

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

In the Matter of Liberty Utilities	)	<b><u>Case No. GT-2021-0047</u></b>
(Midstates Natural Gas Corp.) Proposed	)	Tariff File No. JG-2021-0042
Tariff Sheet Filing	)	Tariff File No. YG-2021-0050
		Tariff File No. YG-2021-0080

**STAFF RECOMMENDATION FOR APPROVAL OF TARIFF SHEETS  
REGARDING LIBERTY UTILITIES (MIDSTATES NATURAL GAS CORP.)  
WEATHER NORMALIZATION ADJUSTMENT RIDER (WNAR)**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Staff Recommendation for Approval of Tariff Sheets Regarding Liberty Utilities (Midstates Natural Gas Corp.) Weather Normalization Adjustment Rider (WNAR)* (“Liberty” or “Company”) (“Recommendation”) states as follows:

1. On September 21, the Commission issued its second *Order Granting Motion For Extension of Time* to allow Staff to receive additional information from the Company regarding the change in location for collection of weather station data and to file its recommendations for Tariff File Nos. JG-2021-0042 and YG-2021-0050 no later than September 25, 2020. On September 22, the Commission issued its *Order Directing Filing* ordering Staff to file its recommendation, or an alternative pleading, regarding Tariff File No. YG-2021-0080 no later than September 25, 2020.

2. Because the previous accumulation period experienced warmer weather than normal during the heating season in Liberty’s rate districts, the proposed rates are positive toward the Company. In the Northeast and West rate districts this means a residential customer that uses 100 Ccf in a given billing month would see an approximate \$2.01 bill increase from the currently effective WNAR rate. Likewise, a Southeast district residential customer using 100 Ccf in a billing month would see an approximate \$0.86 bill increase.

3. As further explained in the attached Recommendation memorandum, Staff has reviewed the following tariff sheets as substituted by Liberty on September 18, 2020, and substituted again on September 22, 2020, to go into effect for service on and after October 1, 2020, the requested effective date. Staff recommends approval of:

P.S.C. MO. No. 2

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2<sup>nd</sup> Revised Sheet No. 67 Cancelling 1<sup>st</sup> Revised Sheet No. 67

5<sup>th</sup> Revised Sheet No. 67.2, Canceling 4<sup>th</sup> Revised Sheet 67.2

5<sup>th</sup> Revised Sheet No. 67.3, Canceling 4<sup>th</sup> Revised Sheet 67.3

5<sup>th</sup> Revised Sheet No. 67.4, Canceling 4<sup>th</sup> Revised Sheet 67.4

5<sup>th</sup> Revised Sheet No. 67.5, Canceling 4<sup>th</sup> Revised Sheet 67.5

Staff also reviewed the following tariff sheet and recommends its approval, as substituted on September 22, 2020, to go into effect for service on and after October 1, 2020. Although the requested effective date is October 18, 2020, good cause exists to approve this tariff sheet on an expedited basis of October 1, 2020 because it is a companion tariff sheet to Sheet No. 67 and is only being revised for housekeeping purposes to continue the existing tariff language onto the next page.

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1st Revised Sheet No. 67.1 Cancelling Original Sheet No. 67.1

**WHEREFORE**, as set forth above and in Staff's Recommendation memorandum, Staff recommends the Commission issue an order approving the WNAR tariff sheets filed by Liberty as substituted and to go into effect as requested for service on October 1, 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 25<sup>th</sup> day of September 2020.

**/s/ Robert S. Berlin**

## MEMORANDUM

**TO:** Missouri Public Service Commission, Official Case File  
File No. GT-2021-0047, Liberty Utilities  
Tariff Tracking Nos. JG-2021-0042, YG-2021-0050, and YG-2021-0080

**FROM:** Michael L. Stahlman, Economist

/s/Robin Kliethermes 09/25/2020  
Tariff/Rate Design Manager / Date

/s/ Robert S. Berlin 09/25/2020  
Staff Counsel Division / Date

**SUBJECT:** Staff Recommendation for the **Approval** of the Tariff Sheets Filed by Liberty Utilities to adjust its Weather Normalization Adjustment Rider to go into effect on October 1, 2020.

**DATE:** September 25, 2020

### Procedural Background

On August 19, 2020, Liberty Utilities filed one tariff sheet with a proposed effective date of September 18, 2020 proposing to change the weather station used to determine the weather normalization adjustment rider (WNAR) rates for its Northeast and West districts from Kirksville to Chillicothe. On August 24, 2020, the Commission issued its *Order Suspending Tariff* which suspended the proposed tariff sheet until October 18, 2020 and ordered Staff to file a recommendation by no later than September 18, 2020.

On August 31, 2020, Liberty Utilities filed four tariff sheets to adjust its WNAR rates with a requested effective date of October 1, 2020 and a motion for variance to use the Chillicothe weather station instead of the Kirksville weather station. On the same date, the Commission directed Staff to file a recommendation on the pending tariff no later than September 10, 2020.

Due to the interaction between the two sets of tariffs and need for further discovery, Staff filed a Motion for Extension of Time to File Staff Recommendation for Tariff File No. YG-2021-0050 to be Concurrent with the Filing of Staff Recommendation for Tariff File JG-2021-0042 on September 2, 2020 requesting to file one recommendation for all tariff sheets on September 18, 2020. On September 8, 2020, the Commission granted Staff's request. Staff then requested a further extension on September 17, 2020 to September 25, 2020 which the Commission granted on September 21, 2020.

On September 18, 2020, Liberty Utilities filed five substitute tariff sheets; one in JG-2021-0042, and four in YG-2021-0050. Liberty also filed an additional tariff sheet in YG-2021-0080 with a proposed effective date of October 18, 2020, which is currently effective tariff language that is being moved to allow space for new language in the JG-2021-0042 filing. On September 22, 2020, Liberty filed additional substitute tariff sheets for JG-2021-0042 and YG-2021-0080. On the same date, the Commission directed Staff to file a recommendation on the pending tariff in YG-2021-0080 no later than September 25, 2020.

## Discussion

Liberty's WNAR became effective on July 1, 2018. The purpose of the tariff is to adjust revenues for differences between actual heating degree days (AHDD) and normal heating degree days (NHDD). The WNAR was modeled on Staff's weather normalization process used in Liberty's most recent rate case, GR-2018-0013. The WNAR model also relied on the same weather stations used to weather normalize revenues in that case.

However, starting February 7, 2020, the Kirksville weather station ceased reporting the daily temperatures which are needed by Liberty to comply with the filing requirements of the WNAR tariff provisions. Staff's inquiries with the National Weather Service and Midwest Regional Climate Center have not provided any indication that the Kirksville weather station will resume reporting daily temperatures. Absent a replacement for the Kirksville station, Liberty would not have a HDD measurement basis to compare actual weather with the normal weather used in the rate case.

Liberty proposes adjusting the Chillicothe weather station as a substitute for the missing Kirksville weather station daily temperatures. In its *Motion for Variance*, Liberty states, "Chillicothe's actual HDDs are adjusted to a level that Liberty believes provides a reasonable HDD substitute for the Kirksville area." Staff has reviewed the analysis performed by Liberty and agrees that the Chillicothe weather station is a reasonable substitution to allow the continuance of the WNAR until new billing determinants can be developed in a subsequent rate case. Even if the Kirksville weather station resumes reporting daily temperature, it is not certain that the resumed data series would be consistent with the prior data series since adjustments could be made to the weather station, such as instrument relocation.

This is Liberty's fifth WNAR filing. Liberty's current and proposed rates are included in Table 1 below.

Table 1: Current and Proposed WNAR Rates by District and Class.

District	Current		Proposed	
	Residential	SGS	Residential	SGS
Northeast and West	-0.00376	-0.00027	0.01631	0.00837
South	0.01999	0.00685	0.02457	0.00841

Because the previous accumulation period experienced warmer weather than normal during the heating season in Liberty's rate districts, the proposed rates are positive. This means a residential customer that used 100 ccf in a given billing month would see an approximate \$2.01 increase in their bill from the currently effective WNAR rate if located in the Northeast or West rate districts, and an approximate \$0.86 increase in their bill from the currently effective WNAR rate if located in the Southeast district.

**Staff Recommendation**

Staff has reviewed the following tariff sheets and recommends approval of the following tariff sheets, as substituted on September 18, 2020 and September 22, 2020, to go into effect for service on and after October 1, 2020, the requested effective date:

P.S.C. MO. No. 2

2<sup>nd</sup> Revised Sheet No. 67 Cancelling 1<sup>st</sup> Revised Sheet No. 67  
5th Revised Sheet No. 67.2 Cancelling 4th Revised Sheet No. 67.2  
5th Revised Sheet No. 67.3 Cancelling 4th Revised Sheet No. 67.3  
5th Revised Sheet No. 67.4 Cancelling 4th Revised Sheet No. 67.4  
5th Revised Sheet No. 67.5 Cancelling 4th Revised Sheet No. 67.5

Staff has also reviewed the following tariff sheet and recommends approval of the following tariff sheet, as substituted on September 22, 2020, to go into effect for service on and after October 1, 2020. Although the requested effective date is October 18, 2020, good cause exists to approve this tariff sheet on an expedited basis of October 1, 2020 because it is a companion tariff to Sheet No. 67 and is only being revised for housekeeping purposes to continue the existing tariff language.

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1st Revised Sheet No. 67.1 Cancelling Original Sheet No. 67.1

Staff has verified that Liberty Utilities has filed its Annual Report. Staff is not aware of any other matter pending before the Commission that affects or is affected by this tariff filing.

**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 (MNG) Proposed Tariff    )  
Sheet Filing                                    )

File No. GT-2021-0047

**AFFIDAVIT OF MICHAEL L. STAHLMAN**

STATE OF MISSOURI        )  
                                  )        ss.  
COUNTY OF COLE         )

**COME NOW MICHAEL L. STAHLMAN** 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, under penalty of perjury.

Further the Affiants sayeth not.

*/s/ Michael L. Stahlman*  
**MICHAEL L. STAHLMAN**