

Exhibit No.:
Issue: Transaction Approval
Witness: David Pasieka
Type of Exhibit: Direct Testimony
Sponsoring Party: Liberty Energy (Midstates)
Corp.
Case No.: GM-2012-____
Date Testimony Prepared: August 1, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: GM-2012-____

DIRECT TESTIMONY

OF

DAVID PASIEKA

ON BEHALF OF

LIBERTY ENERGY (MIDSTATES) CORP.

*Oakville, Ontario, Canada
August 2011*

1 **Q. Please state your name and business address?**

2 A. My name is David Pasieka. My principal business address is 2845 Bristol Circle,
3 Oakville, Ontario, Canada L6H 7H7.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am President of Liberty Utilities (Canada) Corp. (“Liberty Utilities Canada”), which is
6 the holding company for Liberty Utilities Co. (“Liberty Utilities”), a Delaware
7 corporation. I am also interim President of Liberty Energy (Midstates) Corp. (“Liberty
8 Energy Midstates”).

9 **Q. What are your principal responsibilities as President of Liberty Utilities Canada?**

10 As President, I am responsible for all facets of utility systems owned by Algonquin
11 Power & Utilities Corp. (“Algonquin”), which is Liberty Utilities Canada’s parent
12 company. As interim President of Liberty Energy Midstates, I have overall lead
13 responsibility for the transition of retail natural gas services from Atmos to Liberty
14 Energy Midstates.

15 **Q. Please describe your education background and professional experience.**

16 A. I earned a Bachelor of Science degree from the University of Waterloo in 1980, a Master
17 of Business Administration from York University’s Schulich School of business in 1984,
18 and a Chartered Director designation from McMaster University in 2007. My experience
19 includes over 30 years of executive leadership in telecommunications, enterprise
20 software, financial services, energy, and sustainability sectors.

1 For the first 20 years of my career I was involved with the Canadian telecommunications
2 sector, working for Bell Canada, CNCP Telecommunications, Unitel Communications,
3 AT&T Canada, and MetroNet Communications. In the past decade, I have focused my
4 career on early stage start-ups and corporate turnarounds -- working in energy,
5 sustainability, enterprise software and innovation sectors.

6 I have significant experience in organization development, corporate integration, profit
7 and loss management, customer service, strategy, information technology, business
8 development, and network operations. My board of directors experience consists of
9 chairing the Audit Committee of Iseemedia (a Canadian wireless software company)
10 from 2007-2010, the Human Resources Committee of Luxell Technologies (a Canadian
11 aerospace company) from 2005 to July 2009, and was the chair of the Human Resource
12 Committee at Oakville Hydro (Local electrical distribution company) from 2008 to 2011.
13 I am also a member of the faculty of the McMaster Directors College & Not-for-Profit
14 Governance Institute where I lecture on director selection/evaluation, climate change, and
15 corporate social responsibility. I also act as a CleanTech Advisor for Rosenzweig &
16 Company – an executive recruitment firm based in Toronto.

17 **Q. Have you testified before the Missouri Public Service Commission (“Commission”)**
18 **or other state public utility regulatory commissions?**

19 A. I have provided written testimony before the New Hampshire Public Utilities
20 Commission in an acquisition proceeding.

21 **Q. What are the purposes of your testimony?**

1 A. The purpose of this testimony is to (1) describe Liberty Utilities' operating philosophy
2 with regard to its regulated businesses and its ability to continue providing reliable, cost
3 effective service; (2) describe Liberty Energy Midstates operations structure; and (3)
4 describe Liberty Energy Midstates approach to customer service.

5 **Q. Are you sponsoring any schedules?**

6 A. Yes. I am sponsoring the following schedules:

7 **Schedule 3.1 – Organizational Chart**

8 **Schedule 3.2 – Customer Satisfaction Survey Results**

9 **Operations Philosophy**

10 **Q. What is Liberty Utilities' overall philosophy regarding the operation of its regulated**
11 **utility businesses?**

12 A. Liberty Utilities adopts a de-centralized approach to operating its regulated utilities
13 business, emphasizing the importance of local management and local control of business
14 operations in structuring its operations. We believe functions related to customer service,
15 community outreach and employee outreach should be performed in the service territory,
16 as opposed to central operations.

17 Having said that, we provide certain non-customer facing services centrally from the
18 Liberty Utilities level. We believe these services can be provided on a shared basis more
19 cost effectively and in a manner that ensures consistent quality across all of our operating
20 utilities. We believe doing so will not detract from the local presence that is valued by our
21 customers and regulators.

1 **Q. How does Liberty Utilities' regulatory philosophy affect the way in which it**
2 **approaches the management and operation of the utilities it owns?**

3 A. We believe that there is no adequate substitute for local management, local decision-
4 making, and local operational control for a utility that is serious about achieving the
5 highest level of customer satisfaction and maintaining strong regulatory relationships. We
6 believe that small and medium sized utilities can best meet the needs of their customers
7 and regulators when the people making the operating decisions affecting the communities
8 they serve are located near those customers and are in easy, regular, close contact with
9 customers and regulators.

10 At Liberty Utilities' other utilities, we have located the senior leadership responsible for
11 those utilities within the area in which the utility is situated. In particular, for each region,
12 we appoint a senior manager with full operational and financial authority for the utility,
13 together with responsibility for all customer service and regulatory activity. To that end,
14 Liberty Energy Midstates will employ a President based in the Midstates Utilities
15 territory who will have full time responsibility for the day-to-day Missouri operations of
16 the Midstates Utilities. Liberty Energy Midstates has identified the need to hire
17 approximately 25 additional full time employees throughout the Midstates Utilities
18 service area, some of which will be based in Missouri. At a minimum, customer service
19 representatives will be hired to work in the existing service centers in Missouri, reflecting
20 our emphasis on local service. Liberty Energy Midstates will also add autonomous local
21 jobs performing function such as engineering, human resources, and other administrative
22 functions. We have not yet determined the distribution of these jobs among our different
23 service areas in Illinois, Iowa, and Missouri but some portion of them will be in Missouri.

1 Under our model, the employees who are interfacing directly with our customers and
2 regulators will be employed locally, will live in or near our service territories, and will
3 deliver their services from within the utility's service territory, with Liberty Utilities'
4 involvement generally being limited to providing non-customer facing shared services.

5 **Q. Will Liberty Energy Midstates be able to provide adequate, reliable, efficient, safe**
6 **and least-cost public utility service?**

7 A. Yes. Liberty Energy Midstates possesses the managerial, technical and financial
8 capabilities and expertise to provide reliable and efficient natural gas service in Atmos'
9 existing service area. Algonquin and its operating subsidiaries have been in the regulated
10 utility business for over a decade and they have developed a record of strong customer
11 service, delivering safe and reliable power, water, and wastewater services to its
12 customers. We believe that the experience, expertise and strategy evident in our
13 successful history of acquisitions and subsequent reliable, cost effective and safe
14 operation of a large number of utility businesses should be considered and given
15 substantial weight in this asset purchase. Our locally focused approach offers what we
16 believe to be the most effective structure for the provision of safe and reliable natural gas
17 distribution service. We plan to leave field operations unchanged for the assets acquired
18 in Missouri. Liberty Energy Midstates will offer employment to all of the Midstates
19 Utilities employees. This includes all of Atmos' employees located in Missouri.

20 That being said, we are certainly open to making changes as the need for them becomes
21 apparent, but customers and the Commission can have confidence that until the need for

1 such changes has been identified, service will be provided on a basis that is consistent
2 with the level that customers have become accustomed to under Atmos.

3 **Liberty Energy Midstates' Operations Structure**

4 **Q. Please describe the operational structure that will be put in place for Liberty**
5 **Energy Midstates in Missouri.**

6 A. We do not plan to significantly alter the field operations of the Midstates Utilities as a
7 result of the proposed transactions. As I mentioned earlier, Liberty Energy Midstates will
8 offer employment to all of the current Midstates Utilities employees, in addition to the
9 hiring of approximately 25 additional employees. As a result, we anticipate that many of
10 the current Midstates Utilities employees will continue to perform the same operations
11 functions for Liberty Energy Midstates as they did under Atmos. The continued
12 employment of these knowledgeable employees will benefit Missouri customers by
13 retaining their skill and historical knowledge.

14 As noted above, customer-facing activities will be primarily based in Missouri; however,
15 Liberty Energy Midstates will be provided with certain non-customer-facing services
16 through its affiliates. Liberty Utilities will be providing certain non-customer-facing
17 corporate services to Liberty Energy Midstates such as executive management, treasury,
18 corporate finance, and some information technology, human resources, and regulatory
19 functions. In these cases, Liberty Energy Midstates will conduct these transactions in
20 accordance with applicable law. The Direct Testimony of Peter Eichler goes into further
21 detail about the cost allocation of these shared services.

1 **Q. Please provide an overview of the management structure of Liberty Energy**
2 **Midstates.**

3 A. A regional President will have full-time responsibility for the day-to-day operations in
4 Missouri and throughout the Midstates Utilities service area. We plan to employ
5 personnel reporting to that individual who will have responsibility for: Government,
6 Regulatory and Community Relations; Finance and Administration; Human Resources;
7 Customer Service and Business Development; Environment, Health, Safety, and
8 Security; and Operations.

9 **Q. You have indicated that Liberty Utilities will rely primarily on the management**
10 **team it puts in place within the Midstates Utilities service territory to operate the**
11 **utilities. Please describe your plan for management at the regional level.**

12 A. The management team that will be directly responsible for the operation and management
13 of Liberty Energy Midstates at the regional level will be comprised of personnel who
14 have experience performing similar functions for Atmos, together with new hires such as
15 the President mentioned above. The organization chart included with this testimony as
16 **Schedule 3.1** provides a breakdown of the various functional responsibilities that will be
17 undertaken by Liberty Energy Midstates. In a few areas, these functions will be supported
18 by personnel at Liberty Utilities from its headquarters in Oakville, Ontario, but most will
19 be the primary responsibilities of individuals employed by Liberty Energy Midstates.

20 **Customer Service**

21 **Q. What is Liberty Energy Midstates' philosophy with respect to customer service?**

1 A. Our approach is guided by the following:

2 • Our goal is to provide high quality service to our customers at a reasonable cost. We
3 want satisfied customers.

4 • Our model is to deliver service to our customers primarily through customer service
5 representatives who are located in and dedicated to the local utility service territory.

6 We believe customers respond favorably when they deal with customer service
7 representatives who are familiar with the service territory's geography, demography,
8 and economy. Simply put, when possible, we want our customer service
9 representatives to be located where our customers are located and to be experiencing
10 the same things at the same time our customers are experiencing them.

11 • We strive to deliver information to our customers in the manner and form they desire
12 (paper, electronic, hours of operations, etc.)

13 • Liberty Utilities gives local management teams a significant amount of authority and
14 autonomy to determine how best to meet the needs of their customers. We believe that
15 employees who are empowered will take initiative to resolve customer problems and
16 will be resourceful in doing so.

17 • Because we own a number of utilities, we constantly seek ways to share knowledge,
18 experience, and capabilities across our family of companies, while leaving decision
19 making that affects customers in the hands of local management wherever possible.

20 • We are committed to meeting our local regulatory obligations, and we believe that
21 this goal will be more readily attained when we have satisfied customers being served
22 by people living in the same communities.

23 **Q. Please describe Liberty Energy Midstates' local approach.**

1 A. As part of our effort to connect our customer care group more directly to our customers,
2 we plan to have a number of walk-in customer service counters which will form part of
3 our overall customer service structure. Specifically, in addition to a central call center in
4 the Midstates Utility territory, we plan to have additional offices in Missouri. These
5 additional offices will be staffed by one or more members of the customer service group
6 who will take customer calls or perform other customer service work, but will also be
7 available to address more localized issues, including customers who walk in and want to
8 speak to someone in person regarding a billing question or other matters, such as
9 scheduling a meter read, coordinating a service connection or disconnection and service
10 related matters.

11 **Q. Why has Liberty Energy Midstates chosen walk-in centers instead of typical call**
12 **center approaches?**

13 A. Liberty Energy Midstates has intentionally adopted an approach that is more “high touch”
14 and focused on the customer. With today’s technology, customer service representatives
15 can be distributed across multiple locations without losing economies of scale. By having
16 some staff located at walk-in centers, we create the option for customers to interact in
17 person where they feel the need. We have utilized this approach in other jurisdictions and
18 have seen an improvement in customer satisfaction.

19 **Q. What efforts does Liberty Energy Midstates plan to undertake to ensure that the**
20 **local approach to customer service actually results in improved levels of customer**
21 **satisfaction?**

1 A. In other jurisdictions where Liberty Utilities operates, we have engaged an independent
2 research firm to conduct an annual customer service survey. The results have shown
3 consistently strong ratings for customer service in all of our service territories. We plan to
4 engage in a similar process in Missouri. A copy of the results from our most recent
5 customer satisfaction survey in Arizona is attached as **Schedule 3.2**. The survey shows
6 improvement in several areas that are a direct result of changes we introduced to address
7 customer concerns or wishes from an earlier survey. Some of the specific changes we
8 introduced included extending our office hours, improving our Interactive Voice
9 Response system and assigning staff to attend community outreach events. We believe
10 these types of results are strong evidence of our commitment to listening to our
11 customers and adjusting our processes in order to consistently meet our customers'
12 expectations.

13 **Q. What use is made of these survey results and other input received from customers**
14 **regarding how the company is performing?**

15 A. We are focused on meeting our customers' needs on a consistent basis, so when
16 complaints or concerns arise we want to make sure we deal with them quickly and
17 effectively. We use comments received on these surveys as part of our process for
18 ongoing meetings with regulators and other stakeholders that are described by Peter
19 Eichler in his Direct Testimony. Customer feedback forms the backbone of our efforts to
20 ensure that we continually meet our customers' needs and expectations. Our customer
21 satisfaction survey demonstrates the effectiveness of this approach. We also link
22 management compensation to customer satisfaction results.

1 **Q. Can you point to any changes that were implemented as a result of the survey**
2 **results?**

3 A. Yes. In 2009, when we conducted our customer service survey, one specific area we
4 heard concern from our customers was that they wanted more payment options. In
5 response, Liberty Water implemented an online billing options and a pre-authorized
6 billing option.

7 **Q. Are there other examples of ways in which Liberty Utilities' model focuses on**
8 **improving customer satisfaction?**

9 A. Yes. We train our staff to perform a range of tasks and then provide them with sufficient
10 authority to address customer concerns and needs. Our goal is to empower our staff to
11 resolve customer issues at the first point of contact whenever possible. One way in which
12 we encourage this is through our "Liberty Heroes" program, which recognizes employees
13 who go "above and beyond the call of duty" for our customers. This contrasts with the
14 model generally used in very large utility operations where employees are more
15 specialized in functions in which they are assigned and, by necessity, have less discretion
16 to resolve issues themselves. One example of where our approach can make a difference
17 is a recent situation in which a customer facing service disconnection was unable to come
18 to our office to make payment during normal business hours. One of our customer service
19 representatives voluntarily stayed after hours and kept the office open until the customer
20 was able to come in to pay the bill. The result was that a customer disconnection was
21 avoided, a bill that bill that had been in arrears was paid, and the affected customer knew
22 that their welfare was important to us.

1 **Q. Does this conclude your testimony?**

2 A. Yes.

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