

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

In the Matter of the Application of The Empire)
District Electric Company, The Empire District)
Gas Company, Liberty Utilities (Midstates Natural)
Gas) Corp., and Liberty Utilities (Missouri Water))
LLC for an Affiliate Transactions Rule Variance)

File No. AO-2018-0179

STAFF RESPONSE TO COMMISSION ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), through Staff Counsel’s Office, in response to the Missouri Public Service Commission’s (“Commission’s”) February 26, 2018, Order Directing Filing directing the Staff to file a Recommendation or an alternative pleading by March 2, 2018 regarding the Application of The Empire District Electric Company, The Empire District Gas Company, Liberty Utilities (“Midstates Natural Gas”) Corp., and Liberty Utilities (“Missouri Water”) LLC (collectively the “Applicants”) for an Affiliate Transactions Rule Variance. In response thereto, the Staff states as follows:

1. On December 29, 2017, the Applicants filed an Application for Affiliate Transactions Rule Variances from certain portions of Electric Rule 4 CSR 240-20.015(2)(A) and Gas Rule 4 CSR 240-40.015(2)(A) in order to participate in a Money Pool Agreement (“Agreement”) and also are seeking a waiver of the 60-day notice requirement of Rule 4 CSR 240-4.020(2).¹ Under the Agreement, which includes regulated and unregulated affiliates, the pricing for each transaction will be established pursuant to the Agreement without competitive bidding and cost documentation for each transaction. Said Application notes that Liberty Utilities (“Missouri Water”) LLC is a

¹ On January 29, 2018, the Applicants filed Exhibit A to the Application.

party to the Application even though the Commission's Rules do not require water companies to operate pursuant to a Commission approved-cost allocation manual ("CAM") (and there is not an affiliate transactions rule for water utilities). The Application also relates that the Applicants are seeking Commission approval of their CAM in File No. AO-2017-0360.

2. On December 29, 2017, the Commission issued an Order And Notice setting an intervention deadline of January 15, 2018. No entity or person has filed for intervention.

3. The undersigned counsel for the Staff have conferred with Counsel for the Applicants, and the Office of the Public Counsel ("Public Counsel") and with their concurrence suggest that the Commission set an early prehearing conference for April 12, 2018, at 1:00 p.m. at the Governor Office Building in Jefferson City and have a speaker phone available for phone in participation. The Staff believes that after the prehearing conference where the parties can discuss the Applicants' filing, the parties will be in a position to file with the Commission a recommendation for either further discussions among the parties or a proposed procedural schedule.

WHEREFORE, the Staff responds to the Commissions' February 26, 2018, Order Directing Filing and suggests that the Commission set an early prehearing conference for April 12, 2018, at 1:00 p.m. at the Governor Office Building in Jefferson City.

Respectfully submitted,

/s/ Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail on Counsel for the parties of record to this case, on this 2nd day of March, 2018.

/s/ Steven Dottheim