

**STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES DIVISION
BEFORE THE IOWA UTILITIES BOARD**

IN RE:

**LIBERTY UTILITIES (MIDSTATES
NATURAL GAS) CORP.
d/b/a LIBERTY UTILITIES**

DOCKET NO. RPU-2020 - _____

APPLICATION FOR REVISION OF RATES

COMES NOW Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty”) pursuant to Iowa Code § 476.6 and Chapter 26 of the Iowa Administrative Code and requests that the Iowa Utilities Board (the “Board”) approve revisions in its rates and charges. In support of this request, Liberty states as follows:

1. Liberty is a Missouri corporation having its principal place of business in Iowa at 2547 Hilton Road, Keokuk, Iowa 52632. Liberty is a public utility as defined by Iowa Code § 476 and is subject to the Board’s ratemaking jurisdiction.

2. Liberty provides gas service to about 4,000 customers in Keokuk, Iowa and surrounding parts of Lee County, Iowa. All customers, with the exception of gas light service, will be affected by the revised consumption charge proposed by Liberty.

3. The base rate revenue requirement Liberty is requesting is \$3,567,431 which includes a revenue requirement increase of \$566,241, or approximately 18.9% increase to the Company’s currently authorized base rates.

4. This application for revision of rates is necessary to permit Liberty to recover its reasonable operating expenses and to provide Liberty an opportunity to earn a fair return on its investment in utility plant used and useful in providing service to its customers.

5. The most significant factors contributing to the need for increased revenue are:
 - a. to resolve the under-statement of depreciation expense established in rates resulting from Liberty's last rate case, Docket No. RPU-2016-0003; and
 - b. the increase in its total plant in service by \$2.6 million since the last rate case, including the additions of Automated Meter Reading (AMR) devices for the Keokuk service area and the installation of a Supervisory Control and Data Acquisition system to the Keokuk gate station.

6. Liberty's test period rate of return was 3.270%, which is below the 7.165% authorized by the Board when it approved the settlement of Liberty's last rate case. This reduction in earnings was primarily the result of the under-statement of depreciation expense and the increased plant in service.

7. Liberty's filing proposes to continue with the rate structure agreed to in its last rate case. The Company is proposing to maintain the current customer charges and the proposed increase, if approved, will be incorporated into the consumption charges by rate schedule.

8. Liberty is proposing to use the same capital structure and return on equity as well as the cost of debt rate authorized in its last rate case (which leads to the same overall rate of return), keep the Cash Working Capital component of rate base as per its last rate case, and proposes no additional adjustments to test year rate base outside of plant and accumulated depreciation.

9. The testimony and exhibits filed with this Application, in compliance with the Board's rules, inform the Board as to the manner in which Liberty has arrived at its proposed rate revisions.

10. Pursuant to the requirements of Iowa Code § 476.6(2) (2016) and 199 IAC 26.5(1)"b", prior to filing this Application, but not more than sixty-two days prior to the filing, Liberty mailed to all of its retail customers a Notice of Rate Increase. A copy of the customer notice is filed in this docket as 199 IAC 26.5(1)(c)(1). Supplemental mailing of the notice will be made to customers who request service subsequent to the initial mailing, until resolution of this case by the Board, pursuant to 199 IAC 6.5(1)"f"(5).

11. In accordance with the requirements of Iowa Code § 476.6 (2016) and 199 IAC 26.5, Liberty files herewith its case-in-chief in support of this Application. This filing is being made electronically in accordance with Board rules appearing in Chapter 14 of the Iowa Administrative Code and is comprised of the following:

- a. This Application, related exhibits, the proposed rates (*i.e.*, proposed tariffs), as required by 199 IAC 26.5(5) and Liberty's sworn testimony and exhibits filed in support of this Application;
- b. The additional evidence required of investor-owned utilities by 199 IAC 26.5(5)"e";
- c. The workpapers underlying the testimony and exhibits filed in support of revisions of rates proposed by Liberty as required by 199 IAC 26.5(5)"f", and includes electronic exhibits and workpapers as required by 199 IAC Rule 7.7; and
- d. An Electronic Filing Index listing each filed document.

12. In accordance with the requirement of using a historic test year, Liberty proposes that the Board use the twelve months ended December 31, 2019 as the test period in this proceeding, the base historical period to which known and measurable adjustments should be made to reflect the conditions that will prevail in the prospective period. The twelve-month

period should be used because it reflects the Company's latest audited financial results, and fulfills the requirement that the Board "consider the use of the most current test period possible in light of existing and verifiable data respecting costs and revenues available as of the date of commencement of the proceedings." See Iowa Code § 476.33(4) (2016) and 199 IAC 26.11(1).

13. As authorized by Iowa Code § 476.6(10)(2016) and 199 IAC 26.5(8), Liberty is filing simultaneously herewith a Notice stating its intention to place interim rates into effect 10 days following this filing. Those interim rates represent the requested revenue increase supported by testimony and exhibits filed in support of the case-in-chief.

WHEREFORE, Liberty respectfully requests that the Iowa Utility Board approve Liberty's Application for Revision of Rates as filed herein and as supported by Liberty's case-in-chief and other documentation filed herewith.

Respectfully submitted,

/s/ David J. Lynch

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