Exhibit No. 300

Missouri School Boards' Association – Exhibit 300
Louie R. Ervin II
Direct Testimony
File No. GR-2021-0320

Exhibit No.:_____
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

DIRECT TESTIMONY

OF

LOUIE R. ERVIN II

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

Q. Please state your name and business address.

A. My name is Louie R. Ervin II. My business address is 150 First Avenue NE, Suite 300 Cedar Rapids, IA 52401.

Q. On whose behalf is your testimony presented?

A. I am testifying on behalf of the Missouri School Boards' Association (hereinafter "MSBA").

Q. What is the reason MSBA intervened in this Empire rate case?

A. MSBA is seeking a Commission order for Empire to bring its School Transportation Program (STP) tariff into compliance with Section 393.310 RSMo. (Appendix 1). More specifically, MSBA is seeking to:

1. Establish just and reasonable aggregation and balancing charges and cash-out charges,
2. Establish a section within its tariff which is applicable only to special statutory provisions for STP rather than continuing to be comingled with Empire's multiple standard transportation tariff rate schedules, and
3. Oppose the attempt to modify the tariff language to enable Empire to pass charges on to customers for actions or inactions of their suppliers, marketers or aggregators.

Q. By whom and in what capacity are you employed?

A. I am employed by Latham, Ervin, Vognsen, and Associates, Inc. ("LEV") as President and Chief Operating Officer.

Q. Will you briefly describe Latham, Ervin, Vognsen & Associates?

A. LEV is an independent energy adviser, primarily to Midwestern purchasers of natural gas, electricity and steam. Our clients include K-12 education institutions, colleges, universities, grain and feed companies, hospitals, municipalities, large industrial companies, smaller municipal electric utilities and trade associations. LEV is not affiliated with any utility, energy marketer, broker or pipeline. Our primary activities are negotiation of short-term and long-term electric and natural gas supply agreements, providing technical and business advice to clients on aggregate energy purchasing, assistance with administration of energy supply contracts, preparation of Class Cost of Service and Rate Design studies, providing expert witness testimony in state and federal jurisdictions, advising client on strategic energy investments, including solar and wind electric generation, negotiating the purchase and sale of energy businesses, and providing advice on market participation in Regional Transmission Organizations. Our firm has advised clients on the establishment and operations of statewide school natural gas programs in Missouri, Illinois, Iowa, Wisconsin, Nebraska and Kansas.

Q. Please state your relevant education and background business experience.

A. I hold a Bachelor of Science degree in Electrical Engineering from Iowa State University and I am a licensed Professional Engineer in the State of Iowa. I managed a utility planning and engineering department and oversaw utility integration during the start of the Midcontinent Independent System Operator energy markets. After holding senior management positions for over eleven years with an Iowa utility, I joined LEV in August 2017.

Q. Have you testified as an expert witness before courts, legislatures, and regulatory bodies?

A. I recently provided testimony before the Missouri Public Service Commission in Cases No. GR-2021-0108 and GR-2021-0241. I also testified before the Iowa Utilities Board, the Illinois Commerce Commission and represented a utility at FERC.

Q. Will you briefly describe MSBA and the School Transportation Program (STP)?

A. MSBA is a 501(c)(6) not-for-profit corporation representing 388 schools and school districts in the State of Missouri as a trade association with approximately 2,000 individual school locations, several of which have multiple natural gas meters or accounts. MSBA sponsors a statewide aggregate natural gas purchasing program which enables schools to take services under all Missouri gas corporations' STP tariffs which are mandated by the special school natural gas aggregation statute Section 393.310 RSMo. (See Appendix 1). MSBA's purchasing organization is referred to as Missouri Purchasing Resource Center ("MOPRC"). MSBA's natural gas purchasing organization under MOPRC is commonly known as the MSBA Natural Gas Consortium, or Consortium.

Q. How many of those natural gas accounts are served by Empire Missouri?

A. MSBA is the authorized purchasing agent for approximately 2,329 STP accounts of which approximately 140 are in the Empire service areas. The Consortium's supplier, acting as agent, purchases natural gas on the open market and arranges gas supply, pipeline delivery, and local utility transportation to Missouri school meters pursuant to Section 393.310 RSMo. The total annual Consortium consumption is approximately 35,000,000 therms.

Q. What is the fundamental difference between schools receiving natural gas under the special school statute Section 393.310 RSMo. and purchasing natural gas under local distribution utilities "sales service" rate schedules?

A. For sales service, utilities provide the entire natural gas service including the gas supply. Utilities purchase wholesale natural gas supply for sales service customers, arrange for delivery to its distribution system from interstate pipelines and deliver the supply to end user meters through the utility's distribution system.

In lieu of purchasing the utility's natural gas supply, schools that participate in the MSBA Consortium aggregate purchases of natural gas supply for delivery from the interstate pipelines into the utility's distribution system for redelivery to the school meter pursuant to the school-only Missouri state law § 393.310 RSMo. Section 393.310 RSMo. requires STP tariffs be made available to schools with annual use of 100,000 therms or less and provides that schools can aggregate purchases under contracts negotiated by a not-for-profit school association, such as MSBA. STP service allows schools to transport natural gas on the utility delivery system in a manner similar to that of large commercial and industrial transportation customers but with special school-only rules.

Q. Who benefits from the STP?

A. Schools, students, teachers, and taxpayers benefit from group purchasing of natural gas under STP. Absent these STP savings on gas supply costs, schools would have fewer dollars for teachers, computers, and other classroom learning tools.

Q. When did Section 393.310 RSMo. become law and do the Empire rates schedules clearly identify special rules applicable only to STP schools?

A. STP was created in July 2002 with enactment of Section 393.310 RSMo. which is equally applicable to all Missouri Commission-regulated gas utilities under special rules that are materially different from standard transportation service and retail sales service. Ideally, all Missouri gas utilities would have more uniform STP rate schedules tariffs or at least have an STP-only section within their tariffs which users can readily determine which rules are applicable to only schools taking service under the statute. Empire is the only Commission-regulated gas company that totally comingles STP provisions throughout its multiple standard transportation tariff rate schedules. For administrative efficiency and to avoid user confusion, MSBA is seeking a Commission order for Empire to establish a separate rate schedule which clearly identifies rules that are only applicable to STP schools. Empire would do well to adopt the STP separate rate schedule of its sister company, Liberty Midstates Utilities.

Q. Generally, what parts of the Empire tariff are not in compliance with Section 393.310 RSMo. or are unjust and unreasonable?

A. There are multiple areas of Empires' tariff which either do not comply with Section 393.310 or are unjust and unreasonable. Empire's Aggregation and Balancing and Cash-out charges do not comply with the statute and are exceptionally far in excess of any other Commission-approved Aggregation and Balancing charges for other Missouri gas companies.

Q. Please explain cash-out, balancing and the methods to minimize imbalances.

A. The day before the gas delivery, all transportation customers from large industrials to smaller schools, or their supplier agent, are required to "nominate" or declare the amount of gas they will deliver each following day to the utility system. On an intra-month basis as weather forecasts become more accurate, suppliers typically make nomination changes weekly or even daily for more severe winter days to match deliveries more closely with forecasted daily use. Even with these daily changes, it is an industry norm for there to be some level of under or over deliveries relative to after-the-fact metered use; those differences are “imbalances.” Forecasts are never perfect but keeping imbalances at a minimum is the goal. Imbalances are either carried over and netted in-kind against the following month’s deliveries, that is “carried over”, or monetized, that is “cashed-out.” At month end, Empire uses cash-out to reconcile gas deliveries to metered gas consumed while Spire, for example, uses a carry-over and netting against the next month delivery nominations.

Q. Is the MSBA opposed to the cash-out method versus the carry-over method?

A. MSBA believes Spire’s Commission-approved STP carry-over and netting imbalances is fair and simpler to administer. However, MSBA is not opposed to the Empire cash-out method if it complies with the cost-based provision of Section 393.310 RSMo. In this case, Empire has provided absolutely no evidence or support for its extremely high proposed STP Aggregation and Balancing charges nor for its proposed cash-out charges. Not only does Empire’s STP not comply with Section 393.310 RSMo. but it is also unjustly and unreasonably higher than the charges for all other Missouri gas utilities by multiple factors.

Q. What “penalties” is MSBA objecting to in the Empire school cash-out tariff?

A. MSBA objects to cash-out penalties of up to 50% percent of the spot market cost of gas; these penalties are not cost-based as required by Section 393.310 RSMo. Empire can assess penalty multipliers up to of 150% of the cost of spot market gas for cash-out when the supplier agent owes Empire and as much as a 50% penalty reduction to the spot market gas costs when cash-out is owed to the supplier agent by Empire. Empire has not attempted to base STP customers’ cash-out on “cost” as mandated by Section 393.310 RSMo. Instead, Empire applies the same cash-out penalties to STP customers that were developed for large industrial and commercial customers transportation customers years before

Section 393.310 RSMo. was enacted. These school gas cost multiplier penalties applied to Empire's spot market gas cost are clearly in conflict with the provision in Section 393.310 RSMo. that these STP charges be provided at cost.

The following is a table comparing Empire's proposed STP Cash-out charges to other Commission-regulated gas utilities. This table shows that Empire has a much, much higher penalty for imbalances.

IMBALANCE CASHOUT PENALTY					
% Imbalance	Spire	Ameren	Summit	Liberty	Empire
0-5%	0%	0%	0%	0%	0%
5-10%	0%	10%	10%	0%	15%
10-15%	0%	10%	10%	0%	30%
15-20%	0%	10%	20%	0%	40%
20-25%	0%	10%	20%	0%	50%

Q. What is MSBA's position on the cash-out percentage penalties?

A. MSBA's position is that any percentage penalty for cash-out is contrary to the provision in Section 393.310 requiring school charges be at cost. In the recent MoPSC Ameren case GR-2021-0241, a stipulation was reached to revise the Ameren tariff to continue the Pilot Program with the above listed temporary imbalance provisions. The purpose of the Pilot Program is to collect and report relevant information regarding the cost of providing monthly cash-out to eligible school entities under the STP.

Empire's Cash-out charges are also shown in another format in the following table.

Imbalance Level	**Receipts > Deliveries Due Customer**	**Deliveries > Receipts Due Company**
Up to 5%	Spot x 100%	Spot x 100%
5% to 10%	Spot x 85%	Spot x 115%

10% but less than 15%	Spot x 70%	Spot x 130%
15% but less than 20%	Spot x 60%	Spot x 140%
20% or higher	Spot x 50%	Spot x 150%

Empire' cash-out tariff language states: "When Receipts exceed Deliveries, the **<u>lowest</u>** posting in Natural Gas Week for the applicable month shall be used as the "spot" price. When Deliveries exceed Receipts, the **<u>highest</u>** posting in Natural Gas Week for the applicable month shall be used as the "spot" price" [emphasis added] (See Appendix 2, 2nd revised Sheet 42. Therefore, not only are the percentage penalties the highest of all the regulated Missouri utilities, they also are punitive when applying the applicable price; that is, Empire pays the customer the <u>lowest</u> price if the cash-out is due to the customer and the <u>highest</u> price if the cash-out is due to the utility.

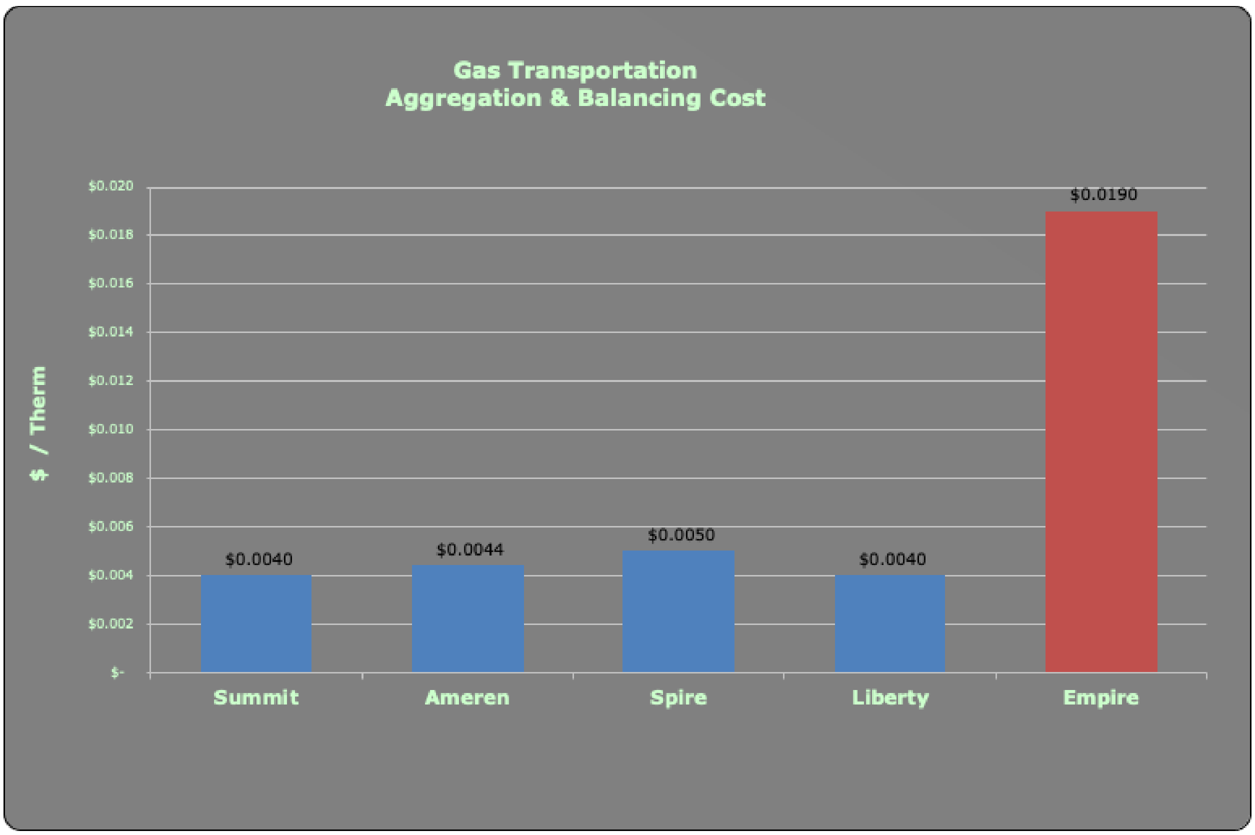
Quite different from Empire Cash-out charges, all other Commission-approved tariffs for Missouri Utilities are much less punitive. Per Commission Order, Spire currently only uses a carry-over reconciliation for imbalances and therefore there are no cash-out charges, thus charging schools its costs as required by Section 393.310 RSMo. without cost multipliers. Liberty Midstates also charges STP cash-out at its cost equal to the current rate of the supplying interstate pipeline rate.

Q. Why is it important to point out the current tariff cash-out pricing?

A. MSBA would like to have the Commission to order STP tariffs to comply with Section 393.310 RSMo. so MSBA can avoid intervention in rate cases. MSBA has been trying to work with the Staff and utilities across Missouri to achieve tariffs that are consistent with Missouri Revised Statute Section 393.310 RSMo. The Statute mandate that charges be based on actual costs has been a major ongoing concern. When schools pay actual costs, there is no negative impact on the company, customers, or others as also mandated by Section 393.310 RSMo. The very presence of the cost multipliers and percentage penalties are contrary to the Statute. In the recent Spire case, the Commission approved an imbalance reconciliation method that complies with the "cost" mandate in Section 393.310 RSMo. by offsetting over or under deliveries to gas deliveries for the following month. Spire represents about 80% of the MSBA statewide school volumes. With 80% of the entire STP program via Spire's East and West systems, MSBA would prefer having Spires' simpler method of carry-over and netting imbalances the following month for all Missouri utilities but it is open to an alternative cash-out method if it is cost-based.

Q. Does Empire provide day to day balancing for these small schools and does that have a cost?

A. Yes, and Section 393.310 RSMo. paragraph 4(2) provides for utilities to be compensated at cost for daily balancing service for STP schools via an "Aggregation and Balancing" service charge that is applied to all school gas usage. The statute originally set the Aggregation and Balancing charge at $0.004/therm with charges to be increased only as approved by the Commission. Empire's school-only Aggregation and Balancing charges are not cost supported. Large industrial and commercial transportation customers do not pay an Aggregation and Balancing charges as do STP schools. For just the Aggregation Charge, Empire charges $0.004/Ccf. (A Ccf is roughly equal to a therm.) For small and medium customers like STP schools, Empire charges a mandatory additional $0.015/Ccf for Balancing service for a total Aggregation and Balancing charge of $0.019/Ccf or therm. From the Empire tariff: "This fee is intended to recover costs for such customers associated with any difference between actual daily deliveries and actual daily consumption. This fee shall be credited to the Purchased Gas Adjustment Clause and is subject to adjustment on an annual basis." The following graph compares Aggregation and Balancing charges of Missouri's rate regulated gas utilities.



No other Missouri utility charges more than $0.005/Ccf (or therm) for both Aggregation and Balancing combined while Empire charges $0.019/Ccf, nearly four (4) times that of any other Missouri utilities.

Q. Is MSBA objecting to schools paying an Aggregation and Balancing charge?

A. No, even though an Aggregation and Balancing charge is not mandated for large transportation customers, MSBA is not objecting to this charge for STP customers. MSBA's position is that the Aggregation and Balancing charges should reflect cost, as should the cash-out charges, per the statue. I point out these differences to demonstrate the need for an Empire STP-only rate schedule.

Q. Is the cash-out provision only applicable for STP schools and not to large industrial and commercial transportation customers?

A. Yes, another special statutory rule which warrants an STP-only rate schedule is that STP schools are *monthly*-read and cash-out is monthly at "cost" while large standard transportation customers are *daily* metered and are cashed-out daily.

Q. Are there other parts of Empire's proposed tariff to which MSBA objects?

A. Yes, MSBA strongly objects to Empire's proposed multiple tariff redlines which delete "marketers, aggregators" effectively making customers liable for OFO and any other tariff charges or penalties that result from marketers', aggregators' or suppliers' actions or inactions, such as failure to delivery gas supply to the Empire system during the February 2021 Polar Vortex. See examples at Paragraph 17, Sheet 30 (See Appendix 3) whereby Company makes Customer liable for gas while being transported and delivered by the Company and the Company shall not be liable to the Customer, Marketer or Aggregator for any loss arising from or out of gas transportation service while in the Company's system and, in the event of Marketer or Aggregator default, Customer is responsible for unpaid imbalance related penalties and unresolved cash-outs. Also at Paragraph 10, Sheet 29 (See Appendix 4) Company is proposing that it may directly bill Customer for any specific charges or penalties that Company incurs from the Interstate Pipeline(s) due to Gas Marketer's actions or inactions.

Q. Should MSBA be liable for its actions or inactions?

A. Yes. We only take issue with the attempt to hold schools liable for actions or inactions of others.

Q. Why is it important that schools not be liable for actions or inactions of others?

A. Making schools ultimately liable for actions or inactions of suppliers could effectively be used as a means to eliminate the MSBA program and force schools to be under Empire system supply which typically results in the MSBA schools paying more for natural gas as compared to the current managed program. This is anti-competitive and would seem counter to the purpose or goal of the original authorizing legislation under Section 393.310 RSMo.

Q. Do Empire's proposed transportation tariff changes effectively allow marketers to provide service in Missouri with impunity for their actions or inactions?

A. Yes, that appears to be the case if these tariff changes proposed by Empire are approved.

Q. Has Empire provided support for Sections M and O as referenced on Tariff Sheet 34 (See Appendix 5) or its proposed Agency Authorization Form (referred to in Section L.1 of Tariff Sheet No. 41 – See Appendix 6)?

A. No, there has been no support to change nomination requirement from the "Customer(s), Marketer(s) and Aggregator(s)" to just the Customer.

Q. Does Empire's proposed tariff Large General Service Transportation (LGST) comply with the statute?

A. No, it doesn't appear to comply with Section 393.310 RSMo. paragraph 2 (3) which states: Not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually. Empire's LGST limits availability to annual usage of 40,000 therms or more and states: "The Company requires all LGST transportation customers to have installed and operating telemetry equipment and reimburse the Company for the actual cost incurred by Company to install telemetry equipment, the communication service cost used to monitor the equipment and for the actual cost of any other improvements made by Company in order to provide this service." This could be an oversight by Empire and they actually may not require special telemetry for STP schools with over 40,000 therms up to and including schools with 100,000 therms annually but I don't know if it is an oversight or is actually an illegal requirement. Either way, Empire's tariff language does not comply with Section 393.310 RSMo. This also underscores the need for the Commission to direct Empire to establish a separate rate schedule in its tariff for STP schools so there is no confusion about STP school requirements, and a separate schedule will make the tariff much easier to understand and administer. With respect to having a separate STP tariff schedule, Liberty-Empire would do well to follow the lead of all other Missouri utilities and in particular its sister company, Liberty-Midstates utility.

Q. Are there still other parts of Empires' tariff that are not in compliance with Section 393.310 RSMo.?

A. Possibly, yes. The statute requires under paragraph 6, "The commission shall treat the gas corporation's pipeline capacity costs for associated eligible school entities in the same manner as for large industrial or commercial basic transportation customers, which shall not be considered a negative financial impact on the gas corporation, its other customers, or local taxing authorities, and the commission may adopt by order such other procedures not inconsistent with this section which the commission determines are reasonable or necessary to administer the experimental program." That is, Empire must release pipeline transportation capacity to STP schools at its cost. Empire should be directed to provide

Staff and MSBA supporting documentation for the receipt point of the capacity on the pipeline and the corresponding cost support.

CONCLUSION

Q. What specific order is MSBA seeking from the Commission?

A. MSBA requests:

(a) either order Empire to utilize the Commission-approved Spire imbalance reconciliation method of adjusting the following month's deliveries or order Empire to remove penalty charges in Empire's tariff for school cash-outs to comply with Section 393.310 RSMo;

(b) require Empire to retain tariff language that holds suppliers/aggregators/marketers accountable and reject proposed language that hold customers liable for suppliers/marketers/aggregators failure to deliver such as may have been the case during the February 2021 Polar Vortex. The Commission currently has complaint cases pending regarding both Empire and Spire regarding suppliers' responsibilities for gas deliveries during the February 2021 Polar Vortex. Empire's proposed tariff deletions appear to be an attempt to preempt and circumvent the Commission's ultimate decisions in those cases and removal of that tariff language should be rejected by the Commission in this rate case.

(c) direct Empire to place STP-only Section 393.310 RSMo. mandated tariff provisions in a stand-alone STP rate schedule or at least in a separate section within the tariff.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

Appendix 1
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 1

SECTION 393.310 RSMo.

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

Title XXV INCORPORATION AND REGULATION OF CERTAIN UTILITIES AND CARRIERS

Chapter 393

Effective - 28 Aug 2006

393.310. Certain gas corporations to file set of experimental tariffs with PSC, minimum requirements — extension of tariffs. — 1. This section shall only apply to gas corporations as defined in section 386.020. This section shall not affect any existing laws and shall only apply to the program established pursuant to this section.

2. As used in this section, the following terms mean:

(1) "**Aggregate**", the combination of natural gas supply and transportation services, including storage, requirements of eligible school entities served through a Missouri gas corporation's delivery system;

(2) "**Commission**", the Missouri public service commission; and

(3) "**Eligible school entity**" shall include any seven-director, urban or metropolitan school district as defined pursuant to section 160.011, and shall also include, one year after July 11, 2002, and thereafter, any school for elementary or secondary education situated in this state, whether a charter, private, or parochial school or school district.

3. Each Missouri gas corporation shall file with the commission, by August 1, 2002, a set of experimental tariffs applicable the first year to public school districts and applicable to all school districts, whether charter, private, public, or parochial, thereafter.

4. The tariffs required pursuant to subsection 3 of this section shall, at a minimum:

(1) Provide for the aggregate purchasing of natural gas supplies and pipeline transportation services on behalf of eligible school entities in accordance with aggregate purchasing contracts negotiated by and through a not-for-profit school association;

(2) Provide for the resale of such natural gas supplies, including related transportation service costs, to the eligible school entities at the gas corporation's cost of purchasing of such gas supplies and transportation, plus all applicable distribution costs, plus an aggregation and balancing fee to be determined by the commission, not to exceed four-tenths of one cent per therm delivered during the first year; and

(3) Not require telemetry or special metering, except for individual school meters over one hundred thousand therms annually.

5. The commission may suspend the tariff as required pursuant to subsection 3 of this section for a period ending no later than November 1, 2002, and shall approve such tariffs upon finding that implementation of the aggregation program set forth in such tariffs will

not have any negative financial impact on the gas corporation, its other customers or local taxing authorities, and that the aggregation charge is sufficient to generate revenue at least equal to all incremental costs caused by the experimental aggregation program. Except as may be mutually agreed by the gas corporation and eligible school entities and approved by the commission, such tariffs shall not require eligible school entities to be responsible for pipeline capacity charges for longer than is required by the gas corporation's tariff for large industrial or commercial basic transportation customers.

6. The commission shall treat the gas corporation's pipeline capacity costs for associated eligible school entities in the same manner as for large industrial or commercial basic transportation customers, which shall not be considered a negative financial impact on the gas corporation, its other customers, or local taxing authorities, and the commission may adopt by order such other procedures not inconsistent with this section which the commission determines are reasonable or necessary to administer the experimental program.

7. Tariffs in effect as of August 28, 2005, shall be extended until terminated by the commission.

(L. 2002 H.B. 1402, A.L. 2003 H.B. 208 merged with S.B. 686, A.L. 2004 S.B. 878 merged with S.B. 968 and S.B. 969, A.L. 2006 S.B. 558)

---- end of effective 28 Aug 2006 ----
use this link to bookmark section 393.310

Appendix 2
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 2

Tariff Sheet 42

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

A. 10% daily tolerance, unless tolerance band is expanded to 35% or 60% using optional balancing services, without charges, limited to non-OFO periods.

B. Daily Imbalance calculated on an absolute basis without regard to netting positive or negative imbalances,

C. Summation of daily volumes calculated on an absolute basis at the end of the month, and

D. The sum of the total monthly daily imbalance will be charged $1.25 per Mcf.

3. Monthly Cash-out Charges: The difference between monthly confirmed Nomination volumes and actual consumption, including L&U will be charged to and/or credited to the Customer (cashed out) using the indices shown below, plus pipeline fuel, pipeline capacity and commodity charges.

Imbalance Level	Receipts > Deliveries Due Customer	Deliveries > Receipts Due Company
Up to 5%	Spot x 100%	Spot x 100%
5% to 10%	Spot x 85%	Spot x 115%
10% but less than 15%	Spot x 70%	Spot x 130%
15% but less than 20%	Spot x 60%	Spot x 140%
20% or higher	Spot x 50%	Spot x 150%

The "spot" market prices on each of the pipelines shall be determined using the Natural Gas Week posting for Southern Star on the South, Panhandle Eastern on the North and ANR on the Northwest. When Receipts exceed Deliveries, the lowest posting in Natural Gas Week for the applicable month shall be used as the "spot" price. When Deliveries exceed Receipts, the highest posting in Natural Gas Week for the applicable month shall be used as the "spot" price.

4. Imbalance Information: Imbalance information will be posted on the Company's Transportation Customer website. Daily nomination and ~~b~~Btu information will be acquired by the Company from the applicable Interstate Pipelines' bulletin board(s) and subsequently posted on the Company's Transportation Customer website. The Company is not responsible for mistakes and misinformation provided by the Interstate Pipeline(s) and posted on the Company Transportation Customer website. The Company will modify the transportation information as it receives such information from the applicable Interstate Transportation Pipeline. The Company is not required to deliver volumes of gas in excess of receipts.

N. BILLING:

1. Order of Deliveries: The order of gas delivery for purposes of billing calculations will be to:
A. Use Customer-owned gas, including correction of any imbalance conditions and,
B. Then use Company's gas based on applicable cash out provisions.
C. The Company will not allow netting of bills.

2. Billing Adjustments: The Company will not provide new bills for any billing adjustments, but will make any necessary billing adjustments on subsequent bills.

3. Credit Balances: The Company will not refund credit balances caused by positive imbalance charges.

4. Delinquent Payment Penalty: A late payment charge in an amount equal to one-half percent (.5%) of the delinquent amount will be added to the bill if payment is not received on or before the net due date stated on the bill. The net due date shall be the twenty-first (21st) day after the date of billing.

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Appendix 3
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 3

Tariff Sheet 30

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

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17. Liability: Gas shall be and shall remain the property of the Customer~~, Marketer or Aggregator~~ while being transported and delivered by the Company. The Company shall not be liable to the Customer~~, Marketer or Aggregator~~ for any loss arising from or out of gas transportation service while in the Company's system or for any other cause, except for gross or willful negligence of the Company's own employees. The Company reserves the right to commingle natural gas of the Customer ~~, Marketer or Aggregator~~ with other gas supplies. The Customer~~, Marketer or Aggregator~~ shall be responsible for determining the extent of and maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company. In the event of Marketer or Aggregator default, Customer is responsible for unpaid imbalance related penalties and unresolved cash outs.

18. Successors and Assigns: Any party which shall succeed by purchase, merger, or consolidation, in whole or in part, to the interests of any Customer, Marketer or Aggregator, shall be subject to the obligations of its predecessor in title under an agreement. No other assignment of an agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of the non-assigning party, which consent shall not be unreasonably withheld. Any party may assign its respective right, title, and interest in and to under an agreement to a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities without the necessity of any such assignee becoming in any respect obligated to perform the obligation of the assignor under an agreement and, if any such trustee be a corporation, without its being required to qualify to do business in any state in which performance of an agreement may occur.

19. General Rules and Regulations: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission.

20. Marketer and Aggregator Contract: All Marketers and Aggregators must enter into a contract with the Company.

21. Aggregation Pooling Service: The Company provides an Aggregation Service whereby one entity represents more than one Customer in a designated pool for purposes of nominating and scheduling gas. An Aggregator may:

A. Combine a group of Customers, served by one of the Company's common pipeline systems South, North or NW with the same balancing provisions, the same transportation rate (i.e., SVTS or LVFT~~TS~~), same metering and the same Interstate Pipeline operational zone.

B. If a Marketer or Aggregator is qualified for this service and purchases this Aggregation Pooling Service, the aggregated Customers will be treated as a single Customer for purposes of calculating the daily balancing penalties and monthly imbalances, i.e., individual Customer Nominations, Receipts and Deliveries will be summed and treated as if they were one Customer. Aggregation Pooling Service does not include aggregation of fixed charges, demand charges or customer charges.

C. The charge to the Customer, Aggregator or Marketer for Aggregation Pooling Service is $0.004 per Ccf of natural gas received on behalf of the aggregated Customers. Revenues received from this service shall be credited to the Company's PGA mechanism.

D. During OFO days, daily nomination and balancing will be required at the affected Receipt and Delivery Points.

Appendix 4
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 4

Tariff Sheet 29

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	~~1st~~2nd	Revised	Sheet No.	29
Canceling P.S.C. MO. No.	2	1st	~~Original~~Revised	Sheet No.	29

THE EMPIRE DISTRICT GAS COMPANY d/b/a Liberty Utilities or Liberty~~THE EMPIRE DISTRICT GAS COMPANY d/b/a Liberty Utilities or Liberty~~	FOR: All Communities and Rural Areas Receiving Natural Gas Service
JOPLIN, MO 64802~~JOPLIN, MO 64802~~	

TRANSPORTATION SERVICE
NATURAL GAS

8. Other Charges: Customer(s) shifting to Transportation Service from Sales Service shall be charged the appropriate system's ACA and Refund factors as listed on Company's sheet numbers 61-64 for a period of one year after changing from Sales Service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, the ACA charges shall terminate.

9. Balancing: To remain eligible for Transportation Service, Customer(s) must comply with the requirement to equalize the Receipts into the Company's system and Deliveries to the Customer's Facility, including L&U.

10. Interstate Pipeline Charges: Any specific charges or penalties that Company incurs from the Interstate Pipeline(s) due to Customer's actions or inactions will be billed directly to Customer.

11. Curtailment/Interruption of Service: Transportation service provided by the Company is based on the Company's best efforts to deliver gas received for the account of the Customer, Marketer or Aggregator. In the event of Company system capacity limitations, it may be necessary to interrupt deliveries from time–to-time. The determination of Company system capacity limitations shall be in the sole discretion of the Company. Such discretion shall be reasonably exercised. If Transportation Service interruption or curtailment is required, Company shall curtail deliveries on the affected parts of its system according to the Company's Priority of Service provisions, which are contained in Section 3.07 of Company's Rules and Regulations -- Gas.
If a supply deficiency occurs in the volume of gas available to the Company for resale, and the Customer's supply delivered to the Company for transportation continues to be available, then the Customer may continue to receive transportation service up to the level of actual gas deliveries being made on behalf of the Customer, even though sales gas of the same or higher priority is being curtailed.

12. Return to Sales: If a Customer wishes to return to firm sales service, Company shall accept the end-user as a firm sales service customer, provided the capacity required to serve the customer also returns with the end-user or is otherwise available. Company is not required to accept capacity from transportation customers returning to sales service. See paragraphs D 25 and D 26 for timing of return to sales service.

13. Customer Website: Company will provide and maintain a Transportation Customer Website for Customers having telemetry that reports specific information on a daily basis. The Customer Website will display the Customer's City Gate nominations, the Btu content of the upstream Interstate Pipeline delivering natural gas to the Receipt Point, Customer Facility consumption recorded by the telemetry equipment and the Customer imbalance positions on a daily, cumulative, and absolute basis.

14. Legal Title: Customer~~, Marketer or Aggregator~~ shall warrant that they have legal title to all natural gas that Customer~~, Marketer or Aggregator~~ transports or causes to be transported to the appropriate Receipt Point.

15. Pipeline Quality: All transportation volumes delivered to the applicable Receipt Point must be of compatible pipeline quality. If the transportation gas to be received by the Company will adversely impact the gas stream of the Company then said gas shall not be transported by Company.

16. Laws, Regulations, and Orders: All agreements and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency with jurisdiction that affects any of the provisions of the agreement

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Appendix 5
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 5

Tariff Sheet 34

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	~~1st~~2nd	Revised	Sheet No.	34
Canceling P.S.C. MO. No.	2	1st	Revised~~Original~~	Sheet No.	34

THE EMPIRE DISTRICT GAS COMPANY ~~d/b/a Liberty Utilities or Liberty~~
d/b/a Liberty Utilities or Liberty~~JOPLIN, MO 64802~~
JOPLIN, MO 64802

FOR: All Communities and Rural Areas Receiving Natural Gas Service

TRANSPORTATION SERVICE

RATE SCHEDULE ~~SVFT (continued)~~MGST

7. Aggregation Pool: All small volume transportation customers must belong to an Aggregation Pool. Small Volume Customers may only begin transportation service or return to sales service on either May 1 or October 1 of each calendar year.

G. MEDIUM GENERAL SERVICE TRANSPORTATION (MGST)~~SMALL VOLUME TRANSPORTATION SERVICE MEDIUM (SVFTM)~~

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1. Availability: Service under this rate schedule is available to any Customer who consumes gas on a firm basis at an individually metered, Non-residential Customer Facility, whose individual annual consumption is anticipated to be at least 5,000 Ccf, but less than 4~~2~~0,000 Ccf. Customers must execute a written contract for transportation service pursuant to this rate schedule. Service is provided for a minimum of 12-months. Gas transportation agreements and applicable documents are available from the Company.

2. Metering: The Company shall offer telemetry on a strictly voluntary basis to all ~~SVFTM~~MGST customers. This optional service would require a customer selecting the option to have installed and operating telemetry equipment and reimburse the Company for the actual cost incurred by Company to install telemetry equipment, the communication service cost used to monitor the equipment and for the actual cost of any other improvements made by Company in order to provide this voluntary telemetry service.

3. Monthly Charges:

Description	All Systems
Customer Charge	$~~85.00~~120.00
Delivery Charge-per Ccf	$~~0.2196~~0.18326
Meter Administration Fee per Meter (Voluntary Telemetry)	$11.50
Aggregation Charge per Ccf	$0.0040
Mandatory Balancing Service per Ccf (Non-telemetry)	$0.0150
Daily Cash-out Charge (Voluntary Telemetry)	Sec. M
Monthly Cash-out Charge	Sec. M
Unauthorized Delivery Charge	Sec. O
Unauthorized Receipt Charge	Sec. O

4. L&U Adjustment: The Company's area-wide L&U Adjustment shall be made in kind to the amount of gas delivered to a Receipt Point prior to delivery to the Delivery Point. The Adjustment, as computed in the Company's annual filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer. ~~filing, will be applied on a volumetric basis to the quantity of natural gas delivered to Customer.~~

5. Charges: Customers shall be charged the appropriate system's ACA and Refund factors as listed on Company's tariff sheets. Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, these ACA charges shall terminate. ~~PGA tariff sheets. Customers electing Transportation Service shall be charged the appropriate ACA charges for a period of one-year after changing service to Transportation Service. A true-up of ACA balances shall take place after one year of charges. After true-up, these ACA charges shall terminate.~~

6. General Rules, Regulations, Terms and Conditions: Service hereunder is subject to Company's General Rules and Regulations and applicable transportation provisions on file with the Missouri Public Service Commission,

Appendix 6
Issue: School Transportation Program Tariff Rate Design
Witness: Louie R. Ervin II
Exhibit Type: Direct
Sponsoring Party: Missouri School Boards Association
Case No.: GR-2021-0320

Date: February 15, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE No. GR-2021-0320

APPENDIX 6

Tariff Sheet 41

ON BEHALF OF

MISSOURI SCHOOL BOARDS' ASSOCIATION

Jefferson City, Missouri
February 15, 2022

STATE OF MISSOURI, PUBLIC SERVICE COMMISSION

P.S.C. MO. No.	2	~~1st~~2nd	Revised	Sheet No.	41
Canceling P.S.C. MO. No.	2	1st	~~Original~~Revised	Sheet No.	41

THE EMPIRE DISTRICT GAS COMPANY
d/b/a Liberty Utilities or Liberty

FOR: All Communities and Rural Areas Receiving Natural Gas Service

JOPLIN, MO 64802~~JOPLIN, MO 64802~~

TRANSPORTATION SERVICE
NATURAL GAS

K. SPECIAL CONTRACTS

1. Company may, in instances where it faces competition from alternate suppliers of natural gas, enter into special transportation rate contracts with industries or other large consumers on such terms and conditions as may be agreed upon by the parties and which, in Company's sole discretion, are deemed necessary to retain services to an existing customer or, to reestablish service to a previous customer or to acquire new customers. The rates agreed upon by Company and customer shall not exceed the maximum transportation charges nor be less than the minimum transportation charges otherwise applicable to customer. All such contracts shall be furnished to the Commission staff and the Office of Public Counsel and shall be subject to the Commission's jurisdiction.

2. Upon compliance with this tariff provision, Company is authorized to charge the rates so contracted and to otherwise provide service pursuant to the terms and conditions of the contract. The terms and conditions of any such contract shall not bind the Commission for ratemaking purposes and shall not apply to the recovery provisions contained in the Purchased Gas Adjustment Clause except as follows:

A. Pursuant to the review of contracts entered into with the following customers in Case No. GR-93-172, Company is allowed to waive Take-or-Pay and/or Transition Cost charges (as otherwise required by the PGA Clause) to the following Special Transportation Contract customers:

~~The City of Marshall, Missouri~~
~~Pittsburg Corning~~

L. NOMINATIONS

1. Requirements: Customer(s)~~, Marketer(s) and Aggregator(s) are required to~~ must provide daily nominations to the applicable Interstate Pipeline Company. The Company will only accept confirmed Nominations from the applicable Interstate Pipeline Company. Customer(s)~~, Marketer(s) and Aggregator(s)~~ must nominate at least 1 MMbtu on a daily basis. Customer may authorize a Marketer or Aggregator to act on its behalf through execution of an Agency Authorization Form.

M. BALANCING AND IMBALANCES-To Begin May 1, 2010

1. Balancing: Customer~~(s), Marketer(s) or Aggregator~~(s) shall have the obligation to balance on both a daily and monthly basis, gas receipts (transportation gas delivered to Company at the Receipt Point), with thermally equivalent gas deliveries (transportation gas delivered by Company to Customer(s) at the Delivery Point(s)). The difference between Receipts and Deliveries is considered an out-of-balance condition. The C~~c~~ustomer is responsible for providing daily natural gas Receipts adjusted for L&U gas to the Company from the applicable Interstate Pipeline Company which accurately reflects the customer's expected consumption.

2. Daily Charge: This charge shall apply to those Customers using Telemetry. A daily charge shall apply to any Customer~~, Marketer or Aggregator~~'s daily quantities by which the customer's out-of-balance condition exceeds the daily scheduling tolerance. Actual daily delivery quantities shall be used to determine the out-of-balance condition for customers with recording equipment or telemetry. Estimated daily delivery quantities shall be used to determine the out-of-balance condition for customers whenever such Telemetry equipment malfunctions. Estimated daily delivery quantities shall be determined based on available data including nominated quantities, meter readings, customer load characteristics, actual weather conditions, and any other information. This daily charge is accumulated and assessed monthly. This charge is in addition to the monthly cash out charge for Monthly Imbalances. This Daily Charge shall be determined on an Mcf basis as follows:

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BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Gas Company's d/b/a Liberty Request to File Tariffs to Change Its Rates for Natural Gas Service	**)** **)** **)**	**Case No. GR-2021-0320**

AFFIDAVIT OF LOUIE R. ERVIN II

STATE OF Iowa)
) ss.
COUNTY OF Linn)

Louie R. Ervin II, being first duly sworn on his oath, states:

1. My name is Louie R. Ervin II. I work in Cedar Rapids, Iowa and am employed by Latham, Ervin, Vognsen & Associates, Inc. as the President and Chief Operating Officer.

2. Attached hereto an made a part of hereof for all purposes is my Testimony on behalf of Missouri School Boards' Association which has been prepared in written form for introduction into evidence in the above referenced case.

3. I hereby swear and affirm that my answers contained in the questions therein propounded are true and correct to the best of my knowledge and belief.

Louie R Ervin II
Louie R. Ervin II
President/Chief Operating Officer
Latham, Ervin, Vognsen & Associates, Inc.

Subscribed and sworn to before me this 15th day of February, 2022.

NOTARIAL SEAL IOWA
VALERIE IRVINE
Commission Number 805090
My Commission Expires
6-27-2023

Valerie Irvine
Notary Public