

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

In the Matter of Liberty Utilities (Midstates Natural)	<u>File No. GR-2017-0089</u>
Gas) Corp. d/b/a Liberty Utilities' Purchased Gas)	Tariff No. YG-2017-0059
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 October 19, 2016, 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 for its four PGA service areas. The tariff sheet bears a proposed effective date of November 3, 2016.

2. The Commission ordered Staff to file its recommendation regarding Liberty's tariff filing no later than October 31, 2016.

3. Pursuant to Liberty's tariffs, its 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 \$0.35433 per Ccf (100 cubic feet) to \$0.47388 per Ccf.

5. For the Liberty Kirksville Area, the effect of these changes will increase the Firm Total PGA rate from the current \$0.44263 per Ccf to \$0.52618 per Ccf.

6. For the Liberty Northeast Area (NEMO), the effect of these changes will increase the Firm Total PGA rate from the current \$0.40020 per Ccf to \$0.43433 per Ccf.

7. For the Liberty Southeast Area (SEMO), the effect of these changes will increase the Firm Total PGA rate from the current \$0.24647 per Ccf to \$0.29399 per Ccf.

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 Unit (PAU) will review the Company's ACA filing and may recommend adjustments to the ACA account balance(s) to be applied to a future filing. Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the PAU has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 18, 2017.

9. Case No. GR-2017-0089, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2015-2016 ACA filing. Case No. GR-2016-0075 was established to track the Company's PGA factors to be reviewed in its 2014-2015 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-2017-0089 and GR-2016-0075.

10. As explained in the Staff Recommendation set forth in the accompanying Memorandum, which is incorporated herein by reference, Staff has reviewed the PGA factors in this matter and determined that the rates on the proposed tariff sheet were calculated in conformance with the Company's PGA clause. Therefore, Staff recommends the Commission approve the tariff sheet on an interim, subject to refund status pending final Commission decisions in Case Nos. GR-2017-0089 and GR-2016-0075.

11. Staff also recommends the Commission order PAU Staff to file the results of its review of the ACA factors represented in this filing no later than December 18, 2017.

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 is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days' notice is demonstrated by Liberty's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings.

WHEREFORE, Staff recommends the Commission issue an order approving the following tariff sheet on an interim basis, subject to refund pending final Commission decisions in Case Nos. GR-2017-0089 and GR-2016-0075, and that the Commission order PAU Staff to file the results of its ACA review in this docket no later than December 18, 2017:

P.S.C. MO. No. 2

23rd Revised Sheet No. 44, Cancelling 22nd Revised Sheet No. 44

Respectfully submitted,

/s/ Jeffrey A. Keevil

Jeffrey A. Keevil

Missouri Bar No. 33825

Attorney for the Staff of the

Missouri Public Service Commission

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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 31st day of October, 2016.

/s/ Jeffrey A. Keevil

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2017-0089, Tariff No. YG-2017-0059
Liberty Utilities

FROM: Michael J. Ensrud, Procurement Analysis Unit

/s/ David M. Sommerer 10/31/16
Commission Staff Division/Date

/s/ Jeffrey A. Keevil 10/31/16
Staff Counsel's Office/Date

SUBJECT: Staff Recommendation for Liberty Utilities' Scheduled Winter Purchased Gas
Adjustment (PGA) Filing Effective November 3, 2016

DATE: October 31, 2016

On October 19, 2016, Liberty Utilities (Midstates Natural Gas) Corp., d/b/a Liberty Utilities ("Liberty" or "Company") of Jackson, Missouri, filed a tariff sheet requesting an effective date of November 3, 2016. This tariff sheet was filed to reflect changes in Liberty's PGA factors as a result of estimated changes in the cost of natural gas for the upcoming winter heating season and changes in the Company's ACA factors.

Pursuant to Liberty's tariffs, its 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.

For the Liberty West Area ("WEMO") including Butler, Rich Hill and Hume served by Panhandle Eastern Pipe Line Company ("PEPL") and Southern Star Central Gas Pipeline Company ("SCC"), the effect of this change will increase the firm Total PGA rate from the current \$0.35433 per Ccf (100 cubic feet) to \$0.47388 per Ccf. This represents a \$0.11955 per Ccf increase.

For the Liberty Kirksville Area including Kirksville and Lancaster, served by the ANR Pipeline Company ("ANR"), the effect of these changes will increase the firm Total PGA rate from the current \$0.44263 per Ccf to \$0.52618 per Ccf. This represents a \$0.08355 per Ccf increase.

For the Liberty Northeast Area ("NEMO") including Hannibal, Canton, Bowling Green and Palmyra or Combined District served by the PEPL Company, the effect of this change will increase the firm Total PGA rate from the current \$0.40020 per Ccf to per \$0.43433 Ccf. This represents a \$0.03413 per Ccf increase.

For the Liberty Southeast Area ("SEMO") including Jackson, Charleston, New Madrid, Caruthersville, Neelyville and Kennett, served by the Natural Gas Pipeline Company of America, Texas Eastern Pipeline Company, Mississippi River Transmission, and Ozark Gas

Transmission, the effect of these changes will increase the firm Total PGA rate from the current \$0.24647 per Ccf to \$0.29399 per Ccf. This represents a \$0.04752 per Ccf increase.

Case No. GR-2017-0089, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2015-2016 ACA filing. Case No. GR-2016-0075 was established to track the Company's PGA factors to be reviewed in its 2014-2015 ACA filing. These rate changes should be made on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2016-0075 and GR-2017-0089.

Due to the limited time available to review the documentation supporting the ACA factors represented in this filing, the Procurement Analysis Unit (PAU) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 18, 2017.

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 except as noted herein.

Staff has reviewed this filing and has determined that it was calculated in conformance with Liberty's PGA Clause. Staff is of the opinion that good cause for approval of this tariff sheet on less than thirty (30) days' notice is demonstrated by Liberty's Commission-approved PGA clause allowing for ten (10) business days' notice for PGA change filings. Therefore, Staff recommends that the following tariff sheet be approved, interim subject to refund:

P.S.C. MO. No. 2

23rd Revised Sheet No. 44, Cancelling 22nd 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' Purchased)
Gas Adjustment Tariff Filing)

Case No. GR-2017-0089

AFFIDAVIT OF MICHAEL J. ENSRUD

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

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.

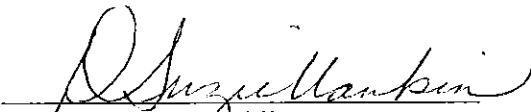
Further the Affiant sayeth not.


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 28th day of October 2016.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2016
Commission Number: 12412070


Notary Public