

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held in Kansas City on the 6th day of June, 2018.

In the Matter of Liberty Utilities (Midstates)
Natural Gas) Corp. d/b/a Liberty Utilities')
Tariff Revisions Designed to Implement a)
General Rate Increase for Natural Gas)
Service in the Missouri Service Areas of the)
Company)

File No. GR-2018-0013
Tariff No. YG-2018-0036

ORDER APPROVING STIPULATION AND AGREEMENT

Issue Date: June 6, 2018

Effective Date: June 16, 2018

On May 24, 2018, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities; the Staff of the Commission; the Office of the Public Counsel; and the Missouri Department of Economic Development – Division of Energy filed what they described as a unanimous stipulation and agreement resolving all issues regarding Liberty's request for a rate increase. The stipulation and agreement was not signed by all parties, but it represented that the Midwest Energy Consumers Group, the only party that did not sign the stipulation and agreement, would not oppose it. Commission Rule 4 CSR 240-2.115 provides that if no party objects to a non-unanimous stipulation and agreement within seven days of its filing, the Commission can treat it as unanimous. More than seven days have passed since the stipulation and agreement was filed, and no party has objected to it. Therefore, the Commission will treat the stipulation and agreement as unanimous.

The stipulation and agreement allows Liberty to file tariffs to increase its annual non-gas Missouri jurisdictional base rate revenues by \$4.6 million, including approximately \$500,000 in charges that have previously been collected through the company's

Infrastructure System Replacement Surcharge (ISRS). The stipulation and agreement contemplates that those new rates will go into effect on July 1, 2018. The company had initially sought to increase its annual revenues by \$7.5 million.¹ The stipulation and agreement indicates the agreed upon revenue requirement is based on a 9.8 percent return on equity and incorporates the effect of Liberty's reduced federal tax burden.

In addition to establishing Liberty's revenue requirement, the stipulation and agreement contains numerous detailed provisions regarding Liberty's operations and details about the tariff Liberty will file to implement the terms of the stipulation and agreement. Among other things, the stipulation and agreement allocates the overall revenue requirement between and within each rate class in Liberty's Missouri operating districts. It adopts rate consolidation for Liberty's Northeast Missouri (NEMO) and Western Missouri (WEMO) districts and contemplates that Liberty will file a single ISRS for both the WEMO and NEMO districts. This stipulation and agreement will not consolidate Liberty's Southeast Missouri (SEMO) district with the other two districts. In addition, Liberty will adopt a Weather Normalization Adjustment Rider designed to adjust the company's rates for the impact of weather on customer usage. Liberty will implement a summer period inclining block rate for residential customers on a pilot project basis in its consolidated WEMO and NEMO district. Liberty will cooperate with the Division of Energy in evaluating the use, impact, and structure of inclining rate for residential customers during the winter season for consideration in Liberty's next general rate case. Liberty will be required to establish a low-income affordability program for implementation by November 1, 2018.

¹ Exemplar tariff sheets that would implement the terms of the stipulation and agreement were attached to the stipulation and agreement.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that the stipulation and agreement is a reasonable resolution of the issues it addresses and should be approved.

THE COMMISSION ORDERS THAT:

1. The Unanimous Stipulation and Agreement filed on May 24, 2018, is approved as a resolution of all issues. The signatory parties are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order and incorporated by reference.

2. The tariff sheets filed by Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities on September 29, 2017, and assigned tariff number YG-2018-0036, are rejected.

3. Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities is authorized to file a tariff consistent with the approved stipulation and agreement.

4. This order shall be effective on June 16, 2018.

BY THE COMMISSION



Morris L. Woodruff

Morris L. Woodruff
Secretary

Hall, Chm., Kenney, Rupp, Coleman, and
Silvey, CC., concur.

Woodruff, Chief Regulatory Law Judge

Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

FOR – All Areas

Name of Issuing Corporation

Community, Town or City

UTILITY RELATED CHARGES (Continued)

All Service Areas

Excess flow valves – installation

\$1,500

Interest rate to be paid on Customer’s
Deposits

“Interest on deposits shall be paid on a per annum rate equal to the prime bank lending rate plus one percentage point as published in The Wall Street Journal for the last business day of the preceding calendar year, compounded annually”

DATE OF ISSUE:

month day year

ISSUED BY: Christopher D. Krygier
name of officer

Director, Rates and Regulatory
Affairs (Central Region)

DATE EFFECTIVE:

month day year

Jackson, MO
address

Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

FOR – All Areas

Name of Issuing Corporation

Community, Town or City

RESIDENTIAL FIRM SERVICE

AVAILABILITY:

This schedule is available to Customers consuming gas for space heating, water heating, cooking, air conditioning and other proper purposes in private residences, individual apartments and in a multifamily dwelling, and using a type A or B meter. Service may not be shared or resold.

CHARACTER OF SERVICE:

Service hereunder will not normally be subject to curtailment except as may become necessary under the Curtailment Provisions, Sheet Numbers 106 through 108 of the Company's tariffs. Gas supplied will have a nominal heating value of approximately 1000 Btu's per cubic foot.

MONTHLY DELIVERY CHARGE & VOLUMETRIC RATES:

	<u>Northeast/West</u>	<u>Southeast</u>
Delivery Charge (per meter)	\$22.00	\$15.00
Distribution Commodity Rate (per Ccf)		
Winter billing (Nov – Apr)	\$0.33607	\$0.24335
Summer billing (May – Oct)		
1 st 30 Ccf	\$0.32935	\$0.24335
Over 30 Ccf	\$0.38193	\$0.24335

Minimum Bill is equal to the monthly Delivery Charge plus applicable rate adjustments.

RATE ADJUSTMENTS:

- Purchased Gas Adjustment: To the rates stated above the Total Purchased Gas Adjustment (PGA) factor will be billed to recover the cost of gas pursuant to the Company's Purchased Gas Adjustment Clause.
- Taxes: Any franchise, gross receipts, license or occupation tax levied by any city, town, community, or other taxing authority on the amounts billed under this tariff, including applicable adjustments, will be added to bills rendered to Customers in such community or tax district.
- Utility Related Charges: Service charges may be applicable pursuant the terms of utility Related Charges tariff, Sheet Numbers 20 through 21.
- Infrastructure System Replacement Surcharge: Pursuant to Missouri Public Service Commission approval, a monthly ISRS charge as provided on Tariff Sheet Number 19 is applicable to this rate.

DATE OF ISSUE:

month day year

ISSUED BY: Christopher D. Krygier
name of officerDirector, Rates and Regulatory_
Affairs (Central Region)

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

FOR – All Areas

Name of Issuing Corporation

Community, Town or City

SMALL FIRM GENERAL SERVICE

AVAILABILITY:

This schedule is available to Customers consuming gas for Commercial and Industrial purposes, as defined in the Company's Rules and Regulations, who uses a type A or B meter. Service may not be shared or resold.

CHARACTER OF SERVICE:

Service hereunder will not normally be subject to curtailment except as may become necessary under the Curtailment Provisions, Sheet Numbers 106 through 108 of the Company's tariffs. Gas supplied will have a nominal heating value of approximately 1000 Btu's per cubic foot.

MONTHLY DELIVERY CHARGE & VOLUMETRIC RATES:

	<u>Northeast/West</u>	<u>Southeast</u>
Delivery Charge (per meter)	\$33.79	\$25.10
Distribution Commodity Rate (per Ccf)	\$0.14216	\$0.08312

Minimum Bill is equal to the monthly Delivery Charge plus applicable rate adjustments.

RATE ADJUSTMENTS:

1. Purchased Gas Adjustment: To the rates stated above the total Purchased Gas Adjustment (PGA) factor for firm service will be applicable for the SGS Customer.
2. Taxes: Any franchise, gross receipts, license or occupation tax levied by any city, town, community, or other taxing authority on the amounts billed under this tariff, including applicable adjustments, will be added to bills rendered to Customers in such community or tax district.
3. Utility Related Charges: Service charges may be applicable pursuant the terms of utility Related Charges tariff, Sheet Numbers 20 through 21.
4. Infrastructure System Replacement Surcharge: Pursuant to Missouri Public Service Commission approval, a monthly ISRS charge as provided on Tariff Sheet Number 19 is applicable to this rate.

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

FOR – All Areas

Name of Issuing Corporation

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MEDIUM FIRM GENERAL SERVICE

AVAILABILITY:

This schedule is available to Customers consuming gas for Commercial and Industrial purposes, as defined in the Company's Rules and Regulations, whose use per year is less than 75,000 Ccf, and does not use a type A or B meter. Service may not be shared or resold.

CHARACTER OF SERVICE:

Service hereunder will not normally be subject to curtailment except as may become necessary under the Curtailment Provisions, Sheet Numbers 106 through 108 of the Company's tariffs. Gas supplied will have a nominal heating value of approximately 1000 Btu's per cubic foot.

MONTHLY DELIVERY CHARGE & VOLUMETRIC RATES:

	<u>Northeast/West</u>	<u>Southeast</u>
Delivery Charge (per meter)	\$136.13	\$140.00
Distribution Commodity Rate (per Ccf)	\$0.27711	\$0.23906

Minimum Bill is equal to the monthly Delivery Charge plus applicable rate adjustments.

RATE ADJUSTMENTS:

1. Purchased Gas Adjustment: To the rates stated above, the total Purchased Gas Adjustment (PGA) factor for firm service will be applicable for the MGS Customer.
2. Taxes: Any franchise, gross receipts, license or occupation tax levied by any city, town, community, or other taxing authority on the amounts billed under this tariff including applicable adjustments, will be added to bills rendered to Customers in such community or tax district.
3. Utility Related Charges: Service charges may be applicable pursuant the terms of utility elated Charges tariff, Sheet Numbers 20 through 21.
4. Infrastructure System Replacement Surcharge: Pursuant to Missouri Public Service Commission approval, a monthly ISRS charge as provided on Tariff Sheet Number 19 is applicable to this rate.

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d/b/a Liberty Utilities

FOR – All Areas

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LARGE FIRM GENERAL SERVICE

AVAILABILITY:

This schedule is available to Customers consuming gas for Commercial and Industrial purposes, as defined in the Company's Rules and Regulations and whose use is at least 75,000 Ccf per year. Service may not be shared or resold. In order to assure adequate supplies of natural gas for electric generation, Customer must provide Company prior notice and confirmation of gas supply availability before gas consumption for electric generation begins. Any volumes not confirmed by Company for electric generation will be considered "unauthorized use" and subject to the charges provided below.

CHARACTER OF SERVICE:

Service hereunder will be subject to curtailment only as may become necessary under Curtailment Provisions, Sheet Numbers 106 through 108 of the Company's tariff. Gas supplied will have a nominal heating value of approximately 1000 Btu's per cubic foot.

MONTHLY DELIVERY CHARGE & VOLUMETRIC RATES:

	<u>Northeast/West</u>	<u>Southeast</u>
Delivery Charge (per meter)	\$750.00	\$750.00
Distribution Commodity Rate (per Ccf)	\$0.17276	\$0.20334

Minimum Bill is equal to the monthly Delivery Charge plus applicable rate adjustments.

RATE ADJUSTMENTS:

1. Purchased Gas Adjustment: To the rates stated above, the Total Purchased Gas Adjustment (PGA) factor for firm sales service, as applicable, will be billed to recover the cost of gas pursuant to the Company's Purchased Gas Adjustment Clause.

Any sales volumes taken in excess of those allowed by the Company during a period of curtailment, pursuant to its Curtailment Provisions, Sheet Nos. 106 through 108, will be "unauthorized use" and will be billed pursuant to the Unauthorized Use Charges below.

2. Taxes: Any franchise, gross receipts, license or occupation tax levied by any city, town, community, or other taxing authority on the amounts billed under this tariff, including applicable adjustments, will be added to bills rendered to Customers in such community or tax district.
3. Infrastructure System Replacement Surcharge: Pursuant to Missouri Public Service Commission approval, a monthly ISRS charge as provided on Tariff Sheet Number 19 is applicable to this rate.

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

FOR – All Areas

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INTERRUPTIBLE LARGE VOLUME GAS SERVICE**AVAILABILITY:**

To any commercial or industrial customer using at least 200,000 Ccf per year, *or* 1,000 Ccf per day during off-peak periods. Examples of customers utilizing natural gas during off-peak periods only would include, but is not limited to the following: asphalt plants, electric generating facilities, grain drying facilities, and farm irrigation systems.

Deliveries to such customers shall be subject to curtailment at any time. Deliveries to such customers shall be subject to curtailment in whole or in part upon one-half (1/2) hour's notice. During any interruption due to capacity or supply concerns, all Interruptible Gas Service Customers shall be interrupted when required on a pro rata basis.

Interruption shall occur at any time the Company is subject to any penalties being incurred and/or increased reservation or storage charges being incurred related to the Company's system supply gas needs. No penalties, short-term reservation or storage charges shall be used as costs of gas in the Actual Cost Adjustment factor computation during any period where interruptible Customers are not interrupted.

CHARACTER OF SERVICE:

Natural gas with a heating value of approximately 1,000 BTU per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as delivered to the Customer.

MONTHLY DELIVERY CHARGE & VOLUMETRIC RATES:

	<u>Northeast/West</u>	<u>Southeast</u>
Delivery Charge (per meter)	\$650.00	\$750.00
Distribution Commodity Rate (per Ccf)	\$0.17002	\$0.20179

Minimum Bill is equal to the monthly Delivery Charge plus applicable rate adjustments.

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a/ Liberty Utilities

FOR – All Areas

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EXCESS FLOW VALVES

EXCESS FLOW VALVES (EFV): To comply with the United States Department of Transportation Regulation 49 CFR Part 192.383, the Company will install an EFV for certain new or replaced eligible gas service lines *, at no cost to the customer. These include:

- Single family residences
- Multi-family residences, and
- Small commercial entities consuming natural gas volumes not exceeding 1,000 Standard Cubic Feet per Hour

In addition, a customer may request an EFV be installed on an existing service line at their own expense, based upon suitable payment arrangements agreed to by the Company. If the service line is eligible * for EFV installation, the Company will install the EFV on a mutually agreed date at a cost as set forth below:

Installation of an EFV on an eligible service line for an existing customer when requested by the customer and when service is not being replaced will consist of:

- A. EFV Standard Charge: Customer may request installation of an excess flow valve consisting of a valve and labor for a standard charge of \$1,500 (based on typical minimum requirements) for the EFV installation, subject to the provisions of Section B. Costs for minimum installation requirements will be based on time and material.
- B. EFV Installation Beyond or Less than the EFV Standard Charge: Company shall provide an estimate of the actual cost of installation prior to undertaking an installation. Installation of an EFV in excess of that provided by the Standard Charge as determined under Section A will be made by the Company, provided the applicant requesting installation of an EFV deposits, as a contribution-in-aid-of-construction, the Company's estimated cost of such excess. Any variation between any charge under Section A or this Section B and the actual cost of installation shall be refunded to customer within 60 days.

*Eligibility to install an EFV device will depend upon operating conditions in effect for the service, such as the inlet pressure, which may not allow the EFV to operate effectively.

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Director, Rates and Regulatory Affairs

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

FOR – All Areas

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LOW INCOME AFFORDABILITY PROGRAM TEMPLATE

RESERVED FOR FUTURE USE

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FOR – All Areas

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RED TAG PROGRAM TEMPLATE

RESERVED FOR FUTURE USE

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a/ Liberty Utilities

FOR – All Areas

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WEATHER NORMALIZATION ADJUSTMENT RIDER

APPLICABILITY

The Weather Normalization Adjustment (“WNA”) Rider is applicable to each ccf of gas delivered under the terms of the residential and small general service (“SGS”) rate schedules of Liberty Utilities (Midstates Natural Gas) Corp’s d/b/a Liberty Utilities (“Liberty”) until such time as it may be discontinued or modified by order of the Commission in a general rate case. The Northeast and West District and the Southeast District will have separate rider rates that will be applied as a separate line item on a customer’s bill.

CALCULATION OF ADJUSTMENT

The WNA Factor will be calculated for each billing cycle and billing month as follows:

$$WNA_i = \sum_{j=1}^{18} ((NDD_{ij} - ADD_{ij}) \cdot C_{ij}) \cdot \beta$$

Where:

- i = the applicable billing cycle month
- WNA_i = Weather Normalization Adjustment
- j = the billing cycle
- NDD_{ij} = the total normal heating degree days based upon Staff’s daily normal weather as determined in the most recent rate case.
- ADD_{ij} = the total actual heating degree days, base 65° at the applicable weather station; Kirksville, MO for the Northeast and West district and Cape Girardeau, MO for the Southeast district.
- C_{ij} = the total number of customer charges charged in billing cycle j and billing month i
- β = the applicable coefficient; 0.1125474 for the residential class and 0.2389388 for the SGS class in the Northeast and West district, and 0.1108690 for the residential class and 0.2371604 for the SGS class in the Southeast district.

1. Monthly WNA_i = WNA_i × Weighted Volumetric Rate (“WRVR”)_i
2. For the winter billing months (November through April) the Residential WRVR in the Northeast and West District shall be equal to the Residential Distribution Commodity rate established at the conclusion of each general rate case. For Case No. GR-2018-0013, the amount is \$0.33607. The Residential WRVR in the Northeast and West District for each of the summer billing months (May through October) shall be determined at the conclusion of each general rate case as the percentage of total residential customers whose usage ends in the first rate block multiplied by the volumetric rate of that block plus the percentage of total residential customers whose usage ends in the second rate block multiplied by the volumetric rate of that block. Currently effective summer WRVR’s are reflected in the table below:

Residential	May	Jun	Jul	Aug	Sep	Oct
Summer WRVR						
Pct First Block	59.4%	94.2%	97.8%	98.7%	98.2%	95.2%
1st 30 CCF	\$ 0.32935	\$ 0.32935	\$ 0.32935	\$ 0.32935	\$ 0.32935	\$ 0.32935
Over 30 CCF	\$ 0.38193	\$ 0.38193	\$ 0.38193	\$ 0.38193	\$ 0.38193	\$ 0.38193
Summer WRVR	\$ 0.35072	\$ 0.33239	\$ 0.33048	\$ 0.33004	\$ 0.33029	\$ 0.33187

For the Residential class in the Southeast District, the Residential WRVR shall be equal to the Residential Distribution Commodity rate established at the conclusion of each general rate case. For Case No. GR-2018-0013, the amount is \$0.24335.

For the SGS class, the SGS WRVR shall be equal to the SGS Distribution Commodity rate established at the conclusion of each general rate case. For Case No. GR-2018-0013, the SGS WRVR in the Northeast and West District is \$0.14216, and in the Southeast District is \$0.08312.

DATE OF ISSUE

DATE EFFECTIVE

month day year

month day year

ISSUED BY: _

Name of Officer Title

Address

Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a/ Liberty Utilities

FOR – All Areas

WEATHER NORMALIZATION ADJUSTMENT RIDER (Cont'd)

3. The Current Semiannual WNA (“CSWNA”) shall be the sum of the billing cycle WNA for each of the six Monthly WNA_i for the billing months in the applicable six month period divided by the annual volumetric billing determinates set for the residential rate class in the most recent rate case.

4. Semiannual Reconciliation Rate (“SRR”): Three (3) months prior to the end of the twelve (12) months of billing of each CSWNA, the over- or under-billing of the numerator of the CSWNA shall be calculated based on nine (9) months actual sales and three (3) months projected sales. The amount of over- or under-billing shall be adjusted as ordered by the Commission, if applicable. The resulting amount shall be divided by the annual volumetric billing determinates set for the residential rate class in the most recent rate case. Three (3) months prior to the end of the twelve (12) months of billing of each SRR, the over- or under-billing of the SRR shall be calculated based on nine (9) months actual sales and three (3) months projected sales. Any remaining over- or under-billing from the SRR shall be applied to the next SRR. The three (3) months projected sales associated with each CSWNA and SSR shall be trued-up with actuals upon calculation of the next applicable SSR.

5. The Company will make a semiannual rate filing with the Commission 30 days prior to the first effective day referenced in the CSWNA table to adjust the WNA Rider. Each CSWNA and SRR will remain in effect for twelve (12) months. The total WNA Rider rate shall be the sum of all effective CSWNAs and SRRs.

6. There shall be a limit of \$0.05 per ccf on upward adjustments for the WNA and no limit on downward adjustment. Any WNA adjustment amounts in excess of \$0.05 per ccf will be deferred for recovery from customers in the next WNA adjustment and applicable to part a. below.

- a. Each month, carrying costs, at a simple rate of interest equal to the prime bank lending rate (as published in The Wall Street Journal on the first business day of such month), minus two percentage points, shall be applied to the Company’s average beginning and ending monthly WNA balances. In no event shall the carrying cost rate be less than 0%. Corresponding interest income and expense amounts shall be recorded on a net cumulative basis for the WNA deferral period

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a/ Liberty Utilities

Residential Rates for Northeast and West District: CSWNA Table:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>CSWNA (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000
SRR Table:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>SRR (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000
WNA Rider Rate:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>Monthly WNA Rider Rate</u>
2018 S1	Effective Date of this Sheet		9/30/2018	0.0000

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**Liberty Utilities (Midstates Natural Gas) Corp.
 d/b/a/ Liberty Utilities**

SGS Rates for Northeast and West District: CSWNA Table:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>CSWNA (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000
SRR Table:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>SRR (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000
WNA Rider Rate:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>Monthly WNA Rider Rate</u>
2018 S1	Effective Date of this Sheet		9/30/2018	0.0000

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month day year

ISSUED BY:

Name of Officer

Title

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Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a/ Liberty Utilities

SGS Rates for Southeast District: CSWNA Table:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>CSWNA (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000
SRR Table:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>SRR (Semiannual)</u>
2019 S1	4/1/2019	12	3/31/2020	TBD
2018 S2	10/1/2018	12	9/30/2019	TBD
2018 S1	Effective Date of this Sheet		3/31/2019	0.0000
2017 S2	Effective Date of this Sheet		9/30/2018	0.0000
WNA Rider Rate:				
<u>Period</u>	<u>Rate First Effective</u>	<u>Months</u>	<u>Rate Ending Effective</u>	<u>Monthly WNA Rider Rate</u>
2018 S1	Effective Date of this Sheet		9/30/2018	0.0000

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Liberty Utilities (Midstates Natural Gas) Corp.

Depreciation Rates

GR-2018-0013

Account Number	Plant Description	Depreciation Rate (WEMO, SEMO, and NEMO)	Average Service Life	Net Salvage Rate
365	Land - Transmission	0.00%		
365.1	Land and Land Rights	0.00%		
365.2	Rights-of-Way	0.00%		
366	Structures and Improvements	2.10%	50	-5%
366.1	Structures and Improvements (T&D other structures)	2.10%	50	-5%
367	Mains - Transmission - Cathodic Protection	1.57%	70	-10%
367.1	Mains - Transmission - Steel	1.57%	70	-10%
367.2	Mains - Transmission - Plastic	1.57%	70	-10%
369	Measuring & Regulating Station Equipment	2.04%	49	0%
370	Communication Equipment	4.35%	23	0%
374	Land and Land Rights	0.00%		
375	Structures and Improvements	2.22%	45	0%
376	Mains - Distribution - Cathodic Protection	1.97%	68	-34%
376.1	Mains - Distribution - Steel	1.97%	68	-34%
376.2	Mains - Distribution - Plastic	1.92%	64	-23%
377	Compressor Station Equipment	0.00%		
378	Measuring & Regulating Station Equipment- General	2.66%	47	-25%
379	Measuring & Regulating Station Equipment- City Gate	2.78%	45	-25%
380	Services	4.55%	33	-50%
381	Meters	4.82%	28	-35%
382	Meter Installations	5.40%	25	-35%
383	House Regulators	2.27%	44	0%
384	House Regulators Installations	2.27%	44	0%
385	Industrial Measuring & Regulating Station Equipment	2.27%	45	-2%
387	Other Equipment	4.55%	22	0%
389	Land and Land Rights	0.00%		
390	Structures and Improvements	2.56%	39	0%
390.1	Structures and Improvements - Structure Frame	2.56%	39	0%
390.2	Structures and Improvements - General Improvements	2.56%	39	0%
390.3	Structures and Improvements - Improvements Leased Premises	2.56%	39	0%
391	Office Furniture and Equipment	4.55%	22	0%
392	Transportation Equipment	11.75%	8	6%
392.1	Transportation Equipment less than 12,000 lbs.	11.75%	8	6%
393	Stores Equipment	4.35%	23	0%
394	Tools, Shop, and Garage Equipment	5.56%	18	0%
395	Laboratory Equipment	3.57%	28	0%
396	Power Operated Equipment	6.83%	12	18%
396.1	Power Operated Equipment - Ditchers	6.83%	12	18%
396.2	Power Operated Equipment - Backhoes	6.83%	12	18%
396.3	Power Operated Equipment - Welders	6.83%	12	18%
397	Communication Equipment	6.25%	16	0%
397.1	Communication Equipment - Mobile Radios	6.25%	16	0%
397.2	Communication Equipment - Fixed Radios	6.25%	16	0%
397.3	Communication Equipment - Telemetry	6.25%	16	0%
397.5	Communication Equipment	6.25%	16	0%
398	Miscellaneous Equipment	5.00%	20	0%
399	Other Tangible Property	4.76%	21	0%
399.3	Other Tangible Prop - Network - H/W	12.50%	8	0%
399.4	Other Tangible Prop - PC Hardware	14.29%	7	0%
399.5	Other Tangible Prop - Software	12.50%	8	0%

Corporate Allocated Plant Depreciation Rates

374	Land and Land Rights - Corporate	0.00%		
390	Structures and Improvements - Corporate	2.50%	40	0%
391	Office Furniture and Equipment - Corporate	5.00%	20	0%
392.1	Transportation Equipment less than 12,000 lbs - Corporate	9.40%	10	6%
394	Tools, Shop, and Garage Equipment - Corporate	5.00%	20	0%
398	Miscellaneous Equipment - Corporate	5.00%	20	0%
399	Other Tangible Property - Corporate	14.29%	7	0%
399.1	Other Tangible Property - Servers - H/W - Corporate	20.00%	5	0%
399.3	Other Tangible Property - Network - H/W - Corporate	14.29%	7	0%
399.4	Other Tangible Property - PC Hardware - Corporate	20.00%	5	0%
399.5	Other Tangible Property - Software - Corporate	14.29%	7	0%

Total Rate Base
GR-2018-0013
Attachment 4

Jurisdiction		Rate Base
NEMO	\$	42,112,245
SEMO	\$	48,381,584
WEMO	\$	7,330,684
Total MO	\$	97,824,513

ENERGY EFFICIENCY LOW-INCOME WEATHERIZATION

REGULATORY ASSET BALANCE

CASE NO. GR-2018-0013

	<u>Total Company</u>
Regulatory Asset Balance 6/30/18	\$273,914

Energy Efficiency and Low-Income Weatherization Regulatory Asset balance shall be amortized over 72 months beginning with effective date of rates in Case No. GR-2018-0013.

PENSIONS

REGULATORY ASSET BALANCE

CASE NO. GR-2018-0013

	<u>Total Company</u>
Pension Regulatory Asset Balance at 3/31/18	\$112,971

Pension Regulatory Asset Balance to be Amortized over 60 months beginning with effective date of rates in Case No. GR-2018-0013.

OTHER POST EMPLOYEMENT BENEFITS (OPEBS)

REGULATORY ASSET BALANCE

CASE NO. GR-2018-0013

	<u>Total Company</u>
OPEBs Regulatory Asset Balance at 3/31/18	\$386,706

OPEBS Regulatory Asset Balance to be amortized over 60 months beginning with effective date of rates in Case No. GR-2018-0013.

**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' Tariff Revisions Designed)	
To Implement a General Rate Increase)	Case No. GR-2018-0013
For Natural Gas Service in the Missouri)	
Service Areas of the Company.)	

UNANIMOUS STIPULATION AND AGREEMENT

On September 29, 2017, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty Utilities” or “Company”) submitted to the Missouri Public Service Commission (“Commission”) revised tariff sheets reflecting increased rates for gas service provided to customers in its Missouri service areas. The proposed tariff sheets contained a requested effective date of October 29, 2017, and were designed to produce a net increase of approximately \$7.5 million in permanent rates charged for gas service, inclusive of approximately \$500,000 in charges that were then being collected by the Company through its Infrastructure System Replacement Surcharge (“ISRS”). In addition to the proposed tariff sheets, the Company also submitted its minimum filing requirements and prepared direct testimony in support of the requested rate increase.

By Order dated October 19, 2017, the Commission suspended the proposed tariff sheets until August 26, 2018. By subsequent orders, the Commission granted the applications to intervene filed by the Midwest Energy Consumers Group (“MECG”) and the Missouri Department of Economic Development, Division of Energy (“DE”), and established a procedural schedule to govern the conduct of this case. Pursuant to that

schedule, the Company, Commission Staff (“Staff”), Office of the Public Counsel (“OPC”) and DE participated in the April 3, 2018 technical conference scheduled by the Commission in these proceedings and discussed the various issues raised by the parties. As a result of those and subsequent discussions, the signatory parties (the “Parties”) have reached the following stipulations and agreements resolving all of the issues in this case and specifying all actions that will be taken as a result of such resolution. The Parties respectfully request that the Commission consider and approve this Stipulation and Agreement, by June 15, 2018, and issue its Order that the applicable tariffs will become effective for service on and after July 1, 2018.

Revenue Requirement

1. The Parties agree and recommend that Liberty Utilities be authorized to increase its annual non-gas Missouri jurisdictional base rate revenues by a total amount of Four Million, Six Hundred Thousand Dollars (\$4,600,000).

Such changes are shown in the specimen tariff sheets set forth in Attachment 1 hereto and are to be effective for service rendered on and after July 1, 2018. The revenue amounts referenced in this paragraph are exclusive of any applicable license, occupation, franchise, gross receipts taxes or other similar tax or taxes. Without agreeing to any ratemaking principle or precedent, the Parties acknowledge that the costs being excluded from the revenue requirement in this case are sufficient in amount to reflect a sharing of rate case expense as well as the full or partial adoption of other adjustments proposed by the Staff and OPC in this proceeding. The revenue requirement recommended herein is based on a 9.8% ROE which is 20 basis points lower than the 10% ROE recommended

by the Staff in recognition of a number of factors, including the adoption of a WNAR in this proceeding.

Class Cost of Service/Rate Design

2. The Parties agree and recommend that the overall revenue requirement specified in paragraph 1 of this agreement shall be allocated between and within each rate class in each of the Company's Missouri operating districts in accordance with the rates and charges set forth in the specimen tariff sheets which are attached hereto as Attachment 1. In addition to allocating the overall revenue requirement recommended by the Parties, the rate schedules set forth in Attachment 1 reflect the following terms:

A. Adoption of rate consolidation for the NEMO and WEMO districts under which base rates and charges are being adjusted to make them the same in both districts for all customer classes. Such consolidation also contemplates that a single ISRS will be filed for both WEMO and NEMO.

B. Adoption of class cost of service allocations that are generally consistent with those recommended by both the Company and Staff.

C. Adoption of a Weather Normalization Adjustment Rider ("WNAR"), in the form attached to the rebuttal testimony of Staff witness Michael Stahlman, with modifications to make the WNAR applicable to both the Company's Residential and Small General Service ("SGS") classes and subject to the following terms, which, where appropriate, are reflected in the specimen tariff sheets set forth in Attachment 1;

- i. An initial notification to customers informing them of the decoupling process by mail; public notification for any future adjustments; and a detailed explanation of the process and adjustments on the Company's website;
- ii. Any given upward adjustment shall not be in excess of 5 cents per Ccf with excess under-recovery carried over to future adjustments;

- iii. In the event of an economic recession, as defined by the National Bureau of Economic Research (“NBER”) which includes “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial population, and wholesale-retail sales” any revenue loss attributable to the economic recession will not be adjusted for in the WNAR, recognizing that the WNAR has already been designed to adjust only for the impact of weather on customer usage.¹

Tariff Modifications

3. As part of this Stipulation and Agreement, Liberty Utilities is no longer seeking approval of the tariff sheets and rate schedules that it filed in this case on September 29, 2017. Instead, the Parties agree that the Commission should approve the specimen tariff sheets and rate schedules set forth in Attachment 1 as complete replacements for the tariff sheets and rate schedules set forth in Liberty Utilities’ September 29, 2017 filing. In addition to the revenue requirement, class cost of service, and rate design terms reflected in paragraphs 1 and 2, the specimen tariff sheets set forth in Attachment 1 also reflect a number of other changes that the Parties are recommending be approved by the Commission, including:

A. New tariff provisions to govern the pricing and installation of excess flow valves, as proposed by the Commission Staff;

B. Implementation of a summer period, inclining block rate for residential customers on a pilot project basis in the Company’s consolidated WEMO and NEMO districts.

C. The Company further agrees to cooperate with DE and other interested parties to conduct an evaluation of the use, impact, and structure of inclining rates for

¹ The National Bureau of Economic Research (2008) The NBER's recession dating procedure. Business Cycle Dating Committee. <http://www.nber.org/cycles/jan2003.html>

Liberty's residential customers during winter season, as well as any other information that parties agree is necessary, so that all such information will be available for potential use in the Company's next rate case proceeding. The Company agrees to file this information in its next general rate case, although it is not required to support the implementation of winter inclining block rates in doing so.

Surveillance and Affiliated Corporate Allocations Reporting

4. The Company agrees to provide Staff and OPC with certain information on an ongoing basis to assist them in monitoring the financial performance of Liberty Utilities and the charges paid by Liberty Utilities for corporate support services from upstream affiliates of the Company. Such information shall include:

A. Quarterly surveillance reporting using the sample surveillance template set forth in Attachment 2.

B. Quarterly reporting identifying the amounts charged or allocated to the Company during the preceding quarter by its upstream corporate affiliates for corporate support services, including:

(1) a breakdown identifying the proportion of such costs that were direct charged and the proportion that was allocated;

(2) for the proportion of such costs that were direct charged, a description of any procedures, training or other measures in place to ensure that such direct charges were accurately and fully recorded;

(3) for the proportion of such costs that were allocated, a full and complete explanation of the methodology used to allocate such costs between the various affiliated businesses units.

C. The Company will also provide Staff and OPC with electronic copies of the Company's General Ledger on an annual basis, within 30 days of the close of the Company's fiscal year. A subledger will also be provided showing accumulated depreciation reserve amounts by FERC account. Such information will be considered confidential and governed by all statutory provisions or Commission rules governing Staff and OPC's use of such confidential information. The Company also agrees to confer with Staff to develop an annual schedule that will show the Company's ADIT on a Missouri jurisdictional basis and will be provided on an annual basis to Staff and OPC, within 30 days of the close of the Company's fiscal year.

D. Within three months of the effective date of the Commission's Report and Order in this proceeding, the Parties agree to meet and consult on how access to various records and information necessary to audit the costs being recovered through the rates of Liberty Utilities can be potentially enhanced with the goal of expediting such access in future rate case proceedings.

5. The Parties agree that the recommendations made by Staff regarding additional reporting requirements and periodic internal audits of timesheet reporting relating to corporate support services provided by affiliates of the Company, as set forth at pages 4 - 5 and 46 - 49 of Staff's Cost of Service Report in this case, should be incorporated into the record and considered as part of the proceeding currently established by the Commission (Case No. AO-2017-0360) to address the structure, operation, and reporting requirements of a Cost Allocation Manual for the gas, water, and electric utility operations of the Company and its affiliates in Missouri.

Hannibal Shop

6. The Parties agree that the full cost of the Company's newly constructed service shop shall be included in rate base and reflected in the Company's cost of service in this case. In exchange, the Company agrees to complete a permanent transfer of ownership of the property underlying the Hannibal Shop from Liberty Utilities Co. to the Company by or before December 31, 2018. Such transfer of ownership shall also include the granting of a permanent easement so that the Company and its personnel will have free and unrestricted access to the shop at all times. The total price paid by the Company for such transfer of ownership and permanent easement shall not exceed Five Thousand Dollars (\$5,000.00). Documentation evidencing the completion of this transfer and the granting of a permanent easement shall be provided to the Commission Staff and OPC no later than January 31, 2019.

Depreciation Rates/Recommended Rate Base

7. The Parties agree to and recommend that the Commission approve the depreciation rates set forth on Attachment 3 hereto, which by reference are incorporated herein for all purposes. Such depreciation rates shall be effective beginning with the effective date of new rates approved in this case and shall apply to the Company's Missouri operations until modified by the Commission. Attachment 4 also sets forth the rate base amounts (as of March 31, 2018) being recommended in this proceeding for each operating district. Any future ISRS adjustments or any future rate case adjustments shall only be made for rate base investments that become in-service after March 31, 2018.

Regulatory Assets/Liabilities/Amortizations

8. The Parties agree to and recommend that the Commission approve the schedule set forth as Attachment 5 hereto, which by reference is incorporated herein for all purposes, which sets forth the value of the Company's current regulatory assets and liabilities as of March 31, 2018 and the amortization periods and annual amortization amounts for such assets and liabilities underlying the rates being recommended in this case.

Pensions/Other Post-Employment Benefits

9. The Parties agree that the ratemaking treatment applicable to pension costs and Other Post-Employment Benefits ("OPEBs") costs for Liberty Utilities that was established in the Partial Stipulation and Agreement As To Certain Issues in Case No. GR-2014-0152 shall be continued. The funds provided for pensions and OPEBs in the cost of service are designated specifically for reasonable and prudently incurred pensions and OPEBs costs by Liberty Utilities, and will be fully tracked and reconciled in future proceedings. The mechanism of recovery through rates for both pensions and OPEBs costs is a tracking mechanism. The overall goal of this tracking mechanism is to ensure exact recovery of pension and OPEBs costs by Liberty Utilities. For purposes of this section of the Stipulation and Agreement, it is assumed that the amount in rates is the exact amount collected by the Company, and the amount of amortizations are also the exact amounts collected by the Company or credited to customers. Amounts recovered in rates that are more than actual payments creates overfunding by customers and shall be returned to customers subsequently in the ratemaking process. Amounts recovered in rates that are less than actual payments creates underfunding by customers and shall be

recovered by the Company subsequently in the ratemaking process. To accomplish these objectives, the Parties agree as follows:

A. Beginning with the effective date of rates in this case, Liberty Utilities shall be authorized to record as a regulatory asset/liability, as appropriate, the difference between the O&M pension expense used in setting Missouri retail rates in the amount of \$51,291 and Missouri retail allocated O&M pension expense as recorded for financial reporting purposes as determined in accordance with Generally Accepted Accounting Principles pursuant to Accounting Standards Codification (ASC) 715 (previously FAS 87 and FAS 88, or such standard as the FASB may issue to supersede, amend, or interpret the existing standards), and such difference shall be recovered from or returned to customers in future rates. The above referenced amount included in rates is stated after application of transfers to construction and excludes amortization of balances accrued pursuant to the Partial Stipulation and Agreement in Case No. GR-2014-0152. In addition to providing for recovery of \$51,291 of annual ongoing Missouri-retail-allocated pension expense, the stipulated rates provide for the recovery of pension expense deferred within a regulatory asset account pursuant to the Partial Stipulation and Agreement in Case No. GR-2014-0152 through March 31, 2018 over a five-year period. The under collected pension expense recorded within the regulatory asset account as of March 31, 2018 was \$112,971. Amortizing the March 31, 2018 pension expense regulatory asset balance over five years results in annual amortization expense of \$22,594. Ongoing pension expense plus amortization of deferred/under recovered pension expense result in total pension expense being recovered in Missouri-retail rates of \$73,885. The difference between the amount of pension expense included in Liberty Utilities' rates after allocating to

construction and the amount funded by Liberty Utilities during the rate-effective period of stipulated rates from this case shall be included in the Company's rate base in future proceedings.

B. Liberty Utilities commits to contributing amounts to the pension fund equal to net periodic pension costs as calculated pursuant to ASC 715, but substituting the ratemaking amortization method for gains and losses (as described in Paragraph 9.H.) for the financial reporting method used by Liberty Utilities, subject to the following conditions:

(1). Such funding shall be equal to the greater of the annual ERISA minimum or the annual net periodic pension costs as determined above, subject to the provisions of Paragraph 9.H.

(2). In the event that the contribution amount determined pursuant to the above is insufficient to avoid the benefit restrictions specified for at-risk plans pursuant to the Pension Protection Act of 2006, such contribution may be increased to a level sufficient to avoid such restrictions.

(3). In the event that the contribution amount determined pursuant to the above is insufficient to avoid any Pension Benefit Guaranty Corporation (PBGC) variable premiums, such contribution may be increased to a level sufficient to avoid such premiums.

Additional contributions made subject to these conditions will receive regulatory treatment as provided in paragraph A. Liberty Utilities shall inform Staff and OPC of contributions of additional amounts to its pension trust funds pursuant to this Paragraph within 30 days after the contributions are made. Such contributions will be examined in

the context of future rate cases, and a determination will be made at that time as to the appropriate and proper level of the pension tracker regulatory asset or regulatory liability recognized for ratemaking purposes.

C. The Signatories further agree that the gains and losses for all pension lump-sum settlements shall be calculated only to the minimum extent permitted by ASC 715 (formerly FAS 88).

D. Beginning with the effective date of rates in this case, Liberty Utilities shall be authorized to record as a regulatory asset/liability, as appropriate, the difference between the O&M Other Post-Employment Benefits (OPEBs) expense used in setting Missouri retail rates of \$484,997 and the O&M OPEB expense as recorded for financial reporting purposes as determined in accordance with Generally Accepted Accounting Principles pursuant to Accounting Standards Codification (ASC) 715 (previously FAS 106, or such standard as the FASB may issue to supersede, amend, or interpret the existing standards), and such difference shall be recovered from or returned to customers in future rates. The above referenced amount included in rates is stated after application of transfers to construction and excludes amortization of balances accrued pursuant to the Partial Stipulation and Agreement in Case No. GR-2014-0152. In addition to providing for recovery \$484,997 of ongoing Missouri-retail-allocated OPEB expense, the stipulated rates provide for the recovery of OPEB expense deferred within a regulatory asset account pursuant to the Partial Stipulation and Agreement in Case No. GR-2014-0152 through March 31, 2018 over a five-year period. The under collected OPEB expense recorded within the regulatory asset account as of March 31, 2018 was \$386,706. Amortizing the March 31, 2018 OPEB expense regulatory asset balance over five years

results in annual amortization expense of \$77,341. Ongoing OPEB expense plus amortization of deferred/under recovered OPEB expense result in total OPEB expense being recovered in Missouri-retail rates of \$562,338. The difference between the amount of OPEB expense included in Liberty Utilities' rates after allocation to construction and the amount funded by Liberty Utilities shall be included in the Company's rate base in future proceedings.

E. Liberty Utilities commits to contributing amounts to its independent external funding mechanisms equal to OPEB expense as calculated pursuant to ASC 715, but substituting the ratemaking amortization method for gains and losses (as described in Paragraph 9.H for the financial reporting method used by the actuary.

F. The provisions of ASC 715 (previously FAS 158) require certain adjustments to the prepaid pension asset/OPEB asset and/or accrued liability with a corresponding adjustment to equity (i.e., decreases/increases to Other Comprehensive Income). The Company will be allowed to maintain a regulatory asset/liability to offset any adjustments that would otherwise be recorded to equity caused by applying the provisions of ASC 715 or any other FASB statement or procedure that requires accounting adjustments to equity due to funded status or other attributes of the pension or OPEB plans. The parties acknowledge that the adjustments described in this paragraph shall not increase or decrease rate base.

G. In the event that the ASC 715 OPEB expense becomes negative, the Company shall set up a regulatory liability to offset the negative expense. In future years, when such expense becomes positive again, the amount in rates will remain zero until the prepaid asset, if any, which was created by the negative expense, is reduced to

zero. The regulatory liability will be reduced by the same rate as the prepaid asset. The regulatory liability is a non-cash item and should be excluded from rate base in future years.

H. For ratemaking purposes, the component of pension and OPEB expense related to amortization of previously unrecognized gains/losses shall be determined as follows: The amortization each year for regulatory and funding purposes shall be based on a balance at the beginning of the year consisting of the following:

- 20% of the gains or losses incurred in the first year prior, plus
- 40% of the gains or losses incurred in the second year prior, plus
- 60% of the gains or losses incurred in the third year prior, plus
- 80% of the gains or losses incurred in the fourth year prior, plus
- 100% of the gains or losses incurred in the fifth year prior

The balance calculated pursuant to the above shall be subject to five-year amortization. This procedure prohibits the use of the corridor approach for ratemaking purposes.

Accounting Authorizations/Reservation of Rights

10. The Parties agree that Liberty Utilities shall, for book purposes, be authorized to continue to normalize the income tax timing differences inherent in the recognition of pension costs, OPEB costs, and Accounting Authority Order (AAO) recoveries as authorized in Paragraph 9 of this Stipulation and Agreement by recording and recognizing in any future rates deferred income tax expense for such differences, provided that the Parties shall have the right to review and propose a different treatment of such timing differences in the Company's next general rate case proceeding.

ISRS

11. As required by Commission rules, the Company's current ISRS shall be reset to zero upon the effective date of new rates in this proceeding. Plant in service additions for inclusion in a future ISRS shall be limited to additions subsequent to March 31, 2018.

12. The Parties agree that for any ISRS established or changed between the effective date of new rates in this proceeding and the effective date of new rates in the Company's next general rate case proceeding, a return on equity of 9.8%, a long-term debt cost of 4.7%, and a capital structure of 53% equity and 47% debt, shall be used to calculate the revenue requirement sought in the ISRS filing. Base revenues for purposes of determining the ISRS cap are \$12,861,833 for the SEMO district and \$12,343,301 for the NEMO and WEMO districts.

Taxes

13. The Parties agree that the revenue requirement of \$4,600,000 recommended in this case should and does reflect the full impact of the reduction in corporate tax rates from 35% to 21% resulting from the Tax Cuts and Job Acts of 2017 (the "Tax Act"). It does not include any allowance for the return of excess accumulated deferred taxes, which issue will be evaluated in the Company's next rate case. Liberty Utilities shall establish a regulatory liability to account for the tax savings associated with excess Accumulated Deferred Income Taxes ("ADIT").

A. Liberty Utilities will record a regulatory liability for the difference between the excess ADIT balances included in current rates, which was calculated using

the 35% federal corporate income taxes, versus the now lower federal corporate income tax rate of 21%.

B. Liberty Utilities is in the early stages of evaluating the cost and ability to use the Average Rate Assumption Method (“ARAM”) as a method for computing and normalizing excess ADIT. If Liberty Utilities determines that it is unable to use the ARAM, Liberty Utilities shall notify the Parties within thirty (30) days of such determination. Liberty Utilities shall provide testimony and support in its next general rate case of its proposed methodology in dealing with the balances.

C. The calculation of the Regulatory Liability of excess ADIT will begin as of January 1, 2018.

D. The Parties intend to appropriately reflect excess ADIT in future customer rates using a methodology consistent with the tax normalization requirements specified by IRS normalization principles. The Parties agree that, in the event the IRS asserts that the terms of this Stipulation and Agreement create a violation of normalization requirements, this Stipulation and Agreement shall be amended to cure and prevent any normalization violation.

Low-Income Affordability Program

14. The Parties agree that the Company shall submit tariff sheets establishing a low-income affordability program for implementation by November 1, 2018. The structure of the low-income affordability program approved by the Commission for Spire Missouri, Inc. in Case Nos. GR-2017-0215 and GR-2017-0216 shall be used as a starting reference point for the development of such a program. Within 60 days of the effective date of the Commission’s Report and Order in this case, the Parties, including the

Company, Staff, OPC, and DE, agree to meet with the Company's Energy Efficiency Advisory Group ("EEAG") and interested low-income stakeholders to consider any revisions that may be appropriate given the specific needs and characteristics of the Company and its customers. In the event the Parties cannot reach agreement on the terms of the low-income program, any Party shall be free to submit their position to the Commission for resolution at the time such a tariff filing is made. The Parties agree and recommend now, however, that a funding level of \$36,300 annually be approved for the program and further agree that the terms of any low-income program proposed by the Parties should: (i) limit any year-round fixed bill credit to no more than the residential customer charge applicable to the customer and (ii) should contain an additional credit in the winter period for customers with lower household incomes. The Parties further agree that the Company shall be permitted to defer as a regulatory asset its actual expenditures on the program and recover such expenditures over a five-year period in its next rate case. If the Company's actual expenditures on the program in a given year are less than the annual funding level authorized herein, there shall be no carry-over of unspent amounts to subsequent years. For purposes of determining annual funding for program, such funding shall align, to the extent feasible, with the effective date of tariffs implementing this program.

Red-Tag Program

15. The Parties agree that the Company shall submit tariffs establishing a red-tag program no later than three months after the effective date of the Commission's Order in this case. The structure of the red-tag program approved by the Commission for Spire Missouri, Inc. shall be used as a starting reference point for the development of such a

program, but the Parties agree to meet in conjunction with the Company's Energy Efficiency Advisory Group ("EEAG") to consider any revisions that may be appropriate given the specific needs and characteristics of the Company and its customers and other issues including potential liability impacts. The Parties agree that such a program shall contain terms under which furnaces qualifying for replacement under the health and safety provisions of the federal Low-Income Weatherization Assistance Program will be replaced with a 90% or higher efficiency unit, when feasible. The Parties further agree that in cases where a furnace is being replaced at cost to the customer, prior to installation the customer shall be offered an opportunity to use red tag funding toward the purchase and installation of a 85% or higher energy efficient furnace. In the event the Parties cannot reach agreement on the terms of the red-tag program, any Party shall be free to submit its position to the Commission for resolution at the time such a tariff filing is made. The Parties agree and recommend that a funding level will be determined by the EEAG as a component of the funding for non-weatherization energy efficiency programs, subject to adjustment in accordance with paragraph 16.C. The Parties further agree that the Company shall be permitted to defer as a regulatory asset and recover in its next rate case its expenditures on the program as a part of the energy efficiency programs.

Energy Efficiency/Low Income Weatherization Program

16. The Parties agree and recommend that the following provisions be approved relating to the Company's Energy Efficiency and Low-Income Weatherization Programs:

A. The annual funding for the Company's non-weatherization energy efficiency programs shall be equal to at least .18% of the rolling three-year average of the

Company's Missouri jurisdictional gas gross operating revenues, subject to a potential upward adjustment pursuant to paragraph 16.C. It is expressly understood that the EEAG may assess the development of new or the modification of existing energy efficiency programs. The Parties agree that, unless and until such new or modified programs are approved by the Commission, the Company's current programs shall continue. If the Company submits new or modified programs, any Party shall be free to submit its position to the Commission for resolution at the time such a tariff filing is made in the event such party has any reservations or suggested revisions to the programs set forth in such tariffs. The Parties agree that current rates as set forth in this Stipulation and Agreement include an allowance of \$45,000 for non-weatherization energy efficiency programs to be included in the revenue requirement being recommended in this case. Any expenditures made by the Company on its non-weatherization energy efficiency programs in excess of or less than this amount shall be deferred as a regulatory asset or liability, as appropriate, and included in rate base in the Company's next general rate case proceeding. Such deferred amounts shall be included in rate base at the Company's overall cost of capital and amortized over a six year period. Any unspent amounts for these programs at the end of an annual period shall not be rolled over into funding for programs in subsequent years, but shall have no impact on the budgeted amounts authorized for such programs in the following years.

B. The Parties agree that the Company should continue its low-income weatherization program at a funding level of at least \$105,000 annually, subject to adjustment in accordance with paragraph 16.C, and that an allowance of \$105,000 for the low-income weatherization program is included in the revenue requirement being

recommended in this case. Expenditures in excess of such allowance shall be deferred and included in rate base in the Company's next general rate case proceeding. Unspent amounts from the \$105,000 annual funding level shall be rolled over to future program years. The Parties further agree that contracting measures should be implemented with the Community Action Agencies ("CCA") to mitigate or eliminate the accumulation of unspent funding at the CCA from year to year.

C. The difference between 0.32 percent of the rolling three-year average of gross operating revenues and the \$36,300 annual budget for the low-income affordability program shall be allocated between the Company's non-weatherization energy efficiency, red-tag, and low-income weatherization programs based on recommendations resulting from the collaborative EEAG process, provided that a budget showing the resulting funding levels for all programs, shall be filed with the Commission each year and any Party shall be free to propose changes to such budget and have any differences resolved by the Commission, if necessary. The EEAG shall have the flexibility to propose up to two adjustments to these allocations during a program year, with a goal of fully expending the amounts set forth herein.

D. The Company agrees to implement a Building Operator Certification Program, as proposed by DE and as potentially revised as a result of the EEAG collaborative process. The Building Operator Certification Program will be a part of the Company's non-weatherization energy efficiency programs.

E. The Company agrees to implement a Combined Heat and Power ("CHP") outreach program as proposed by DE and as potentially revised as a result of the EEAG collaborative process, which CHP outreach program should have no incremental cost.

F. The Parties agree that the administration of the low-income weatherization program shall transfer to the Company, and that the Company may issue a Request for Proposals (RFP) for third-party program administration.²

PVC Pipe Proceeding

17. The Company may file, within 3 months of the effective date of the Commission's Report and Order in this case, an application requesting that the Commission approve a safety-related replacement program for PVC pipes and may propose that such replacement costs be included in and recovered through the Company's ISRS mechanism. Parties reserve their rights to challenge such proposals other than on the grounds that they should have been submitted in a general rate case or ISRS proceeding.

Other Provisions

18. Except as otherwise expressly specified herein, none of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination or cost allocation, depreciation, or revenue-related method, or any service or payment standard; and none of the signatories shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other Commission or judicial review or other proceeding, except as otherwise expressly specified herein. Nothing in this Stipulation and Agreement shall preclude the Staff in future proceedings from providing recommendations as requested by the Commission nor limit Staff's

² It is also noted that Staff and DE continue to disagree as to whether DE can be provided with compensation from utility rates for the administration of a low-income weatherization program. The Parties are not requesting a resolution of this disagreement in this proceeding.

access to information in any other proceedings. Nothing in this Stipulation and Agreement shall be deemed a waiver of any statute or Commission regulation.

19. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event that the Commission does not approve this Stipulation and Agreement by June 15, 2018, or as soon thereafter as is reasonably practicable, or approves this Stipulation and Agreement with modifications or conditions to which a Party to this proceeding objects, this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof.

20. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the Parties waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.080.1 (RSMo. 2000) to present testimony, to cross-examine witnesses, and to present oral argument and written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.070. (RSMo. 2000); and their respective rights to judicial review of the Commission's Report and Order in this case pursuant to Section 386.510 (RSMo. 2000).

21. The Parties agree that all of the prefiled testimony submitted in this case, as well as affidavits prepared and filed by any of the Parties in lieu of Memoranda in Support, that relates to any issue resolved by this Stipulation and Agreement shall be received into evidence without the necessity of the respective witnesses taking the stand.

22. The Staff shall have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests. Staff shall, to the extent reasonably

practicable, provide the other Parties with advanced notice of the agenda in which Staff will respond to the Commission's request for information. Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged, highly confidential, or proprietary.

23. If the Commission so requests, the Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement. Each of the other Parties shall be served with a copy of any such suggestions or memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's suggestions or memorandum, responsive suggestions or a responsive memorandum which shall also be served on all parties to the case. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other Parties in this case, whether or not the Commission issues an Order approving this Stipulation and Agreement.

24. To assist the Commission in its review of this Stipulation and Agreement, the Parties also request that the Commission advise them of any additional information the Commission may desire from the Parties relating to the matters addressed in this Stipulation and Agreement, including any procedures for furnishing such information to the Commission.

25. MECG has had an opportunity to review this Stipulation and Agreement and has indicated it will not object to it or request a hearing on the issues resolved herein.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

/s/James M. Fischer
James M. Fischer, MBN 27543
Michael C. Pendergast MBN 31763
Fischer & Dority, P.C.
101 Madison—Suite 400
Jefferson City, MO 65101
Telephone: (573) 636-6758
Facsimile: (573) 636-0383
Email: jfischerpc@aol.com
mcp2015law@icloud.com

Attorneys for Liberty Utilities
(Midstates Natural Gas) Corp.
d/b/a Liberty Utilities

/s/ Marcella L Forck
Marcella L. Forck
Associate Staff Counsel
Missouri Bar No. 66098
P. O. Box 360
Jefferson City, MO 65102
(573) 751-4140 (Telephone)
(573) 751-9265 (Fax)
Marcella.Forck@psc.mo.gov

Attorney for the Staff of the
Missouri Public Service Commission

/s/ Marc Poston
Marc Poston, MBN #45722
Senior Counsel
Department of Economic Development
301 W. High Street, P.O. Box 1157
(573) 751-5558
marc.poston@ded.mo.gov

Attorney for Missouri Department
of Economic Development

/s/ Hampton Williams
Hampton Williams
Public Counsel
Missouri Bar No. 65633

Office of the Public Counsel
PO Box 2230
573-751-5318-Phone
573-751-5562—FAX

Attorney for the Office of the
Public Counsel

CERTIFICATE OF SERVICE

I do hereby certify that on the 24th day of May, 2018, I electronically filed via the Electronic Filing Information System (EFIS), a true and correct copy of the above and foregoing with a copy emailed to counsel for all parties of record.

/s/ James M. Fischer

**Attorney for Liberty Utilities
(Midstates Natural Gas) Corp.
d/b/a Liberty Utilities**

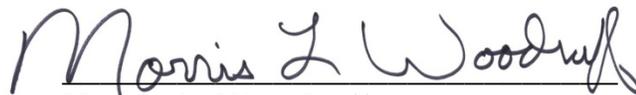
STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission,
at Jefferson City, Missouri, this 6th day of June 2018.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

June 6, 2018

File/Case No. GR-2018-0013

Missouri Public Service Commission

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel

Hampton Williams
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

Liberty Utilities (MNG)

Larry W Dority
101 Madison, Suite 400
Jefferson City, MO 65101
lwdority@sprintmail.com

Liberty Utilities (MNG)

James M Fischer
101 Madison Street, Suite 400
Jefferson City, MO 65101
jfischerpc@aol.com

Liberty Utilities (MNG)

Christopher Krygier
602 South Joplin Avenue
Joplin, MO 64801
chris.krygier@libertyutilities.com

Liberty Utilities (MNG)

Michael C Pendergast
423 Main Street
St. Charles, MO 63301
mcp2015law@icloud.com

Midwest Energy Consumers Group Missouri Division of Energy

David Woodsmall
308 E. High Street, Suite 204
Jefferson City, MO 65101
david.woodsmall@woodsmallllaw.com

Marc Poston
301 W. High St., Room 680
P.O. Box 1766
Jefferson City, MO 65102
marc.poston@ded.mo.gov

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.