

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

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**IN RE:** : **DOCKET NO. RPU-2016-\_\_\_\_\_**  
: **(TF-2016-\_\_\_\_\_)**  
**LIBERTY UTILITIES (MIDSTATES** :  
**NATURAL GAS) CORP. D/B/A** :  
**LIBERTY UTILITIES** :

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1 **DIRECT TESTIMONY**  
2 **OF**  
3 **MICHAEL D. BEATTY**

4 **I. INTRODUCTION AND QUALIFICATIONS**

5 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

6 A. My name is Michael D. Beatty. My business address is 2751 North High Street,  
7 Jackson, Missouri 63755.

8 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

9 A. I am currently employed by Liberty Utilities Services Corp. as President of Liberty  
10 Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty Midstates” or  
11 the “Company”) which operates natural gas utilities in Iowa, Missouri and Illinois.

12 **Q. FOR WHOM ARE YOU TESTIFYING?**

13 A. I am testifying on behalf of Liberty Midstates.

14 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS**  
15 **BACKGROUND.**

16 A. I am a Licensed Professional Engineer (“PE”) in the states of Iowa, Illinois, Missouri,  
17 Colorado, Kansas, Tennessee, Virginia, and South Carolina. I have worked in the  
18 natural gas distribution industry for the past 27 years. Prior to assuming my position as

1 President of Liberty Midstates, I was the Director of Engineering and Compliance for  
2 Liberty Midstates. My duties and experience included oversight of all the utility's  
3 operations and engineering. In addition, I have a passion for improving the integrity of  
4 utility systems and consequently, I have served on a number of industry committees  
5 and associations. I have served on the American Gas Association's ("AGA")  
6 Distribution Integrity Working Group and worked on the AGA's Distribution Integrity  
7 Management Program ("DIMP") Phase One Document. I am currently a member of  
8 the Southern Gas Association ("SGA") and have served as the chair for the DIMP  
9 Document Committee (in cooperation with the Northern Gas Association ("NGA"))  
10 and the Distribution Engineering Committee.

11 **Q. WHAT ARE YOUR PRINCIPAL RESPONSIBILITIES AS PRESIDENT OF**  
12 **THE COMPANY?**

13 A. As President of Liberty Midstates, I have overall responsibility for the regulatory,  
14 financial, operations and customer care aspects of the business. In particular, I ensure  
15 that Liberty Midstates complies with all rules and regulations that concern safety,  
16 reliability and rates. In addition, I ensure that Liberty Midstates is financially  
17 responsible and is able to perform the above tasks strategically and responsibly.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE IOWA UTILITIES**  
19 **BOARD (THE "BOARD")?**

20 A. No.

21 **II. PURPOSE OF DIRECT TESTIMONY**

22 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

1 A. The purpose of my Direct Testimony is to provide an overview of Liberty Midstates’  
2 rate case filing. I will first provide background information and discuss some of the  
3 relevant recent regulatory activities of Liberty Midstates and its predecessor-in-  
4 interest, Atmos Energy Corporation (“Atmos”). Next, I will discuss Liberty  
5 Midstates’ continued focus on providing high quality customer service. I will then  
6 summarize some of the major factors contributing to Liberty Midstates’ need to seek  
7 rate relief and the resulting rates to be implemented, both in terms of amount and in  
8 terms of rate design. Finally, I will introduce Liberty Midstates’ witnesses.

9 **III. BACKGROUND AND RECENT REGULATORY ACTIVITY**

10 **Q. PLEASE PROVIDE A BRIEF BACKGROUND ON LIBERTY MIDSTATES**  
11 **NATURAL GAS OPERATIONS IN IOWA.**

12 A. Liberty Midstates began providing natural gas service in Iowa in 2012. On November  
13 14, 2011, the Iowa Utilities Board (“Board”), in an order entitled “Order Not  
14 Disapproving Proposal for Reorganization, Granting Request to Discontinue Service,  
15 and Requiring Reports” (the “Reorganization Order”) allowed a Proposal for  
16 Reorganization jointly submitted by Liberty Midstates and Atmos to go forward. The  
17 Board’s order effectively authorized Atmos to sell, and Liberty Midstates to purchase,  
18 substantially all of the assets of Atmos used to provide natural gas and transportation  
19 services in Iowa.<sup>1</sup>

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<sup>1</sup> In the same transaction, Liberty Midstates acquired all of Atmos’ gas distribution and transportation assets in Missouri and Illinois. See In the Matter of Joint Application of Atmos Energy Corporation and Liberty Energy (Midstates) Corp., Docket No. GM-2012-0037 in Missouri, In re Atmos Energy Corporation and Liberty Energy (Midstates) Corp. Application for Approval of a Proposed Reorganization and Other Relief, Docket No. 11-0559 in Illinois.

1 I believe the transition from Atmos to Liberty Midstates has gone smoothly.  
2 Pursuant to its commitments in the Reorganization Order, Liberty Midstates has  
3 retained Atmos' employees, maintained Atmos' operations procedures and call center  
4 operations, and expanded the customer contact opportunities.

5 **Q. DID THE ORDER ADDRESS THE ISSUE OF TARIFFS AND THEIR**  
6 **ADOPTION?**

7 A. Yes. Ordering Clause No. 3 of the Reorganization Order stated that immediately after  
8 the closing of the sale, the current Atmos tariffs would become the tariffs of Liberty  
9 Midstates. The Order also required Liberty Midstates to make a new tariff filing with  
10 a new cover sheet for the tariff book indicating that Liberty Midstates would be the  
11 company providing service under the tariff.

12 On August 8, 2013, Liberty Midstates filed a Notice of Corporate Name  
13 Change and Replacement Tariff Cover Sheet Reflecting Change. Thereafter, on  
14 September 9, 2014, Liberty Midstates filed a revised tariff incorporating name changes  
15 and other non-substantive changes. The tariff was approved by the Board on  
16 September 19, 2014.

17 **Q. PLEASE DESCRIBE THE CORPORATE STRUCTURE UNDER WHICH**  
18 **LIBERTY MIDSTATES OPERATES.**

19 A. Liberty Midstates is a corporation duly organized and existing under the laws of the  
20 State of Missouri and is authorized to do business in the State of Iowa. Liberty  
21 Midstates is a "gas utility" and a "public utility" as those terms are defined in the Iowa  
22 Code § 476.1 and, as such, is subject to the jurisdiction of the Board as provided by  
23 law. Liberty Midstates is also engaged in the business of distributing and selling

1 natural gas in the states of Missouri and Illinois, and with Iowa, has a total customer  
2 population of approximately 85,000 customers. Liberty Midstates serves  
3 approximately 4,400 customers in the State of Iowa, primarily near the city of Keokuk  
4 in the southeast part of the state.

5 Liberty Midstates' ultimate corporate parent, Algonquin Power and Utilities  
6 Corp. ("Algonquin"), is a Canadian corporation whose stock is traded on the Toronto  
7 Stock Exchange. Algonquin has two business units: (a) Algonquin Power Company, a  
8 power generation unit that owns or has interest in renewable energy facilities and  
9 thermal energy facilities representing more than 1100 MW of installed capacity; and  
10 (b) Liberty Utilities Company, a utility services unit that owns and operates thirty  
11 regulated utilities located in eleven states that provide retail water, sewer, electric and  
12 natural gas service.

13 On July 30, 2013, a "Notice of Corporate Reorganization" was filed in Board  
14 Docket No. SPU-2013-0017, whereby Liberty Midstates advised the Board of a non-  
15 substantive corporate reorganization involving the merger of its corporate parents,  
16 Liberty Midstates Energy Utilities Co. and Liberty Midstates Utilities Co. (both  
17 Delaware corporations), with Liberty Midstates Utilities Co. being the surviving entity  
18 and owning Liberty Midstates directly. On August 30, 2013, the Board issued an  
19 Order Waiving Further Reorganization Review and Not Disapproving Reorganization,  
20 effectively approving the reorganization.

21 **Q. PLEASE DESCRIBE HOW THE TRANSITION FROM ATMOS TO LIBERTY**  
22 **MIDSTATES UTILITIES HAS AFFECTED LIBERTY MIDSTATES**  
23 **OPERATIONS?**

1 A. As a key corporate officer during the transition from Atmos to Liberty Midstates, I  
2 consider the transition to have been a very successful and seamless transition. Indeed,  
3 I am not aware of any regulatory complaints filed by customers as a result of the  
4 transition. Moreover, we have a track record of approximately 18 months of perfect  
5 safety audits by the Board. I believe that this record demonstrates Liberty Midstates'  
6 commitment to safe, reliable service.

7 **Q. AS ADDITIONAL BACKGROUND ON REGULATORY ACTIVITY, WOULD**  
8 **YOU PLEASE ADDRESS ATMOS' LAST GENERAL RATE**  
9 **PROCEEDING(S) BEFORE THE BOARD?**

10 A. The most recent Iowa rate proceeding involving Liberty Midstates or its predecessor  
11 utility was filed on March 5, 2001 in Docket No. RPU-2001-0002. That proceeding  
12 followed discussions between Liberty Midstates' predecessor, United Cities Gas  
13 Company ("United Cities") and the Office of Consumer Advocate ("OCA") which  
14 resulted in the filing of a "Joint Motion for Immediate Board approval of Settlement  
15 Agreement" and a "Unanimous Settlement Agreement" by OCA and United Cities.  
16 The settlement agreement provided that United Cities would decrease its Iowa non-gas  
17 revenues by approximately \$326,000 or 9.82% (16.4% for residential). The Board  
18 granted the motion and approved the settlement by order dated March 21, 2001. In so  
19 doing, the Board stated at page 2 of the order, that it was "reasonable for United Cities  
20 and Consumer Advocate to settle a reduction in overall revenues rather tha[n] go to  
21 the expense and time of litigating cost of service issues."

22 The most recent full rate case filing by Liberty Midstates or its predecessor  
23 utility was filed by United Cities in 1995 in Docket No. RPU-1995-0014. That case

1 was settled by United Cities and OCA pursuant to a Settlement Agreement (“Rate  
2 Case Settlement”) approved by Board Order effective May 17, 1996. The settlement  
3 resulted in in an 8.2 percent overall average increase or 15.2 percent on non-gas  
4 revenues.

5 **IV LIBERTY MIDSTATES OPERATIONS**

6 **Q. PLEASE DESCRIBE LIBERTY MIDSTATES’ BUSINESS PHILOSOPHY.**

7 A. Our business model emphasizes local presence and a local approach to management,  
8 service and support. We measure our performance in terms of service reliability, an  
9 enjoyable customer experience, and an unwavering dedication to public and workplace  
10 safety. Our motto -- “Local and responsive. We care” – is part of our corporate  
11 culture.

12 **Q. PLEASE DISCUSS LIBERTY MIDSTATES’ CUSTOMER SERVICE**  
13 **PERFORMANCE.**

14 A. Liberty Midstates’ approach to customer service is guided by the following principles:

- 15 • Our model is to deliver service to customers primarily through customer service  
16 representatives located in and dedicated to the local utility service territory. We  
17 believe it is important for our customer service representatives to be from and part  
18 of the communities they serve so the representatives share the same experiences as  
19 those of our customers.
- 20 • We strive to continuously improve our customer service. We continually measure  
21 our performance in customer satisfaction surveys and “best in class” surveys  
22 where we seek to understand our performance relative to other utilities in the areas  
23 we serve.

- 1           • Liberty Midstates provides its local management team with significant authority  
2           and autonomy to determine how best to meet customers' needs. We believe that  
3           managers and employees who are empowered are more inclined to take initiative  
4           and are more resourceful in resolving customer problems.
- 5           • As a regulated business, we are committed to satisfying all legal regulatory  
6           obligations, and we believe local management and satisfied customers help enable  
7           us to achieve that objective.

8   **Q.    WHAT SPECIFIC ACTIONS DOES LIBERTY MIDSTATES TAKE TO**  
9   **ENSURE A QUALITY CUSTOMER EXPERIENCE?**

10  A.    As I testified to previously, an important aspect of Liberty Midstates' customer service  
11  is to provide walk-in customer centers. Consequently, when Liberty Midstates  
12  acquired its Iowa operations in 2012, we retained our predecessor's call center  
13  operations and also re-opened walk-in customer centers that our predecessor had  
14  closed. We believe the walk-in customer centers are important because they provide  
15  employment opportunities to local residents, allow customers to make payments,  
16  initiate service, and have questions answered in person with a Liberty Midstates  
17  representative. We believe Liberty Midstates' local presence is a key to maintaining  
18  quality customer service.

19           In addition, Liberty Midstates performs an annual third party customer service  
20  survey. This annual customer service survey allows Liberty Midstates to ensure that it  
21  is meeting its customers' needs and find new and improved ways to promote customer  
22  satisfaction.

23  **Q.    HAVE THE RESULTS BEEN SUCCESSFUL?**

1 A. Yes. We have seen customer satisfaction rise as a result of the above efforts. Just  
2 recently, we conducted our annual third party customer service survey. The survey  
3 was completed by Luth Research and included both online and phone interviews of  
4 over eight hundred randomly selected Liberty Midstates customers throughout our  
5 service area. The annual survey concluded that overall satisfaction with Liberty  
6 Midstates has remained and currently is high, with 83% of our customers being  
7 satisfied with Liberty Midstates' service. See Beatty Direct Exhibit MB-1. I am  
8 proud to represent a team that, consistent with our operating philosophy, is so strongly  
9 committed to serving our customers.

10 **Q. PLEASE DISCUSS LIBERTY MIDSTATES' SAFETY RECORD?**

11 A. I am proud to testify that consistent with Liberty Midstates' commitment in the  
12 Reorganization Order, Liberty has met all Federal and Board safety requirements.  
13 Thanks to our dedicated personnel and emphasis on safety awareness, and our  
14 commitment to infrastructure programs that prioritize the investments that are  
15 necessary to operate safely, the Company has experienced approximately 18 months  
16 of perfect safety audits. In fact, during 2014 and 2015 the Iowa Pipeline Safety  
17 Program conducted two audits, including field inspections, record inspections,  
18 distribution and transmission and alcohol and drug plans. The Pipeline Safety Program  
19 found no areas of concern and issued no notices of violations in any of those audits.

20 **V. REASONS FOR FILING A RATE CASE**

21 **Q. HAS LIBERTY MIDSTATES EVER FILED A RATE CASE IN IOWA?**

22 A. Liberty Midstates has never filed a rate case in Iowa.

1 **Q. WHAT GENERAL FACTORS ARE INFLUENCING THE TIMING OF THIS**  
2 **RATE CASE FILING?**

3 A. As discussed above, Liberty Midstates acquired its Iowa operations in 2012 through its  
4 purchase of Atmos. In the Reorganization Order, the Board noted that “Liberty  
5 Midstates indicate[d] that since Atmos had not filed a rate case in many years, the  
6 possibility of a general rate case filing in the future should be recognized.”  
7 Reorganization Order at 21. The last time that a rate increase was experienced by our  
8 Iowa customers was 20 years ago, in May 1996. Since that time, the world has  
9 changed dramatically. For example Facebook, Twitter, and the iPhone did not exist in  
10 1996. In addition, there have been a number of changes in the gas industry, including  
11 the 2004 Pipeline Integrity Management (“PIM”) legislation, the 2009 DIMP Plan, and  
12 the ability to extract shale gas. While Liberty Midstates maintains a strong focus on  
13 cost control, it is not immune to increasing operating and maintenance expenses and  
14 capital investment needs due to the passage of time. Such expenses and investments  
15 need to be reflected in rates if Liberty Midstates is to have a reasonable opportunity to  
16 recover its prudently incurred costs and an opportunity to earn a reasonable return on  
17 its investments made to provide service to its Iowa customers.

18 **Q. WHY IS IT IMPORTANT FOR THE COMPANY TO HAVE A REASONABLE**  
19 **OPPORTUNITY TO RECOVER ITS PRUDENTLY INCURRED COSTS?**

20 A. In order to ensure safe, reliable service, the Company needs an opportunity to recover  
21 its prudently incurred costs.

1 **Q. WILL LIBERTY MIDSTATES' EXISTING RATES PROVIDE SUFFICIENT**  
2 **RECOVERY OF ITS COSTS OF PROVIDING SERVICE TO ITS**  
3 **CUSTOMERS?**

4 A. No, Liberty Midstates' existing rates do not provide sufficient recovery of its cost of  
5 providing services to its customers. Indeed, the Company has never earned a  
6 reasonable rate of return on its operations in Iowa. Consistent under earning is not  
7 sustainable.

8 **Q. IS THE UTILITY CURRENTLY UNDEREARNING ITS AUTHORIZED**  
9 **RATE OF RETURN?**

10 A. As shown in the prefiled direct testimony of Ms. Schwartz, the Company should be  
11 earning a rate of return of 7.76 percent. However, the Company is currently only  
12 earning a rate of return of -1.06% percent.

13 **Q. WHAT FINANCIAL FACTORS ARE INFLUENCING THE TIMING OF THIS**  
14 **RATE CASE FILING?**

15 A. Liberty Midstates takes very seriously its obligation to meet customers' needs and  
16 expectations, but providing those services is not without cost. Three factors drive the  
17 need for this case. First, the Company has experienced a significant decline in the  
18 number of customers and the volume of natural gas used since its last rate case.  
19 Second, the Company has incurred increased operating costs since the last rate case.  
20 Finally, Liberty Midstates has continued to invest capital to ensure a safe, reliable  
21 system. In summary, this filing reflects that our operating expenses, investments and  
22 revenue loss arising from declining customer counts and declining use per customer  
23 are the main financial drivers of this rate case.

1   **Q.   PLEASE BRIEFLY EXPLAIN THE DECLINING CUSTOMER COUNT AND**  
2   **DECLINING CONSUMPTION FACTORS OF THE RATE INCREASE.**

3   A.   Since 2001, Liberty Midstates has seen a total decline in customers by 13%. This rate  
4   of decline is consistent with the population records of Keokuk, Iowa. See Figure 1.1  
5   below.

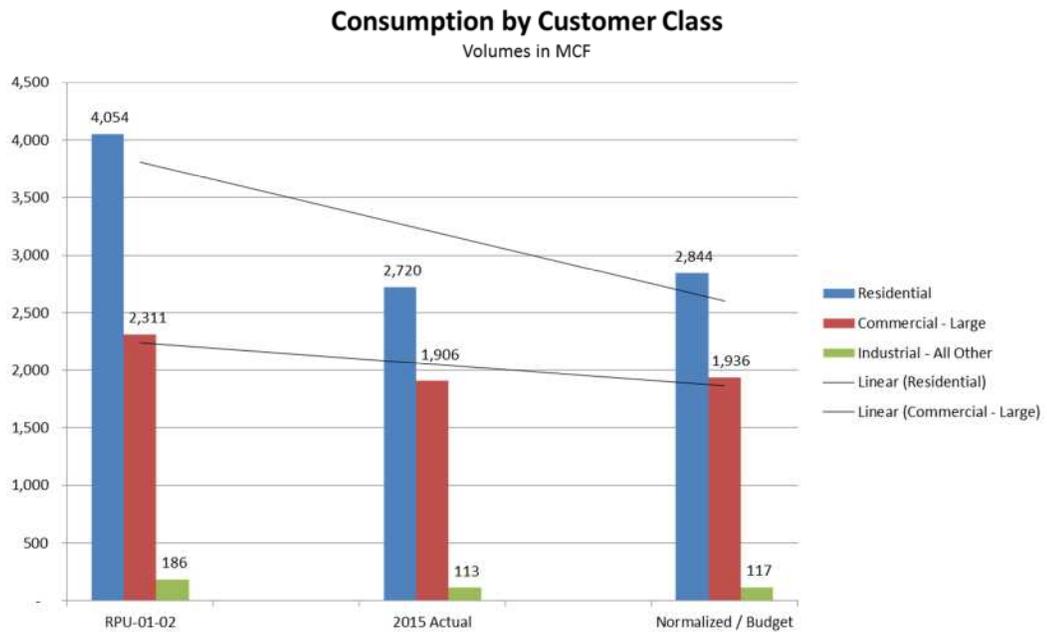
6           In addition, Liberty Midstates customers are using less gas per customer than  
7   they have in the past. See Figure 1.2 below. Liberty Midstates has seen a continued  
8   and persistent trend of declining usage per customer. Residential usage per customer  
9   has decreased approximately 30% since 2001. Liberty Midstates' experience with  
10   declining customer usage is consistent with a national trend of declining gas usage per  
11   customer. Subsequently, Liberty Midstates has seen its margin revenue decrease by  
12   \$1.3 million or 40% since 2001.

13           In short, if Liberty Midstates had not experienced such a large decline in  
14   customer counts and consumption, Liberty Midstates would not be requesting as large  
15   of an increase in base rates as it is in this case. This position is supported by the fact  
16   that Liberty Midstates operational expenses for Iowa have only increased marginally  
17   since Liberty Midstates' 1995 rate case.

**Figure 1.1**



**Figure 1.2**



1 **Q. WHAT TEST YEAR HAS THE COMPANY USED FOR THE DEVELOPMENT**  
2 **OF ITS REVENUE REQUIREMENT?**

3 A. Liberty Midstates has used a test year ending December 31, 2015, with a proposed  
4 update period through June 30, 2016 to reflect known and measurable changes.

5 **Q. PLEASE IDENTIFY AND SUMMARIZE THE KEY ELEMENTS OF THE**  
6 **LIBERTY MIDSTATES RATE REQUEST.**

7 A. In its filing, the Company demonstrates a need for a \$1 million increase in base rates.  
8 The Company's request is based on a 2015 test year ending on December 31, 2015.  
9 The schedules support a rate base of \$6.5 million and a net operating income of \$0.5  
10 million premised upon a 7.76 percent rate of return. The rate of return is based upon a  
11 capital structure which consists of approximately 54 percent equity and 46 percent debt  
12 with a return on equity of 10.25 percent and weighted cost of debt of 4.83 percent. In  
13 the Reorganization Order, Liberty Midstates made a commitment, which was  
14 acknowledged by the Board, to have a capital structure "resembling" the proposed  
15 structure of 45 percent debt and 55 percent common equity. As discussed in the  
16 prefiled direct testimony of Mr. Keith Magee, Liberty is proposing a capital structure  
17 resembling the one approved by the Board in the Reorganization Order – 46 percent  
18 debt and 54 percent equity.

19 **Q. PLEASE BRIEFLY EXPLAIN THE RATE BASE PORTION OF THE RATE**  
20 **INCREASE?**

21 Given the Company's focus on safety, reliability and customer service, we continue to  
22 make investments in our infrastructure. For example, Liberty Midstates has increased  
23 the investment in its total plant in service by \$2.6 million since its acquisition of Atmos

1 and there has been a total increase in investment in total plant in service since the 1995  
2 rate case of \$4 million. Currently, Liberty Midstates is upgrading two gate stations in  
3 Keokuk, Iowa. Liberty Midstates' total investment in the gate station will be between  
4 \$1.4 million and \$1.7 million. The gate station is expected to be in service by June 30,  
5 2016. In light of the above financial factors, Liberty Midstates has determined that rate  
6 relief is needed. Please see the direct testimony of Ms. Schwartz for more detail on  
7 this portion of the increase.

8 **Q. IS THE COMPANY PROPOSING ANY MODIFICATIONS TO ITS EXISTING**  
9 **RATE DESIGN IN THIS CASE?**

10 A. Yes. Liberty Midstates is proposing a three stage rate design phase in. As part of the  
11 rate design phase in, the residential customer charge will increase from \$7.95 to  
12 \$16.13 in the first year, \$21.87 in the second year, and will increase to the final  
13 proposed amount of \$27.61 in year three. For commercial small customers, the  
14 customer charge will increase from \$13.00 to \$25.22 in the first year, \$33.45 in the  
15 second year, and will increase to the final proposed amount of \$41.69 in year three.  
16 For commercial medium customers, the customer charge will increase from \$13.00 to  
17 \$94.63 in the first year, \$172.28 in the second year, and will increase to the final  
18 proposed amount of \$249.93 in year three. For industrial customers, the customer  
19 charge will increase from \$1,400 to \$1,934.63 in the first, year, \$2,040.06 in the  
20 second year, and will increase to the final proposed amount \$2,145.50 in year three. .

21 Liberty Midstates has proposed the rate design change to increase its fixed  
22 customer charge because the vast majority of Liberty Midstates' costs are fixed and do  
23 not vary with the amount of gas sold to its customers. The Company's current rate

1 design, however, relies primarily on volumetric charges (charges based on the amount  
2 of gas consumed by customers), to recover the majority of the Company's costs. The  
3 proposed increase to the fixed customer charge is designed to ensure that the Company  
4 recovers the costs necessary to serve its customers

5 Liberty Midstates has prepared a comprehensive and detailed class cost of  
6 service study for this proceeding which aligns its requested rates more closely with its  
7 cost structure and supports the above rate design changes. The rate design changes are  
8 addressed in more detail in the prefiled direct testimony of Timothy Lyons.

9 **Q. WHAT INCREMENTAL IMPACT WOULD THE PROPOSED INCREASE**  
10 **HAVE ON THE COMPANY'S CUSTOMERS?**

11 A. Currently, the average customer residential bill at 65 ccf consumption is \$25.08. With  
12 the requested rate increase, the average customer's monthly bill will increase to  
13 \$36.37, or a difference of \$11.29 per month.

14  
15 **INTRODUCTION OF WITNESSES**

16 **Q. PLEASE IDENTIFY THE OTHER COMPANY WITNESSES PRESENTING**  
17 **DIRECT TESTIMONY IN SUPPORT OF THIS RATE PROCEEDING.**

18 A. In addition to my testimony, Liberty Midstates will present the direct testimony and  
19 exhibits of the following witnesses:

20 Jill Schwartz, Utility Rates and Regulatory Manager for Liberty Midstates  
21 Utilities will present testimony that addresses the primary drivers of the increase in  
22 base rates requested by the Company and the Company's compliance with the filing  
23 requirements for this rate case.

1           Keith Magee, ScottMadden, Inc., will testify in support of Liberty Midstates’  
2 capital structure and cost of capital, including its proposed return on equity.

3           Timothy Lyons, ScottMadden, Inc., will testify in support of the class cost of  
4 service study and rate design.

5           Dane A. Watson, Alliance Consulting Group, is presenting testimony to  
6 discuss the recent depreciation study performed for Liberty Midstates.

7 **Q. HAS THE COMPANY COMPLIED WITH ALL FILING, PUBLICATION**  
8 **AND NOTICE REQUIREMENTS?**

9 A. Yes.

10 **Q. DO YOU HAVE ANY CLOSING REMARKS?**

11 Liberty Midstates Utilities is dedicated to providing safe and reliable natural gas  
12 distribution service, and we are confident that our operational philosophy of being  
13 present locally and responsive to their needs has served, and will continue to serve, our  
14 customers and other stakeholders very well. I believe that rates requested in this filing  
15 are just, reasonable, and in the public interest, and will allow Liberty Midstates to meet  
16 its obligations to provide safe, adequate and reliable service and to earn a reasonable  
17 return on its investment. As noted above, while Liberty Midstates maintains a strong  
18 focus on cost control, it is not immune from increasing costs. The fact that Liberty  
19 Midstates’ customers have not experienced any rate increase since 1996 illustrates the  
20 seriousness with which Liberty Midstates approaches customer service.

21 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

22 A. Yes.

23

**AFFIDAVIT**

STATE OF IOWA )  
 ) ss:  
COUNTY OF POLK COUNTY )

I, Michael D. Beatty, being first duly sworn on oath, do hereby depose and state:

1. I am the President of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities and my business address is 275 N. High Street, Jackson, MO 63755.

2. The foregoing written Direct Testimony and exhibits thereto were prepared by me or under my direct supervision and I have directed that my written Direct Testimony to be filed with the Iowa Utilities Board on July 25, 2016.

3. I hereby affirm that my written Direct Testimony is true and correct to the best of my knowledge and belief as of the date of this affidavit.

Done at Jackson, Missouri, on July 22, 2016.

/s/ Michael D. Beatty

Michael D. Beatty, President

Subscribed and sworn to before me on July 22, 2016.

/s/ Christina Hotle

Notary Public in and for said County and State of Iowa

Commission No: 766525

My commission expires February 1, 2017