

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

In the Matter of Liberty Utilities (Midstates )  
Natural Gas) Corp.'s d/b/a Liberty (MNG) ) **File No. GF-2023-0280**  
Application for Authority to Issue Long Term )  
Unsecured Debt )

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through counsel, and for its *Staff Recommendation*, states as follows:

1. On March 7, 2023, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (hereafter, “Liberty Midstates” or the “Company”), filed a *Financing Application and Request for Waiver* (“*Application*”) with the Commission pursuant to § 393.200, RSMo, and 20 CSR 4240-2.060, 2.080, and 10.125.

2. On March 9, 2023, the Commission issued an *Order* directing Staff to file a recommendation regarding Liberty Midstates’ *Application* or a status report informing the Commission when a recommendation would be filed no later than March 29, 2023.

3. On March 27, 2023, Staff filed a *Status Report and Motion for Extension* requesting an additional 30 days in which to issue data requests (DRs), send follow-up data requests, and further review information from the Company.

4. The Commission granted the Staff’s *Motion for Extension* and ordered the Staff file a recommendation in this matter by April 26, 2023.<sup>1</sup>

5. On April 24, 2023, Staff filed another *Motion for Extension to File Staff Recommendation*, requesting an additional 30 days within which to complete its investigation

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<sup>1</sup> *Order Granting Staff’s Motion for an Extension of Time to File a Recommendation and Setting Time for Response*, issued March 29, 2023, and effective March 29, 2023.

and review. That Motion was granted on April 25, 2023, and the Staff was ordered to file its recommendation no later than May 26, 2023.<sup>2</sup>

6. On May 19, 2023, Liberty Midstates filed an *Amended Financing Application* (“*Amended Application*”) which “replaces the original Financing Application and Request for Waiver in total” and requested “Staff be relieved of the obligation to file a recommendation regarding the original Financing Application and Request for Waiver as currently scheduled and that Staff be directed to file a recommendation within thirty days after the filing of this Amended Financing Application.”

7. In response, Staff filed its *Third Motion for Extension to File Staff Recommendation* requesting an additional 30 days in which to complete and file its response and recommendation to Liberty Midstates *Amended Application* on May 24, 2023. The Commission granted that Motion on May 25, 2023, ordering Staff to “file its recommendation in this matter no later than June 26, 2023.”<sup>3</sup>

8. Staff has reviewed Liberty Midstate’s *Amended Application* and recommends Partial Conditional Approval be granted pending the receipt of definite terms of issuance as set forth specifically in Staff’s Memorandum, attached hereto and made a part hereof as **Appendix A**.

9. Specifically, Staff recommends the Commission approve the Amended Application submitted by Liberty Midstates as not being detrimental to the public interest, subject to the following conditions:

- a. That nothing in the Commission’s order shall be considered a finding by the Commission of the value of this transaction for rate making purposes,

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<sup>2</sup> *Order Granting Staff’s Second Motion for an Extension of Time to File Recommendation* issued April 25, 2023, and effective April 25, 2023.

<sup>3</sup> *Order Granting Staff’s Third Motion for an Extension of Time to File a Recommendation and Setting a Time for Responses* issued May 25, 2023, and effective May 25, 2023.

specifically including, but not limited to, the placement fee (if authorized), and that the Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in any later proceeding;

b. That the Company shall file with the Commission within 30 days of issuance of any financing authorized pursuant to a Commission order in this proceeding, a report including the amount of the unsecured indebtedness issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance. In addition, the Company shall also provide the ledger entries for each company for each issuance;

c. That the Company shall file with the Commission through its electronic filing and information system (“EFIS”) any information concerning communication with credit rating agencies concerning this issuance;

d. That the Company shall file with the Commission as a non-case related submission in EFIS under “Resources” - “Non-Case Related Query” - “Ordered Submission” any credit rating agency reports published on Liberty Midstates’ or LUCo’s corporate credit quality or the credit quality of its securities;

e. That the Company be required to file a five-year capitalization expenditure schedule in future finance cases;

f. That, to the extent that any non-regulated investments made by the Company or LUCo and affiliated companies may potentially impact the Company’s credit quality and resulting credit ratings, the Company shall notify Staff of such possibility and provide a status report to the Commission;

g. That the Commission's grant of authority shall expire three years from the effective date of the order in this proceeding; and

h. That the Commission not approve a specific "placement fee" in this finance case, and that any ratemaking treatment involving a "placement fee" or the amortization thereof shall be determined in future rate proceedings.

**WHEREFORE**, for the foregoing reasons and those stated in Staff's Memorandum attached hereto, Staff recommends that the Commission issue an Order approving Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty's *Amended Financing Application* as not being detrimental to the public interest, subject to the conditions listed in paragraph 9.a. through h., above, and to grant such other and further relief as the Commission considers just and reasonable under the circumstances.

Respectfully submitted,

**/s/ Carolyn H. Kerr**  
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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and/or counsel of record on this 16th day of June, 2023.

**/s/ Carolyn H. Kerr**