

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

In the Matter of Liberty Utilities (Midstates)
Natural Gas) Corp. d/b/a Liberty’s Purchased) Case No. GR-2023-0253
Gas Adjustment Tariff Filing)

RESPONSE TO COMMISSION ORDER

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty (“Liberty”), and for its Response to Commission Order, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. Liberty submitted its Purchased Gas Adjustment (“PGA”) Actual Cost Adjustment (“ACA”) filing for the 2022-2023 period in this case on February 8, 2023. This filing revised the ACA rates based upon Liberty’s calculations of its ACA account balance.

2. On December 6, 2024, the Staff of the Commission (“Staff”) filed a recommendation and memorandum regarding its review of Liberty’s 2022-2023 ACA filing. On December 6, 2024, the Commission issued its *Order Directing Response*, directing Liberty to respond to Staff’s recommendations by January 6, 2025.

3. As detailed in the memorandum attached hereto, Liberty accepts Staff’s analysis and recommendations.

WHEREFORE, Liberty submits this Response to Commission Order and requests such relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Jermaine Grubbs

Jermaine Grubbs MBE #68970

Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty
602 S. Joplin Ave.

Joplin, Missouri 64801

Cell Phone: (417) 317-9024

E-Mail: Jermaine.Grubbs@LibertyUtilities.com

CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 6th day of January, 2025, with a copy sent to all counsel of record.

/s/ Jermaine Grubbs

2022-2023 PGA-ACA GR-2023-0253

**LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY
("LIBERTY") RESPONSE TO STAFF TECHNICAL REPORT AND ANALYSIS**

On December 6, 2024, the Staff of the Commission ("Staff") filed its Staff Recommendation regarding the 2022-2023 Actual Cost Adjustment ("ACA") of Liberty. On December 6, 2024, the Commission directed Liberty to respond to the Staff Recommendation by January 6, 2025.

Liberty will respond to the various issues identified by Staff in the following paragraphs. Liberty's response will reference the Staff Recommendation and Memorandum by use of the same section titles utilized by the Staff.

I. BILLED REVENUE AND ACTUAL GAS COSTS

ACA Balances

Staff noted the beginning ACA balances reported by Liberty did not include adjustments ordered in Case No. GR-2023-0128 (2021-2022 ACA period). Staff revised the Company's beginning balances to reflect changes agreed upon in that case. Liberty agrees with this revision.

Billed Revenues

Staff reviewed PGA/ACA rates on a sample of customer bills and tested the reasonableness of reported revenues. Staff noted no material differences. No response by Liberty is required.

Natural Gas Costs

Staff reviewed invoices for all natural gas purchases made during the review period and reconciled invoiced rates to gas supply contracts and other sources such as First of Month ("FOM") pricing and pipeline tariffs. Staff also tested storage balances, hedging gains/losses injections/withdrawals

and weighted average cost of gas (“WACOG”) compared to supporting documentation. Based on this review, Staff proposed adjusting the allocations of expenses between demand and commodity cost categories, including credits left out of the filed PGA balances, and reallocating hedging gains and losses using the same basis employed when the hedging transactions were initiated. Liberty accepts these recommended adjustments.

Imbalances / Cash-outs

Based on their review of imbalances and cash out calculations, no material exceptions were noted by Staff.

Carrying Costs

In November 2024, Liberty withdrew its objection to applying the carrying cost of prime minus 2% to the deferred Winter Storm Uri costs. Subsequent adjustments recommended by Staff are summarized in the following table. Liberty accepts these recommendations as reflected in the following table.

Carrying Cost Adjustments by Service Area			
NEMO	<u>Reported</u>	<u>Corrected</u>	<u>Under/ (Overstated)</u>
Demand	(\$23,639.61)	(\$23,563.15)	\$76.46
Commodity (Regular)	\$106,506.18	\$106,374.56	(\$131.62)
Commodity (Storm Uri)	\$62,178.29	\$39,874.40	(\$22,303.89)
SEMO			
Demand	\$21,447.72	\$20,502.27	(\$945.45)
Commodity (Regular)	\$95,140.68	\$103,349.03	\$8,208.35
Commodity (Storm Uri)	\$28,402.62	\$18,155.77	(\$10,246.85)
WEMO			
Demand	(\$1,248.49)	(\$1,245.83)	\$2.66
Commodity (Regular)	\$47,739.95	\$47,778.82	\$38.87
Commodity (Storm Uri)	\$158,736.07	\$105,778.47	(\$52,957.60)
Kirksville			
Demand	(\$25,532.07)	(\$25,574.87)	(\$42.80)
Commodity (Regular)	\$87,386.14	\$86,142.99	(\$1,243.15)

II. RELIABILITY ANALYSIS AND GAS SUPPLY PLANNING

Staff proposed no financial adjustments related to reliability analysis and gas supply planning. On page 11 of the Staff Memorandum, Staff recommended Liberty “continue to monitor its pipeline contracts and maintain an appropriate reserve margin for each service area” and that it “review its school aggregation provisions to assure that they properly incentivize school aggregation pool operators to balance use and deliveries.” Liberty accepts these recommendations.

III. HEDGING

Staff recommended that Liberty “continually monitor and be aware of any significant changes in natural gas supply and demand fundamentals over time.” On page 12 of the Memorandum, Staff recommends Liberty “continue to assess and document the effectiveness of its hedges for the 2023-2024 ACA and beyond, including but not be limited to, whether the hedging implementation was consistent with the hedging plan, identifying the benefits/costs based on the outcomes from the hedging strategy, and evaluating any potential improvements on the future hedging plan and its implementation.”

Staff further recommended Liberty evaluate if hedging plans for each of its four systems have operational implications for warm and cold weather conditions. Staff concluded by recommending Liberty “continue to monitor the market movements diligently, employ *disciplined* (triggered primarily by the passage of time) as well as *discretionary* (hedge decisions influenced by the Company’s view of favorable pricing environments) approaches in its hedging practices, and look into the possibility of expanding its gas portfolio to include physical as well as financial hedges, in addition to storage, that more closely track physical price risk.”

Liberty agrees to these recommendations.

IV. LIBERTY’S RESPONSE TO ACA ACCOUNT BALANCE RECOMMENDATIONS

Liberty accepts the ACA balances recommended by Staff. The Company agrees to incorporate the (over)/under-recovered ending ACA balances proposed by Staff below, as of August 31, 2023.

August 31, 2023 Ending ACA Balances			
WEMO	Reported	Adjustments	Staff Recommended
Regular ACACommodity	\$ 494,389.02	\$ 8,038.00	\$ 502,427.02
Regular ACA Demand	\$ (1,887.49)	\$ 180.26	\$ (1,707.23)
Storm Uri ACA	\$ 1,957,125.49	\$ (172,899.53)	\$ 1,784,225.96
Total ACA	\$ 2,449,627.02	\$ (164,681.27)	\$ 2,284,945.75
SEMO			
Regular ACACommodity *	\$ (440,769.08)	\$ 159,054.04	\$ (281,715.04)
Regular ACA Demand	\$ (554,565.13)	\$ (15,600.96)	\$ (570,166.09)
Storm Uri ACA *	\$ 299,502.58	\$ (38,310.17)	\$ 261,192.41
Total ACA	\$ (695,831.63)	\$ 105,142.91	\$ (590,688.72)
NEMO			
Regular ACACommodity	\$ 953,823.58	\$ 10,134.64	\$ 963,958.22
Regular ACA Demand	\$ (333,403.47)	\$ 423.35	\$ (332,980.12)
Storm Uri ACA	\$ 628,626.50	\$ (78,325.71)	\$ 550,300.79
Total ACA	\$ 1,249,046.61	\$ (67,767.72)	\$ 1,181,278.89
Kirksville			
Regular ACACommodity	\$ 1,203,764.92	\$ 4,006.24	\$ 1,207,771.16
Regular ACA Demand	\$ (1,117,404.67)	\$ (258.19)	\$ (1,117,662.86)
Total ACA	\$ 86,360.25	\$ 3,748.05	\$ 90,108.30