

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

In the Matter of Liberty Utilities (Midstates)	<u>Case No. GR-2020-0126</u>
Natural Gas) Corp. d/b/a Liberty Utilities')	Tariff No. YG-2020-0075
Purchased Gas Adjustment Tariff Filing)	

**STAFF RECOMMENDATION REGARDING LIBERTY UTILITIES'
2018-2019 ACTUAL COST ADJUSTMENT FILING**

COMES NOW Staff of the Missouri Public Service Commission, through counsel, and files its Actual Cost Adjustment (ACA) Recommendation in this matter.

1. Liberty filed for its 2018-2019 ACA on November 4, 2019. This filing contains one proposed tariff sheet and Liberty's ACA account balance calculations.

2. On November 21, 2019 the Commission approved the proposed tariff sheet on an interim, subject to refund basis and ordered Staff to file a recommendation regarding its ACA review by December 15, 2020.

3. The Procurement Analysis Department (Staff) reviewed Liberty's filing and submits its recommendation in the accompanying Memorandum, marked Appendix A and incorporated herein by reference. Staff's analysis consisted of examining the prudence of Liberty's gas purchasing decisions for this ACA period, conducting a reliability analysis, and reviewing Liberty's hedging practices. Staff also compared Liberty's billed revenues and its actual gas costs to determine whether there is an over-recovery or under-recovery of the ACA balances.

4. Staff has no proposed adjustments to the ending ACA balances in Liberty's filing. Staff recommends the Commission issue an order establishing Liberty's ending ACA balances as those in the "Staff Proposed Balances 8/31/2019" column of the table in the Memorandum's Recommendations section.

5. Staff notes that Liberty substantially over-recovered from its customers during the 2018-2019 ACA period, as shown below:

All Areas:	Company Filed Balance 8/31/19	Staff Adjustments	Staff Proposed Balances 8/31/19
SEMO Area			
Demand ACA	\$ 291,688	\$ 0	\$ 291,688
Commodity ACA	\$ (3,103,075)	\$ 0	\$ (3,103,075)
Kirksville Area			
Demand ACA	\$ (139,084)	\$ 0	\$ (139,084)
Commodity ACA	\$ (1,249,026)	\$ 0	\$ (1,249,026)
WEMO Area			
Demand ACA	\$ (3,003)	\$ 0	\$ (3,003)
Commodity ACA	\$ 220,453	\$ 0	\$ 220,453
NEMO Area			
Demand ACA	\$ (570,936)	\$ 0	\$ (570,936)
Commodity ACA	\$ (679,996)	\$ 0	\$ (679,996)

6. Liberty could have mitigated these large and significant over-recoveries if it made an optional PGA adjustment filing before the over-recoveries grew to such significant levels. Because Liberty did not do this, it accumulated large over-recoveries from its customers, who paid more for their gas than required. For these reasons, Staff recommends that Liberty closely evaluate purchases and sales estimates to establish PGA and ACA rates and monitor ACA balances throughout the year.

7. Staff lists other recommendations in the Recommendations section. Staff recommends the Commission order Liberty to respond to these recommendations within forty-five (45) days.

WHEREFORE, Staff recommends the Commission issue an order establishing Liberty's ending ACA account balances as of August 31, 2019 as shown in the "Staff Proposed Balances 8/31/19" column of the table in the Recommendations section of Staff's Memorandum and directing Liberty to respond within 45 days to Staff's recommendations.

Respectfully submitted,

/s/ Karen E. Bretz

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been emailed to all parties and/or counsel of record on this 15th day of December, 2020.

/s/ Karen E. Bretz