

**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-2016-0224
)	

**STAFF RECOMMENDATION REGARDING TARIFF FILING
AND RESPONSE TO APPLICATION FOR VARIANCE AND
MOTION FOR EXPEDITED TREATMENT**

COMES NOW the Staff of the Missouri Public Service Commission, and for its recommendation regarding the tariff sheet filing made on February 24, 2016, in this case by Liberty Utilities (Midstates Natural Gas) Corp. d/b/a/ Liberty Utilities (“Liberty” or “Company”), and its response to the application for variance and motion for expedited treatment filed on the same date by Liberty, submits the attached *Memorandum* which is incorporated herein by this reference. In further support thereof, Staff respectfully states as follows:

1. On February 24, 2016, Liberty filed a tariff sheet with a requested effective date of March 10, 2016. This tariff sheet was filed to reflect an error correction to the Company’s Southeast Service Area (SEMO) Actual Cost Adjustment (ACA) factor (and the resulting Total PGA rate). Because under the Company’s Purchased Gas Adjustment (PGA) tariff an ACA change is only available under the Company’s mandatory winter filing, Liberty also filed an application for variance and motion for expedited treatment to allow it to make this rate correction outside of its mandatory winter filing. Specifically, the Company is seeking to correct a misstated ACA balance (and resulting Total PGA rate) that was filed as part of its October 2015 filing, and has

requested a variance from the tariff provision found on Revised Tariff Sheet No. 41 in order to allow it to make the correction.

2. The only rate(s) impacted by the Company's filing are the restated SEMO ACA rate and the resulting "Total PGA" for SEMO, since the ACA rate is part of the Total PGA. No other PGA or ACA rates are being revised as part of this filing.

3. For Liberty's SEMO area, the effect of these changes will decrease the firm sales "Total PGA" rate from the current \$0.53793 per Ccf to \$0.24647 per Ccf. This represents a decrease of \$0.29146 per Ccf.

4. 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. On October 28th, 2015, the Commission ordered the Staff's Procurement Analysis Unit (PAU) to submit its results and recommendations regarding the Company's 2014-2015 ACA filing on or before December 16, 2016. In the same order, the Commission approved the tariff sheet which is being cancelled by the tariff sheet filed on February 24th on an interim basis, subject to refund. Likewise, the tariff sheet filed on February 24th should be approved on an interim basis, subject to refund, pending a final Commission decision in GR-2016-0075. This means that the Commission should issue an order to this effect rather than merely permitting the tariff to go into effect by operation of law.

5. 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.

6. As explained in Staff's *Memorandum*, attached hereto and incorporated herein by reference, Staff has reviewed Liberty's tariff filing and has determined that it was calculated in conformance with Liberty's PGA Clause, except with respect to the tariff provisions that are the subject of the variance request. As stated in Liberty's variance request and motion for expedited treatment, Staff does not oppose granting Liberty's requested one-time variance on an expedited basis under the circumstances presented in this filing. Staff is of the opinion that good cause for approval of the 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 Commission issue an order approving the tariff sheet on an interim basis, subject to refund, pending a final Commission decision in GR-2016-0075.

WHEREFORE, Staff recommends the Commission issue an order (1) granting Liberty a one-time variance from the tariff provision¹ requested in Liberty's application for variance in order to allow the Company to make the necessary ACA correction, and (2) approving the following tariff sheet on an interim basis, subject to refund:

P.S.C. MO. No. 2

22nd Revised Sheet No. 44, Cancelling 21st Revised Sheet No. 44

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil

Missouri Bar No. 33825

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

¹ P.S.C. MO. No. 2, 2nd Revised Sheet No. 41

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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 1st day of March, 2016.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
File No. GR-2016-0075, Tariff No. YG-2016-0224
Liberty Utilities

FROM: David M. Sommerer, Regulatory Manager
Procurement Analysis Unit - Operational Analysis Department

/s/ David M. Sommerer 03/01/16 /s/ Jeffrey A. Keevil 03/01/16
Commission Staff Division / Date Staff Counsel's Office/ Date

SUBJECT: Staff Recommendation for Liberty Utilities' Optional PGA Filing,
effective March 10, 2016

DATE: March 1, 2016

On February 24, 2016, 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 March 10, 2016. This tariff sheet was filed to reflect an error correction to the Company's Southeast Area's ("SEMO's") Actual Cost Adjustment (ACA) factor (and the resulting Total PGA rate). Under the Company's Purchased Gas Adjustment (PGA) tariff, an ACA rate change is only available under the mandatory winter filing. In this circumstance, to correct a misstated ACA balance that was filed as part of the October 2015 filing, the Company has requested a variance from the tariff provision as found on Revised Sheet No. 41.

The only rate(s) impacted are the restated SEMO ACA rate and the resulting "Total PGA" for SEMO, since the ACA rate is part of the Total PGA. No other PGA or ACA rates are being revised as part of this filing.

The posting error that occurred in the October 2015 filing significantly overstated the ACA factor and resulting "Total PGA" rate for SEMO customers. The tariff filing and related variance request is reasonable in that it revises the incorrect ACA factor and resulting Total PGA rate to a significantly lower amount, with the goal of reducing SEMO customer gas costs and the ongoing over-recoveries over the remaining 2015-2016 ACA period (the 12 months ended August 2016), and until a new ACA factor is put into effect in the fall of 2016.

For the Company's SEMO Area, 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 sales "Total PGA" rate from the current \$0.53793 per Ccf to \$0.24647 per Ccf. This represents a decrease of \$0.29146 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.

These rate changes should be made on an interim, subject to refund status pending final Commission decision in ACA Case No. GR-2016-0075.

On October 28th, 2015, the Commission ordered the Procurement Analysis Unit (PAU) to submit its results and recommendations regarding the information included in the ACA filing which is the subject of this case 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, except with respect to the tariff provisions that are the subject of the variance request. As stated in Liberty's variance request and motion for expedited treatment, Staff does not oppose granting Liberty's requested one-time variance on an expedited basis under the circumstances presented in this filing. 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 Commission issue an order approving the following tariff sheet on an interim basis, subject to refund:

P.S.C. MO. No. 2

22nd Revised Sheet No. 44, Cancelling 21st Revised Sheet No. 44

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') Case No. GR-2016-0075
Purchased Gas Adjustment Tariff Filing)

AFFIDAVIT OF DAVID M. SOMMERER

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW DAVID M. SOMMERER and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

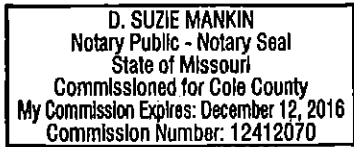
Further the Affiant sayeth not.

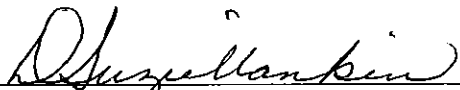


DAVID M. SOMMERER

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 29th day of February 2016.





 Notary Public