

MEMORANDUM

TO: Missouri Public Service Commission
Official Case File, Case No. GE-2024-0046
Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty

FROM: Charles Tyrone Thomason - Senior Research/Data Analyst, Customer Experience
Kim Cox – Senior Research/Data Analyst, Tariff/Rate Design

/s/ Contessa King 09/22/2023
Customer Experience Dept. / Date

SUBJECT: Staff Recommendation Regarding Liberty Utilities’ Application for Variance and Request for Waiver

DATE: September 22, 2023

OVERVIEW

On August 25, 2023, Liberty Utilities (Midstates Natural Gas) Corp. (“Liberty” or “Company”) filed with the Missouri Public Service Commission (“Commission”) an Application for Variance, Request for Waiver, and Motion for Expedited Treatment. In its filing, Liberty requested temporary billing variances from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6) in order to facilitate efforts to implement its Customer First Program in October. To maintain its implementation timeline, Liberty also requested an expedited Commission Order as it anticipated needing the variance as soon as September 18, 2023. Liberty filed an Amended Application on September 5, 2023, which presented a modified plan that would require a variance for the months of October and November 2023.

On August 28, 2023, the Commission ordered Staff to file a recommendation or a status report by September 6, 2023. Staff filed a status report on September 6, 2023 indicating its intent to file its recommendation by September 22, 2023.

Based upon its investigation and analysis of the variance request, Staff recommends that the Commission approve Liberty’s request for a temporary variance from Commission Rules 20 CSR 4240-13.015(1)(C) and 20 CSR 4240-13.020(6) with three conditions as detailed below that it

believes are prudent in order to mitigate potential impacts to customers. Staff also has an additional recommendation for the Company to consider to mitigate customer impact.

THE APPLICATION

Staff and the Office of Public Counsel (“OPC”) met with Liberty on August 31, 2023 to discuss the Application in detail. Staff also submitted several Data Requests (“DR” or “DRs”) to Liberty seeking additional information.

According to Liberty, it intends to implement a new technology platform known as Customer First in October 2023. Customer First includes a new billing system called SAP, which will replace Liberty’s current Cogsdale system. Under the Cogsdale system, Liberty reads most of its customer meters during the final week of any given month but delays billing customers for the reads until the second or third week of the following month, over a period of 19 billing cycles.¹ In planning for the implementation of Customer First, Liberty was under the belief that SAP was capable of duplicating this process. However, Liberty very recently learned SAP is incapable of producing the same results. Instead, SAP requires a bill to be generated three (3) days after the meter is read or else it will automatically estimate the bill.

In order to convert its customers to the new billing system, Liberty has developed a “billing transition plan” that it anticipates enacting over the next three months. For the month of September, meters were read for August usage on August 24-August 31, 2023. Liberty has delayed the scheduled billing date for those readings by 0-4 days, depending on the billing cycle.² In October, all affected customers, regardless of billing cycle, will have their September usage billed on October 10, 2023. Some customers will then receive a second bill for partial October usage 1-2 weeks later. Commission Rule 20 CSR 4240-13.020(6) states:

¹ Liberty’s billing cycles vary based on the meter read date and the billing date.

² See Schedule A, slide 2.

A utility may bill its customers on a cyclical basis if the individual customer receives each billing on or about the same day of each billing period. If a utility changes a meter reading route or schedule which results in a change of nine (9) days or more of a billing cycle, notice shall be given to the affected customer at least fifteen (15) days prior to the date the customer receives a bill based on the new cycle.

Liberty anticipates that most customers will receive a bill in October on a date that will be nine (9) or more days displaced from when those customers would normally expect to receive a bill. This will be either because the customer normally receives their bill towards the end of the month,³ or because the customer will receive two bills in October.⁴ Liberty does not anticipate giving customers fifteen (15) days' prior notice before enacting the proposed October billing plan. For that reason, Liberty seeks a temporary variance from the rule.

Depending on the customer's billing cycle, Liberty anticipates taking meter reads for October usage either in October or in November. Customers who have their meters read in October will receive a bill reflecting partial October usage for a billing period of less than twenty-six (26) days. Customers who instead have their meters read in November for their October reads will receive a bill reflecting a billing period of forty-one (41) days.⁵ However, Commission Rule 20 CSR 4240-13.015(1)(C) defines a "billing period" as "a normal usage period of not less than twenty-six (26) nor more than thirty-five (35) days for a monthly billed customer." For these reasons, Liberty seeks a temporary variance from the rule.

Staff believes that the requested temporary variances are warranted and recommends Commission approval, but with the following condition:

In its next general rate case, Liberty will provide each tariffed rate class billing determinants (customer usage, number of bill and number of customers) by month, cycle with cycle dates that were utilized for billing purposes, and season (for the residential firm service, provide the first 30 Ccf and over 30 Ccf) to Staff in the following format: raw billing determinants, any and all adjustments separately (for proration, season, or any other reason) that were made to raw billing determinants, and the ending billing determinants. The ending monthly

³ See Schedule A, slide 3. For example, a Kirksville customer would ordinarily receive a bill during the final week of September, but will now receive one on October 10.

⁴ For example, instead of two bills roughly thirty (30) days apart, a Canton customer will receive a bill for September usage on October 10, and a bill for October usage on October 18.

⁵ See Schedule A, slide 3.

billing determinants should be the billing determinants Liberty utilizes to conduct its revenue requirement analysis in its general rate case.

CUSTOMER IMPACT

According to Liberty, a total of 54,949 customers will be impacted by the requested variance. Approximately 34,714 customers will receive a bill for a usage period of less than twenty-six (26) days in October. This bill will be a partial-month bill sent within fourteen days of the customer receiving their previous bill. Approximately 20,235 customers will receive a bill for a usage period of forty-one (41) days in November. Consequently, these bills will likely have a balance that exceeds the customer's expectations for their standard monthly bill. Liberty believes that these categories are mutually exclusive; every affected customer will receive either one early short-period bill or one late long-period bill.⁶

According to Liberty, auto pay withdrawals will continue but the payment dates will change. During the August 1, 2023 – September 15, 2023 pay period, Liberty had a total of 17,178 accounts drafted for auto payments. Liberty is currently exploring options to place a message on the bill of auto-pay accounts to clarify what amount will be drafted and when the withdrawal will occur for customers who receive their second October bill before the due date of their first October bill. The Company has also stated that it will suspend auto pay at the request of any customer who calls.⁷

Staff is concerned that the change in frequency of auto pay withdrawals may have an adverse impact on customers who may not have funds available on the new withdrawal dates. The Company's tariff sheet P.S.C. MO. No. 2, 1st Revised Sheet No. 20 allows for the Company to collect a \$15 charge for a "Check tendered to the Company which is dishonored for reasons other than bank error," which Staff believes could apply to failed auto pay withdrawals due to insufficient funds. The Company shall waive this fee for failed auto pay withdrawals for a period of 90 days after the transition.

In order to accommodate the potential financial impact that the bill transition plan will incur on its customers, Liberty has stated that it intends to waive late fees for at least 60 days after the system conversion and allow further extensions upon request. As Liberty stated in its Amended Application that the system will go live on October 9, 2023, this implies that late fees

⁶ Company response to Staff Data Request No. 0003.

⁷ Company response to Staff Data Request No. 0001.

will be waived until December 8, 2023. According to the Amended Application, due dates for bills will be at least twenty-one (21) day after the rendering of all bills, with more time given if the bill was rendered earlier than the customer's typical bill. Liberty also stated that it will suspend any collection activities for the duration of the transition.

Staff is concerned that a 60-day late fee waiver will not be enough time for disruptions to regular customer billing patterns to be fully resolved. For example, customers who receive a larger than expected bill in November will only have a 9-12 day grace period after the bill is due. Otherwise, the customer must contact Liberty to request an extension. Therefore, the Company shall waive late fees for an additional thirty (30) days. A 90-day period will allow for one new normal billing cycle to take place after the transition, allowing the Company to verify that any issues with the transition have been resolved.

Liberty is in the process of deploying a “multi-channel customer outreach communication plan” to inform its customers of the implementation of Customer First and the anticipated effects. It has added a banner to the homepage for affected customers with a link to a dedicated landing page with information regarding the transition.⁸ Liberty also intends to use paid, targeted social media with a link to the same landing page. Additionally, September bills are being mailed with a bill insert and bill message with information about the other changes that customers will experience as a result of the Customer First implementation, including a new account number, a new bill appearance, and the need to set up a new online account. Liberty has also included information about the implementation of Customer First in its monthly-emailed customer newsletters for August and September, and intends to send a letter and flyer by mail to every affected customer.⁹ Liberty also stated during the August 31, 2023 meeting that it intends to train its call center personnel on Customer First and the bill change process in anticipation of inquiries from its customers.

Staff noted that information included in the direct letter to customers, such as the changes to auto-pay dates and details about possible changes to October and November bills, is not as detailed on the Company's website landing page. Staff suggests that the Company consider adding further elaboration on its website to mirror the letter to customers,

⁸The dedicated landing page can be seen here: <https://missouri.libertyutilities.com/jackson/new-customer-experience-residential-mo-gas-liberty.html>

⁹ Company response to Staff Data Request No. 0004. Staff has reviewed the website, bill insert, mailed letter, and flyer.

particularly the request that auto pay customers review their bills to understand the adjusted bill payment dates.

SUMMARY OF STAFF’S CONDITIONS/RECOMMENDATION

1. In its next general rate case, Liberty will provide each tariffed rate class billing determinants (customer usage, number of bill and number of customers) by month, cycle with cycle dates that were utilized for billing purposes, and season (for the residential firm service, provide the first 30 Ccf and over 30 Ccf) to Staff in the following format: raw billing determinants, any and all adjustments separately (for proration, season, or any other reason) that were made to raw billing determinants, and the ending billing determinants. The ending monthly billing determinants should be the billing determinants Liberty utilizes to conduct its revenue requirement analysis in its general rate case.
2. Staff is concerned that the change in frequency of auto pay withdrawals may have an adverse impact on customers who may not have funds available on the new withdrawal dates. The Company’s tariff sheet P.S.C. MO. No. 2, 1st Revised Sheet No. 20 allows for the Company to collect a \$15 charge for a “Check tendered to the Company which is dishonored for reasons other than bank error,” which Staff believes could apply to failed auto pay withdrawals due to insufficient funds. The Company shall waive this fee for failed auto pay withdrawals for a period of 90 days after the transition.
3. Staff is concerned that a 60-day late fee waiver will not be enough time for disruptions to regular customer billing patterns to be fully resolved. For example, customers who receive a larger than expected bill in November will only have a 9-12 day grace period after the bill is due. Otherwise, the customer must contact Liberty to request an extension. Therefore, the Company shall waive late fees for an additional thirty (30) days. A 90-day period will allow for one new normal billing cycle to take place after the transition, allowing the Company to verify that any issues with the transition have been resolved.
4. Staff noted that information included in the direct letter to customers, such as the changes to auto-pay dates and details about possible changes to October and November bills, is not as detailed on the Company’s website landing page. Staff suggests that the Company consider adding further elaboration on its website to mirror the letter to customers, particularly the request that auto pay customers review their bills to understand the adjusted bill payment dates.

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

In the Matter of the Application of Liberty)
Utilities (Midstates Natural Gas) Corp. d/b/a)
Liberty for an Order Granting Billing Variances)
Related to the Company's Implementation of its)
Customer First Program)

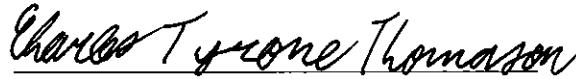
Case No. GE-2024-0046

AFFIDAVIT OF CHARLES TYRONE THOMASON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

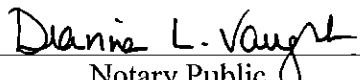
COMES NOW Charles Tyrone Thomason, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


Charles Tyrone Thomason

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 21st day of September, 2023.


Notary Public

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2027
Commission Number: 15207377

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

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Case No. GE-2024-0046

AFFIDAVIT OF KIM COX

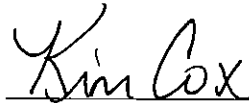
STATE OF MISSOURI)

) ss

COUNTY OF COLE)

COMES NOW Kim Cox, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

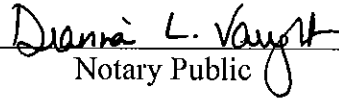
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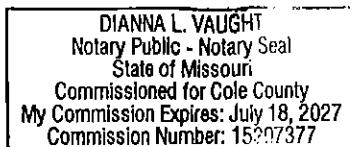


Kim Cox

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 22nd day of September, 2023.


Notary Public



Liberty Utilities (Midstates Natural Gas) Corp. Customer First Transition Billing

September 9, 2023



Transition Plan for Meter Reading and Billing

- These dates represent the scheduled billing date
- This has been updated to reflect billing MidStates through 9/27/23

	COGSDALE CY #	Sep Bill Date	Sch Bill Date	DAYS EARLY
CYCLES 1-19 ARE READ 8/24/23-8/31/23	1	9/8/2023	9/8/2023	0
	2	9/8/2023	9/8/2023	0
	3	9/11/2023	9/11/2023	0
	4	9/11/2023	9/12/2023	1
	5	9/12/2023	9/13/2023	1
	6	9/12/2023	9/14/2023	2
	7	9/13/2023	9/14/2023	1
	8	9/13/2023	9/15/2023	2
	9	9/14/2023	9/18/2023	4
	10	9/15/2023	9/19/2023	4
	11	9/18/2023	9/20/2023	2
	12	9/18/2023	9/21/2023	3
	13	9/19/2023	9/21/2023	2
	14	9/20/2023	9/22/2023	2
	15	9/21/2023	9/25/2023	4
	16	9/22/2023	9/26/2023	4
	17	9/25/2023	9/27/2023	2
	18	9/26/2023	9/28/2023	2
	19	9/27/2023	9/29/2023	2



Transition Plan for Meter Reading and Billing

- These dates represent the scheduled meter reading date and scheduled billing date
- Most meters are read on the scheduled meter reading date

	SAP CY #	Sept Read Date	1st SAP Bill Date	Oct Read Date	# of days	Oct Sch Bill Date	Nov Read Date	# of days	Nov Sch Bill date
Harrisburg IL	4	9/22/2023	10/10/2023	n/a	n/a	n/a	11/2/2023	41	11/6/2023
Metropolis/Tamms IL	5	9/23/2023	10/10/2023	n/a	n/a	n/a	11/3/2023	41	11/7/2023
Jackson/Piedmont MO	7	9/24/2023	10/10/2023	n/a	n/a	n/a	11/7/2023	44	11/9/2023
Butler MO	15	9/24/2023	10/10/2023	10/19/2023	25	10/23/2023	11/20/2023	32	11/22/2023
Keokuk IA	11	9/25/2023	10/10/2023	10/13/2023	18	10/17/2023	11/14/2023	32	11/16/2023
Canton MO	12	9/25/2023	10/10/2023	10/16/2023	21	10/18/2023	11/15/2023	30	11/17/2023
Hannibal MO	13	9/25/2023	10/10/2023	10/17/2023	22	10/19/2023	11/16/2023	30	11/20/2023
Sikeston MO	6	9/26/2023	10/10/2023	n/a	n/a	n/a	11/6/2023	41	11/8/2023
Malden/Caruthersville MO	15	9/27/2023	10/10/2023	10/19/2023	22	10/23/2023	11/20/2023	32	11/22/2023
Virden/Vandalia IL	16	9/27/2023	10/10/2023	10/20/2023	23	10/24/2023	11/21/2023	32	11/27/2023
Kirksville MO	16	9/30/2023	10/10/2023	10/20/2023	20	10/24/2023	11/21/2023	32	11/27/2023
Schools		9/29/2023	10/10/2023	10/31/2023	32	11/1/2023	11/30/2023	30	12/1/2023



Thank you

