

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

In the Matter of an Investigation into the	)	
Operation and Condition of Liberty	)	Case Nos. WO-2022-0253
Utilities (Missouri Water) LLC	)	and SO-2022-0254

**LIBERTY’S RESPONSE TO COMMISSION ORDER AND STAFF REPORT**

COMES NOW Liberty Utilities (Missouri Water) LLC (“Liberty” or the “Company”), and for its response to the *Order Directing Response* issued November 28, 2022, by the Missouri Public Service Commission (the “Commission”) and the report filed herein on November 23, 2022, by the Staff of the Commission (“Staff”), Liberty respectfully states as follows:

1. On March 23, 2022, Staff’s Motion to Open an Investigatory Docket was filed, requesting that the Commission open an investigation into the operation and condition of the Company. On March 30, 2022, the Commission issued its *Order Opening an Investigation* granting Staff’s Motion, ordering a fact-finding investigation, and noting that the Commission would not take any action regarding Liberty within this investigation.

2. Following written discovery, a public meeting, and additional discussions between Staff and Company representatives, the Staff Report was filed herein on November 23, 2022. The Staff Report contains 22 recommended actions to be taken by Liberty, and the Commission directed Liberty to respond to the recommendations within the Staff Report by December 30, 2022.

3. Liberty appreciated the opportunity to work with Staff during this fact-finding investigation and appreciates Staff’s time and efforts in this regard. The Company understands that this was a significant undertaking.

4. Liberty generally supports the 22 recommendations contained in the Staff Report. Set forth below are Liberty’s specific responses to each Staff recommendation. Liberty’s corporate purpose is “sustaining energy and water for life.” We work hard to better the lives of our customers

and the communities we serve, and the goal is always to provide safe and reliable utility service through excellent customer service. The Company looks forward to demonstrating continuing improvement and growth in the provision of its water and wastewater services in Missouri.

**Staff Recommendation 1:** Liberty should file a rate case within nine months of the filing of the Staff Report or as soon as practicable.

**Liberty's Response:** Liberty agrees with the recommendation for a water and wastewater general rate case to be filed as soon as practicable, and predicated on communications with Staff, Liberty commits to file by December 31, 2023.

**Staff Recommendation 2:** Prior to filing of a rate case, Liberty should reconcile its billing data errors so as to present proper evidence in support of its case. Liberty should include in testimony a detailed account of how the data reconciliation was conducted.

**Liberty's Response:** Liberty agrees with these recommended actions.

**Staff Recommendation 3:** Liberty should continue to seek to establish contracts with water providers where the Company provides sewer but not water service, so as to establish the ability to shut off for nonpayment. This will also provide an additional opportunity for Liberty to be notified of new customers by the water providers.

**Liberty's Response:** Liberty agrees with these recommended actions. There are three service areas where Liberty is the wastewater provider and not also the water provider: the Savers Farm, RD Sewer, and Cape Rock systems. Liberty recently conducted a physical audit of these wastewater customers as part of its ongoing customer validation program, and it is always Liberty's goal to have a disconnection agreement in place when Liberty is the wastewater provider and not also the water service provider. Liberty, however, does not have the authority to force such an agreement on water providers under the current law.

Liberty recently entered into an agreement with the water provider for Liberty's Savers Farm customers. The monthly validation efforts show that all customers are accounted for and are in the billing system.

Liberty identified six non-customer users on its RD Sewer system. Liberty has a contract with the water company that serves the RD Sewer customers and attributes the six non-customer users to real estate norms, such as rental home vacancies and recent changes of ownership. Payment from the non-customer users will be pursued via door tags/pamphlet notifications. If needed, a letter will subsequently be sent informing the occupants that the water will be turned off until the account is settled.

Liberty's physical audit of the system identified 16 non-customer users on the Cape Rock system. Despite extensive efforts, Liberty has been unsuccessful in entering into an agreement with the water provider for our Cape Rock wastewater customers (the city of Cape Girardeau). Numerous efforts to collect payment from wastewater customers via door tag notifications have been unsuccessful. Liberty has informed the city of Cape Girardeau that, absent a disconnect agreement, Liberty's recourse will be to physically sever and cap the sewer connection for nonpayment of wastewater service. The city still refuses to enter into an agreement, stating that it will not terminate city water service for Liberty wastewater nonpayment.

**Staff Recommendation 4:** Liberty should file, before the next rate case, revised annual reports for at least the years 2020 and 2021, to include corrected data.

**Liberty's Response:** Liberty agrees with this recommendation and will file revised annual reports for 2020 and 2021 prior to filing its next general rate case.

**Staff Recommendation 5:** Liberty should make changes to its prioritization of capital planning to a proactive posture designed to ensure that reliable, safe, and adequate service is the

top priority. Liberty should manage its systems such that unanticipated failures, such as cracked water storage tanks, should be repaired immediately. Liberty should ensure that no water or sewer systems fall out of compliance due to anticipated failures. Liberty should also manage its systems in such a way that infrastructure is repaired or replaced before Commission inspections or DNR enforcement actions dictate investment.

**Liberty's Response:** Liberty agrees with these recommended actions. Liberty has reorganized its Missouri water and wastewater operations by adding a new Operations Manager of Water & Wastewater, a Capital Project Manager, a Vice President of Water/Wastewater, and a supporting engineer. The management team is in the process of performing a risk assessment of critical equipment and an overall capital needs assessment of each of Liberty's water and wastewater systems. Upon completion of the assessment, each of the proposed system improvements will be prioritized and appropriately scheduled. Priority will be given to projects focused on safety, permit compliance, and plant reliability. Additional projects aimed at providing operating margin or system hardening will be included into the Capital Improvement Plan.

Liberty's focus on permit compliance and system reliability will ensure that equipment is maintained in sound operating condition. When equipment failures occur, Liberty will make the necessary repairs or replacement in a timely manner. Liberty will warehouse critical spare components that may be subject to supply chain delays.

**Staff Recommendation 6:** For all DNR inspection reports that contain Unsatisfactory Findings and/or Notice of Violation, Liberty should send copies of the reports and its responses to the Manager of the Water, Sewer & Steam Department.

**Liberty's Response:** Liberty agrees with these recommended actions. The Liberty Operations Manager notified all Liberty water and wastewater employees and contractors that all

communications concerning DNR reporting, be sent directly to the Operations Manager. Liberty has also automated the internal notification process, so that all regulatory agencies will be notified in a timely manner. Liberty enters all Unsatisfactory Findings and Notices of Violation into its internal (Gensuite) system. Once entered by operation, the system will automatically notify Liberty regulatory and legal departments. In turn, the Staff of the Commission will be notified. Staff has requested email notifications in this regard.

**Staff Recommendation 7:** Staff recommends that Liberty continue to evaluate methods that could be utilized to further define the number of calls by state and by category (type) of customer inquiry handled by a CSR at a Call Center.

**Liberty's Response:** Liberty agrees with these recommended actions. At this time, the Joplin Call Center serves customers in Arkansas, Kansas, Missouri, and Oklahoma, and Liberty is unable to track and report the number of calls by state. As of June 29, 2022, Liberty is able to track calls by commodity (electric, gas, or water/wastewater).

**Staff Recommendation 8:** Staff recommends that Liberty develop a method to measure the number of bills with irregularities sent on to Billing Operations for further review. Data should also be maintained on the reasons for the review, results of the review, and any actions or corrections made.

**Liberty's Response:** Liberty generally agrees with these recommended actions, and Liberty will work with Staff to determine the scope of this recommendation and additional details.

**Staff Recommendation 9:** Liberty should, within 90 days, conduct a physical audit of customers at the Cape Rock system and ensure, to the best of its ability, that all occupied units are presently being appropriately billed. Liberty should develop a plan for monitoring turnover of

customers or construction of new units, and contacting new customers so that they are appropriately billed.

**Liberty's Response:** As noted above, Liberty conducted a physical audit of customers at the Cape Rock wastewater system, which was completed in the fourth quarter of 2022. This audit identified 16 non-customer users on the Cape Rock system. Despite extensive efforts, Liberty has been unsuccessful in entering into an agreement with the water provider for our Cape Rock wastewater customers (the city of Cape Girardeau). Numerous efforts to collect payment from wastewater customers via door tag notifications have been unsuccessful. Liberty has informed the city of Cape Girardeau that, absent a disconnect agreement, Liberty's recourse will be to physically sever and cap the sewer connection for nonpayment of wastewater service. The city still refuses to enter into an agreement, stating that it will not terminate city water service for Liberty wastewater nonpayment.

**Staff Recommendation 10:** Staff recommends that Liberty develop specific procedures to identify and confirm the account status of the customers it is seeking in every acquisition attempt that it embarks upon.

**Liberty's Response:** Liberty agrees with these recommended actions. Liberty has revised its acquisitions process to specifically include confirming account status of customers prior to acquisition completion. For any wastewater service acquisitions where Liberty will not also be the water service provider, Liberty has revised its acquisitions process to include the requirement for a disconnect agreement.

**Staff Recommendation 11:** Staff recommends in the future evaluation of potential acquisitions, that a thorough analysis be conducted of the transition of customer data into the Liberty systems to ensure the accuracy of customer data. In addition, if such acquisitions are

completed, Liberty should take additional actions to verify its customers status to ensure billings are accurate.

**Liberty's Response:** Liberty agrees with these recommended actions. Liberty has revised its acquisitions process to specifically include thorough validation of customer data during integration into Liberty's billing systems.

**Staff Recommendation 12:** Staff recommends that Liberty Water ensure CSR training includes informing its customers of their rights to contact the Commission's Consumer Services Department in instances when they are unable to resolve their issue with Liberty.

**Liberty's Response:** Liberty agrees it is proper for CSRs to inform customers of the right to contact the Commission when they are unable to resolve their issue with Liberty, and this recommended action is already included in Liberty's CSR training. Customer callers are informed of the right to contact the Commission in instances when they are unable to resolve the issue with Liberty. Additionally, information on contacting the Commission and/or the Office of the Public Counsel is included in the new customer booklet.

**Staff Recommendation 13:** Staff recommends Liberty maintain a count of the types and number of water/sewer inquiries or complaints it receives through its Call Center.

**Liberty's Response:** Liberty generally agrees with these recommended actions. Liberty currently follows the Chapter 13 rule on customer inquiries (20 CSR 4240-13.040), and Liberty will work with Staff to determine if additional or different actions are needed.

**Staff Recommendation 14:** Staff recommends that Liberty Water provide clear information to its customers on how to contact the Company.

**Liberty's Response:** Liberty agrees that clear contact information should be provided to customers. Clear contact information is provided on all billing statements and on the website. It is

also included in the new customer booklet and in customer letters which are sent during and after an acquisition.

**Staff Recommendation 15:** Staff recommends that Liberty Water communicate with customers the reasons for estimated bills, particularly in the case of frequent or consecutive estimates.

**Liberty's Response:** Liberty generally agrees with these recommended actions, and Liberty will work with Staff to determine the scope of this recommendation and additional details. Currently, bills indicate when they have been estimated, and letters are sent for consecutive estimates in compliance with Commission rules.

**Staff Recommendation 16:** Staff recommends that Liberty Water CSRs utilize account notes to document conversations with customers and actions taken on accounts.

**Liberty's Response:** Liberty agrees it is proper for CSRs to utilize account notes to document conversations with customers and actions taken on accounts, and Liberty CSRs are trained to do this and are expected to do this. Liberty will work with Staff to determine if additional or different actions are needed.

**Staff Recommendation 17:** Staff recommends that Liberty Water develop and utilize more effective practices for the communication of boil advisories at all systems.

**Liberty's Response:** Liberty agrees with these recommended actions. Liberty has taken steps to improve the process, including making phone calls for any advisory impacting less than 25 customers. Additionally, Liberty is in the process of investigating a system that would allow for mass notifications.

**Staff Recommendation 18:** The storage tank at Ozark Mountain should be replaced, or repaired sufficient to restore the structural integrity of the tank.



**Liberty's Response:** Liberty agrees with this recommendation and is working with Anderson Engineering ("AE"). AE has inspected the Ozark Mountain tank and will develop and provide a full evaluation on the best path moving forward to either repair the existing structure or replace the existing structure with a standpipe, which would reduce the need of booster pumps. Liberty expects the formal report and findings in the second quarter of 2023. Based on this report, Liberty will move into the repair/replace phase of the project and update the project milestones based on material and contractor availability.

**Staff Recommendation 19:** Liberty should install AMR or AMI meters at Venice on the Lake as soon as possible, to minimize the estimated bills and resulting billing errors.

**Liberty's Response:** Liberty agrees with this recommended action and intends to install AMR meters.

**Staff Recommendation 20:** Liberty should begin substantial replacement of the distribution system at Venice on the Lake immediately.

**Liberty's Response:** Liberty agrees with this recommended action and is working with Olsson Engineering to develop the plans and specifications to replace the Venice on the Lake water distribution system. Liberty recognizes that material and labor shortages, permit requirements, etc. could impact the project schedule. Liberty will work to replace the entire water distribution system. In addition, Liberty is working with Olsson Engineering in developing a potential new well for Venice on the Lake. The property has been located, the phase 1 EPA study is complete, property owners have been contacted, with due diligence being performed to make sure the well and potential standpipe will be allowed on these properties.

**Staff Recommendation 21:** Liberty should maintain a cleaning and professional inspection schedule of all water storage structures of every three to five years, as recommended by the American Water Works Association.

**Liberty's Response:** Liberty agrees with this recommended action.

**Staff Recommendation 22:** Liberty should file an Asset Management and Capital Improvement Plan each year between January 1st and January 15th. It may include information obtained from consulting engineers and contract operators, but it should also include information from a physical inspection of the above ground assets by Liberty employees specifically for the purpose of asset management and infrastructure planning.

**Liberty's Response:** Liberty generally agrees with this recommendation and commits to filing a yearly Asset Management and Capital Improvement Plan by February 28. This timing allows for the finalization of the Company's year-end budgeting process.

WHEREFORE, Liberty respectfully submits its Response to Commission Order and Staff Report. Liberty consents to compliance with the recommendations of Staff, as detailed and modified above.

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 29<sup>th</sup> day of December, 2022, and sent by electronic transmission to the Staff of the Commission and the Office of the Public Counsel.

/s/ Diana C. Carter