

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

In the Matter of the Request of Liberty)	
Utilities (Midstates Natural Gas) Corp.)	
d/b/a Liberty to Implement a General Rate)	Case No. GR-2024-0106
Increase for Natural Gas Service in the)	
Missouri Service Areas of the Company.)	

AMENDED UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (“Liberty” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), and the Office of the Public Counsel (“OPC”) (collectively “Signatories”) and present to the Missouri Public Service Commission (“Commission”) for approval this Stipulation and Agreement (“*Stipulation*”) commemorating an agreement between the Signatories resolving all the issues in this case. The Missouri School Board Association (“MSBA”) is an intervenor party in the above-captioned matter and has indicated that it will not object to this *Stipulation*. In support of this *Stipulation*, the Signatories respectfully state as follows:

BACKGROUND

1. On February 9, 2024, Liberty filed tariff sheets designed to increase Liberty’s annual base distribution gas revenues.
2. The Commission set a procedural schedule in its April 10, 2024 *Order Setting Procedural Schedule*.
3. After the filing of rounds of testimony and holding local public hearings, the Signatories began negotiations to determine whether a resolution of issues could be mutually reached in advance of the evidentiary hearings. As a result of these discussions, the Signatories have agreed to a series of compromises to determine mutually acceptable resolutions to all issues. The

Signatories agreed to the settled “black box” revenue requirement increase amount using their own assumptions.

SPECIFIC TERMS AND CONDITIONS

4. **Global Settlement**. This *Stipulation* is intended to reflect the full resolution of all contested issues among all parties for a global settlement of Case No. GR-2024-0106. All issues from the *List of Issues, List and Order of Witnesses, Order of Opening Statements, and Order of Cross-Examination* filed in this docket on October 1, 2024, are resolved by this *Stipulation*.
5. **Effective Date of New Rates**. New rates shall be effective for service rendered on and after the operation of law date. The Signatories will work together to develop and review the new and revised tariff sheets, reflecting the new rates.
6. **Revenue Requirement Increase**. The Signatories agree that Liberty should be authorized to file tariffs designed to increase the Company's annual gas distribution revenues by \$9.1 million, exclusive of any applicable license, occupation, franchise, gross receipts taxes, or similar fees or taxes.
7. **ROR for Applicable ISRS Filings**. The overall rate of return (“ROR”) of 6.9% will be used for Liberty’s future applicable Infrastructure System Replacement Surcharge (“ISRS”) filings. The Signatories agree and acknowledge that the specified ISRS ROR shall not be construed as an agreement by the Signatories as to the ROR they view as appropriate to determine the revenue requirement in this case or any subsequent cases.
8. **Transition & Transaction Costs**. Liberty will write off its books and records the capitalized plant and reserve associated with transition and transaction costs from Case No. GM-2012-0337.
9. **Billing Determinants**. The Signatories agree that the billing determinants will be those attached in **Schedule A**.

10. **Continuation of Existing Regulatory Tracking Mechanisms.**

a. Pension and OPEB Expenses. The Accounting Standards 715-30 and 715-60 (FAS 87/106) tracker language adopted in Case No. GR-2018-0013 shall continue in effect. The annual ongoing Missouri jurisdictional pension and Other Post-Employment Benefits (“OPEB”) expenses are \$678,223 and \$(232,605), respectively. This includes the allowed expenses of \$493,157 for pensions and zero (0) for OPEBs, with five (5) year amortization amounts of \$185,067 for pensions and (\$232,605) for OPEBs. These amortization amounts are based on the Missouri jurisdictional regulatory asset/(liability) as of December 31, 2023 of \$925,334 for pensions and (\$1,163,023) for OPEBs. The Missouri jurisdictional prepaid pension and OPEB asset balances as of December 31, 2023, are \$899,876 and \$572,613, respectively.

b. Property Tax Tracker Base Amount. The amount of Property Tax included in the Company’s revenue requirement as a result of this case is \$2,344,449, which will be used as the base amount to track differences in property tax until rates are reset as a result of a subsequent rate case.

11. **Regulatory Asset and Liability Balances.** The following regulatory asset and liability balances, amortization periods, and annual amortization expense will be used. Amortization will begin with the effective date of rates in this case:

Regulatory Asset/Liability	Balance at December 31, 2023	Amortization Period	Annual Amortization
Property Tax Tracker Regulatory Asset	\$1,033,418	3	\$344,473
Pension Regulatory Asset	\$925,334	5	\$185,067
OPEB Regulatory Liability	\$(1,163,023)	5	\$(232,605)

Energy Efficiency & Low-Income Regulatory Assets	\$393,411	6	\$65,569
Excess ADIT Regulatory Liability	Federal \$(3,491,330) State \$(461,589)	29.64 5	\$(117,796) \$(92,318)
Depreciation Study	\$42,533	5	\$8,507
State Income Tax Stub	\$(551,910)	5	\$(110,382)
Prepaid Pension Asset	\$899,876		
Prepaid OPEB Asset	\$572,613		

12. **Class Allocations and Rate Design.** The Signatories agree to keep the separate rate districts at this time. The Company and Staff agree to recalculate final rates based on the agreed upon billing determinants as set out in **Schedule A** and revenue requirement for each district. Such rates will consider limiting the impact of a rate increase on customer classes receiving a rate increase when any customer class in a rate district has above a 20% rate increase and eliminating the summer block rates. This includes, but not limited to, an up to five percent (5%) rate increase on other rate classes and/or raising the customer charge by the amount of the current ISRS charge.

13. **Depreciation Rates.** The Signatories agree to the depreciation rates contained within the attached **Schedule B**. The parties are not agreeing to any specific methodology in this case. The Company will continue to record additions and retirements as if general plant amortization was not approved.

14. **Low-Income/Payment Assistance and Energy Assistance Programs.** The Signatories agree Company's low-income/payment assistance and energy assistance programs should be modified as proposed by the Company in the Direct Testimony of Nate Hackney and Kim Dragoo.

15. **ISRS Reset.** As required by Commission rules, the Signatories agree the Company's current ISRS will be reset to zero upon the effective date of new rates in this proceeding. Plant in service additions for inclusion in a future ISRS shall be limited to ISRS-eligible additions subsequent to December 31, 2023.

16. **Weather Normalization Adjustment Rider (“WNAR”)**. The Company’s WNAR will continue with modifications to (A) allow it to be an annual filing as outlined in the Rebuttal Testimony of Meagan Grafton, (B) reflect the weather normalization included in the determination of billing determinants in this case, and (C) reflect the residential and small general service distribution commodity charges agreed to in this case. **The justification for the proposed changes and the WNAR tariff sheets with calculated rates included are attached as Amended Schedule C.**

The Company agrees to provide an explanation of any future changes proposed to its WNAR in a future general rate case in direct testimony.

17. **Transportation Tariff**. The Company’s transportation tariff shall be modified as proposed with the Testimony of Company witness Tatiana Earhart and reflected in the exemplar tariff sheets attached as **Schedule D**.

18. **Change to Customer Billing Statements**. Company will add a definition of degree days as described in Company witness Lauren Preston’s Rebuttal Testimony in response to OPC witness Manzell Payne’s Revenue Requirement Direct Testimony.

19. **Non-Revenue Requirement Related Items**

- a. Liberty Midstates will continue to provide the same type of quarterly surveillance and actual earnings information related to its natural gas operations, separately by rate division.
- b. Liberty Midstates agrees to perform compensation studies for Algonquin Power & Utilities Corp. (“APUC”), Liberty Utilities (Canada) Corp. (“LUCC”) and Liberty Utility Services Corp. (“LUSC”) employees that direct or allocate costs to Liberty Midstates, including those at and above the director level. The intended purpose of the

studies is to provide a basis of support that the payroll that is directly charged and allocated to Liberty is reasonable.

- c. Liberty Midstates agrees to periodically perform internal audits regarding time reporting to ensure that the levels of allocated capital versus expense to Liberty Midstates is appropriate. The intended purpose of the study is to determine the proper ratio of compensation to allocate between expense and capital.
- d. Liberty Midstates agrees that it will improve future reporting of SAP for its general ledger and/or other reports with detail similar to that of the legacy Great Plains general ledger that was provided with minor accounts and certain coding.
- e. Liberty Midstates will provide supporting documentation for its Special Contract rate.

20. **Customer Service.**

- a. The Company agrees to continue pursuing adding an option to its IVR for customers to select their state and including Missouri-specific call center statistics (Call Volume, Abandoned Call Rate, Average Speed of Answer) to its Monthly Performance Report alongside its current reporting. The Company agrees to file a status update on its efforts in this rate case 90 days after new rates go into effect.
- b. The Company agrees to file a status report on its progress in reducing the number of monthly estimated bills to pre-October 2023 levels. This report will be filed in EFIS in Case No. GR-2024-0106, 30 days after the operation of law date. The Company also agrees to begin including narrative explanations for any non-seasonal increases in call center metrics (Call Volume, Abandoned Call Rate, Average Speed of Answer) or estimated bills in its Monthly Performance Report, including the cause of the issue (if known) and the anticipated resolution date (if known).

GENERAL PROVISIONS

21. This *Stipulation* is being entered into solely for the purpose of settling the issues specifically set forth above, and unless otherwise specifically set forth herein represents a settlement on a mutually-agreeable outcome without resolution of specific issues of law or fact. This *Stipulation* is intended to relate *only* to the specific matters referred to herein; no Signatory waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein. No Signatory will be deemed to have approved, accepted, agreed, consented, or acquiesced to any substantive or procedural principle, treatment, calculation, or other determinative issue underlying the provisions of this *Stipulation* except as otherwise specifically set forth herein. Except as specifically provided herein, no Signatory shall be prejudiced or bound in any manner by the terms of this *Stipulation* in any other proceeding, regardless of whether this *Stipulation* is approved.

22. This *Stipulation* has resulted from extensive negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not approve this *Stipulation* or approves it with modifications or conditions to which a Signatory objects, then this *Stipulation* shall be null and void, and no Signatory shall be bound by any of its provisions.

23. If the Commission does not approve this *Stipulation* unconditionally and without modification, and notwithstanding its provision that it shall become void, neither this *Stipulation*, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any Signatory has for a decision in accordance with Section 536.090, RSMo 2016 or Article V, Section 18 of the Missouri Constitution, and the Signatories shall retain all procedural and due process rights as fully as though this *Stipulation* had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this *Stipulation* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the

administrative or evidentiary record before the Commission for any further purpose whatsoever.

24. If the Commission unconditionally accepts the specific terms of this *Stipulation* without modification, the Signatories waive, with respect only to the issues resolved herein, their respective rights to:

(1) Call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2016;

(2) Present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2016;

(3) The reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2016;

(4) Seek rehearing pursuant to Section 386.500, RSMo 2016; and

(5) Judicial review pursuant to Section 386.510, RSMo Supp. 2020.

These waivers apply only to a Commission order respecting this *Stipulation* issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this *Stipulation*.

25. The Signatories shall also have the right to provide, at any agenda meeting at which this *Stipulation* is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that each Signatory shall, to the extent reasonably practicable, provide the other parties with advance notice of the agenda meeting for which the response is requested. Signatory's oral explanations shall be subject to public disclosure, except to the extent they refer to matters that are privileged or protected from disclosure pursuant to the Commission's rules on confidential information.

26. This *Stipulation* contains the entire agreement of the Signatories concerning the issues addressed herein.

27. This *Stipulation* does not constitute a contract with the Commission and is not intended to impinge upon any Commission claim, right, or argument by virtue of the *Stipulation's* approval. Acceptance of this *Stipulation* by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has or as an acquiescence of any underlying issue. Thus, nothing in this *Stipulation* is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

28. The Signatories agree that this *Stipulation*, except as specifically noted herein, resolves all issues related to these topics, and that the agreement and its exhibits should be received into the record without the necessity of any witness taking the stand for examination. Further, contingent upon Commission approval of this *Stipulation* without modification, the Signatories hereby stipulate to the admission into the evidentiary record of the pre-filed written testimony of their witnesses.

29. MSBA does not request a hearing.

WHEREFORE, the Signatories respectfully request that the Commission approve this *Stipulation*, so that Liberty may move forward on these provisions, and grant any other and further relief as it deems just and equitable.

Respectfully Submitted:

/s/ J. Scott Stacey

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**ATTORNEYS FOR LIBERTY UTILITIES
(MIDSTATES NATURAL GAS) CORP.
D/B/A LIBERTY**

CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 17th day of December, 2024, and sent by electronic transmission to Staff counsel, the Office of the Public Counsel, and counsel for intervenors.

/s/ Jermaine Grubbs