

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

In the Matter of the Application of Liberty)
Utilities (Midstates Natural Gas) Corp. d/b/a)
Liberty to Change its Infrastructure) Case No. GT-2022-0118
System Replacement Surcharge)

RESPONSE TO STAFF RECOMMENDATION

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (the “Company” or “Liberty”), pursuant to the Commission’s *Order and Notice* issued in this matter on January 3, 2022, and submits this Response to Staff Recommendation regarding the March 30, 2022, filing of the Commission’s Staff:

1. The Staff Recommendation describes Staff’s examination and investigation of Liberty’s Verified Application, supporting documentation, and other data regarding Liberty’s proposed changes to its Infrastructure System Replacement Surcharge (“ISRS”).

2. Staff proposes three ISRS adjustments and makes certain other recommendations. The first Staff adjustment is to exclude costs for new mains, services, and a regulator station. The second is to exclude a project that did not have a work order available for documentation. Third, Staff recommends removal of costs for fencing, past due balances, and expense report items. These adjustments result in Staff’s recommended annual revenue requirement of \$890,286.

3. Having reviewed the Staff Recommendation, Liberty does not object to Staff’s three ISRS adjustments. Liberty also accepts Staff’s other recommendations with the exception of Staff’s recommendation for the Commission to direct “Liberty to have a study conducted by an external party with regard to its corporate and overhead allocation methods prior to its next general rate case.”

4. The Staff recommendation in this regard is not necessary and would be duplicative of steps already taken by Liberty. In 2021, Liberty had an independent third-party review conducted of its Cost Allocation Manual. Additionally, the Company is working with an external

accounting and auditing firm to complete a comprehensive capitalization study for all corporate and regional shared services costs. Although Staff's recommendation for Liberty to be directed to have a new study conducted by an external party with regard to its corporate and overhead allocation methods should be rejected, Liberty welcomes the opportunity to meet with stakeholder parties within 60 days of a Commission order herein to discuss the Company's cost allocation and capitalization methods.

WHEREFORE, Liberty respectfully requests that the Commission accept this Response to Staff Recommendation, and Liberty requests such relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 7th day of April, 2022, and sent by electronic transmission to all counsel of record.

/s/ Diana C. Carter