

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

In the matter of Liberty Energy (Midstates)     )  
Corp.'s Purchased Gas Adjustment Filing.     )

**File No. GR-2014-0060**

**LIBERTY UTILITIES'  
RESPONSE TO STAFF RECOMMENDATION**

**COMES NOW** Liberty Energy (Midstates) Corporation d/b/a Liberty Utilities (“Liberty” or “Company”), and pursuant to 4 CSR 240-2.080 and the Commission’s *Order Directing Response* issued on December 19, 2014, states its response to the Staff’s Recommendation filed on the same day, as follows:

On December 19, 2014, the Commission Staff filed its recommendation following completion of the audit of the 2012-2013 Actual Cost Adjustment (“ACA”) filing. The Staff’s audit consisted of a review and analysis of the billed revenues and actual gas costs for the period of September 1, 2012 to August 31, 2013 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:

<b>ALL AREAS</b>	<b>Filed Balances for 2012-2013 (Ending 8-31-13)</b>	<b>Staff Adjustments</b>	<b>Staff Balances for 2012-2013 (Ending 8-31-13)</b>
<b>SEMO Area:</b>			
Demand ACA	(\$176,315)	\$1,494	(\$174,821)
Commodity ACA	(\$2,271,787)	\$159,168	(\$2,112,619)
<b>Kirksville Area:</b>			
Demand ACA	\$117,571	\$16,867	\$134,438
Commodity ACA	(\$272,612)	\$23,618	(\$248,994)
<b>WEMO Area:</b>			
Demand ACA	(\$11,205)	\$0	(\$11,205)
Commodity ACA	(\$67,470)	\$22,618	(\$44,852)
<b>NEMO Area:</b>			
Demand ACA	(\$154,448)	\$0	(\$154,448)
Commodity ACA	\$97,183	\$67,945	\$165,128

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

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

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

**Staff summary recommendation-Transportation Customers**

In the Staff Memorandum, p. 8, Staff stated its recommendations regarding Transportation Customers as follows:

As indicated in Commission Case GR-2014-0152, Staff believes that the existing tariff language is clear enough to describe the price indices to be used. However, in an attempt to help clarify the matter, Staff has offered to modify the existing tariff language to include the following tariff language in Sheet 52(c): “For purposes of this paragraph, “index price” shall mean the price from the “\$ / MMBtu” column in the Natural Gas Week Spot Prices table reported in Natural Gas Week.”

There were differences in the pricing of cash-out transactions using the pricing methodologies described, but the total differences were small so Staff is not recommending an adjustment for this issue in this ACA. With the adoption of the language in the previous paragraph, Staff will re-examine the materiality of any necessary ACA adjustments as part of its 2013-2014 ACA review.

Liberty accepts this recommendation. Liberty also notes that the tariff sheet has already been updated as a result of the tariff filings approved by the Commission in Case No. GR-2014-0152.

In the Staff Memorandum, p. 9, Staff also stated its recommendations regarding the Missouri School Transportation Service as follows:

Tariff sheet 63(3b) states the following: “The cash-out rate will be calculated by applying the applicable pipeline’s maximum firm transportation commodity rate and fuel charges to the pipeline’s applicable cash-out rate as published at the end of each month.” \*\*

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Liberty accepts this recommendation.

In the Staff Memorandum, p. 9, Staff recommended::

[T]he Company provide supporting ACA documentation in a more complete and detailed fashion in subsequent review periods. In addition, the Company should ensure that the entries related to its hedges are accurate and fully supported.

Liberty has already filed its most recent ACA case and it believes it is providing ACA documentation in a complete and timely manner. However, Liberty accepts this recommendation and will continue to provide complete and detailed information as requested by Staff.

## II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

### Natural Gas Supply—Asset Management Agreements

In the Staff Memorandum, pp. 10-14, Staff stated its recommendations regarding Asset Management Agreements and specifically recommended on page 11:

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Liberty accepts this recommendation.

In the Staff Memorandum, p. 12, Staff recommended:

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Liberty accepts this recommendation.

In the Staff Memorandum, p. 12, Staff recommended:

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Liberty accepts this recommendation.

In the Staff Memorandum, p. 13, Staff recommends:

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Liberty accepts this recommendation.

In the Staff Memorandum, p. 14, Staff stated:

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Liberty notes this concern and will document the process/procedures for reviewing AMAs in the future.

**Lost and Unaccounted for Natural Gas**

On page 15 of the Staff Memorandum, Staff recommends:

Because the Liberty service areas are not interconnected and are served by different pipelines, Staff recommends that at a minimum the Company monitor L&U natural gas (also

known as UFG) for areas West, Northeast, Kirksville, and Southeast. If modeling or pressure problems exist, additional points should be monitored for L&U natural gas. Staff recommends Liberty review its processes and procedures to define L&U levels that would trigger an investigation.

Liberty accepts this recommendation.

**III. HEDGING**

On page 16 of the Staff Memorandum, Staff recommends:

Staff recommends the Company be aware of any fundamental shifts in the market dynamics while being cautious on the market views.

Liberty accepts this recommendation.

On page 16 of the Staff Memorandum, Staff states:

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Liberty accepts this recommendation.

On page 16 of the Staff Memorandum, Staff also recommends:

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Liberty accepts this recommendation.

On page 16 of the Staff Memorandum, Staff recommends:

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Liberty accepts this recommendation.

#### IV. SUMMARY

In summary, the Company agrees with the ACA balance adjustments proposed by Staff and 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/ James M. Fischer

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#### CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of this document has been hand-delivered, emailed or mailed, First Class, postage prepaid, this 2nd day of February, 2015, to:

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/s/ James M. Fischer

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