wrongly punish the Company, could potentially result in a loss of net benefits to customers, and potentially reduce the customer's ability to effectively manage its energy costs, and accordingly, should be denied.

3. **Depreciation:**

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

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

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

LIBERTY POSITION:

a. The Commission should order the depreciation rates contained in the surrebuttal testimony of Dane Watson, which reflect the remaining life method. (Watson Surrebuttal, Ex. 34, pp. 2, 28-31 & Surrebuttal Schedule DAW-2.)

b. No. The Commission should approve the approach suggested by Liberty witness Dane Watson. Reserve reallocation is when the book reserve is respread within a functional group based on the theoretical reserve within each function. The depreciation reserve represents the amounts that customers have contributed to the return of the investment. The reallocation process does not change the total reserve for each function; rather, it simply reallocates the reserve between accounts in the function. In this case, the depreciation reserve positions of the accounts were generally not in line with the life characteristics found in the analysis of the Company's assets. To allow the relative reserve positions of each account within a function to mirror the life characteristics of the underlying assets, Liberty witness Dane Watson reallocated the depreciation reserves for all accounts within each function.

Since the basis of the current depreciation rates is unknown, reserve reallocation is the best solution to the differences in reserve position. (Watson Surrebuttal, Ex. 34, pp. 35-36.) The Commission approved this action in The Empire District Electric Company's general rate case in Case No. ER-2021-0312, and it should re-affirm this position in this case.

OPC witness Robinett believes that the Company's use of remaining life depreciation rates should make it unnecessary to reallocate depreciation reserves. However, Liberty disagrees with this position. Since the basis for the current depreciation rates is unknown, the reserve reallocation is the best solution to the differences in reserve position. (Watson Surrebuttal, Ex. 34, p. 37.)

c. Yes. Liberty recommends the adoption of the vintage group amortization system for general accounts 391, 393-395, and 397-399. (Watson Surrebuttal, Ex. 34, p. 1.)

4. Rate Design and Related Issues:

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

LIBERTY POSITION: Yes, in part. In this proceeding, the Company proposes to further consolidate the revenue requirement calculation to determine its distribution base rates. However, due to bill impact considerations, the Company proposes to continue having separate distribution base rates for SEMO Residential ("RS") and Small General Service ("SGS") customers and one set of distribution base rates for all other customers. (Lyons Direct, Ex. 12, p. 2.)

Specifically, the Company proposes as a transition measure to continue to maintain one set of distribution base rates for residential and SGS customers in the NEMO/WEMO service areas, and a second set of distribution base rates for residential and SGS customers in the SEMO service area. The purpose in maintaining separate distribution base rates for NEMO/WEMO and SEMO is to better manage customer bill impacts in the transition to consolidate or establish one set of distribution base rates for all service districts. The Company also proposes one set of distribution base rates for customers in the MGS, LGS, and LV rate classes. (Lyons Direct, Ex. 12, pp. 22-23.)

To better manage such bill impact disparities, the Company proposes as a transition measure to move the SEMO rates 75.00 percent toward consolidated rates, thus reducing residential bill increases in the SEMO service area to approximately 28.00 percent and increasing residential bill increases in the NEMO/WEMO service area to approximately 19.00 percent, based on the Company's revenue requirement filed in direct testimony. The Company believes the proposed transition of residential and SGS distribution base rates toward consolidated rates better addresses rate continuity concerns for its Missouri customers. (Lyons Direct, Ex. 12, p. 23.)

The Company's proposed consolidation of the Missouri rate districts is based on the Company's approach that treats the Missouri rate districts as a single operating area. In addition, the proposed consolidation helps mitigate potential rate volatility concerns of uneven deployment of capital investments on individual systems. While the Company did not perform separate class cost of service ("CCOS") studies in this rate case proceeding, it did perform such separate CCOS studies in its prior rate case proceeding in Case No. GR-2018-0013. Those separate CCOS studies showed the revenue requirement per residential customer in the SEMO rate district of $425.00 is approximately 11.00 percent lower than the consolidated revenue requirement per residential customer of $479.00, and the revenue requirement per residential customer in the combined NEMO/WEMO rate district of $557.00 is approximately 16.00 percent higher than the consolidated revenue requirement per residential customer of $479.00. Accordingly, the results of the CCOS studies in the prior rate case proceeding help address potential concerns regarding significant cost differences across the Company's Missouri rate districts. (Lyons Surrebuttal, Exs. 31P & 31C, pp. 5-7.)

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

LIBERTY POSITION: The Company proposes increases in the customer charge that were informed by underlying customer costs, moderated to address the impact on low-use customers. For example, the Company proposes residential customers charges of $32.00 per month in the NEMO/WEMO district and $26.75 per month in the SEMO district as compared to fully allocated residential customer cost of $50.99 per month. (Lyons Direct, Ex. 12, p. 25.)

Overall, based on the revenue requirement filed in direct testimony, the proposed distribution base rates increase monthly bills for a residential customer using 54 CCF per month by $15.00, or 20.60 percent in NEMO, $15.00, or 16.60 percent in WEMO, and $15.87, or 28.00 percent in SEMO. 54 CCF represents the combined average of monthly usage for residential customers in NEMO, WEMO, and SEMO service areas. (Lyons Direct, Ex. 12, p. 26.)

5. Revenues

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

LIBERTY POSITION: Staff's estimates need to be adjusted to reflect the change in the meter read schedule resulting from the new billing process and adjusted for the extra December sales that fall in the 2023 Update Period. The Itron 2023 Update Period estimates for residential, small commercial, and medium commercial are more reasonable than Staff's and should be used in determining revenue requirements and rate design. (Fox Rebuttal, Ex. 20, p.6).

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?

LIBERTY POSITION: No. Liberty utilizes a Commission Order as authorization to remove balances from its books and records and no such order has been issued to date. Therefore, it is not appropriate to exclude these costs from the Company's cost of service calculation until an Order from the Commission authorizes the costs to be removed. (Emery Rebuttal, Ex. 17, p. 6.)

7. Prepayments

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

LIBERTY POSITION: The Commission should include the Company's balances within its determination of rate base as the Company's proposed balances are derived from the Company's actual books and records and generally are calculated using a thirteen-month average which has been a commonly accepted methodology to arrive at a normal level for these respective balances. (Emery Surrebuttal, Ex. 30, p. 5 –6.)

8. Customer Advances

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

LIBERTY POSITION: Liberty recommends that the Commission utilize a balance of $165,107 which was derived from the Company's actual books and records and calculated using a 13-month average. In this case, customer advances at the end of the update period were increased by $165,107 compared to the Company's test year. (Emery Direct, Ex. 3, p. 14 & Direct Schedule CTE-3.7; Emery Surrebuttal, Ex. 30, p. 5.)

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?

LIBERTY POSITION:

a. The Company does not agree with an increase in lead days for federal and state tax payments from 37 days to 365 days because it does not reflect the

Internal Revenue Service's ("IRS") payment schedule for income taxes in accordance with IRS Publication 542.[3] Specifically, IRS Publication 542 states that estimated tax payments are due by the 15th day of the 4th, 6th, 9th, and 12th month of a corporation's tax year. For the Company's tax year ending December 31, the estimated tax payments are due April 15th, June 15th, September 15th, and December 15th. These payment dates were used to develop the Company's lead days for income tax payments in this rate case proceeding. (Lyons Rebuttal, Ex. 24, pp.2-3.)

b. Lead days for the Missouri Public Service Commission assessment should be 14.13 days, which reflects the number of days from the midpoint of the assessment period to the payment date. (Lyons Direct, Ex. 12, p. 33.)

c. Lead days for property or Ad Valorem taxes should be 293.53 days, which reflects the number of days from the midpoint of the taxing period to the payment date. (Lyons Direct, Ex. 12, p. 33.)

d. Yes. Gas costs should be included in the cash working capital calculation because the Company funds gas cost expenses from the time the Company pays its suppliers to the time payment (cash) is received from customers. (Lyons Direct, Ex. 12, pp. 28-31.) The Company's lead-lag study shows a net lag of 9.40 days, which reflects the number of days from the time the Company pays its suppliers to the time payment (cash) is received from customers.

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?

LIBERTY POSITION: Liberty witness Charlotte Emery explained in her direct testimony how the current Property Tax Regulatory Asset balance of $1,033,418 was calculated using a base amount based on Staff's EMS true-up calculation for Property Taxes from the Company's last general rate proceeding since that proceeding was resolved via settlement. (Emery Direct, Ex. 3, p. 13). Staff's direct testimony did not take issue with that calculation. Other public utilities in Missouri have been authorized to utilize the property tax tracker approach recommended by Liberty, and there is nothing in Section 393.400(2), RSMo. that would support any disparate treatment. (Emery Rebuttal, Ex. 17, pp. 7-10.)

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. Should certain Liberty Utilities employee salaries be excluded from the cost of service?
d. What capital percentage should be applied to annualized payroll expense?
e. What amount of payroll tax expense should be included in the cost of service?

LIBERTY POSITION: Liberty disagrees with Staff's payroll adjustments. Staff's rebuttal payroll annualization, payroll capitalization, and associated payroll balances produces an inadequate amount of payroll and other costs. Within their approach, Staff disregards the amount of payroll and associated costs included in its test year and attempts to recalculate an annual amount of payroll and associated costs. In doing so, Staff has grossly understated the payroll and associated expense accounts. (Emery Surrebuttal, Ex. 30,, pp. 10-13.) The Company agrees in part that the labor cost associated with government relations should be removed. Liberty included in its rebuttal revenue requirement calculation a revision to its payroll adjustment which now removes the labor and benefits expenses associated with government relations (EXP ADJ 8 and EXP ADJ 9). The Company recommends the Commission adopt its revised adjusted payroll and applicable payroll tax expense in the amount of $4,401,436 and $1,296,296 for Employee Benefit costs. (Emery Rebuttal, Ex. 17, pp. 13-14)

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?

LIBERTY POSITION: Supplemental EXP ADJ 3 increases Uncollectible Expenses by $330,565 by normalizing Uncollectible Expense based on a five-year historical Uncollectible percentage. The five-year historical average used to calculate the Uncollectible percentage excludes 2021 as it was impacted by the various payment plans provided to customers related to the COVID-19 pandemic. In addition, the adjustment reflects the incremental increase in Uncollectible Expense anticipated for the requested revenue deficiency. (Emery Direct, Ex. 3, p. 20.)

13. Fuel Expense

a. What amount of fuel expense should be excluded from the cost of service?

LIBERTY POSITION: EXP ADJ 1 removes $35,170,425 for PGA expenses from the revenue requirement calculation. These expenses represent the amount recovered from customers in accordance with the PGA tariff schedule. (Emery Direct, Ex. 3, p. 19). Based on review of the workpapers associated with Staff witness Paul Amenthor's adjustment to PGA expense, it appears that the Staff adjustment does not include gas costs record in Account No. 8050, Other Gas Purchase. (Emery Surrebuttal, Ex. 30, p. 8.)

14. Miscellaneous Expense

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

LIBERTY POSITION: The Company continues to disagree with Staff as upon review it appears there is overlap between Staff's proposal to remove miscellaneous expense and proposal to remove certain allocated test year costs. The Company revised its EXP ADJ 7 adjustment in its rebuttal testimony to reflect an adjustment in the appropriate amount of $3,782 which is to remove non-recoverable expenses. For further detail regarding additional differences between Staff and the Company's calculation of Nonrecoverable Expense can be found in the rebuttal testimony of Company witness Jill Schwartz. (Emery Surrebuttal, Ex. 30, pp. 9-10.)

15. Rate Case Expense

a. What amount of rate case expense should be excluded in 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. Over how many years should the cost of the depreciation study be amortized?

f. Should rate case expense be normalized or amortized and over what period of time?

LIBERTY POSITION: The Company has incorporated Staff witness Dhority's proposal to amortize the costs associated with completing the depreciation study over five years versus the Company's original proposal of three years. However, the Company disagrees with applying a sharing mechanism of rate case costs as this unfairly harms Liberty. For instance, the Company does not have in-house rate design or cost of service department and must contract out for these services. Other larger utilities have these personnel in-house and are allowed to recover those costs through rates. The Company must contract for expertise when it does not have that expertise in-house. Staff has made no indication that any of the Company's rate case expense costs were imprudent, but automatically disallows 50% of what they deem are "discretionary" expense based solely on that fact that they are from an outside third-party; whereas, if they were internal personnel costs, the Company would receive full recovery. Finally, the notion of sharing these costs with shareholders is at best misapplied. Rate case expense is a cost of supplying service to our customers and therefore should be included in the cost of service. (Emery Surrebuttal, Ex. 30, p. 9.)

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?

LIBERTY POSITION: The appropriate amount of training and travel costs is the amount included in Liberty's test year balance, updated for any applicable adjustments. Within rebuttal testimony, the Company agrees that it did not remove acquisition-related travel costs from its costs of service. (Schwartz Rebuttal, Ex. 23, p. 8.) As such, the Company revised its EXP ADJ 7 to properly reflect the removal of the acquisition-related travel costs. The Company's original EXP ADJ 7 was in the amount of $2,246. (Emery Direct, Ex. 3, p. 29). The Company's Surrebuttal EXP ADJ 7 reflects an adjustment of ($3,782) which is used to calculate the Company's Surrebuttal overall revenue requirement of $45,166,026. (Emery Surrebuttal Ex. 30, p. 1.)

17. Employee Benefits Expense

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

LIBERTY POSITION: Liberty recommends using the 401(k) match shown in its rebuttal revenue requirement calculation, specifically adjustment EXP ADJ 9. Staff witness Dhority proposed adjustments to the 401(k) match in direct testimony. However, Staff's adjustment appears to have omitted some expenses within the Update Period. The missing expenses relate to the months of October through December 2023. The omitted entries are in the amount of approximately $421 posted on October 13, 2023, and amounts totaling approximately $5,753 posted December 22, 2023. In addition, there appears to be an error in the Staff calculation of its adjustment. The adjustment as calculated is based on the Update Period expense, but it should be based on the difference between the Test Year and Update Period expenses. (Emery Rebuttal, Ex. 17, p. 18.)

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?

LIBERTY POSITION: The Company believes its balance for Customer First is still the most appropriate to include in Cost of Service. While Staff has corrected their calculation errors, some differences still exist. The difference between Staff and the Company is due to Staff relying upon only Customer First costs that could be observed through a limited period of time. The Company used updated agreements and budgeted agreements to adjust to a normalized level of on-going Customer First O&M expense. (Emery Surrebuttal, Ex. 30, p. 13.)

19. Business Development Costs

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

LIBERTY POSITION: Yes. Business development increases Liberty's customer base, allowing costs to be spread over a larger number of customers and reducing rates. Business development provides a benefit to customers, such as exploration of sources of renewable natural gas. Liberty recommends that the Commission adopt the payroll expense from its rebuttal revenue requirement calculation, which includes business development labor cost.

Staff witness Lisa Ferguson proposed an adjustment to reduce non-labor business development costs in the test year by $31,379. Business development is a normal part of the

Company's business which has a goal to increase customers, thereby spreading costs and reducing rates for all customers. Additionally, as of the end of the Company's Update Period Liberty's business development responsibilities included providing assistance to companies and organizations that are contemplating doing new business or expanding business in Missouri, which helped to foster Missouri economic development. (Emery Rebuttal, Ex. 17, pp. 14-15.)

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?

LIBERTY POSITION:

a. The Company agrees that certain test year costs should be excluded from its cost of service. As such the Company proposed EXP ADJ 7 to remove such costs that should not be recoverable from customers. (Emery Direct, Ex. 3, p. 21.) However, Staff's proposed adjustments included several transactions that were already included in the Company's non-recoverable adjustment in the direct filing and excluded several transaction that the Company removed. Staff's adjustment is essentially removing certain transaction twice but does not add back the transactions that the Company removed but Staff's adjustment did not remove. (Schwarz, Ex. 23, p. 9.)

b. It is not appropriate to reallocate costs incurred by shared service affiliates in 2022 using 2023 allocation factors because in accordance with the defined allocation methodologies described in the CAM, costs were incurred and allocated based on the calculated cost allocation factors effective for that period. It is also not appropriate to cherry-pick and choose to recalculate the allocated costs using 2023 allocation factors because Liberty Midstates' allocation percentage decreased. (Schwartz Rebuttal, Ex. 23, p. 7.)

21. State Income Tax Stub Period and Excess 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 Midstates 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?

LIBERTY POSITION:

a. The Company and Staff are in agreement on this and this is no longer a disputed issue for hearing.

b. No. Company witness Michael McCuen explains the Company's opposition to Staff's calculation of such stub period amount, which used a revenue requirement model to ascertain the amount by which customers were being "overcharged" for income taxes due to the reduced tax rate. Besides the retroactive ratemaking nature of such treatment, any "stub period" liability was known and measurable in the Company's last general rate case (Case No. GR-2018-0013) and could have been but was not included in the Commission-approved settlement therein. (McCuen Rebuttal, Ex. 25, p. 6; McCuen Surrebuttal, Ex. 33, p. 4.)

c. As shown in Rebuttal Schedule MM-1 to Company witness Michael McCuen's rebuttal testimony, the appropriate amount of federal excess accumulated deferred income taxes, inclusive of net operating loss, is $1,268,201, and the appropriate amount of state excess accumulated deferred income taxes, inclusive of net operating loss, is $167,669, for a total of $1,435,870 to be returned to customers.

22. Non-Revenue Requirement Related Items:

a. Should Liberty Midstates continue to provide the same 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?

LIBERTY POSITION: Issues 22a, 22b, and 22c were not opposed by the Company in testimony. The Company will seek clarification of the points from Staff as needed. Issue 22d was first raised by Staff witness Lisa Ferguson in surrebuttal testimony, so the Company did not have an opportunity to respond in testimony to the issue. (Ferguson Surrebuttal, Ex. 131, p. 27.) The Company is willing to explore what additional detail can be maintained in an efficient and cost-effective manner and discuss issue 22d further with Staff.

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?

LIBERTY POSITION: The Company is not opposed to this proposal and agrees that the ability to report certain call metrics by state is beneficial. However, the solution will need to be evaluated once the Company understands the work scope and cost of the changes. (Sirmon Rebuttal, Ex. 21, p. 3.)

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?

LIBERTY POSITION: That is not necessary. The Company has investigated and has resolved or is working to resolve the two issues causing an increase in estimated bills. First, the ERT mismatch issue arose if the number of an Encoder Receiver Transmitter ("ERT") was not matched between the billing system and handheld meter reader devices, then the billing system logic triggers an estimated bill to be issued. Second, the Company had seen an increase in orders to reread meters on vacant accounts where the meter did not show as changed out in the new Customer Information System ("CIS"). Addressing both issues requires a manual correction process. The ERT mismatch issue was resolved in March 2024. The billing team is currently working through the list to manually correct the vacant accounts issue in the CIS, and as accounts are corrected, the operations group is seeing decreases in estimations needed. The billing team estimates that the manual correction of the vacant account issue will be complete by November 2024. (Sirmon Rebuttal, Ex. 21, p. 2.)

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?

LIBERTY POSITION: Yes. All the proposed modifications to Sheet Nos. 67 and 67.1 are necessary to reflect the updated rates coming out of this general rate proceeding based on the plain terms of the Rider itself or provide for an annual filing cadence and should be approved. (Redlined & Clean tariff Sheet Nos. 67 & 67.1; Grafton Rebuttal, Ex. 22, pp. 2 & 4.)

Respectfully submitted,

/s/Jermaine Grubbs
Jermaine Grubbs MBE #68970
Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities
602 S. Joplin Ave.
Joplin, Missouri 64801
Cell Phone: (417) 317-9024
E-Mail: Jermaine.Grubbs@LibertyUtilities.com

And

James M. Fischer MBE #27543
Fischer & Dority, P.C.
2081 Honeysuckle Lane
Jefferson City, Missouri 65109
Cell Phone: (573) 353-8647
E-Mail: Jfischerpc@aol.com

Attorneys for Liberty Utilities (Midstates Natural Gas) d/b/a Liberty Utilities

CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 4th day of October, 2024, and sent by electronic transmission to the Staff of the Commission, the Office of the Public Counsel, and counsel for intervenors.

/s/ Jermaine Grubbs