

**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.	) ) ) ) ) )	<b><u>Case No. GR-2014-0152</u></b>
--	----------------------------	-------------------------------------

**STAFF RESPONSE TO PUBLIC COUNSEL'S RESPONSE  
IN OPPOSITION TO PROPOSED RATE CASE EXPENSE**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its *Response to Public Counsel's Response in Opposition to Proposed Rate Case Expense* respectfully states as follows:

1. On November 19, 2014,<sup>1</sup> Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities ("Liberty") and Staff filed a Joint Filing Memorandum and Late-Filed Exhibit No. 63 regarding Liberty's rate case expense pursuant to paragraph number 2 of the Partial Stipulation and Agreement as to Certain Issues filed in this case on August 12, which was approved by the Commission's Order Approving Partial Stipulation and Agreement issued on August 20.
2. On November 24, The Office of the Public Counsel ("OPC") filed its Response in Opposition to Proposed Rate Case Expense in response to the November 19 joint filing of Liberty and Staff.
3. On November 25, the Commission issued an Order Directing Filing which ordered any further responses to the joint filing of November 19 or responses to OPC's filing of November 24 be filed no later than noon, December 1. Therefore, Staff is filing this Response to OPC's November 24 filing.

---

<sup>1</sup> All dates herein are in 2014 unless otherwise noted.

4. In paragraph number 2 of its November 24 filing OPC states that Liberty and Staff are “proposing to include \$609,679 for rate case expense *in Liberty’s revenue requirement.*” (Emphasis added) This is an incorrect/incomplete representation of what Liberty and Staff have proposed. As shown in the joint filing of November 19, and also in Late-Filed Exhibit No. 63, what is being proposed is to include a “total amount of \$609,679 *normalized over three years at \$203,226 per year.*” (Emphasis added) In other words, the final total normalized amount to be included in Liberty’s revenue requirement is \$203,226, not \$609,679 as OPC’s filing would seem to suggest.

5. In its November 24 filing OPC also seems to indicate that the \$37,768 figure mentioned in the Partial Stipulation and Agreement as to Certain Issues filed on August 12 was the total amount of rate case expense to be included in revenue requirement at the time of the Stipulation. For example, in paragraph number 1 of its November 24 filing OPC states “The Partial Stipulation and Agreement . . . partially<sup>2</sup> [footnote added] settled the rate case [expense] issue by providing that \$37,768 will be included in rate case expense;” in paragraph number 2 OPC states “This amount is an increase . . . above the \$37,768 the parties agreed in the Stipulation to include in revenue requirement for rate case expense;” and in paragraph number 8 states “If Liberty wishes to recover any rate case expense in addition to the \$37,768 already approved by the Commission. . . .” OPC’s characterization of the total amount of rate case expense included in revenue requirement at the time of the Stipulation is incorrect.

As a reading of the August 12 Partial Stipulation and Agreement as to Certain Issues clearly indicates, paragraph number 2 of that Stipulation stated that “The

---

<sup>2</sup> OPC appears to recognize that the Stipulation recognized that additional amounts of rate case expense would be incurred after the Stipulation.

Signatories agree that **additional** rate case expense incurred of \$37,768<sup>3</sup> will be included in rates.” (Emphasis added) This amount was *in addition to* the normalized amount of rate case expense included in revenue requirement in Staff’s direct filing of \$51,210 (See Ex. 17, Staff Accounting Schedules, Total Company Compilation, Accounting Schedule 10, page 6 of 7, Adjustment E-82.1 “To normalize rate case expense over 3 years”). In other words, at the time of the August 12 Partial Stipulation and Agreement as to Certain Issues – to which OPC was a signatory, and which was approved by the Commission on August 20 – the total amount of rate case expense included in rates, after being normalized over 3 years, was \$88,978 – not \$37,768 as indicated by OPC. Furthermore, this amount should be compared to the final total normalized amount of rate case expense of \$203,226 (which includes the \$88,978 amount) to be included in Liberty’s revenue requirement contained in the joint filing of November 19 rather than the final total un-normalized amount of \$609,679 as OPC’s filing would seem to indicate.

6. Staff would also note that, prior to joining Liberty in the November 19 filing, Staff reviewed the invoices which Liberty claimed contained rate case expense and prepared a workpaper containing invoice information, the type of service provided by the vendors, and dollar amounts (see attached Highly Confidential workpaper and affidavit of Kofi A. Boateng). A copy of the workpaper was even emailed to Liberty *and OPC* prior to the November 19 filing.<sup>4</sup> The attached Highly Confidential workpaper

---

<sup>3</sup> This amount is actually the *normalized* amount to be included in rates; the total amount prior to normalization was obviously larger.

<sup>4</sup> For purposes of presentation, the formatting of the workpaper attached to this response has been changed slightly from that circulated to Liberty and OPC prior to the November 19 filing; however, this had no impact on the dollar values and the substance has remained the same.

shows the computation of the amounts contained in the joint filing of November 19 and Late-Filed Exhibit No. 63.<sup>5</sup>

7. In filing the Joint Filing Memorandum and Late-Filed Exhibit No. 63 on November 19 Liberty and Staff followed the procedure set forth in the Partial Stipulation and Agreement as to Certain Issues filed in this case on August 12 – to which OPC was a signatory – and which was approved by the Commission’s Order Approving Partial Stipulation and Agreement issued on August 20. The last sentence of paragraph number 2 of the Partial Stipulation and Agreement as to Certain Issues provided that: “The Company [*i.e.*, Liberty] and Staff will jointly file a late-filed exhibit identifying the final amount of rate case expenses to be included in revenue requirement.” This is precisely what was done by Liberty and Staff, to which OPC now objects.

**WHEREFORE**, Staff respectfully requests the Commission accept this *Response to Public Counsel’s Response in Opposition to Proposed Rate Case Expense* and the attachments hereto, along with the Joint Filing Memorandum and Late-Filed Exhibit No. 63 filed on November 19 by Liberty and Staff.

---

<sup>5</sup> Staff would note that the support for the amounts contained in the workpaper were provided by Liberty in response to Staff DR No. 103 in EFIS, with the exception of invoices from Liberty’s outside legal counsel; as for those invoices, Staff was able to view the invoices at outside counsel’s office. These materials were equally available to OPC.

Respectfully submitted,

**/s/ Jeffrey A. Keevil**

Jeffrey A. Keevil  
Senior Staff Counsel  
Missouri Bar No. 33825  
Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 526-4887 (Telephone)  
(573) 751-9285 (Fax)  
[jeff.keevil@psc.mo.gov](mailto:jeff.keevil@psc.mo.gov)

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel for all parties of record this 1<sup>st</sup> day of December, 2014.

**/s/ Jeffrey A. Keevil**