

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

In the Matter of the Verified Application	)	
and Petition of Liberty Utilities (Midstates	)	Case No. GO-2016-0206
Natural Gas) Corp. d/b/a Liberty Utilities	)	Tariff Filing No. YO-2016-0221
To Change Its Infrastructure System	)	
Replacement Surcharge	)	

**REPLY TO STAFF’S RECOMMENDATION**

**COMES NOW** the Office of the Public Counsel (“OPC”) and for its Reply to Staff’s Recommendation, states:

1. Liberty Utilities (Midstates Natural Gas) Corp d/b/a Liberty Utilities (“Liberty”) filed its petition for an increase to its Infrastructure System Replacement Surcharge (“ISRS”) on February 19, 2016. Liberty’s petition seeks to recover costs for infrastructure investments incurred between June 1, 2015 and January 31, 2016.

2. Liberty’s petition is noteworthy in two respects. First, Liberty does not request and the Commission’s Staff does not recommend that Liberty’s ISRS costs be updated for costs that were not known, measurable and in service on the date the petition was filed. In other words, there is no update for additional costs incurred after the petition was filed and all documentation was filed with the petition. In this respect, Liberty’s petition does not violate the filing requirements mandated by Section 393.1015.1(1) RSMo and 4 CSR 240-3.265(20)(K) and (L).

3. Liberty’s petition is also noteworthy in that Liberty and Staff agreed all accumulated depreciation and deferred income taxes on ISRS-eligible plant through April 30, 2016 would be factored into the ISRS calculations to bring the plant additions

supported by the petition to their present value when rates are set. The Staff's Memorandum explains:

The methodology used by the Auditing Staff allows for consideration of all accumulated depreciation and deferred income taxes on ISRS qualifying infrastructure replacements costs through April 30, 2016. This methodology is consistent with past reviews conducted by the Auditing Staff, and it is consistent with Staff's view that the calculation of the ISRS revenue requirement should closely reflect the revenue requirement at the effective date of the ISRS rates.

4. In light of OPC's opposition to the ISRS petitions of Laclede Gas Company, OPC offers this response to explain to the Commission why OPC does not also oppose Liberty's ISRS petition.

WHEREFORE, the Office of the Public Counsel offers this reply to the Staff's Recommendation.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been emailed to all counsel of record this 29<sup>th</sup> day of April 2016:

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**/s/ Marc Poston**

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