

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

In the Matter of Liberty’s Application for)
Accounting Authority Orders Allowing the)
Electric, Gas, Water, and Wastewater Utilities to) Case No. AU-2021-0072
Record and Preserve Costs Related to COVID-19)

RESPONSE TO COMMISSION ORDER

COME NOW The Empire District Electric Company (“EDE”), The Empire District Gas Company (“EDG”), Liberty Utilities (Missouri Water) LLC (“Liberty Water”), and Liberty Utilities (Midstates Natural Gas) Corp. (“Midstates”) (collectively, “Liberty”), and for their Response to Commission Order, respectfully state as follows to the Missouri Public Service Commission (“Commission”):

1. Liberty filed its Application herein on September 17, 2020, requesting the issuance of AAOs permitting EDE, EDG, Liberty Water, and Midstates to identify, track, document, accumulate, and defer in regulatory assets from March 1, 2020, forward:
 - a. each utility's actual reasonable and prudently incurred costs related to the COVID-19 pandemic, including but not limited to new or incremental operating and maintenance expense related to protecting employees and customers, increased bad debt expense to the extent they exceed levels included in the cost of service, costs related to preparing for and any actual sequestration of employees, and costs related to new assistance programs implemented to aid customers with payment of utility bills during the pandemic;
 - b. lost revenues related to the COVID-19 pandemic; but
 - c. less costs avoided related to COVID-19; and
 - d. carrying costs.
2. All parties submitted a proposed procedural schedule on November 9, 2020, for the processing of Liberty's AAO requests.

3. On November 18, 2020, the Commission issued an *Order Directing Responses*, directing Liberty to respond to the following questions:

- a. Do the four AAO requests involve related questions of law or fact? Please specify areas of dis-similarity as well.
- b. If these four requests are kept in a single file, how are the parties intending to separately address the AAO requests for the four companies in testimony, exhibits, and witnesses? Explain how the parties intend to address the different utilities' provision of different services, different costs, and different customers. The Commission would also note that each utility has separate Commission approved rates for service, and separate tariffs. Also, while all utilities share some rules, electric, gas, and water utilities are regulated under different chapters of the Commission's rules.
- c. Will any administrative efficiencies be gained by keeping the four requests combined, and do they outweigh the potential for disparate outcomes?
- d. Assuming that the Commission divides this file into four separate applications, is it expected that the issues and witnesses would be similar enough to conduct a combined hearing?

Liberty's responses to these questions are below.

4. The four AAO requests involve identical and/or related questions of law or fact. The legal standard employed by the Commission for the authorization of an AAO is identical for the three commodities and the four utilities. In terms of identical and/or related facts, the four utilities: share a parent company and are affiliates of each other; have shared services in terms of employees, including accounting personnel; employ the same accounting methods; voluntarily began waiving disconnects and late payment fees on the same date; and resumed sending disconnect notices on the same date. The differences between the four utilities are their utility-level costs of capital and the dollar amounts of deferrals that would result from authorized AAOs – something that will be addressed in future, individual rate cases and not in this AAO proceeding.

5. If these four requests are kept in a single file, Liberty intends to present the same testimony and witnesses for the four utilities. With regard to the Commission's request for an explanation of how the parties intend to address the different utilities' provision of different services, different costs, different customers, separate Commission-approved rates for service, separate tariffs, and being regulated under different chapters of the Commission's rules, Liberty states that it believes these factors will not be relevant to this AAO proceeding. As requested in Liberty's AAO Application, and pursuant to the Commission's regular practice and the fact that the issuance of an AAO is not a ratemaking determination, the items requested for inclusion will be tracked and deferred for consideration by the Commission for rate recovery in subsequent general rate cases.

6. Significant administrative efficiencies will be gained by keeping the four requests combined, as they involve identical and/or related questions of law or fact, and Liberty intends to present the same testimony and witnesses for the four utilities.

7. If the Commission divides this file into four separate applications, Liberty expects to present the same witnesses and testimony for the four utilities, allowing for a combined hearing.

8. Additionally, Liberty notes that other state regulatory commissions have addressed the impact of COVID-19 in singular dockets for multiple utilities.

- a. The Arkansas Public Service Commission opened a single proceeding for COVID-19 for all utilities in the state (20-012-A), authorizing the establishment of regulatory assets, with recovery to be addressed in future rate proceedings. Liberty provides electric and water/sewer services in Arkansas.
- b. The Oklahoma Corporation Commission opened a single proceeding for COVID-19 for all utilities in the state (PUD-202000050), authorizing the establishment of regulatory assets, with recovery to be addressed in future rate proceedings. Liberty provides electric service in Oklahoma.

- c. The Kansas Corporation Commission opened a single docket, 20-GIMX-393-MIS, in which all orders for suspensions of disconnects, stays of proceedings, etc., were issued, but each utility was required to file any waivers and requests for accounting orders under separate dockets. Liberty provides electric service in Kansas.
- d. The Iowa Utilities Board ordered its moratorium on disconnects for all regulated, as well as a request from non-regulated, utilities in a single docket (SPU-2020-0003). The Iowa Utilities Board also established accounting orders for tracking of COVID-19 related costs. There was a docket for each utility, but they were processed together, and the Board ruled on them together. Liberty provides gas service in Iowa.
- e. In Illinois, a single docket (20-0309) was opened by the Illinois Commerce Commission, and all utilities were made parties to that docket. Within that docket, the proceedings were essentially split into a “Large Utilities” solution and a “Small Utilities” solution for tracking costs, reporting requirements, and recovery of COVID-19 related costs. Liberty provides gas and water/sewer service in Illinois.

WHEREFORE, Liberty respectfully submits this Response to Commission Order and requests an order of the Commission granting the requested authority for EDE, EDG, Liberty Water, and Midstates to track and defer in regulatory assets all incremental costs and other financial impacts related to the COVID-19 pandemic.

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 23rd day of November, 2020, and electronically delivered to all counsel of record.

/s/ Diana C. Carter