

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Liberty Utilities (Midstates)	<u>Case No. GR-2021-0101</u>
Natural Gas) Corp. d/b/a Liberty Utilities')	Tariff No. YG-2021-0116
Purchased Gas Adjustment Tariff Filing)	

**STAFF RECOMMENDATION REGARDING THE 2019-2020 ACTUAL
COST ADJUSTMENT FILING OF LIBERTY UTILITIES CORP.**

COMES NOW Staff of the Missouri Public Service Commission, through counsel, and for its recommendation states:

1. On November 6, 2020, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (Liberty) filed a proposed tariff sheet, bearing a proposed effective date of December 6, 2020. This tariff sheet reflects changes in Liberty's Purchased Gas Adjustment (PGA) factors as the result of estimated changes in the cost of natural gas for the upcoming winter season and changes in Liberty's Actual Cost Adjustment (ACA) factors.

2. Liberty's PGA tariff (Tariff Sheet No. 41) requires it to make a winter PGA filing between October 15 and November 4 of each year. Liberty filed three proposed substitute tariff sheets to correct errors. Liberty's third proposed substitute tariff sheet, filed on November 19, 2020, bears an effective date of December 13, 2020.

3. On November 20, 2020 the Procurement Analysis Department (Staff) recommended that the Commission approve the third proposed tariff sheet Liberty filed on November 19, 2020 on an interim and refundable basis, despite Liberty missing its filing deadline by two days.

4. On December 2, 2020 the Commission approved the third proposed tariff sheet on an interim and refundable basis, effective December 13, 2020, and ordered Staff to file a recommendation regarding its ACA review by December 15, 2021.

5. Staff reviewed Liberty’s filing and submits its recommendation in the accompanying *Memorandum*, incorporated herein by reference. Staff’s analysis consisted of examining the prudence of Liberty’s gas purchasing decisions for this ACA period, conducting a reliability analysis, and reviewing Liberty’s hedging practices. Staff also reviewed Liberty’s billed revenues and its actual gas costs to determine whether there is an over-recovery or under-recovery of the ACA balances.

6. Staff proposes adjustments to the ending ACA balances in Liberty’s filing. Below is a table illustrating Liberty’s filed ACA balances, Staff’s proposed adjustments, and Staff’s proposed ACA balances. Staff recommends that the Commission issue an order establishing Liberty’s ending ACA balances as those in the “Staff Proposed Balances 8/31/2020” column of the table in the Recommendations section of the *Memorandum*:

All Areas:	Company Filed Balance 8/31/20	Staff Adjustments	Staff Proposed Balances 8/31/20
SEMO Area			
Demand ACA	\$ 1,899,814	\$ 0	\$ 1,899,814
Commodity ACA	\$ (5,322,799)	\$ (113)	\$ (5,322,912)
Kirksville Area			
Demand ACA	\$ 511,325	\$ 8,130	\$ 519,456
Commodity ACA	\$ (1,741,283)	\$ (8,171)	\$ (1,749,454)
WEMO Area			
Demand ACA	\$ (522)	\$ 7,733	\$ 7,211
Commodity ACA	\$ 100,704	\$ 53,481	\$ 154,184
NEMO Area			
Demand ACA	\$ (35,082)	\$ (20,912)	\$ (55,993)
Commodity ACA	\$ (2,169,783)	\$ (40,302)	\$ (2,210,084)

7. Staff notes that similar to last year, Liberty substantially over-recovered in multiple service areas, which means that Liberty's customers paid more for gas than required. Liberty could have mitigated this by making an optional PGA adjustment filing before the over-recoveries grew to these levels. To prevent this situation in the future, Staff recommends that Liberty more closely monitor its monthly ACA balances and file an optional PGA, as appropriate.

8. Staff further recommends that Liberty respond to Staff's recommendations within thirty days.

WHEREFORE, Staff recommends that the Commission issue an order (a) establishing Liberty's ending ACA account balances as of August 31, 2020 as shown in the "Staff Proposed Balances 8/31/20" column of the table in the Recommendations section of Staff's *Memorandum* and (b) directing Liberty to respond within 30 days to Staff's recommendations.

Respectfully submitted,

/s/ Karen E. Bretz

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to all parties and/or counsel of record on this 15th day of December, 2021.

/s/ Karen E. Bretz