

**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)

**STAFF RECOMMENDATION REGARDING LIBERTY UTILITIES'
2014-2015 ACTUAL COST ADJUSTMENT FILING**

COMES NOW the Staff of the Missouri Public Service Commission in the above-captioned matter and files its Actual Cost Adjustment (“ACA”) Recommendation in this case concerning Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities’ (“Liberty” or “Company”) 2014-2015 ACA filing as set forth in the accompanying Staff Recommendation Memorandum (Appendix A), and further states as follows:

1. Liberty filed its ACA for the 2014-2015 period in this case on October 15, 2015. This filing contained Liberty’s ACA account balance calculation.
2. The Procurement Analysis Unit (“Staff”) has reviewed Liberty’s filing and submits its recommendation as further explained in the accompanying Staff Recommendation Memorandum, marked Appendix A (which is incorporated herein by reference). Staff’s analysis consisted of an examination of Liberty’s gas purchasing practices to evaluate the prudence of the Company’s purchasing decisions for this ACA period; a reliability analysis; and a hedging review. Staff’s review also included a comparison of the Company’s billed revenues and its actual gas costs to determine whether there exists an over-recovery or under-recovery of the ACA balances. An over-recovery by the Company is shown as a negative ACA balance that must be returned to customers; an under-recovery is shown as a positive ACA balance that must be collected from customers.

3. Based on its review, as discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order requiring Liberty to adjust the ACA account balances in its next ACA filing to reflect the adjustments to the Company's filed ACA balances and to reflect the Staff balances for 2014-2015 (ending August 31, 2015) as shown in the table in the "Recommendations" section of the Staff Recommendation Memorandum.

4. In addition to the monetary adjustments referenced above, based on its review Staff has certain recommendations as reflected in the accompanying Staff Recommendation Memorandum regarding the Company's Billed Revenue and Actual Gas Costs; Reliability Analysis and Gas Supply Planning; and Hedging. Staff recommends the Commission order Liberty to respond to these recommendations within forty-five (45) days.

WHEREFORE, for the reasons stated above and discussed in detail in the accompanying Staff Recommendation Memorandum, Staff recommends the Commission issue an order directing Liberty to respond within 45 days to Staff's recommendations discussed in Sections I through III of Staff's Recommendation Memorandum, and to reflect the adjustments and establish Liberty's ending ACA account balances as of August 31, 2015, as shown in the "Staff Balances for 2014-2015 ACA" column of the table in the "Recommendations" section of the Staff Recommendation Memorandum.

Respectfully submitted,

/s/ Jeffrey A. Keevil

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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 8th day of December, 2016.

/s/ Jeffrey A. Keevil