



**Liberty Utilities (Midstates Natural Gas) Corp.
d/b/a Liberty Utilities**

Docket No. GR-2018-0013
MO Staff Data Request – 0318
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Data Request Received: 02/16/2018
Request No. 0318

Date of Response: 04/03/2018
Respondent: Judy McGuire

REQUEST:

Please see Microsoft Excel File “Liberty NS Missouri v2.xlsx” which is included within Exhibit DAW-3 from the Direct Testimony of Mr. Dane Watson. Staff observed that the cost of removal for meters (Plant Account 381.0) has exceeded 400% of the retirement amount for the years 2013, 2014, and the first three quarters of 2015. Please explain, clearly and with full detail, the expenses that are incurred when retiring a meter. Explain, clearly and with full detail, the specific reasons why an abnormally high cost of removal has been recorded for Plant Account 381.0. If Liberty believes that the high cost of removal is justified, please explain why.

Data Request Submitted by Stephen Moilanen, (Stephen.Moilanen@psc.mo.gov).

RESPONSE:

The net salvage experienced in 2013, 2014, and the first three quarters of 2015 in account 3810 is not typical of Liberty’s ongoing operations. After Liberty’s acquisition of the subject assets, Liberty did not have an automated system to process retirements in accounts 3810 and 3820. Beginning in 2015, interfaces were developed that allowed normal processing of retirements. After the interface was put in place, the Company caught up on retirements from previous years as can be seen in the high level of retirements in 2016 and 2017. Please see [DR 0097.1 Retirements-MIDSTATES 10.01.2015 - 12.31.2017.xlsx](#) provided in response to DR 0097.1, which shows those retirements.

Given the deferral of retirements, it is necessary to review a larger band of moving averages to see a representation of Liberty’s ongoing operations for these two accounts. This is shown in [GR-2018-0013 MPSC DR 0318 Attachment 1](#). Between 2005 and 2017, Account 3810 experienced -39.75% overall net salvage, Account 3820 experienced -61.21% overall net salvage, and the combined net salvage for the two accounts was -45.14%. The recommended -35% is well within Liberty’s actual operational experience.

The costs associated with removing a meter are as follows: a portion of the time to drive to the job; time to pull the meter; time to probe (conduct a bar hole test with a combustible gas indicator to ensure no gas is detected near the house foundation); time to fill out the service order tasks completed; transport back to the meter shop; time to log the meter to be shipped for testing; and fees for freight and testing by the testing vendor.



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When no replacement meter is installed, all cost related to the travel to/from the meter as well as the meter removal and testing are charged as removal cost.

As an example, [GR-2018-0013 MPSC DR 0318 Attachment 2](#) provides details for a 2016 residential meter removals project in the Jackson, MO area for job no 8853-0403-16306. The attachment shows the removal costs charged and the retirement values of the removed meters.

The 2016 actual costs charged to the blanket project resulting in a net salvage of -39% are in line with the Company's recommendation for this account.