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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS
Discovery Conference
April 3, 2014
Jefferson City, Missouri
Volume 2

In the Matter of Liberty)
Utilities (Midstates)
Natural Gas) Corp. d/b/a)
Liberty Utilities' Tariff)
Revisions Designed to) File No. GR-2014-0152
Implement a General Rate)
Increase for Natural Gas)
Service in the Missouri)
Service Areas of the)
Company)

RONALD D. PRIDGIN, Presiding,
SENIOR REGULATORY LAW JUDGE.

REPORTED BY:
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MIDWEST LITIGATION SERVICES

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10 FOR: Staff of the Missouri Public
Service Commission.

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1 P R O C E E D I N G S

2 JUDGE PRIDGIN: Good morning. This
3 is the procedural conference in File
4 No. GR-2014-0152. I'm Ron Pridgin. I'm the
5 Regulatory Law Judge assigned to preside over this
6 conference. It's being held on April 3rd, 2014,
7 and we are in the Governor Office Building in
8 Jefferson City, Missouri. The time is 10:30 a.m.

9 I would like to get entries of
10 appearance from counsel, beginning with Staff,
11 please.

12 MR. BORGMAYER: My name is John
13 Borgmeyer, appearing on behalf of the Staff of the
14 Missouri Public Service Commission. And also with
15 me we have Alexander Antel, A-n-t-e-l, we have
16 Akayla Jones and Whitney Hampton and Tim Opitz.

17 JUDGE PRIDGIN: Very good. Thank
18 you. Any entry on behalf of Liberty Utilities?

19 MR. DORITY: Thank you, Judge.
20 Appearing on behalf of Liberty Utilities, Larry W.
21 DORITY with Fischer & DORITY, PC. Our address is
22 101 Madison, Suite 400, Jefferson City, Missouri.
23 Appearing on behalf of Liberty Utilities (Midstates
24 Natural Gas) Corp., doing business as Liberty
25 Utilities.

1 JUDGE PRIDGIN: Mr. Dority, thank
2 you. Anyone else wishing to enter an appearance?

3 (No response.)

4 JUDGE PRIDGIN: All right. Hearing
5 none. I believe we are here concerning a Staff
6 statement regarding discovery concerns, and I guess
7 I don't have a particular preference on how to
8 proceed. If counsel wants to do something
9 otherwise, please let me know, but I thought I
10 would just see if Staff had anything further they
11 wanted to add or any further request before I let
12 Mr. Dority speak.

13 MR. BORGMEYER: Yes, your Honor.
14 Liberty counsel has asked to make a brief statement
15 first, so I'd go ahead and let him do that.

16 JUDGE PRIDGIN: Very good.
17 Mr. Dority.

18 MR. DORITY: Thank you, Judge. Since
19 Staff filed their statement regarding discovery
20 concerns last week, we have not filed anything
21 formally in the case papers, so I thought I would
22 just make a very brief statement that might help
23 frame the issue this morning for you.

24 The company clearly understands the
25 importance of the discovery process and takes its

1 responsibilities in that regard very seriously. I
2 can assure your Honor and the Staff that any
3 requests for additional time were not for the
4 purposes of unnecessary delay or to impede the
5 Staff's ability to conduct its audit.

6 The company has been extremely
7 diligent in processing the over 260 data requests
8 and their multiple subparts to date, having
9 responded to approximately 165 so far.

10 At this point in time, there are only
11 a handful, nine I believe, where we have asked for
12 a couple of weeks additional time beyond the 20-day
13 due date, and those will be answered well before
14 that date.

15 Since those requests, we have not
16 sought any additional extensions of time or
17 objected to the various batches of DRs that were
18 sent on March 18th, March 19th, March 20th,
19 March 24th and March 26th. At this point, we
20 intend to meet those respective deadlines.

21 Regarding the need to supplement some
22 responses, the company has provided those as
23 requested. And, in fact, since the Staff auditors
24 have arrived onsite in Jackson, Missouri, there has
25 been additional information filed as supplemental

1 responses when a particular need was identified.

2 Mr. Krygier, who is on the phone with
3 us this morning, reports a very professional and
4 courteous working relationship with the Staff
5 auditors. And I also appreciate the courtesies and
6 understanding that Mr. Keevil and Mr. Borgmeyer
7 have provided in this process to date.

8 Concerning the two objections that
9 were noted in Staff's pleading, I would note that
10 responses have now been filed, and we certainly
11 anticipate working through the procedural issue
12 identified in the one DR relating to outside
13 auditor work papers.

14 Bottom line, I regret that Staff was
15 required to present its concerns at this point in
16 the process, and we would hope that the discovery
17 process will not have to be overly burdensome as
18 the case proceeds. Thank you.

19 JUDGE PRIDGIN: Mr. Dority, thank
20 you. Does -- Mr. Borgmeyer or anybody else from
21 Staff, is there anything further that you wanted to
22 add, anything in response, any further concerns?

23 MR. BORGMEYER: Yes, your Honor.
24 I'll just say that I think, in general, Staff
25 agrees with what Mr. Dority has just stated. And

1 we do have Staff auditor Lisa Hanneken on the phone
2 in case she wants to provide some additional
3 comments or information about that.

4 I think Staff's main concern in
5 filing for this conference was to let the
6 Commission know that there was some slowdown in
7 some of the DR responses. There's a lot that the
8 company has to respond to. And I think since we've
9 initiated this conference, a lot of the information
10 has been provided. My understanding is that
11 there's still some stuff outstanding, but that the
12 company is working on that.

13 The main concern we had is that, you
14 know, the Staff audit has to be completed on a very
15 tight deadline, and the discovery responses are
16 important to Staff completing its audit. And so
17 before we got to -- well, let me say that if Staff
18 doesn't have the discovery that it needs, it really
19 has two choices, which is to ask for an extension
20 in time to file its cost of service report, which
21 is not preferable because the case is already on a
22 fairly tight timeline.

23 The other option is that Staff will
24 have to disallow costs for which there are no
25 support. That is also not a preferred option

1 because we do want the company to be able to
2 recover its prudently incurred costs. And so when
3 we were having the slowdown of DR responses, we
4 wanted to make sure that the Commission was aware
5 that, if we didn't get those issues resolved, that
6 we would be put in a position to make one of those
7 two choices at the time we had to file. And so we
8 wanted the Commission to be aware well before that
9 situation occurred that that's what our options
10 were.

11 And a related concern, then, is that
12 after Staff files its cost of service report, the
13 time for discovery responses is reduced, and
14 ultimately I think it goes down to a five-day
15 timeline to respond.

16 And so Staff wanted the Commission to
17 be aware of its concern that if the 20-day deadline
18 is a problem, that what will happen when we have
19 the five-day deadline and we're preparing for
20 litigation and wanted the Commission to be aware of
21 those concerns.

22 But I think Staff does appreciate the
23 effort that the company has made to satisfy a lot
24 of the DRs that were mentioned in Staff's original
25 filing for this conference. So it seems to me

1 right now that we're -- that we're on a better
2 track, but wanted just the Commission to be aware
3 that this was an emerging issue, and hopefully
4 we've got it resolved, but that will ultimately
5 remain to be seen.

6 JUDGE PRIDGIN: I understand. And,
7 counsel, feel free to correct me if I'm wrong or
8 feel free to speak up otherwise. What I'm hearing
9 from you two is that since the Staff's statement
10 regarding discovery concerns was filed, that
11 Liberty has gone a good part of the way, perhaps
12 most of the way even, in addressing Staff's
13 concerns; would that be accurate?

14 MR. BORGMEYER: I think most of the
15 way is probably right. I think my understanding is
16 that there's a few DRs that remain outstanding.
17 And I'll let Ms. Hanneken jump in if she's got some
18 specific ones. We also have some other people
19 Staff people back here.

20 But I think the company is aware of
21 the ones that are outstanding and they're working
22 on them. My understanding is that there's no
23 specific disagreement about any particular DR right
24 now, but I would invite -- if I'm misstating that,
25 I'd invite my Staff people to correct me if I'm

1 wrong about that.

2 JUDGE PRIDGIN: And I think what I
3 heard is -- and maybe I misunderstood, was that
4 Mr. Dority said that those answers would be
5 forthcoming even before the time they said that
6 they would be able to provide them. So it sounds
7 like Liberty's on the ball and going to be able to
8 provide those answers pretty quickly.

9 And I don't want to turn this into
10 just an open session, but I guess I would ask if
11 anybody else has anything to add? And that
12 includes those on the phone as well.

13 MS. HANNEKEN: Judge, this is Lisa
14 Hanneken. I'm the auditor on the case. And we
15 had -- at the beginning, you know, there was quite
16 a delay in receiving some of the basic information
17 that we typically get from the companies. However,
18 recently the company has provided us all of that
19 information.

20 I am aware there are a few
21 outstanding DRs that were not necessarily put in by
22 my department but by other members of Staff. One
23 of them's about ten days overdue. The other ones
24 are lesser overdue, but they are past the 20-day
25 mark. And it is my understanding that the company

1 is working on those and they'll be provided
2 shortly, and it should have all the information
3 that was requested contained in them.

4 So if that's the case and we continue
5 to get prompt answers to our DRs, then I don't
6 believe there's an issue currently.

7 JUDGE PRIDGIN: Okay. Ms. Hanneken,
8 thank you. Is there anything else that parties or
9 counsel wish to bring to my attention?

10 MR. DORITY: Not from the company's
11 standpoint, Judge. Thank you.

12 MR. BORGMEYER: I think Staff's okay,
13 too, your Honor.

14 JUDGE PRIDGIN: Very good. Is there
15 anything else we need to address before we go off
16 the record?

17 MR. BORGMEYER: I don't believe so.

18 MR. DORITY: I don't believe so. I
19 think Mr. Poston filed his pleading regarding local
20 public hearings yesterday.

21 JUDGE PRIDGIN: Yes, sir.

22 MR. DORITY: And I'm sure the Judge
23 will be addressing that in due course. So I think
24 that's all we have at this point.

25 JUDGE PRIDGIN: I will. I'll let you

1 know. I've asked my secretary to get on the ball
2 and try to make arrangements, and that takes a
3 while, but hopefully I'll have some ideas and an
4 order or notice out hopefully next week.

5 MR. DORITY: Judge, I didn't know if
6 it's appropriate, and I don't want to overstep, but
7 to the extent that the company has knowledge of
8 possible venues in some of those locations, if you
9 need assistance or if Staff would like help in
10 terms of trying to identify what might make sense
11 in terms of locations for the hearings, we'd be
12 happy to try to assist in any way.

13 JUDGE PRIDGIN: I appreciate that. I
14 mean, you're certainly free to notify -- to notify
15 me via e-mail or a pleading. And I think we've had
16 hearings in all of these towns, so I think we
17 already have contacts in place, but we always
18 welcome other ideas.

19 Okay. Anything further before we go
20 off the record? All right. Hearing nothing, we
21 will go off the record in this procedural
22 conference in GR-2014-0152. Thank you. We are off
23 the record.

24 (WHEREUPON, the discovery conference
25 concluded at 10:42 a.m.)

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C E R T I F I C A T E

STATE OF MISSOURI)

) ss.

COUNTY OF COLE)

I, Kellene K. Feddersen, Certified
Shorthand Reporter with the firm of Midwest
Litigation Services, do hereby certify that I was
personally present at the proceedings had in the
above-entitled cause at the time and place set
forth in the caption sheet thereof; that I then and
there took down in Stenotype the proceedings had;
and that the foregoing is a full, true and correct
transcript of such Stenotype notes so made at such
time and place.

Given at my office in the City of
Jefferson,

County of Cole, State of Missouri.

Kellene K. Feddersen, RPR, CSR, CCR

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DISCOVERY CONFERENCE 4/3/2014

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