Exhibit No.:

Issue: Demand-Side Management Programs, Demand-side Management funding, Low-income Assistance Programs Witness: Nathaniel W. Hackney Type of Exhibit: Surrebuttal Testimony Sponsoring Party: Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities Case No.: GR-2018-0013 Date Testimony Prepared: May 9, 2018

Before the Public Service Commission of the State of Missouri

**Surrebuttal Testimony** 

of

Nathaniel W. Hackney

**On Behalf Of** 

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

May 2018



#### NATHANIEL W. HACKNEY SURREBUTTAL TESTIMONY

### SURREBUTTAL TESTIMONY OF NATHANIEL W. HACKNEY LIBERTY UTILITIES BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION CASE NO. GR-2018-0013

1		I. WITNESS IDENTIFICATION
2	Q.	PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.
3	A.	My name is Nathaniel W. Hackney. My business address is 602 South Joplin Avenue,
4		Joplin, MO 64802.
5	Q.	ARE YOU THE SAME NATHANIEL W. HACKNEY THAT EARLIER PREPARED
6		AND FILED REBUTTAL TESTIMONY IN THIS RATE CASE BEFORE THE
7		MISSOURI PUBLIC SERVICE COMMISSION ("COMMISSION") ON BEHALF
8		OF LIBERTY UTILITIES?
9	A.	Yes.
10		II. PURPOSE OF TESTIMONY
11	Q.	WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS
12		CASE?
13	A.	In my surrebuttal testimony, I will respond to the rebuttal testimony of various Staff
14		witnesses. Specifically, I will address the rebuttal testimony of Dana R. Parish regarding the
15		Low-Income Affordability Program, the rebuttal testimony of Natelle Dietrich regarding
16		Division of Energy ("DE") administering Liberty Utilities' Low-income Weatherization
17		program, the rebuttal testimony of Brad J. Fortson regarding energy efficiency spending

- targets and the Red-Tag Repair program, and the rebuttal testimony Claire M. Eubanks
   regarding a Combined Heat and Power ("CHP") Feasibility Study.
- 3

#### III. RESPONSE TO STAFF REBUTTAL TESTIMONY

### 4 Q. PLEASE SUMMARIZE THE POINTS IN THE TESTIMONY OF STAFF WITNESS 5 DANA R. PARISH REGARDING THE LOW-INCOME AFFORDABILITY

#### 6 **PROGRAM**?

A. Staff Witness Parish recommends that Liberty Utilities implement a Low-income
Affordability Program, with similar parameters to the one currently offered by Spire, and
with the annual funding level of \$72,600, as recommended in detail in the direct testimony
of DE witness Martin R. Hyman. Witness Parish recommends that Liberty and its Energy
Efficiency Advisory Collaborate ("EEAG") work together to design specifics of the
program.

### Q. DOES LIBERTY UTILITIES AGREE WITH THE COLLECTIVE POSITION OF STAFF AND DE ON THIS ISSUE?

A. Yes, Liberty Utilities agrees to implement such a program, conditional upon the approval of
the Company's proposed Weather Normalization Adjustment Rider ("WNAR") or another
decoupling mechanism. These mechanisms would further promote investment in
affordability and energy efficiency by making the utility agnostic to customer usage.
Liberty Utilities looks forward to working with its EEAG to design a low-income
affordability program that will help its most vulnerable customers maintain or restore their
natural gas service.

## Q. WHEN DOES LIBERTY UTILITIES ENVISION SUCH A PROGRAM TAKING EFFECT?

1	A.	Liberty Utilities es	timates this kin	nd of pro	gram could	be developed	d and	hopef	ully
2		implemented in adva	ance of the next	winter hea	ting system a	nd would wor	k with	the EE	AG
3		to achieve that go	bal. Liberty	Utilities	recommends	November	1, 20	)18 as	an
4		implementation date	for this program	l.					

## 5 Q. PLEASE SUMMARIZE THE POINTS IN THE TESTIMONY OF STAFF WITNESS 6 NATELLE DIETRICH?

A. Staff Witness Dietrich expresses in her rebuttal testimony that Staff does not support DE's
request for an annual administration fee of up to five percent of Liberty Utilities' program
budget, and states that it is unlawful. She goes on to state that Staff would support DE
relinquishing administrative duties of the program back to Liberty Utilities.

## Q. DOES LIBERTY UTILITIES AGREE WITH THE COLLECTIVE POSITION OF STAFF AND DE THAT LIBERTY UTILITIES SHOULD AGAIN ADMINISTER THIS PROGRAM?

A. Yes. As I mentioned in my rebuttal testimony, Liberty Utilities would be willing to
administer its own Low-income Weatherization program or align itself with an
implementation contractor. Liberty Utilities would only request that DE continue to
administer the program for a long enough interim period to ensure that this transition could
be executed with the appropriate amount of care and precision required to make it as
seamless as possible for Liberty Utilities' customers.

# Q. PLEASE SUMMARIZE THE PORTION OF THE REBUTTAL TESTIMONY OF STAFF WITNESS BRAD J. FORTSON REGARDING LIBERTY UTILITIES' ENERGY EFFICIENCY PORTFOLIO FUNDING LEVEL.

1	A.	Staff Witness Fortson communicates Staff's position that funding levels should not be
2		increased, as recommended in the direct testimony of DE witness Martin R. Hyman.
3		Witness Fortson makes the case that Liberty Utilities has not spent its current budget on a
4		consistent enough basis to warrant an increase in funding.

## Q. DOES STAFF WITNESS FORTSON ALSO ADVOCATE FOR THE ADDITION OF THE RED-TAG REPAIR PROGRAM, FEATURING THE \$33,000 BUDGET PROPOSED BY DE?

8 A. Yes, he does.

## 9 Q. DOES LIBERTY UTILITIES AGREE WITH STAFF'S RECOMMENDATION FOR 10 KEEPING BUDGET LEVELS THE SAME OR WITH DE'S RECOMMENDATION 11 FOR INCREASING BUDGET LEVELS?

12 Liberty Utilities sees the logic behind both Staff's and DE's positions. Liberty Utilities A. 13 believes that a healthy compromise between these two positions would involve only increasing the energy efficiency funding to accommodate the adoption of the two new 14 15 programs recommended in DE Witness Hyman's testimony. If Liberty Utilities were to 16 adopt these two new programs with the budget levels recommended by DE and supported 17 by Staff (\$72,600 for the Low-income Affordability Program and \$33,000 for the Red Tag Repair Program), this would represent an increase of \$105,600, or 37% of the total portfolio 18 budget. This new portfolio budget of \$394,387 would fall between the two 19 recommendations made by DE Witness Hyman (\$363,811, or 0.5% of operating revenue, 20 and \$493,216, or 0.75% of operating revenue). 21

1	Q.	PLEASE SUMMARIZE STAFF'S POSITION ON THE CHP FEASIBILITY
2		STUDY, AS DETAILED IN THE REBUTTAL TESTIMONY OF STAFF WITNESS
3		CLAIRE M. EUBANKS.
4	A.	Staff witness Eubanks favors DE's recommendation that Liberty Utilities conduct a CHP
5		Feasibility Study, utilizing the CHP Technical Assistance Partnership ("CHP TAP"), but
6		recommends that additional language be included to prohibit recovery of any costs that
7		exceed \$5,000.
8	Q.	WAS THERE A SIMILAR LIMITATION SET ON THE CHP FEASIBILITY
9		STUDY CONDUCTED FOR THE EMPIRE DISTRICT GAS COMPANY, AS
10		ORDERED IN CASE NO. EM-2017-0213?
11	A.	Yes.
12	Q.	DOES LIBERTY UTILITIES HAVE ANY CONCERNS ABOUT THERE BEING A
13		SIMILAR LIMITATION ON ITS OWN RECOVERY OF A CHP FEASIBILITY
14		STUDY, SHOULD THE COMMISSION ORDER IT?
15	A.	No. This limitation seems reasonable.
16	Q.	DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

17 A. Yes.

#### **AFFIDAVIT OF NATHANIEL W. HACKNEY**

STATE OF MISSOURI ) SS COUNTY OF JASPER )

8th day of May, 2018, before me appeared Nathaniel W. Hackney, On the to me personally known, who, being by me first duly sworn, states that he is the Energy Efficiency Coordinator of Liberty Utilities Services Corp. and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Nathaniel W. Håckney

Subscribed and sworn to before me this <u>8th</u> day of May, 2018.

ANGELA M. CLOVEN Notary Public - Notary Seal State of Missouri Commissioned for Jasper County My Commission Expires: November 01, 2019 Commission Number: 15262659

**Notary Public** 

My commission expires: