BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of Liberty Energy (Midstates) Corp. d/b/a Liberty Utilities' Purchased Gas Adjustment Tariff Filing

File No. GR-2014-0060

STAFF RECOMMENDATION TO ADJUST ACA BALANCES

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COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its recommendation in this matter hereby respectfully states:

1. On October 28, 2013, Liberty Energy (Midstates) Corp. d/b/a Liberty Utilities ("Liberty" or "Company") filed tariff sheets to make changes to the PGA and ACA components of its customers' bills. Liberty's PGA represents the Company's best estimate of the cost of gas for the upcoming period; the ACA represents the Company's true-up of its previous PGA estimate.

2. On November 13, 2013, the Commission approved the PGA rate on an interim basis, subject to refund. Also, the Commission ordered Staff's Procurement Analysis Unit to submit its results and recommendations regarding Liberty's ACA filing on or before December 19, 2014.

3. Staff's adjustments are explained in Staff's *Memorandum*, attached hereto as Appendix A and incorporated by reference.

4. During its ACA review, Staff compares the Company's billed revenue with its actual gas cost, and evaluates the prudence of the Company's purchasing decisions during the ACA period. Staff also reviews the Company's ability to meet its peak demand requirements, and reviews the reasonableness of the Company's hedging programs. 5. Staff made no prudence adjustments in this case. Staff made several compliance adjustments related to gas costs and adjustments related to hedging practices. Staff's *Memorandum* page 19 contains a table summarizing Staff's adjustments.

6. Staff's *Memorandum* also includes certain comments and recommendations regarding Liberty's gas supply planning and hedging practices.

7. Staff recommends the Commission order Liberty to respond to Staff's adjustments and recommendations within 45 days.

WHEREFORE, Staff submits its recommendations attached here as Appendix A, and recommends the Commission order Liberty to respond to the recommendations within 45 days.

Respectfully Submitted,

<u>/s/ John D. Borgmeyer</u>

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing were served electronically to all counsel of record this 19th day of December, 2014.

<u>/s/ John D. Borgmeyer</u>