

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

In the Matter of a Workshop Case to)
Consider Policies to Improve) File No. EW-2016-0313
Electric Utility Regulation.)

INITIAL COMMENTS OF LIBERTY UTILITIES

While the Commission’s *Order Opening A Working Case To Consider Policies To Improve Electric Utility Regulation* (“Order”) provides that the “Commission is opening this working case to facilitate stakeholder discussions regarding possible policies intended to improve the way in which the Commission regulates Missouri’s investor-owned electric utilities,” such policies and principles relating to improvements to the regulatory process most likely will impact natural gas and water/wastewater regulated providers as well. The Order also references the Senate Interim Committee on Utility Regulation and Infrastructure Investment, and notes that the Commission will coordinate its examination of these issues with that Interim Committee. Accordingly, Liberty Utilities respectfully notifies the Commission that it intends to participate in the comment process/stakeholder discussions regarding these important issues, and will be pleased to attend the workshop meetings as noticed up by Staff, should such workshops in fact be held.

As the Commission is well aware, with the purchase of the Atmos Energy Corporation’s natural gas distribution system assets in Missouri, Liberty Utilities stepped into the shoes of Atmos in 2012. A similar Atmos/Liberty transaction occurred in Georgia, whereby Liberty Utilities has experienced first-hand an alternative form of ratemaking. The “Georgia Rate Adjustment Mechanism” (known as “GRAM”) was approved at the end of 2011 by the Georgia Public Service Commission for Atmos Energy’s two natural gas distribution service territories within the state. GRAM provides for annual rate adjustments based on projected earnings during a future period, using a rate stabilization feature and an element of decoupling through a true-up mechanism. GRAM provides increased operational and financial transparency. As GRAM applies to base rates, the purchased gas adjustment (PGA) mechanism is not affected. The pipeline replacement program continues to operate outside of the GRAM mechanism. And the existing weather normalization adjustment (“WNA”) mechanism continues to operate outside of the GRAM, since the WNA was designed to make small adjustments to unit rates to compensate for warmer-than-normal or colder-than-normal weather. One of the central features of the GRAM is the level of transparency it creates through a systematic flow of financial and operational data, providing the opportunity for Staff and the Commission to be well-informed on an ongoing basis with respect to the current financial and operating status of the utility.

While there are many policies and regulatory structures that will surely be examined in this working docket, Liberty Utilities will be pleased to provide additional information on the GRAM mechanism, which has provided a transparent and efficient alternative to periodic, large and expensive rate filings. Such a process benefits customers, the utility and the regulator.

Respectfully submitted,

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