

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

In the Matter of Liberty Energy                     )  
(Midstates) Corp.'s Purchased Gas                )  
Adjustment Tariff Filing                            )

**Case No. GR-2012-0129**

**STAFF'S RECOMMENDATION REGARDING LIBERTY ENERGY (MIDSTATES)  
CORPORATION'S 2011-2012 ACTUAL COST ADJUSTMENT FILING  
(FORMERLY ATMOS ENERGY CORPORATION)**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation, states as follows:

1. On October 17, 2012, Liberty Energy (Midstates) Corp., d/b/a Liberty Utilities (Liberty or Company), successor in interest to Atmos Energy Corporation, filed its Actual Cost Adjustment (ACA) for the 2011-2012 annual period for rates to become effective November 1, 2012, in all Missouri service areas.

2. The Procurement Analysis Unit (Staff) has reviewed the Company's ACA filing and submits its recommendation as explained in Staff's Memorandum attached hereto as Appendix A, in both Highly Confidential and Public versions.

3. Staff's review included a comparison of billed revenue recovery with actual gas costs for the period of September 1, 2011, to August 31, 2012, to determine whether there exists an over-recovery or under-recovery of the ACA balance. Staff's review also included an examination of the Company's gas purchasing practices to determine the prudence of its purchasing decisions, a review of the reasonableness of the Company's hedging plans for this ACA period, and a reliability analysis of the Company's estimated peak day requirements and capacity levels to meet those requirements.

4. Staff's review identified accounting adjustments to the Company's filed ACA balances. Positive adjustments represent an increase in gas costs to consumers and negative or "bracketed" adjustments represent a decrease or reduction in gas costs to consumers. The accounting adjustments are summarized by service area as follows:

<b>ALL AREAS (+) Under-recovery (-) Over-recovery</b>	<b>Filed Balances for 2011-2012 (Ending 8-31-12)</b>	<b>Staff Adjustments</b>	<b>Staff Balances for 2011-2012 (Ending 8-31-12)</b>
<b>Southeast Area:</b> Demand ACA	\$466,598	\$0	\$466,598
Commodity ACA	(\$1,695,598)	(\$4,203)	(\$1,699,801)
<b>Kirksville Area:</b> Demand ACA	\$51,206	\$0	\$51,206
Commodity ACA	(\$207,629)	(\$108)	(\$207,737)
<b>West Area:</b> Demand ACA	\$55,371	\$0	\$55,371
Commodity ACA	(\$129,885)	\$0	(\$129,885)
<b>Northeast Area:</b> Demand ACA	\$226,152	\$0	\$226,152
Commodity ACA	(\$399,415)	(\$2,772)	(\$402,187)

**WHEREFORE**, for reasons stated above and more fully explained in Staff's Memorandum, the Staff recommends the Commission issue an order requiring Liberty to:

1. Adjust the ACA account balances in its next ACA filing to reflect the above listed Staff adjustments and to reflect the (over)/under-recovered ACA balances in the "Staff Balances" column of the above table,
2. Respond to Staff's recommendations contained in its Memorandum in Section I – Billed Revenues and Actual Gas Costs, Section II – Reliability Analysis and Gas Supply Planning, and Section III – Hedging; and,
3. Respond to Staff's recommendations included therein within 30 days

Respectfully submitted,

**/s/ Robert S. Berlin**

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### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 4<sup>th</sup> day of October 2013.

**/s/ Robert S. Berlin**