

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. GR-2015-0095, Liberty Utilities (Midstates Natural Gas) Corp.  
d/b/a Liberty Utilities

FROM: Phil S. Lock, Regulatory Auditor - Procurement Analysis  
Kwang Y. Choe, Ph.D., Regulatory Economist - Procurement Analysis  
Lesa Jenkins, P.E., Regulatory Engineer - Procurement Analysis

/s/ David M. Sommerer, 01/28/16      /s/ Jeffrey A. Keevil, 01/28/16  
Project Coordinator/ Date                      Staff Counsel's Office/ Date

/s/ Lesa Jenkins PE, 01/28/16  
Utility Regulatory Engineer II/ Date

SUBJECT: Staff's Reply in Case GR-2015-0095, Liberty Utilities (Midstates Natural Gas) Corp.  
d/b/a Liberty Utilities 2013-2014 Actual Cost Adjustment Filing

DATE: January 28, 2016

Procurement Analysis Staff ("Staff") has reviewed Liberty Utilities' (Midstates Natural Gas) Corp. d/b/a Liberty Utilities ("Liberty" or "Company") Response to Staff Recommendation in Case No. GR-2015-0095 for the 2013-2014 Actual Cost Adjustment (ACA) filing. Liberty filed its response January 21, 2016.

Staff accepts Liberty's responses to most of the items in the Staff Recommendation, but Staff has concerns with certain aspects of Liberty's responses on two of the items related to Reliability Analysis and Gas Supply Planning (Sections II.B.1 and II.B.3b). However, the only item where Staff requests a Commission Order is the adjustment of the ACA account balances, discussed in Section I below.

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

Liberty's response accepted the monetary adjustments to the ACA balances recommended by Staff.

The Staff recommends that the Commission issue an order requiring Liberty to adjust the ACA account balances in its next ACA filing to reflect the following Staff adjustments and to reflect the (over)/under-recovered ACA balances in the "Staff Balances" column of the following table:

\*\* Denotes Highly Confidential Information \*\*

**NP**

Appendix A

**TABLE 1**

<b>ALL AREAS (+) Under-recovery (-) Over-recovery</b>	<b>Filed Balances for 2013-2014 (Ending 8-31-14)</b>	<b>Commission Approved Adjustments prior to 2013- 2014 ACA (G)</b>	<b>Staff Adjustments</b>	<b>Staff Balances for 2013-2014 (Ending 8-31-14)</b>
<b>SEMO Area: Demand ACA</b>	(\$660,499)	\$1,494	\$0	(\$659,005)
Commodity ACA	(\$2,293,145)	\$159,168	(\$1,830) (A) (\$994) (F)	(\$2,136,801)
<b>Kirksville Area: Demand ACA</b>	(\$72,223)	\$16,867	\$0	(\$55,356)
Commodity ACA	\$95,328	\$23,618	(\$4,082) (B)	\$114,864
<b>WEMO Area: Demand ACA</b>	(\$24,012)	\$0	\$7,248 (C) \$91 (D)	(\$16,673)
Commodity ACA	\$259,466	\$22,618	\$43,643 (C) \$549 (D) (\$3,597) (E)	\$322,679
<b>NEMO Area: Demand ACA</b>	(\$553,034)	\$0	\$0	(\$553,034)
Commodity ACA	\$1,029,446	\$67,945	(\$221) (A)	\$1,097,170

- (A) Scheduling Fee
- (B) Daily Swing Purchase Volumes
- (C) Correction of ACA Balance
- (D) Interest on ACA Balance
- (E) Gas Transportation Agreement
- (F) MRT Trading Fees
- (G) Commission order issued March 7, 2015 approving adjusted amounts from 2012-2013 ACA. Due to the timing of Commission's order, Liberty has not included these adjustments in the 2013-2014 ACA filing

**II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING**

**A. Peak Day Planning**

**1. Concerns with Peak Day Estimates**

Staff made comments in the recommendation regarding \*\* \_\_\_\_\_  
 \_\_\_\_\_ . \*\* Liberty responded that it  
 agrees to address Staff's recommendation by continuing to work with Staff to clarify

the \*\* \_\_\_\_\_ . \*\* Staff accepts the Liberty response.

2. **Capacity for SEMO Area Peak Day**

Staff made comments in the recommendation regarding Liberty's \*\* \_\_\_\_\_  
\_\_\_\_\_. \*\*  
Liberty responded that it accepts the Staff recommendation.

3. **Peak Day Planning Documents required in GM-2012-0037**

Staff made comments in the recommendation reminding Liberty of deadlines in the Commission Order Approving the Unanimous Stipulation and Agreement in GM-2012-0037. Liberty's response was that it will continue to work with Staff to clarify and ensure that such information is timely provided. Staff accepts the Liberty response.

B. **Supply Planning**

1. **Each AMA Must Contain Provisions Relevant to That AMA.**

Staff made comments in the recommendation pertaining to elements of the \*\* \_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_. \*\*

Liberty's response states "It appears that the Staff is misinterpreting our data request response. \*\* \_\_\_\_\_  
\_\_\_\_\_. \*\*

Nevertheless, we will review our AMAs to ensure Staff's concerns are being appropriately addressed."

Staff does not agree with all aspects of the Company response. Staff requested a conference call with the Company to discuss this issue. The call is tentatively set for February 4, 2016. However, no Commission action is requested by Staff on this item.

2. **Each Supply Agreement, Including AMAs, Must Document All Agreed to Pricing and Volume Provisions.**

Staff made comments in the recommendation regarding \*\* \_\_\_\_\_  
\_\_\_\_\_. \*\* Liberty responded it accepts the Staff recommendation.

3. **Supply and Storage Decisions: Southeast – SEMO Supply**

a. \*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ \*\*

No Commission action is requested by Staff on this item.

b. \*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ \*\*

Staff does not agree with all aspects of the Company response. Staff requested a conference call with the Company to discuss this issue. The call is tentatively set for February 4, 2016. However, no Commission action is requested by Staff on this item.

**III. HEDGING**

Staff made various recommendations related to hedging. Liberty accepted the recommendations.

**CONCLUSION**

The Staff recommends that the Commission issue an order requiring Liberty to adjust the ACA account balances in its next ACA filing to reflect the Staff adjustments and to reflect the (over)/under-recovered ACA balances in the “Staff Balances” column of the table set forth in Section I above.





**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

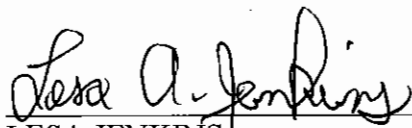
In the Matter of Liberty Utilities (Midstates )  
Natural Gas) Corp. d/b/a Liberty Utilities' ) Case No. GR-2015-0095  
Purchased Gas Adjustment Tariff Filing )

**AFFIDAVIT OF LESA JENKINS**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

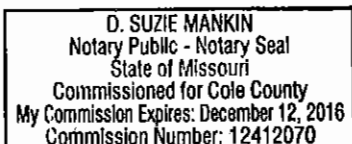
**COMES NOW** Lesa Jenkins and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Staff Reply in Memorandum form; and that the same is true and correct according to her best knowledge and belief.

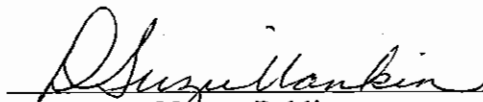
Further the Affiant sayeth not.

  
\_\_\_\_\_  
LESA JENKINS

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28<sup>th</sup> day of January 2016.



  
\_\_\_\_\_  
Notary Public

**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' ) Case No. GR-2015-0095  
Purchased Gas Adjustment Tariff Filing )

**AFFIDAVIT OF PHIL S. LOCK**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW Phil S. Lock and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing Staff Reply in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

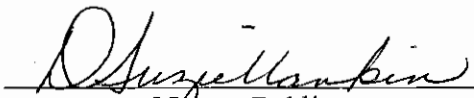
Further the Affiant sayeth not.

  
\_\_\_\_\_  
PHIL S. LOCK

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 28<sup>th</sup> day of January 2016.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2016  
Commission Number: 12412070

  
\_\_\_\_\_  
Notary Public