

**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' ) **File No. GR-2015-0095**  
Purchase Gas Adjustment Tariff Filing )

**LIBERTY UTILITIES' RESPONSE  
TO STAFF RECOMMENDATION**

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty” or “Company”) and, pursuant to the Commission’s *Order Setting Deadline For Filing* issued in this matter on December 9, 2015, states its response to the Staff Recommendation Regarding Liberty Utilities’ 2013-2014 Actual Cost Adjustment Filing (“Staff Recommendation”)<sup>1</sup> filed December 4, 2015, as follows:

As noted in the Staff Recommendation, Liberty filed its Actual Cost Adjustment (“ACA”) for the 2013-2014 period in this case on November 4, 2014, setting forth Liberty’s ACA account balance calculation. The Staff Recommendation follows Staff’s audit and analysis of Liberty’s filing. The Staff’s audit consisted of a review and analysis of the billed revenues and natural gas costs for the period of September 1, 2013, to August 31, 2014, for all areas served by the Company in Missouri.

**LIBERTY’S RESPONSE TO ACA ACCOUNT BALANCES  
RECOMMENDED BY STAFF**

Based on its review, Staff recommended the following adjustments to the Company’s filed (over)/under-recovered ACA balances:

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<sup>1</sup> The Staff Recommendation includes its accompanying “Staff Recommendation Memorandum” which will be referred to herein as the “Staff Memorandum.”

**NP**

<b>ALL AREAS (+) Under-recovery (-) Over-recovery</b>	<b>Filed Balances for 2013-2014 (Ending 8-31-14)</b>	<b>Commission Approved Adjustments prior to 2013- 2014 ACA (G)</b>	<b>Staff Adjustments</b>	<b>Staff Balances for 2013-2014 (Ending 8-31-14)</b>
<b>SEMO Area: Demand ACA</b>	(\$660,499)	\$1,494	\$0	(\$659,005)
Commodity ACA	(\$2,293,145)	\$159,168	(\$1,830) (A) (\$994) (F)	(\$2,136,801)
<b>Kirksville Area: Demand ACA</b>	(\$72,223)	\$16,867	\$0	(\$55,356)
Commodity ACA	\$95,328	\$23,618	(\$4,082) (B)	\$114,864
<b>WEMO Area: Demand ACA</b>	(\$24,012)	\$0	\$7,248 (C) \$91 (D)	(\$16,673)
Commodity ACA	\$259,466	\$22,618	\$43,643 (C) \$549 (D) (\$3,597) (E)	\$322,679
<b>NEMO Area: Demand ACA</b>	(\$553,034)	\$0	\$0	(\$553,034)
Commodity ACA	\$1,029,446	\$67,945	(\$221) (A)	\$1,097,170

(A) Scheduling Fee

(B) Daily Swing Purchase Volumes

(C) Correction of ACA Balance

(D) Interest on ACA Balance

(E) Gas Transportation Agreement

(F) MRT Trading Fees

(G) Commission order issued March 7, 2015 approving adjusted amounts from 2012-2013 ACA. Due to the timing of Commission's order, Liberty has not included these adjustments in the 2013-2014 ACA filing<sup>2</sup>

Liberty accepts the monetary adjustments to the ACA balances recommended by Staff.

<sup>2</sup> TABLE 1, Staff Memorandum, page 18 of 18.

**LIBERTY'S RESPONSE TO STAFF TECHNICAL REPORT AND ANALYSIS**

**I. BILLED REVENUE AND ACTUAL GAS COSTS**

**Compliance Adjustments**

At pages 3 through 6 of the Staff Memorandum, Staff describes “several compliance adjustments proposed by Staff as a result of misstated or missing entries in the Company’s filing. These adjustments affect all service areas.”<sup>3</sup> As noted in this section, the Company acknowledged certain inadvertent errors in its filing and, accordingly, accepts these monetary compliance adjustments. In its discussion of “Monthly Cash-out Provisions – Transportation Customers” at page 6 of the Staff Memorandum, Staff concludes that it has no cash-out adjustments in this ACA review. Liberty notes that this subject was addressed in its prior ACA review (File No. GR-2014-0060), wherein Staff described efforts to “clarify” previous applicable tariff language. Indeed, in order to clarify the terms of its tariffs, Liberty agreed to modified tariff language that was ultimately contained in its compliance tariffs filed and approved in its most recent general rate case, Case No. GR-2014-0152.

**II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING**

**A. Peak Day Planning**

In the Staff Memorandum, pages 6-9, Staff stated its recommendations regarding Peak Day Planning, and specifically recommended on page 7:

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<sup>3</sup> Staff Memorandum, page 3.

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Liberty agrees to address Staff's recommendation by continuing to work with Staff to clarify \*\* \_\_\_\_\_ .\*\*

In the Staff Memorandum, page 8, Staff recommended:

\*\* \_\_\_\_\_  
\_\_\_\_\_ .\*\*

Liberty accepts this recommendation.

Also at pages 8 and 9 of the Staff Memorandum, Staff discusses the timely provision of data and documents for peak day planning in accordance with the Unanimous Stipulation and Agreement approved in Case No. GM-2012-0037. Liberty will continue to work with Staff to clarify and ensure that such information is timely provided.

**B. Supply Planning**

**1. Each AMA Must Contain Provisions Relevant to That AMA.**

On page 11 of the Staff Memorandum, Staff recommends:

\*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ .\*\*

It appears that the Staff is misinterpreting our data request response. \*\* \_\_\_\_\_

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\_\_\_\_\_ .\*\* Nevertheless, we will review our AMAs to ensure Staff's concerns are being appropriately addressed.

**2. Each Supply Agreement, Including AMAs, Must Document All Agreed to Pricing and Volume Provisions.**

On pages 12 and 14 of the Staff Memorandum, Staff recommends:

\*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ .\*\*

Liberty accepts this recommendation.

On page 13 of the Staff Memorandum, Staff recommends:

\*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ .\*\*

Liberty accepts this recommendation.

**3. Supply and Storage Decisions: Southeast – SEMO Supply.**

On page 14 of the Staff Memorandum, Staff offers the following two primary “comments” regarding the Company’s virtual supply and storage decisions for the Southeast-SEMO area:

\*\* \_\_\_\_\_ .\*\*  
\*\* \_\_\_\_\_  
\_\_\_\_\_ .\*\*

Liberty responds as follows:

\*\* \_\_\_\_\_



Liberty accepts these recommendations.

#### IV. SUMMARY

In summary, the Company agrees with the ACA balance adjustments proposed by Staff and generally accepts the other recommendations included in the Staff Memorandum, as discussed herein.

**WHEREFORE**, the Company respectfully recommends that the Commission issue its Order Approving ACA Balances, as recommended by Staff.

Respectfully submitted,

/s/ Larry W. Dority

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ATTORNEYS FOR LIBERTY UTILITIES

**CERTIFICATE OF SERVICE**

I do hereby certify that a true and correct copy of this document has been hand-delivered, e-mailed or mailed, First Class, postage prepaid, this 21<sup>st</sup> day of January, 2016, to:

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*/s/ Larry W. Dority*  
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