

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

In the Matter of Liberty Utilities (Midstates Natural)	<u>Case No. GR-2020-0126</u>
Gas) Corp. d/b/a Liberty Utilities' Purchased Gas)	Tariff No. YG-2020-0075
Adjustment Tariff Filing)	

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 4, 2019, 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 4, 2019.

2. The Commission ordered Staff to file its recommendation regarding Liberty's tariff filing no later than November 15, 2019.

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 increase the firm Total PGA rate from the current \$0.31083 per Ccf (100 cubic feet) to \$0.33671 per Ccf. This represents a \$0.02588 per Ccf increase.

5. For the Liberty Kirksville Area, the effect of these changes will decrease the firm Total PGA rate from the current \$0.37489 per Ccf to \$0.31639 per Ccf. This represents a \$0.0585 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 \$0.37002 per Ccf to \$0.36512 per Ccf. This represents a \$0.00490 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 \$0.47645 per Ccf to \$0.35250 per Ccf. This represents a \$0.12395 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 15, 2020.

9. Case No. GR-2020-0126, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2018-2019 ACA filing. Case No. GR-2019-0123 was established to track the Company's PGA factors to be reviewed in its 2017-2018 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-2020-0126 and GR-2019-0123.

10. As explained in the Staff Recommendation set forth in the accompanying Memorandum attached as “Appendix A”, 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 basis, subject to refund pending final Commission decisions in Case Nos. GR-2020-0126 and GR-2019-0123.

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 15, 2020.

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 has reviewed this tariff filing and has determined it was calculated in conformance with Liberty’s PGA Clause, noting in this instance the Company filed its tariff sheet on November 4, 2019 to be effective on December 4, 2019, allowing thirty (30) days notice for its PGA change.

WHEREFORE, Staff recommends the Commission issue an order approving the following tariff sheet to become effective December 4, 2019, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2020-0126 and GR-2019-0123, and that the Commission order PAD Staff to file the results of its ACA review in this docket no later than December 15, 2020:

Respectfully submitted,

/s/ Robert S. Berlin

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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 15th day of November, 2019.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2020-0126, Tariff No. YG-2020-0075
Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities

FROM: Michael J. Ensrud - Procurement Analysis Department

/s/ David M. Sommerer 11/15/2019 /s/ Robert S. Berlin 11/15/2019
Financial and Business Analysis Division /Date Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Liberty Utilities' Scheduled Winter Purchased Gas Adjustment (PGA) Filing Effective December 4, 2019

DATE: November 15, 2019

On November 4, 2019, Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities ("Liberty" or "Company") filed a tariff sheet, a cover letter, and supporting data. Liberty is requesting an effective date of December 4, 2019. This tariff sheet was filed to reflect scheduled changes in Liberty's Purchased Gas Adjustment (PGA) factors and changes in the Actual Cost Adjustment (ACA) factors.

On November 5, 2019, the Commission issued an ORDER DIRECTING STAFF RECOMMENDATION, which requires Staff to file its recommendation no later than November 15, 2019.

Liberty describes the filing (in its cover letter) as follows:

- As a result of this filing, for the Liberty West Area (WEMO), the effect of these changes will increase the firm PGA rate from the current \$0.31083 per Ccf (100 cubic feet) to \$0.33671 per Ccf.
- For the Kirksville area, the effect of these changes will decrease the firm PGA rate from the current \$0.37489 per Ccf to \$0.31639 per Ccf.
- For the Northeast Area (NEMO), the effect of these changes will decrease the firm PGA rate from the current \$0.37002 per Ccf to \$0.36512 per Ccf.
- For the Southeast Area (SEMO), the effect of these changes will decrease the firm PGA rate from the current \$0.47645 per Ccf to \$0.35250 per Ccf.

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.

APPENDIX A

The Liberty West Area (“WEMO”) includes Butler, Rich Hill and Hume is served by Panhandle Eastern Pipe Line Company (“PEPL”) and Southern Star Central Gas Pipeline Company (“SCC”).

The Liberty Kirksville Area includes Kirksville and Lancaster, is served by is the ANR Pipeline Company (“ANR”).

The Liberty Northeast Area (“NEMO”) including Hannibal, Canton, Bowling Green and Palmyra or Combined District is served by the PEPL Company.

The Liberty Southeast Area (“SEMO”) including Jackson, Charleston, New Madrid, Caruthersville, and Neelyville, is served by the Natural Gas Pipeline Company of America, Texas Eastern Transmission, Enable Mississippi River Transmission, and Ozark Gas Transmission.

The variances in PGAs (as reflected in the below chart) are partly attributable to different districts being served by different pipe lines.

	Old PGA	New PGA	Diff	Percentage change
<u>West Area</u>				
Firm	\$0.31083	\$0.33671	\$0.02588	8.33%
Interrupt	\$0.25680	\$0.28127	\$0.02447	9.53%
<u>Kirksville Area</u>				
Firm	\$0.37489	\$0.31639	(\$0.05850)	-15.60%
Interrupt	\$0.25950	\$0.20458	(\$0.05492)	-21.16%
<u>Northeast Area</u>				
Firm	\$0.37002	\$0.36512	(\$0.00490)	-1.32%
Interrupt	\$0.24944	\$0.27007	\$0.02063	8.27%
<u>Southeast Area</u>				
Firm	\$0.47645	\$0.35250	(\$0.12395)	-26.02%
Interrupt	\$0.34345	\$0.22588	(\$0.11757)	-34.23%

Case No. GR-2020-0126, under which these changes were filed, was established to track the Company’s PGA factors to be reviewed in its 2018-2019 ACA filing. Case No. GR-2019-0123 was established to track the Company’s PGA factors to be reviewed in its 2017-2018 ACA filing. These rate changes should be made on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2020-0126 and GR-2019-0123.

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 15, 2020. 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. Therefore, Staff recommends that the following tariff sheet be approved effective December 4, 2019, on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2020-0126 and GR-2019-0123:

P.S.C. MO No. 2

26th Revised Sheet No. 44, Cancelling 25th Revised Sheet No. 44

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

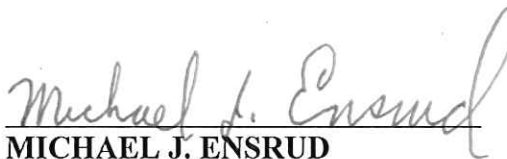
In the Matter of Liberty Utilities (Midstates)
Natural Gas) Corp, d/b/a Liberty Utilities') Case No. GR-2020-0126
Purchased Gas Adjustment Tariff Filing)

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

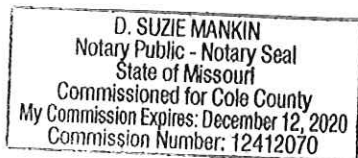
COMES NOW MICHAEL J. ENSRUD and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in Memorandum form; and that the same is true and correct according to his best knowledge and belief.


Further the Affiant sayeth not.


MICHAEL J. ENSRUD

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of November 2019.




Notary Public