

**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-2016-0075
Purchased Gas Adjustment Tariff Filing) Tariff No. YG-2016-_____

**VERIFIED APPLICATION FOR APPROVAL OF A
VARIANCE FROM A PGA TARIFF PROVISION
AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty Utilities,” “Liberty” or “Company”), pursuant to Missouri Public Service Commission (“Commission”) Rules 4 CSR 240-3.015, 2.060(1) and (4) and 2.080(14), and files this verified application for approval of a variance from a provision in its Purchased Gas Adjustment Clause (“PGA”) tariff and motion for expedited treatment, and in support thereof respectfully states as follows:

1. In this request, Liberty Utilities is seeking to correct a transcription error that resulted in a higher rate being filed and approved on an interim basis subject to refund in this matter for the Actual Cost Adjustment (“ACA”) factor component and resulting Total PGA rate in one of its four PGA service areas. While the Company’s PGA Tariff authorizes three (3) Optional PGA filings when the Company determines that elements have changed significantly from the currently effective factor, said tariff provision requires that the Optional PGA is to “contain rates maintaining (1) all of the LDC’s ACA adjustments . . .” (emphasis added). As noted above, it is one of the ACA rate adjustments that requires modification to lower the total PGA rate and minimize the over-collection now occurring. Whereas an Optional PGA filing is the best vehicle to timely address this situation, the Company respectfully submits that good cause exists for granting the variance requested herein.

2. Liberty Utilities is a public utility and gas corporation incorporated under the laws of the State of Missouri, with its principal office located at 2751 North High Street, Jackson, Missouri 63755. A Certificate of Good Standing and Certificate of Amendment (reflecting the change in name of the corporation) from the Office of Secretary of State were submitted in Case Nos. GM-2012-0037 and GN-2014-0090, respectively, and are incorporated herein by reference.

3. Liberty Utilities is a “gas corporation” and a “public utility” as those terms are defined in Section 386.020 of the Revised Statutes of Missouri and, as such, is subject to the jurisdiction of the Commission as provided by law.

4. Communications in regard to this Application should be addressed to:

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5. Other than cases that have been previously docketed at the Commission, Liberty Utilities has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates within the past three years of the date of this application.

6. Liberty Utilities is current on its annual report and assessment fee obligations to the Commission, and no such report or assessment fee is overdue.

7. Liberty Utilities submitted its 21st Revised Sheet No. 44 in this docket on October 15, 2015. The tariff sheet represented Liberty Utilities' Winter PGA Filing for its four PGA service areas. All supporting documentation, including various worksheets and detailed workpapers in electronic format, accompanied the PGA filing. The Staff submitted its Staff Recommendation on October 22, 2015, recommending that the tariff sheet be approved on an interim basis, subject to refund, and that the Commission order Staff's Procurement Analysis Unit ("PAU") to file the results of its ACA review in this docket no later than December 16, 2016. Thereafter, on October 28, 2015, the Commission issued its Order Approving Tariff ordering that the referenced tariff sheet be approved on an interim basis, subject to refund, to be effective November 1, 2015.

8. 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 corrections made through the Deferred Purchased Gas Cost-Actual Cost Adjustment Accounts. As noted above, Liberty has now learned that in preparing the calculation of the Actual Cost Adjustment Factors for its Southeast Missouri ("SEMO") Service Area, a transcription error occurred in the data entry that resulted in an ACA adjustment (and resulting

Total PGA rate) that is too high. Accordingly, Liberty desires to correct this situation as soon as possible in order to lower the SEMO firm and interruptible PGA rate for its customers, and thereby minimize the resulting overcollection in its ACA.

9. Sheet No. 41 of its PGA Tariff, relating to PGA Filings, states in part:

If Company chooses to make Optional PGA Filings, the Winter PGA filing shall contain the rates reflecting: (1) all of the Company's ACA adjustments, and (2) Company's estimate of annualized gas cost revenue requirements for the period between the effective date of the Winter PGA and next Winter PGA filing. **The Optional PGA shall contain rates maintaining (1) all of the LDC's ACA adjustments;** and adjusting rates for (2) Company's estimate of annualized gas cost revenue requirements for the period between the effective date of the Optional PGA and the effective date of its next Winter PGA. (Emphasis added).

However, as discussed above, it is only the specific ACA rate for the SEMO PGA District that requires correction, rather than maintaining such rate in the instant filing. Only the resulting Total PGA rate for the SEMO area will also change; all other rates will remain constant, as reflected on the 22nd Revised Sheet 44 filed herewith. Accordingly, the Company respectfully requests a one-time variance from the above-referenced tariff provision¹ to allow the Company to make the requisite ACA adjustment described herein.

10. In support of its 22nd Revised Sheet 44 (PGA rate schedules), the Company has submitted a revised Exhibit II Confidential Workpaper for the SEMO Area in electronic format to both the Staff and Office of the Public Counsel, reflecting the corrected calculation of the subject ACA factor and resulting ACA rate per Ccf.

11. As fully discussed herein, good cause exists for the variance. Because an Optional PGA Filing is the most expeditious vehicle to correct the data input error and provide a

¹ P.S.C. MO. No. 2, 2nd Revised Sheet No. 41

major PGA rate reduction to the SEMO customers, the Company is making this filing as soon as possible after becoming aware of this issue.

12. Liberty believes that no other public utility will be affected by this variance.

Motion for Expedited Treatment

13. Liberty Utilities' Commission-approved PGA clause allows for ten (10) business days' notice for PGA change filings and, accordingly, the referenced 22nd Revised Sheet 44 Optional PGA tariff filing that is being made concurrently herewith reflects an Issued Date of February 24, 2016, and an Effective Date of March 10, 2016. To permit the timely approval of this tariff filing, Liberty Utilities respectfully requests that the Commission act to grant its request for variance and approve said tariff by its March 9, 2016 Agenda Meeting.

14. The benefit that will accrue is the expeditious implementation of a major PGA rate reduction to the Company's SEMO customers, and there will be no negative effect on the Company's customers or the general public.

15. As noted above, this pleading was filed as soon as it could have been, once the Company became aware of this issue.

16. Liberty Utilities is authorized to state that neither the Staff nor the Office of the Public Counsel opposes the granting of this requested one-time variance on an expedited basis.

WHEREFORE, for the foregoing reasons, Liberty Utilities respectfully requests that the Commission issue its Order granting a one-time variance from Liberty's Tariff Sheet No. 41 as requested herein, granting such relief on an expedited basis, and further approving its 22nd Revised Sheet 44 being filed concurrently herewith on an interim basis, subject to refund.

Respectfully submitted,

/s/ Larry W. Dority

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

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Verified Application was served on Counsel for the Staff of the Missouri Public Service Commission and the Office of the Public Counsel on this 24th day of February, 2016 by hand-delivery, fax, electronic or regular mail.

/s/ Larry W. Dority

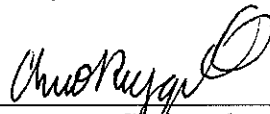
Larry W. Dority

VERIFICATION

State of Missouri)
)
County of Cape Girardeau)

SS

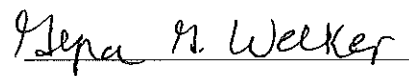
I, Christopher D. Krygier, being of lawful age, state: that I am Director, Regulatory and Government Affairs for Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities; that I have read the foregoing Application; that the statements and information set forth in such Application are true and correct to the best of my information, knowledge and belief; and, that I am authorized to make this statement on behalf of Liberty Utilities.

 2/24/16

Christopher D. Krygier

Subscribed and sworn to before me this 24th day of February, 2016.

GENA G. WELKER
Notary Public - Notary Seal
STATE OF MISSOURI
Boilinger County
Commission # 12335397
My Commission Expires: 5/2/2016



Notary Public

My Commission expires: 5-2-2016