

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 Fuel)
Costs Related to the Extraordinary) **File No. GU-2021-0276**
Weather Event of February 2021)

ORDER DIRECTING NOTICE AND SETTING DEADLINE FOR INTERVENTION APPLICATIONS

Issue Date: August 27, 2021

Effective Date: August 27, 2021

On August 25, 2021, Liberty Utilities (Midstates Natural Gas) Corp. applied for an accounting authority orders permitting it to track and defer in a regulatory asset beginning February 2021, all incremental costs and other financial impacts of Winter Storm Uri, including (1) fuel and purchased gas costs from February 2021; (2) carrying costs on the total February 2021 fuel and purchased gas expenditures at the company's weighted average cost of capital; and (3) other costs specifically related to Winter Storm URI, including outside legal fees.

The Commission will direct notice be given and set a deadline for applications to intervene.

THE COMMISSION ORDERS THAT:

1. The Commission's Data Center shall provide notice of this order and application to the parties in File No. GR-2018-0013 (the most recent general rate case for Liberty Utilities (Midstates Natural Gas) Corp.
2. The Commission's Data Center shall provide notice of this order and application to the county commissions in the service territory of Liberty Utilities (Midstates Natural Gas) Corp.

3. The Commission's Public Policy and Outreach Department shall provide notice of this application to members of the General Assembly representing residents in the service territory of Liberty Utilities (Midstates Natural Gas) Corp.

4. The Commission's Public Policy and Outreach Department shall provide notice of Liberty's application to news media serving residents of the service territory of Liberty Utilities (Midstates Natural Gas) Corp.

5. Applications to intervene shall be filed no later than September 17, 2021. Any such filing shall be submitted through the Commission's electronic filing and information system or delivered to:

Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

6. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Morris L. Woodruff, Chief Regulatory Law Judge,
by delegation of authority pursuant to
Section 386.240, RSMo (2016).

Dated at Jefferson City, Missouri,
on this 27th day of August, 2021.

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

In the Matter of Liberty Utilities (Midstates)
Natural Gas) Corp.'s Fuel Costs Related to the) Case No. GU-2021-0276
Extraordinary Weather Event of February 2021)

VERIFIED WINTER STORM URI AAO APPLICATION

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. ("Liberty" or "Company"), and for its Application for an Accounting Authority Order ("AAO") regarding costs incurred during the extreme weather event of February 2021 ("Winter Storm Uri"), respectfully states as follows to the Missouri Public Service Commission (the "Commission"):

1. On February 24, 2021, the Commission issued its *Order Directing Staff to Investigate and Submit Report* in Case No. AO-2021-0264 noting that "(m)uch of the Midwest, including Missouri, experienced unseasonably cold temperatures in February 2021. Such temperatures resulted in rolling electrical blackouts and extreme natural gas price spikes in Missouri."

2. This weather emergency presented an event that was unpredictable and unexpected. Utility service and underlying natural gas markets throughout the region experienced a profound crisis arising from the unusually cold and unusually persistent winter weather. As a result of this weather crisis, demand for natural gas in the region escalated dramatically and prices rose on the spot and daily index markets accordingly.

3. The converging factors of reduced supply and increased demand placed temporary but severe constraints on Liberty's ability to obtain adequate natural gas supply to satisfy customer needs. The Company was obliged to purchase supplemental quantities of gas supply through the spot and daily index markets and incurred extraordinary costs and carrying charges for these emergency measures.

4. On February 26, 2021, Liberty submitted its Notice of Intended Case Filing pursuant to Commission Rule 20 CSR 4240-4.017, initiating this docket and stating:

Liberty will seek an AAO to allow the Company to assist its customers by deferring certain costs that would otherwise be due in the near future under the Company's current PGA/ACA tariff. An AAO and modification of the PGA/ACA tariff are necessary due to the unusually high fuel costs and resulting financing costs incurred by Liberty on behalf of its customers during the extraordinary weather event that occurred in February of 2021.

5. Separately, Liberty will initiate a "GT" docket with a request to revise, on an expedited basis, its Purchased Gas Adjustment ("PGA")/Actual Cost Adjustment ("ACA") tariff provisions. Pursuant to its tariff, Liberty's next PGA/ACA filing must be made between October 15 and November 4, 2021. Absent tariff revisions or other action, all of the Winter Storm Uri costs incurred by Liberty on behalf of its Missouri customers would be reflected in that PGA/ACA filing, for collection over a twelve month period.

6. Although the Kirksville district did not have any incremental purchased gas costs during Winter Storm Uri, absent tariff revisions or other action, the twelve-month impact to an average residential customer in Liberty's Southeast (SEMO) district is currently estimated to be over \$60. In the Northeast (NEMO) district, an average customer's fiscal year impact could reach approximately \$110, and almost \$500 in the West (WEMO) district.

7. At this time, Liberty seeks an AAO from the Commission authorizing the Company to track and defer, beginning February of 2021, in a regulatory asset, the impact of Winter Storm Uri, including: (1) fuel and purchased gas costs from February, 2021; (2) carrying costs on the total February 2021 fuel and purchased gas expenditures at the Company's weighted average cost of capital; and (3) other costs specifically related to Winter Storm Uri, including outside legal fees. Liberty will segregate all deferred costs by detailed cost category and provide enough detail for the Commission to perform a subsequent review for prudence and reasonableness.

8. In evaluating what actions should be taken regarding unexpected costs incurred as a result of extraordinary and unusual events, such as Winter Storm Uri, the Commission follows the guidance of the Federal Energy Regulatory Commission's Uniform System of Accounts

(“USOA”). General Instruction 7 of the USOA states that “extraordinary items” relating to the “... effects of events ... which have occurred during the current period and which are of unusual nature and infrequent occurrence shall be considered extraordinary items.” These events must be “... of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future.” Winter Storm Uri and resultant fuel and purchased gas costs squarely fall within this definition. *See also* RSMo. 393.140(4) and/or (8), upon which the Commission has also historically relied in approving AAO applications.

9. The Commission has previously issued AAOs for costs “caused by unpredictable events, acts of government and other matters outside the control of the utility or the Commission.” *See, e.g., In the Matter of St. Louis County Water Company’s Tariff Designed to Increase Rates*, Case No. WR-96-263 (December 31, 1996). The Commission has recognized that it is appropriate to allow a utility to defer to a regulatory asset those costs that are associated with providing reliable service during or because of extraordinary events. *See, e.g., In re The Empire District Electric Co.*, Case No. EU-2011-0387, Order Approving Stipulation & Agreement (Nov. 30, 2011) (Joplin tornado); *In re Union Electric Co.*, Case No. EU-2008-0141, Order Approving Stipulation & Agreement (Apr. 30, 2008) (ice storm); *In re Southern Union Co.*, Report & Order, Case No. GU-2011-0392 (Jan. 25, 2012) (Joplin tornado); *In re Missouri-America Water Co.*, Case No. WO-2002-273 (Nov. 10, 2004) (security costs arising from post-911 security measures).

10. Liberty does not have a general rate case pending before the Commission and does not intend to initiate a general rate case that would use a test year including February of 2021.

WHEREFORE, Liberty seeks an order of the Commission authorizing the Company to track and defer, to a regulatory asset, the costs associated with Winter Storm Uri and seeks such additional relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

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Certificate of Service

I hereby certify that the above document was filed in EFIS on this 25th day of August, 2021, with notification of the same being sent to all counsel of record. This Notice was also sent by electronic transmission to the Staff of the Commission and the Office of the Public Counsel.

/s/ Diana C. Carter

VERIFICATION

On behalf of the applicant, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty, the undersigned, under penalty of perjury, hereby affirms that the above Application is true and correct to the best of his information, knowledge, and belief. This Verification is executed pursuant to Commission Rule 20 CSR 4240-2.060(1)(M).

/s/ Mike Beatty

Mike Beatty
Vice President - Liberty Central Region


STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 27th day of August, 2021.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

August 27, 2021

File/Case No. GU-2021-0276

**Missouri Public Service
Commission**

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Liberty (MNG)

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

**Morris L. Woodruff
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.