

**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' Purchased Gas Adjustment Tariff Filing)	<u>File No. GR-2016-0075</u>
)	Tariff No. YG-2016-0103
)	

STAFF RECOMMENDATION

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 15, 2015, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities ("Liberty" or "Company") filed a tariff sheet to reflect changes in its Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming season and changes in the Company's Actual Cost Adjustment (ACA) factors for its four PGA service areas. The tariff sheet bears a proposed effective date of November 1, 2015.

2. The Commission ordered Staff to file its recommendation regarding Liberty's tariff filing no later than October 23, 2015.

3. Pursuant to Liberty's tariffs, its Total PGA rate includes two factors: (1) the Regular Purchased Gas Adjustment (RPGA), which reflects the Company's best estimate of its cost of gas for the upcoming season, and (2) the Actual Cost Adjustment (ACA), which results from the corrections made through the Deferred Purchased Gas Cost-Actual Cost Adjustment Accounts.

4. For the Liberty West Area (WEMO) including Butler, Rich Hill and Hume, the effect of this change will decrease the firm PGA rate from the current \$0.57396 per Ccf (100 cubic feet) to \$0.35433 per Ccf. This represents a \$0.21963 per Ccf decrease.

5. For the Liberty Kirksville Area including Kirksville and Lancaster, the effect of these changes will decrease the firm PGA rate from the current \$0.65242 per Ccf to \$0.44263 per Ccf. This represents a \$0.20979 per Ccf decrease.

6. For the Liberty Northeast Area (NEMO) including Hannibal, Canton, Bowling Green, and Palmyra, the effect of this change will decrease the firm PGA rate from the current \$0.60103 per Ccf to \$0.40020 per Ccf. This represents a \$0.20083 per Ccf decrease.

7. For the Liberty Southeast Area (SEMO) including Jackson, Charleston, New Madrid, Caruthersville, Neelyville and Kennett, the effect of these changes will decrease the firm PGA rate from the current \$0.53843 per Ccf to \$0.53793 per Ccf. This represents a decrease of \$0.0005 per Ccf.

8. The Company's filing also reflects adjustments to the Company's ACA factors. The ACA tracks the Company's over- or under-collections based on its actual cost of gas. Staff's Procurement Analysis Unit (PAU) will review the Company's ACA filing and may recommend adjustments to the ACA account balance(s) to be applied to a future filing. Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the PAU has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 16, 2016.

9. Case No. GR-2016-0075, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2014-2015 ACA filing. Case No. GR-2015-0095 was established to track the company's PGA factors to be reviewed in its 2013-2014 ACA filing. As explained in Staff's *Memorandum*, attached

hereto and incorporated herein by reference, Staff has reviewed the PGA factors in this matter and determined that the rates on the proposed tariff sheet were calculated in conformance with the Company's PGA clause. Therefore, Staff recommends the Commission approve the tariff sheet on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2016-0075 and GR-2015-0095.

10. Staff also recommends the Commission order PAU Staff to file the results of its review of the ACA factors represented in this filing no later than December 16, 2016.

11. Staff has verified that the Company has filed its annual report, and is not delinquent on its PSC assessment. Other than possibly GR-2015-0095, Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

12. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days' notice is demonstrated by Liberty's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings.

WHEREFORE, Staff recommends the Commission approve the following tariff sheet on an interim basis, subject to refund, and that the Commission order PAU Staff to file the results of its ACA review in this docket no later than December 16, 2016:

P.S.C. MO. No. 2

21st Revised Sheet No. 44, Cancelling 20th Revised Sheet No. 44

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil

Missouri Bar No. 33825

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Missouri Public Service Commission

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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 of record this 22nd day of October, 2015.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
File No. GR-2016-0075, Tariff No. YG-2016-0103
Liberty Utilities

FROM: Kim Cox, Energy Unit – Tariffs/Rate Design Section

/s/ Thomas M. Imhoff 10/22/15 /s/ Jeffrey A. Keevil 10/22/15
Utility Operations Division/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Liberty Utilities' Scheduled Winter PGA Filing
Effective November 1, 2015

DATE: October 22, 2015

On October 15, 2015, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty” or “Company”) of Jackson, Missouri, filed a tariff sheet requesting an effective date of November 1, 2015. This tariff sheet was filed to reflect changes in Liberty’s PGA factors as a result of estimated changes in the cost of natural gas for the upcoming winter heating season and changes in the Company’s ACA factor.

For the Liberty West Area (WEMO) including Butler, Rich Hill and Hume served by Panhandle Eastern Pipe Line Company (PEPL) and Southern Star Central Gas Pipeline Company (SCC), the effect of this change will decrease the firm PGA rate from the current \$0.57396 per Ccf (100 cubic feet) to \$0.35433 per Ccf. This represents a \$0.21963 per Ccf decrease.

For the Liberty Kirksville Area including Kirksville and Lancaster, served by the ANR Pipeline Company (ANR), the effect of these changes will decrease the firm PGA rate from the current \$0.65242 per Ccf to \$0.44263 per Ccf. This represents a \$0.20979 per Ccf decrease.

For the Liberty Northeast Area (NEMO) including Hannibal, Canton, Bowling Green and Palmyra or Combined District served by the PEPL Company, the effect of this change will decrease the firm PGA rate from the current \$0.60103 per Ccf to \$0.40020 per Ccf. This represents a \$0.20083 per Ccf decrease.

For the Liberty Southeast Area (SEMO) including Jackson, Charleston, New Madrid, Caruthersville, Neelyville and Kennett, served by the Natural Gas Pipeline Company of America, Texas Eastern Pipeline Company, Mississippi River Transmission, and Ozark Gas Transmission, the effect of these changes will decrease the firm PGA rate from the current \$0.53843 per Ccf to \$0.53793 per Ccf. This represents a decrease of \$0.0005 per Ccf.

Case No. GR-2016-0075, under which these changes were filed, was established to track the Company’s PGA factors to be reviewed in its 2014-2015 ACA filing. Case No. GR-2015-0095 was established to track the company’s PGA factors to be reviewed in its 2013-2014 ACA filing.

These rate changes should be made on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2016-0075 and GR-2015-0095.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Unit (PAU) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 16, 2016.

Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with Liberty's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days notice is demonstrated by Liberty's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet be approved, interim subject to refund:

P.S.C. MO. No. 2

21st Revised Sheet No. 44, Cancelling 20th Revised Sheet No. 44

