

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

**FILED WITH
Executive Secretary
May 09, 2016
IOWA UTILITIES BOARD**

IN RE:

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

DOCKET NO. EEP-2016-0002

SETTLEMENT AGREEMENT

On this 9th day of May, 2016, Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (“Liberty”) and the Office of Consumer Advocate (“OCA”) hereby propose the following Settlement Agreement (“Agreement”) in this docket.

ARTICLE I – INTRODUCTION

On February 17, 2016, Liberty submitted its 2016-2019 Energy Efficiency Plan (“EEP”), seeking a determination that the proposed EEP met the criteria set forth in Iowa Code § 476.6(15) and 199 IAC Chapter 35. Also on February 17, 2016, Liberty filed a request for a waiver of 199 IAC 35.4(4), 35.8(2)“d”, and 35.10. OCA filed a response to Liberty’s waiver request on March 4, 2016 and did not object to the waiver request. On March 16, 2016, the Board issued its Order Docketing Plan, Establishing Procedural Schedule, and Granting Waiver. Following the issuance of the Board’s Order, Liberty and OCA were able to reach agreement on a full settlement of the issues in this docket.

ARTICLE II – PURPOSE

This Agreement has been prepared and executed by the Parties for the purpose of commemorating their positions regarding Liberty’s 2016-2019 EEP.

ARTICLE III – EEP AND ASSOCIATED AGREEMENTS

The Parties have structured this Agreement to address the issues identified below. With respect to issues not identified below, the Parties agree to implementation of the EEP as filed by Liberty on February 17, 2016.

1. *Filing of a Four-year, rather than a Five-year plan*

Liberty and OCA acknowledge that EEP-2016-0002 is a four-year Plan, which differs from the five-year plan development schedule used by other Iowa gas and electric investor-owned utilities (IOUs). Liberty commits to file its subsequent Plans on a five-year basis, beginning with a Plan for 2020-2024. By staggering the timing of Liberty's next EE Plan, Liberty will be able to draw from/build on the 2019-2023 Plans of Alliant Energy, Black Hills Energy, and MidAmerican Energy as well as the underlying Assessment of Potential. This does not preclude Liberty from moving to the same 5-year planning period as is used by Iowa's other IOUs.

2. *Assessment of Potential*

Liberty and OCA acknowledge that the filed EEP-2016-0002 Plan does not reference an Assessment of Potential, but recognize that Liberty's proposed Plan offers measures which are also offered by Iowa's other IOUs in their approved Plans and based on the Joint Assessment of Potential conducted for EEP-2012-0001, EEP-2012-0002, and EEP-2013-0001. In the development of its next Plan, Liberty agrees to consider the Joint Assessment of Potential that will be undertaken in support of the IOUs' five-year Plans for 2019-2023. Under these circumstances, Liberty and OCA agree that it is not necessary for Liberty to conduct a separate Assessment of Potential for its service territory.

3. *Benefit Cost Ratios*

Liberty and OCA acknowledge that the filed EEP-2016-0002 Plan relies on the benefit-cost analysis conducted in 2011 for Liberty's Missouri operations. For so long as its proposed Plan is in effect, Liberty will make informational filings with the Board when Liberty receives or conducts more recent benefit-cost analysis in its Missouri jurisdiction. Also, as noted in Settlement Item 2, Liberty proposes to promote energy efficiency measures that are currently offered by other IOUs and part of Plan portfolios that have been found cost-effective.

4. *Potential IUB Request for Additional Information*

Liberty and OCA agree that Liberty will continue to file its Energy Efficiency Plan Annual Reports on or before May 1 of each year. These reports will continue to provide narrative descriptions of Plan performance, including identification of successes and challenges of program implementation, and actual spending and savings impacts. Program spending will be itemized in accordance with the budget categories in 199 IAC 35.8(2)“d”.

The Annual Report will also include, when such items exist, as applicable:

- A. Evaluation, monitoring and verification (EMV) reports (process and impacts) conducted by Liberty for its Missouri energy efficiency programs as well as Liberty's response to these EMV reports and recommendations, i.e., implementation of recommendations, program changes.
- B. Liberty's internally-conducted, Iowa-specific EMV.

C. Energy efficiency reports filed by Liberty in Missouri. Liberty will also report any changes in programs or reporting requirements for its Missouri Plans that would also apply or be relevant to its Iowa programs.

5. *Plan Changes*

Liberty and OCA agree that Liberty will notify and file with the IUB any updates of program features. The update is to describe program changes and those updates will be due on January 31 of each year. This requirement is consistent with the IUB Orders approving Alliant Energy, Black Hills Energy, and MidAmerican's current Energy Efficiency Plans.

ARTICLE IV – JOINT MOTION

The Parties shall jointly file with the Board this Agreement in the above-captioned docket addressing Liberty's 2016-2019 EEP. The Parties shall also file with the Board a joint motion requesting that the Board accept this Agreement without condition or modification.

ARTICLE V – CONDITION PRECEDENT

No Provision of Article III of this Agreement shall become effective unless and until the Board accepts the same provision in its entirety without condition or modification.

ARTICLE VI – PRIVILEGE AND LIMITATION

This Agreement is made pursuant to Iowa Code § 17A.10 and 199 IAC § 7.18(1). This Agreement shall become binding upon the Parties upon its execution; provided, however, that if this Agreement does not become effective in accordance with Article V above, it shall be null and void. This Agreement relates only to the specific matters referenced herein, and neither signatory waives any claim or right that it may otherwise have with respect to any matter not expressly provided for herein. Except as expressly provided in this Agreement, neither signatory

shall be deemed to have approved, accepted, agreed, or consent to any ratemaking principle, any method of cost of service determination, or any method of cost allocation underlying the provisions of this Agreement or be prejudiced or bound thereby in any other current or future proceeding before any agency. Except as necessary to implement Article III, this Agreement shall not, directly or indirectly, be referred to for any reason in any other current or future proceeding before the Board except with the written consent of the Parties.

ARTICLE VIII – EXECUTION

To facilitate and expedite execution, this Agreement may be executed by the Parties in multiple conformed copies which, when the original signature pages are consolidated into a single document, shall constitute a fully-executed document binding upon the Parties. The facsimile signatures of the signatories shall be deemed to constitute original signatures, and facsimile copies hereof shall be deemed to constitute duplicate originals.

ARTICLE IX – MODIFICATIONS AND AMENDMENT

This Agreement shall not be amended or modified except by an instrument in writing signed by the Parties.

ARTICLE X – TERM

This Agreement and the obligations of the signatories shall terminate if the Board does not approve the terms of this Agreement.

ARTICLE XI – BINDING NATURE

This Agreement shall be binding upon the Parties. The Parties shall take no actions, directly or indirectly, to eliminate or otherwise limit or expand the scope or effect of this Agreement throughout its term.

ARTICLE XII – FURTHER ASSURANCES

The Parties agree to cooperate in order to effectuate the full and complete intent of the Parties as expressed in this Agreement.

ARTICLE XIII – ENTIRE AGREEMENT

This Agreement contains the entire agreement between the Parties. There are no additional terms, whether consistent or inconsistent, oral or written, that have not been incorporated into this Agreement.

Dated this 9th day of May, 2016.

Respectfully submitted,

OFFICE OF CONSUMER ADVOCATE

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