

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 11th day of
May, 2016.

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| In the Matter of the Verified Application and |) | |
| Petition of Liberty Utilities (Midstates Natural Gas) |) | <u>File No. GO-2016-0206</u> |
| Corp. d/b/a Liberty Utilities to Change Its |) | Tariff No. YG-2016-0221 |
| Infrastructure System Replacement Surcharge |) | |

**ORDER APPROVING CHANGE IN INFRASTRUCTURE SYSTEM
REPLACEMENT SURCHARGE AND REJECTING TARIFF**

Issue Date: May 11, 2016

Effective Date: May 21, 2016

On February 19, 2016, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty”) filed an application with the Missouri Public Service Commission (“Commission”) to change its Infrastructure System Replacement Surcharge (“ISRS”) rate schedule to recover ISRS-eligible costs.¹ Liberty filed a tariff (Tariff Tracking No. YG-2016-0221) to implement its ISRS rate adjustment along with its application, and the Commission has suspended that tariff until June 18, 2016. The application requests an adjustment to its ISRS rate schedule that provides for the recovery of ISRS-eligible infrastructure system costs incurred during the period June 1, 2015 through January 31, 2016. The Commission directed notice and established March 14, 2016 as the date by which interested persons should apply to intervene. No person or entity applied to intervene by that date.

¹ The application also includes a request for waiver of Commission Rule 4 CSR 240-4.020(2), which require 60 days’ notice for likely contested cases. Staff recommends approving the waiver, and the Commission will grant the request.

The Commission's Staff filed its recommendation regarding Liberty's ISRS application on April 19, 2016. Staff reports it has reviewed that application and has examined the supporting documentation that the company submitted along with its application. Staff recalculated the amount Liberty should be allowed to recover through its ISRS and concluded that Liberty should be allowed to recover annual ISRS surcharge revenues for this case of \$208,789², consisting of (\$4,266) for the West District³, \$10,211 for the Southeast District, and \$202,844 for the Northeast District.

Liberty responded to Staff's recommendation on April 27, 2016, indicating that it agrees with Staff's recalculation and does not object to the rates recommended by Staff. No other party objected to Staff's recommendation regarding the application, and no party requested a hearing. No hearing is required before approving the application,⁴ so this action is not a contested case. Since this is a non-contested case, the Commission acts on evidence that is not formally adduced and preserved.⁵ There is no evidentiary record.⁶ Consequently, the Commission bases its decision on the parties' verified filings.

Based on the Commission's impartial and independent review of Liberty's application and Staff's recommendation, the Commission finds that Liberty's application complies with Sections 393.1009 to 393.1015, RSMo. Consistent with Staff's unopposed recommendation, the Commission concludes that Liberty shall be permitted to change its

² This revenue requirement amount reflects a reduction of \$416 from Liberty's requested ISRS-related revenue requirement for this case, as a result of Staff's adjustment to the property tax calculation. When added to the ISRS currently in effect from File No. GO-2015-0350, it will result in the total cumulative ISRS amount of \$470,184 to be included in rates.

³ The negative revenue requirement for the West District is the result of the inclusion of updated incremental accumulated depreciation and accumulated deferred income tax rate base offset amounts, coupled with the fact that Liberty did not incur any eligible ISRS plant addition costs during the period under review.

⁴ Section 393.1015.2(3), RSMo Supp. 2013. See, *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App. 1989).

⁵ *State ex rel. Public Counsel v. Public Service Comm'n*, 210 S.W.3d 344, 353-355 (Mo. App. 2006).

⁶ *Id.* The competent and substantial evidence standard of Article V, Section 18, does not apply to administrative cases in which a hearing is not required by law. *Id.*

ISRS to recover annual ISRS surcharge revenues for this case of \$208,789, consisting of (\$4,266) for the West District, \$10,211 for the Southeast District, and \$202,844 for the Northeast District. Since the revenues and rates authorized in this order differ from those contained in the tariff the company submitted, the Commission will reject that tariff. The Commission will grant Liberty's request for waiver of 4 CSR 240-4.020(2), authorize Liberty to submit a new tariff in compliance with Staff's recommendation, and make this order effective in ten days to expedite the recovery of appropriate rates.

THE COMMISSION ORDERS THAT:

1. Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities is authorized to change its Infrastructure System Replacement Surcharge sufficient to recover annual ISRS surcharge revenues for this case of \$208,789, consisting of (\$4,266) for the West District, \$10,211 for the Southeast District, and \$202,844 for the Northeast District.

2. The tariff sheet filed by Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities on February 19, 2016, and assigned Tariff Tracking No. YG-2016-0221, is rejected:

P.S.C. MO No. 2

9th Revised Sheet No. 19, Canceling 8th Revised Sheet No. 19

3. Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities is authorized to file a new tariff in compliance with this order and Staff's recommendation.

4. Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities is authorized to file an ISRS rate for each customer class as reflected in Appendix B to Staff's recommendation.

5. Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities' motion for waiver of Commission Rule 4 CSR 240-4.020(2) is granted.

6. This order shall become effective on May 21, 2016.



Hall, Chm., Kenney, Rupp,
and Coleman, CC., concur.
Stoll, C., absent.

Bushmann, Senior Regulatory Law Judge

BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff
Secretary