

**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' Tariff Revisions Designed To Implement a General Rate Increase For Natural Gas Service in the Missouri Service Areas of the Company.)
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Case No. GR-2014-0152

LIBERTY UTILITIES' RESPONSE TO STAFF REPORT

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities ("Liberty Utilities" or "Company") and, pursuant to 4 CSR 240-2.080, submits its Response to the "Staff Report In Response To Order Directing Filing Regarding Compliance With Section 393.275.1 RSMo" ("Staff Report") filed in this matter on February 2, 2015. In support of its Response, Liberty Utilities respectfully states as follows:

1. On January 22, 2015, the Commission issued its *Order Directing Filing Regarding Compliance with Section 393.275.1 RSMo* ("Order"). Section 393.275.1 RSMo (2000) requires the Commission, *inter alia*, to notify the governing body of each city or county imposing a business license tax on gross receipts of any gas corporation of any approved rate increase for that gas corporation that exceeds seven percent. In its Order, the Commission directed its Staff to file a report "explaining whether this statutory provision applies to this case and, if so, what percentage rate increase the Commission awarded Liberty Utilities." (Order, p. 1).

2. In its Staff Report, the Staff determined that the total rate revenues for the Company's SEMO District exceeds seven percent (shown as 7.05%). Accordingly,

“[s]ince the percentage increase in total rate revenues in Liberty Utilities’ SEMO District exceeds seven percent (7%), Staff believes that Section 393.275.1 applies in this case, but only to the SEMO District.” (Staff Report, p. 3).

3. The Staff Report also reflects the following Staff Recommendation:

So that the Commission may, pursuant to Section 393.275.1 RSMo, notify the governing body of each city or county in the SEMO District in which Liberty Utilities does business that imposes a business license tax or similar tax on gross receipts of the percentage increase approved and the estimated annual increase in gross receipts resulting from the rate increase on customers residing in such city or county, **Staff recommends that the Commission direct Liberty Utilities to provide to the Commission:**

- (a) a list (with mailing addresses) of the cities and counties in the SEMO District in which Liberty Utilities does business that impose a business license tax or similar tax upon its gross receipts; and
- (b) an estimate of the annual increase in gross receipts resulting from the rate increase on customers residing in such city or county in the SEMO District and explanation of the method used in developing the estimate.

(Staff Report, Paragraph 7, pp. 3-4, footnotes omitted).

4. Liberty Utilities has reviewed the Staff Report and concurs in the above-referenced determinations. To expedite this matter, the Company is herewith providing the information referenced in the Staff’s recommendations set forth in subparagraphs (a) and (b) above. **Appendix A** contains the list (with mailing addresses) of the cities in the SEMO District in which Liberty Utilities does business that impose a business license tax or similar tax upon its gross receipts (there are no applicable counties). **Appendix B** sets forth the estimate of the annual increase in gross receipts resulting from the rate increase on customers residing in such city in the SEMO District and an explanation of the method used in developing the estimate.

WHEREFORE, Liberty Utilities respectfully submits its Response to the Staff Report and Appendices A and B attached hereto.

Respectfully submitted,

/s/ Larry W. Dority

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ATTORNEYS FOR LIBERTY UTILITIES
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D/B/A LIBERTY UTILITIES

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 5th day of February, 2015.

/s/ Larry W. Dority

Larry W. Dority

Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities**Docket GR-2014-0152****SEMO - Gross Receipts Tax Estimate****Appendix A**

| Municipality | Address | City | State | Zip Code |
|---------------------------|-------------------------|----------------|--------------|-----------------|
| CITY OF ARBYRD | PO BOX 338 | ARBYRD | MO | 63821 |
| CITY OF ARCADIA | 150 WEST ORCHARD ST | ARCADIA | MO | 63621 |
| CITY OF BENTON | PO BOX 185 | BENTON | MO | 63736 |
| CITY OF BERTRAND | 405 EAST CEDAR STREET | BERTRAND | MO | 63823 |
| City of Campbell | 202 W GRAND AVENUE | CAMPBELL | MO | 63933 |
| CITY OF CARDWELL | PO BOX 216 | CARDWELL | MO | 63829 |
| CITY OF CARUTHERSVILLE | 200 W 3RD ST | CARUTHERSVILLE | MO | 63830-1357 |
| CITY OF CHAFFEE | 222 WEST YOAKUM AVE | CHAFFEE | MO | 63740 |
| CITY OF CHARLESTON | PO BOX 216 | CHARLESTON | MO | 63834 |
| CITY OF CLARKTON | PO BOX 98 | CLARKTON | MO | 63837 |
| CITY OF COOTER | PO BOX 205 | COOTER | MO | 63839 |
| City of Doniphan | 124 JEFFERSON ST | DONIPHAN | MO | 63935-1626 |
| City of East Prairie | 219 NORTH WASHINGTON | EAST PRAIRIE | MO | 63845 |
| CITY OF GIDEON | PO BOX 396 | GIDEON | MO | 63848 |
| City of Gordonville | PO BOX 83 | GORDONVILLE | MO | 63752 |
| City of Greenville | PO BOX 427 | GREENVILLE | MO | 63944-0427 |
| CITY OF HAYTI | PO BOX 552 | HAYTI | MO | 63851 |
| CITY OF HAYTI HEIGHTS | PO BOX 426 | HAYTI HEIGHTS | MO | 63851-0426 |
| CITY OF HOLCOMB | PO BOX 100 | HOLCOMB | MO | 63852 |
| CITY OF HOLLAND | PO BOX 97 | HOLLAND | MO | 63853 |
| CITY OF HORNERSVILLE | PO BOX 219 | HORNERSVILLE | MO | 63855 |
| City of Howardville | 105 HOWARD ST | HOWARDVILLE | MO | 63869-9706 |
| CITY OF IRONTON | 123 N MAIN STREET | IRONTON | MO | 63650 |
| City of Jackson | 101 COURT ST | JACKSON | MO | 63755-1807 |
| CITY OF LILBOURN | PO BOX 69 | LILBOURN | MO | 63862 |
| CITY OF MALDEN | 201 SOUTH MADISON | MALDEN | MO | 63863 |
| City of Marston | PO BOX F | MARSTON | MO | 63866 |
| City of Matthews | P O BOX 54 | MATTHEWS | MO | 63867 |
| CITY OF MINER | 2610 E MALONE AVE | MINER | MO | 63801 |
| CITY OF MOREHOUSE | PO BOX 53 | MOREHOUSE | MO | 63868 |
| CITY OF MORLEY | PO BOX 339 | MORLEY | MO | 63767 |
| City of Naylor | PO BOX 8 | NAYLOR | MO | 63953 |
| CITY OF NEELYVILLE | 150 Park St # 3 | NEELYVILLE | MO | 63954 |
| City of New Madrid | 560 MOTT STREET | NEW MADRID | MO | 63869 |
| City of Oak Ridge | PO Box 111 | OAK RIDGE | MO | 63769 |
| CITY OF ORAN | PO BOX 464 | ORAN | MO | 63771 |
| CITY OF PIEDMONT | PO BOX 25 | PIEDMONT | MO | 63957-0025 |
| CITY OF PORTAGEVILLE | PO BOX B | PORTAGEVILLE | MO | 63873 |
| CITY OF PUXICO | PO BOX 441 | PUXICO | MO | 63960-0441 |
| CITY OF QULIN | PO BOX 85 | QULIN | MO | 63961 |
| CITY OF SENATH | P O BOX 609 | SENATH | MO | 63876 |
| CITY OF SIKESTON | 105 EAST CENTER STREET | SIKESTON | MO | 63801 |
| CITY OF STEELE | 115 SOUTH WALNUT STREET | STEELE | MO | 63877 |
| CITY OF WARDELL | PO BOX 1 | WARDELL | MO | 63879 |
| Village of Lambert | PO BOX 221 | BENTON | MO | 63736-0221 |
| Village of North Lilbourn | PO BOX 256 | LILBOURN | MO | 63862 |

Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities
Docket GR-2014-0152
SEMO - Gross Receipts Tax Estimate
Appendix B

SEMO

7.05%

| Municipality Name/Address | Franchise Fees Paid 01-2014 to 12-2014 | Division | % of Avg. Rate Increase Authorized by Division | Estimated Annual Increase in Franchise Fees* |
|--------------------------------------|---|-----------------|---|---|
| CITY OF ARBYRD | \$ 5,972 | SEMO | 7.05% | \$ 421 |
| CITY OF ARCADIA | \$ 7,877 | SEMO | 7.05% | \$ 555 |
| CITY OF BENTON | \$ 9,306 | SEMO | 7.05% | \$ 656 |
| CITY OF BERTRAND | \$ 7,217 | SEMO | 7.05% | \$ 509 |
| City of Campbell | \$ 23,434 | SEMO | 7.05% | \$ 1,652 |
| CITY OF CARDWELL | \$ 6,764 | SEMO | 7.05% | \$ 477 |
| CITY OF CARUTHERSVILLE | \$ 88,818 | SEMO | 7.05% | \$ 6,262 |
| CITY OF CHAFFEE | \$ 39,511 | SEMO | 7.05% | \$ 2,786 |
| CITY OF CHARLESTON | \$ 68,089 | SEMO | 7.05% | \$ 4,800 |
| CITY OF CLARKTON | \$ 11,281 | SEMO | 7.05% | \$ 795 |
| CITY OF COOTER | \$ 5,194 | SEMO | 7.05% | \$ 366 |
| City of Doniphan | \$ 28,022 | SEMO | 7.05% | \$ 1,976 |
| City of East Prairie | \$ 37,309 | SEMO | 7.05% | \$ 2,630 |
| CITY OF GIDEON | \$ 12,594 | SEMO | 7.05% | \$ 888 |
| City of Gordonville | \$ 5,382 | SEMO | 7.05% | \$ 379 |
| City of Greenville | \$ 5,145 | SEMO | 7.05% | \$ 363 |
| CITY OF HAYTI | \$ 49,085 | SEMO | 7.05% | \$ 3,461 |
| CITY OF HAYTI HEIGHTS | \$ 5,474 | SEMO | 7.05% | \$ 386 |
| CITY OF HOLCOMB | \$ 7,990 | SEMO | 7.05% | \$ 563 |
| CITY OF HOLLAND | \$ 3,355 | SEMO | 7.05% | \$ 236 |
| CITY OF HORNERSVILLE | \$ 6,958 | SEMO | 7.05% | \$ 491 |
| City of Howardville | \$ 2,539 | SEMO | 7.05% | \$ 179 |
| CITY OF IRONTON | \$ 23,811 | SEMO | 7.05% | \$ 1,679 |
| City of Jackson | \$ 191,591 | SEMO | 7.05% | \$ 13,507 |
| CITY OF LILBOURN | \$ 10,462 | SEMO | 7.05% | \$ 738 |
| CITY OF MALDEN | \$ 51,616 | SEMO | 7.05% | \$ 3,639 |
| City of Marston | \$ 12,819 | SEMO | 7.05% | \$ 904 |
| City of Matthews | \$ 10,338 | SEMO | 7.05% | \$ 729 |
| CITY OF MINER | \$ 18,686 | SEMO | 7.05% | \$ 1,317 |
| CITY OF MOREHOUSE | \$ 8,644 | SEMO | 7.05% | \$ 609 |
| CITY OF MORLEY | \$ 6,041 | SEMO | 7.05% | \$ 426 |
| City of Naylor | \$ 3,840 | SEMO | 7.05% | \$ 271 |
| CITY OF NEELYVILLE | \$ 1,957 | SEMO | 7.05% | \$ 138 |
| City of New Madrid | \$ 22,078 | SEMO | 7.05% | \$ 1,557 |
| City of Oak Ridge | \$ 2,557 | SEMO | 7.05% | \$ 180 |
| CITY OF ORAN | \$ 19,884 | SEMO | 7.05% | \$ 1,402 |
| CITY OF PIEDMONT | \$ 28,813 | SEMO | 7.05% | \$ 2,031 |
| CITY OF PORTAGEVILLE | \$ 43,936 | SEMO | 7.05% | \$ 3,098 |
| CITY OF PUXICO | \$ 9,097 | SEMO | 7.05% | \$ 641 |
| CITY OF QULIN | \$ 2,910 | SEMO | 7.05% | \$ 205 |
| CITY OF SENATH | \$ 19,742 | SEMO | 7.05% | \$ 1,392 |
| CITY OF SIKESTON | \$ 215,756 | SEMO | 7.05% | \$ 15,211 |
| CITY OF STEELE | \$ 26,142 | SEMO | 7.05% | \$ 1,843 |
| CITY OF WARDELL | \$ 4,210 | SEMO | 7.05% | \$ 297 |
| Village of Lambert | \$ 468 | SEMO | 7.05% | \$ 33 |
| Village of North Lilbourn | \$ 369 | SEMO | 7.05% | \$ 26 |

*The estimated annual increase in franchise fees is based upon the franchise fees paid during calendar year 2014, multiplied by the percentage increase in total rate revenues for the SEMO District (7.05%). The actual increase in revenues for Liberty Utilities and the corresponding increase in franchise fees for the municipality may vary significantly from this estimate based on many factors, including, but not limited to, customer counts by class for each municipality, customer usage, conservation, weather, special contracts, and customer bad-debt.