

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

In the Matter of the Application of Liberty)	
Utilities (Midstates Natural Gas) Corp. d/b/a)	<u>Case No. GT-2022-0118</u>
Liberty to Change Its Infrastructure System)	Tariff No. YG-2022-0194
Replacement Surcharge)	

STAFF RESPONSE

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Staff Response* states:

1. On December 30, 2021, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (“Liberty” or “Company”) filed its *Verified Infrastructure System Replacement Surcharge Application* (“Application”) for approval of changes to Liberty’s Infrastructure System Replacement Surcharge (“ISRS”).

2. On March 30, 2022, Staff filed its *Staff Recommendation* (“Recommendation”) concerning Liberty’s Application. Staff recommends, among other recommendations, that the Commission directs “Liberty to have a study conducted by an external party with regard to its corporate and overhead allocation methods prior to its next general rate case.”

3. On April 7, 2022, Liberty filed its *Response to Staff Recommendation* (“Response”). Liberty accepted Staff’s adjustments and recommendations except for Staff’s recommendation that the Commission should direct “Liberty to have a study conducted by an external party with regard to its corporate and overhead allocation methods prior to its next general rate case.” In its Response, Liberty stated that it had an independent third-party review of its Cost Allocation Manual in 2021 and that the

Company was currently working with an accounting and auditing firm to complete a capitalization study for corporate and regional shared services costs.

4. On April 8, 2022, the Commission ordered Staff to reply to Liberty's Response no later than April 15, 2022.

5. Staff was unaware at the time of filing its recommendation, despite meetings with the Company, of the external studies for which Liberty states are currently being conducted. Staff requests the Commission direct Liberty to work with Staff concerning notification of the status of the studies and/or audits Company has stated is being conducted, the scope of as well as other possible parameters of the capitalization study being conducted by the external accounting and auditing firm. Liberty should also provide all deliverables and final results of all external studies/audits conducted for Staff review. This would include, but not be limited to, access to the same data and information provided to the external party(ies) and the results of Liberty's external study for capitalization of overheads and the Cost Allocation Manual study that was conducted in 2021. In addition, Staff requests that the results of all studies/audits by the external firm(s) be shared with Staff within 30 days from their conclusion. Staff will reflect the results of both of these in Liberty's next general rate case.

WHEREFORE, Staff submits its Staff Response and requests the Commission issue an order consistent as set forth herein, and grant such other and further relief as the Commission considers reasonable in the circumstances.

Respectfully submitted,

/s/ Ron Irving

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been electronically mailed to all parties and/or counsel of record on this 14th day of April, 2022.

/s/ Ron Irving