

**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>Case No. GR-2019-0123</u>
)	Tariff No. YG-2019-0074
)	

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 November 2, 2018, 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 and changes in the Company's Actual Cost Adjustment (ACA) factors. The tariff sheet bears a proposed effective date of December 1, 2018.

2. The Commission ordered Staff to file its recommendation regarding Liberty's tariff filing no later than November 20, 2018.

3. Pursuant to Liberty's tariffs, each area's 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), the effect of these changes will decrease the Firm Total PGA rate from the current \$0.37624 per Ccf (100 cubic feet) to \$0.31083 per Ccf. This represents a \$0.06541 per Ccf decrease.

5. For the Liberty Kirksville Area, the effect of these changes will decrease the Firm Total PGA rate from the current \$0.63570 per Ccf to \$0.37489 per Ccf. This represents a \$0.26081 per Ccf decrease.

6. For the Liberty Northeast Area (NEMO), the effect of these changes will decrease the Firm Total PGA rate from the current \$0.52065 per Ccf to \$0.37002 per Ccf. This represents a \$0.15063 per Ccf decrease.

7. For the Liberty Southeast Area (SEMO), the effect of these changes will decrease the Firm Total PGA rate from the current \$0.54625 per Ccf to \$0.47645 per Ccf. This represents a \$0.06980 per Ccf decrease.

8. The Company's filing 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 Department (PAD) will review the Company's ACA filing and may recommend adjustments to the ACA account balance(s). Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the PAD has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 17, 2019.

9. Case No. GR-2019-0123, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2017-2018 ACA filing. Case No. GR-2018-0077 was established to track the Company's PGA factors to be reviewed in its 2016-2017 ACA filing. Any rate change implemented pursuant to this tariff filing should be implemented on an interim basis, subject to refund, pending final Commission decisions in Case Nos. GR-2019-0123 and GR-2018-0077.

10. As explained in the Staff Recommendation set forth in the accompanying Memorandum, which is incorporated herein by reference, Staff has reviewed the current filing and determined that it was calculated in conformance with Liberty's PGA Clause. Therefore, Staff recommends the Commission approve the tariff sheet on an interim, subject to refund status pending final Commission decisions in Case Nos. GR-2019-0123 and GR-2018-0077.

11. Staff also recommends the Commission order PAD Staff to file the results of its review of the ACA factors represented in this filing no later than December 17, 2019.

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

13. 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.¹

WHEREFORE, Staff recommends the Commission issue an order approving the following tariff sheet to become effective December 1, 2018, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2019-0123 and GR-2018-0077, and that the Commission order PAD Staff to file the results of its ACA review in this docket no later than December 17, 2019:

P.S.C. MO. No. 2
25th Revised Sheet No. 44, Cancelling 24th Revised Sheet No. 44

¹ Liberty has requested an effective date of December 1, 2018.

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
Jefferson City, MO 65102
(573) 526-4887 (Telephone)
(573) 751-9285 (Fax)
Email: 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 of record this 20th day of November, 2018.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. GR-2019-0123, Tariff No. YG-2019-0074
Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities

FROM: Michael J. Ensrud - Procurement Analysis Department

/s/ David M. Sommerer 11/20/2018 /s/ Jeffrey A. Keevil 11/20/2018
Commission Staff Division/Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Liberty Utilities' Scheduled Winter Purchased Gas Adjustment (PGA) Filing Effective December 1, 2018

DATE: November 20, 2018

On November 2, 2018, Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities ("Liberty" or "Company") filed a tariff sheet requesting an effective date of December 1, 2018. This tariff sheet was filed to reflect scheduled changes in Liberty's Purchased Gas Adjustment (PGA) factors as a result of estimated reductions in the cost of natural gas for the upcoming winter heating season and changes in the Company's Actual Cost Adjustment (ACA) factors.

On November 2, 2018, the Commission issued an ORDER DIRECTING STAFF RECOMMENDATION, which requires Staff to file its recommendation no later than November 20, 2018.

Pursuant to Liberty's tariffs, each Area's 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.

Liberty's cover letter represents its pending filing as follows:

As a result of this filing, for the Liberty West Area (WEMO), the effect of these changes will decrease the firm PGA rate from the current \$0.37624 per Ccf (100 cubic feet) to \$0.31083 per Ccf. For the Kirksville area, the effect of these changes will decrease the firm PGA rate from the current \$0.63570 per Ccf to \$0.37489 per Ccf. For the Northeast Area (NEMO), the effect of these changes will decrease the firm PGA rate from the current \$0.52065 per Ccf to \$0.37002 per Ccf. For the Southeast Area (SEMO), the effect of these changes will decrease the firm PGA rate from the current \$0.54625 per Ccf to \$0.47645 per Ccf.

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 Total PGA rate from the

OFFICIAL CASE FILE MEMORANDUM

MO PSC Case No. GR-2019-0123, Tariff No. YG-2019-0074

November 20, 2018

Page 2 of 2

current \$0.37624 per Ccf (100 cubic feet) to \$0.31083 per Ccf. This represents a \$0.06541 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 Total PGA rate from the current \$0.63570 per Ccf to \$0.37489 per Ccf. This represents a \$0.26081 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 Total PGA rate from the current \$0.52065 per Ccf to \$0.37002 per Ccf. This represents a \$0.15063 per Ccf decrease.

For the Liberty Southeast Area (“SEMO”) including Jackson, Charleston, New Madrid, Caruthersville, and Neelyville, served by the Natural Gas Pipeline Company of America, Texas Eastern Transmission, Enable Mississippi River Transmission, and Ozark Gas Transmission, the effect of these changes will decrease the firm Total PGA rate from the current \$0.54625 per Ccf to \$0.47645 per Ccf. This represents a \$0.06980 per Ccf decrease.

Case No. GR-2019-0123, under which these changes were filed, was established to track the Company’s PGA factors to be reviewed in its 2017-2018 ACA filing. Case No. GR-2018-0077 was established to track the Company’s PGA factors to be reviewed in its 2016-2017 ACA filing. These rate changes should be made on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2019-0123 and GR-2018-0077.

Due to the limited time available to review the documentation supporting the ACA factor in this filing, the Procurement Analysis Department has requested permission to submit the results and recommendations regarding the information included in this ACA filing to the Commission on or before December 17, 2019. The ACA procedure involves review and true-up of the actual gas costs incurred.

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, other than as mentioned above.

Staff has reviewed this filing and has determined it was calculated with 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 effective December 1, 2018, as Liberty requested, subject to refund pending final Commission decisions in Case Nos. GR-2019-0123 and GR-2018-0077:

P.S.C. MO No. 2

25th Revised Sheet No. 44, Cancelling 24th Revised Sheet No. 44

