

**Exhibit No.:**  
**Issue(s):**  
**Witness/Type of Exhibit:**  
**Sponsoring Party:**  
**Case No.:**

---

Decoupling  
Marke/Surrebuttal  
Public Counsel  
GR-2018-0013

**SURREBUTTAL TESTIMONY**

**OF**

**GEOFF MARKE**

Submitted on Behalf of the Office of the Public Counsel

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP.**  
**D/B/A LIBERTY UTILITIES'**

FILE NO. GR-2018-0013

May 9, 2018

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Liberty Utilities                    )  
(Midstates Natural Gas) Corp. d/b/a            )  
Liberty Utilities' Tariff Revisions Designed    )  
to Implement a General Rate Increase for       )  
Natural Gas Service in the Missouri Service   )  
Areas of the Company                            )

File No. GR-2018-0013

**AFFIDAVIT OF GEOFF MARKE**

STATE OF MISSOURI    )  
                                  )    ss  
COUNTY OF COLE     )

Geoff Marke, of lawful age and being first duly sworn, deposes and states:


1. My name is Geoff Marke. I am a Regulatory Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached testimony are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Geoff Marke  
Chief Economist

Subscribed and sworn to me this 9<sup>th</sup> day of May 2018.



**JERENE A. BUCKMAN**  
My Commission Expires  
August 23, 2021  
Cole County  
Commission #13754037

  
\_\_\_\_\_  
Jerene A. Buckman  
Notary Public

My commission expires August 23, 2021.

## TABLE OF CONTENTS

<b>Testimony</b>	<b>Page</b>
Introduction	1
Decoupling	1

**SURREBUTTAL TESTIMONY**

**OF**

**GEOFF MARKE**

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY UTILITIES**

**CASE NO. GR-2018-0013**

1 **I. INTRODUCTION**

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

3 A. Geoffrey Marke, PhD, Chief Economist, Office of the Public Counsel (“OPC or “Public  
4 Counsel”), P.O. Box 2230, Jefferson City, Missouri 65102.

5 **Q. What are your qualifications and experience?**

6 A. I have been in my present position with OPC since April of 2014 where I am responsible for  
7 economic analysis and policy research in electric, gas and water utility operations.

8 **Q. Have you testified previously before the Missouri Public Service Commission?**

9 A. Yes. A listing of the cases in which I have previously filed testimony and/or comments  
10 before the Commission is attached in GM-1.

11 **Q. What is the purpose of your surrebuttal testimony?**

12 A. The purpose of this testimony is to respond to the rebuttal testimony of Liberty Utilities  
13 (“Liberty” or “Company”) witness Jill Schwartz regarding decoupling.

14 **II. DECOUPLING**

15 **Q. What is OPC’s position on decoupling plan?**

16 A. OPC does not believe the current environment justifies the present adoption of this regulatory  
17 tool. If the Commission elects to award the Company with a decoupling mechanism in any  
18 form, OPC suggests at a minimum, the following conditions be applied:

- 1           • An initial notification to customers informing them of the decoupling process via
- 2           mail, public notification for any future adjustments and a detailed explanation on
- 3           the Company’s website;
- 4           • Any given adjustment should be “capped” at a 3% increase above rates set in this
- 5           case with excess under-recovery carried over to future adjustments;
- 6           • No increase to the residential customer charge;
- 7           • Provide an explicit provision for the Commission to account and adjust for revenue
- 8           volatility due to the occurrence of an economic recession/depression; and
- 9           • Make an explicit downward adjustment to the allowed return on equity of at least
- 10          10 basis points to recognize the reduction in risk.

11 **Q. Has a Liberty Gas affiliate proposed decoupling in any other recent rate cases?**

12 A. Yes. Liberty Utilities (EnergyNorth Natural Gas) in New Hampshire requested a decoupling  
13 mechanism recently in Docket No. DG 17-048.

14 **Q. How did the New Hampshire Public Utilities Commission respond?**

15 A. The request was approved with an explicit reduction in the Company’s Return on Equity  
16 (“ROE”). In its April 7, 2018 order, The New Hampshire Public Utilities Commission ruled:

17           We are approving a decoupling mechanism in this case, which reduces the risk that  
18           Liberty will not recover its authorized revenue requirement. In addition, the stabilized  
19           cash flow should improve the Company’s credit rating and thus its access to lower cost  
20           debt. . . . Accordingly, to account for the decrease in risk Liberty will experience under  
21           the approved decoupling mechanism, **we will set the ROE in this case at 9.3 percent,**  
22           **resulting in a WACC of 6.8 percent. That ROE is 10 basis points lower than the**  
23           **ROE contained in settlement.**<sup>1</sup> (emphasis added)

---

<sup>1</sup> DG 17-048 Liberty Utilities (EnergyNorth Natural Gas) Corp. Petition for Permanent and Temporary Rates Order Approving Permanent Rates Order No. 26,122. April 27, 2018. P. 42-43.

1 **Q. Does this conclude your testimony?**

2 A. Yes.

CASE PARTICPATION OF  
GEOFF MARKE, PH.D.

Company Name	Employed Agency	Case Number	Issues
Liberty Utilities	Office of Public Counsel (OPC)	GR-2018-0013	<b>Surrebuttal:</b> Decoupling
Empire District Electric Company	OPC	EO-2018-0092	<b>Rebuttal:</b> Overview of proposal/ MO PSC regulatory activity / Federal Regulatory Activity / SPP Activity and Modeling / Ancillary Considerations <b>Surrebuttal</b> Response to parties <b>Affidavit</b> in opposition to the non-unanimous stipulation and agreement
Great Plains Energy Incorporated, Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, and Westar Energy, Inc.	OPC	EM-2018-0012	<b>Rebuttal:</b> Merger Commitments and Conditions / Outstanding Concerns
Missouri American Water	OPC	WR-2017-0285	<b>Direct:</b> Future Test Year/ Cost Allocation Manual and Affiliate Transaction Rules for Large Water Utilities / Lead Line Replacement <b>Direct:</b> Rate Design / Cost Allocation of Lead Line Replacement <b>Rebuttal:</b> Lead Line Replacement / Future Test Year/ Decoupling / Residential Usage / Public-Private Coordination <b>Rebuttal:</b> Rate Design <b>Surrebuttal:</b> affiliate Transaction Rules / Decoupling / Inclining Block Rates / Future Test Year / Single Tariff Pricing / Lead Line Replacement
Missouri Gas Energy / Laclede Gas Company	OPC	GR-2017-0216 GR-2017-0215	<b>Rebuttal:</b> Decoupling / Rate Design / Customer Confidentiality / Line Extension in Unserved and Underserved Areas / Economic Development Rider & Special Contracts <b>Surrebuttal:</b> Pay for Performance / Alagasco & EnergySouth Savings / Decoupling / Rate Design / Energy Efficiency / Economic Development Rider: Combined Heat & Power

Indian Hills Utility	OPC	WR-2017-0259	<b>Direct:</b> Rate Design
Rule Making	OPC	EW-2018-0078	Comments on cogeneration and net metering
Empire District Electric Company	OPC	EO-2018-0048	Integrated Resource Planning: Special Contemporary Topics Comments
Kansas City Power & Light	OPC	EO-2018-0046	Integrated Resource Planning: Special Contemporary Topics Comments
KCP&L Greater Missouri Operations Company	OPC	EO-2018-0045	Integrated Resource Planning: Special Contemporary Topics Comments
Missouri American Water	OPC	WU-2017-0296	<b>Direct:</b> Lead line replacement pilot program <b>Rebuttal:</b> Lead line replacement pilot program <b>Surrebuttal:</b> Lead line replacement pilot program
KCP&L Greater Missouri Operations Company	OPC	EO-2017-0230	Comments on Integrated Resource Plan, preferred plan update
Working Case: Emerging Issues in Utility Regulation	OPC	EW-2017-0245	Comments on Emerging Issues in Utility Regulation / Presentation: Inclining Block Rate Design Considerations Presentation: Missouri Integrated Resource Planning: And the search for the “preferred plan.”
Rule Making	OPC	EX-2016-0334	Comments on Missouri Energy Efficiency Investment Act Rule Revisions
Great Plains Energy Incorporated, Kansas City Power & Light Company, KCP&L Greater Missouri Operations Company, and Westar Energy, Inc.	OPC	EE-2017-0113 / EM-2017-0226	<b>Direct:</b> Employment within Missouri / Independent Third Party Management Audits / Corporate Social Responsibility
Union Electric Company d/b/a Ameren Missouri	OPC	ET-2016-0246	<b>Rebuttal:</b> EV Charging Station Policy <b>Surrebuttal:</b> EV Charging Station Policy
Kansas City Power & Light		ER-2016-0156	<b>Direct:</b> Consumer Disclaimer <b>Direct:</b> Response to Commission Directed Questions <b>Rebuttal:</b> Customer Experience / Greenwood Solar Facility / Dues and Donations / Electric Vehicle Charging Stations <b>Rebuttal:</b> Class Cost of Service / Rate Design



			<b>Surrebuttal:</b> Clean Charge Network / Economic Relief Pilot Program / EEI Dues / EPRI Dues
Union Electric Company d/b/a Ameren Missouri	OPC	ER-2016-0179	<b>Direct:</b> Consumer Disclaimer / Transparent Billing Practices / MEEIA Low-Income Exemption <b>Direct:</b> Rate Design <b>Rebuttal:</b> Low-Income Programs / Advertising / EEI Dues <b>Rebuttal:</b> Grid-Access Charge / Inclining Block Rates /Economic Development Riders
KCP&L Greater Missouri Operations Company	OPC	ER-2016-0156	<b>Direct:</b> Consumer Disclaimer <b>Rebuttal:</b> Regulatory Policy / Customer Experience / Historical & Projected Customer Usage / Rate Design / Low-Income Programs <b>Surrebuttal:</b> Rate Design / MEEIA Annualization / Customer Disclaimer / Greenwood Solar Facility / RESRAM / Low-Income Programs
Empire District Electric Company, Empire District Gas Company, Liberty Utilities (Central) Company, Liberty Sub-Corp.	OPC	EM-2016-0213	<b>Rebuttal:</b> Response to Merger Impact <b>Surrebuttal:</b> Resource Portfolio / Transition Plan
Working Case: Polices to Improve Electric Regulation	OPC	EW-2016-0313	Comments on Performance-Based and Formula Rate Design
Working Case: Electric Vehicle Charging Facilities	OPC	EW-2016-0123	Comments on Policy Considerations of EV stations in rate base
Empire District Electric Company	OPC	ER-2016-0023	<b>Rebuttal:</b> Rate Design, Demand-Side Management, Low-Income Weatherization <b>Surrebuttal:</b> Demand-Side Management, Low-Income Weatherization, Monthly Bill Average
Missouri American Water	OPC	WR-2015-0301	<b>Direct:</b> Consolidated Tariff Pricing / Rate Design Study <b>Rebuttal:</b> District Consolidation/Rate Design/Residential Usage/Decoupling <b>Rebuttal:</b> Demand-Side Management (DSM)/ Supply-Side Management (SSM) <b>Surrebuttal:</b> District Consolidation/Decoupling Mechanism/Residential Usage/SSM/DSM/Special Contracts

Working Case: Decoupling Mechanism	OPC	AW-2015-0282	<b>Memorandum:</b> Response to Comments
Rule Making	OPC	EW-2015-0105	Missouri Energy Efficiency Investment Act Rule Revisions, Comments
Union Electric Company d/b/a Ameren Missouri	OPC	EO-2015-0084	Triennial Integrated Resource Planning Comments
Union Electric Company d/b/a Ameren Missouri	OPC	EO-2015-0055	<b>Rebuttal:</b> Demand-Side Investment Mechanism / MEEIA Cycle II Application <b>Surrebuttal:</b> Potential Study / Overearnings / Program Design <b>Supplemental Direct:</b> Third-party mediator (Delphi Panel) / Performance Incentive <b>Supplemental Rebuttal:</b> Select Differences between Stipulations <b>Rebuttal:</b> Pre-Pay Billing
The Empire District Electric Company	OPC	EO-2015-0042	Integrated Resource Planning: Special Contemporary Topics Comments
KCP&L Greater Missouri Operations Company	OPC	EO-2015-0041	Integrated Resource Planning: Special Contemporary Topics Comments
Kansas City Power & Light	OPC	EO-2015-0040	Integrated Resource Planning: Special Contemporary Topics Comments
Union Electric Company d/b/a Ameren Missouri	OPC	EO-2015-0039	Integrated Resource Planning: Special Contemporary Topics Comments
Union Electric Company d/b/a Ameren Missouri	OPC	EO-2015-0029	Ameren MEEIA Cycle I Prudence Review Comments
Kansas City Power & Light	OPC	ER-2014-0370	<b>Direct</b> (Revenue Requirement): Solar Rebates <b>Rebuttal:</b> Rate Design / Low-Income Weatherization / Solar Rebates <b>Surrebuttal:</b> Economic Considerations / Rate Design / Cyber Security Tracker
Rule Making	OPC	EX-2014-0352	Net Metering and Renewable Energy Standard Rule Revisions, Comments
The Empire District Electric Company	OPC	ER-2014-0351	<b>Rebuttal:</b> Rate Design/Energy Efficiency and Low-Income Considerations
Rule Making	OPC	AW-2014-0329	Utility Pay Stations and Loan Companies, Rule Drafting, Comments
Union Electric Company d/b/a Ameren Missouri	OPC	ER-2014-0258	<b>Direct:</b> Rate Design/Cost of Service Study/Economic Development Rider <b>Rebuttal:</b> Rate Design/ Cost of Service/ Low Income Considerations

			<b>Surrebuttal:</b> Rate Design/ Cost-of-Service/ Economic Development Rider
KCP&L Greater Missouri Operations Company	OPC	EO-2014-0189	<b>Rebuttal:</b> Sufficiency of Filing <b>Surrebuttal:</b> Sufficiency of Filing
KCP&L Greater Missouri Operations Company	OPC	EO-2014-0151	Renewable Energy Standard Rate Adjustment Mechanism (RESRAM) Comments
Liberty Natural Gas	OPC	GR-2014-0152	<b>Surrebuttal:</b> Energy Efficiency
Summit Natural Gas	OPC	GR-2014-0086	<b>Rebuttal:</b> Energy Efficiency <b>Surrebuttal:</b> Energy Efficiency
Union Electric Company d/b/a Ameren Missouri	OPC	ER-2012-0142	<b>Direct:</b> PY2013 EM&V results / Rebound Effect <b>Rebuttal:</b> PY2013 EM&V results <b>Surrebuttal:</b> PY2013 EM&V results <b>Direct:</b> Cycle I Performance Incentive <b>Rebuttal:</b> Cycle I Performance Incentive
Kansas City Power & Light	Missouri Public Service Commission Staff	EO-2014-0095	<b>Rebuttal:</b> MEEIA Cycle I Application testimony adopted
KCP&L Greater Missouri Operations Company	Missouri Division of Energy (DE)	EO-2014-0065	Integrated Resource Planning: Special Contemporary Topics Comments
Kansas City Power & Light	DE	EO-2014-0064	Integrated Resource Planning: Special Contemporary Topics Comments
The Empire District Electric Company	DE	EO-2014-0063	Integrated Resource Planning: Special Contemporary Topics Comments
Union Electric Company d/b/a Ameren Missouri	DE	EO-2014-0062	Integrated Resource Planning: Special Contemporary Topics Comments
The Empire District Electric Company	DE	EO-2013-0547	Triennial Integrated Resource Planning Comments
Working Case: State-Wide Advisory Collaborative	OPC	EW-2013-0519	Presentation: Does Better Information Lead to Better Choices? Evidence from Energy-Efficiency Labels
Independence-Missouri	OPC	Indy Energy Forum 2014	Presentation: Energy Efficiency
Independence-Missouri	OPC	Indy Energy Forum 2015	Presentation: Rate Design
NARUC – 2017 Winter	OPC	Committee on Consumer Affairs	NARUC – 2017 Winter Presentation: PAYS Tariff On-Bill Financing
NASUCA – 2017 Summer	OPC	Committee on Water Regulation	NASUCA – 2017 Summer Presentation: Regulatory Issues Related to Lead-Line Replacement of Water Systems

NASUCA – 2017 winter	OPC	Committee on Utility Accounting	NASUCA – 2017 Winter Presentation: Lead Line Replacement Accounting and Cost Allocation
-------------------------	-----	---------------------------------------	---