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(Midstates Natural Gas) Corp. d/b/a Liberty
Case No.: GR-2024-0106
Date Testimony Prepared: February 2024

**Before the Public Service Commission
of the State of Missouri**

Direct Testimony

of

Lauren Preston

on behalf of

Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty

February 9, 2024



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FOR THE DIRECT TESTIMONY OF LAUREN PRESTON
LIBERTY UTILITIES (MIDSTATES NATURAL GAS) CORP. D/B/A LIBERTY
BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. GR-2024-0106

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Lauren Preston. My business address is 15 Buttrick Rd., Londonderry,
4 New Hampshire, 03053.

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

6 A. I am employed by Liberty Utilities Service Corp. (“LUSC”), a wholly-owned
7 subsidiary of Liberty Utilities Co. (“LUCo”), as the Vice President of Customer Care.
8 LUSC and LUCo are both subsidiaries of Algonquin Power & Utilities Corp.
9 (“APUC”).

10 **Q. On whose behalf are you testifying in this proceeding?**

11 A. I am testifying on behalf of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a
12 Liberty (“Liberty” or the “Company”).

13 **Q. Please describe your educational and professional background.**

14 A. I have 34 years of experience in the public utilities field. My range of experience
15 includes the traditional aspects of customer care, such as meter reading, call centers,
16 collections, billing, third-party supplier support, as well as marketing and
17 communications – all of which span across electric, water, and natural gas
18 commodities. I also have experience as an internal auditor and a project leader for large-
19 scale programs. I hold a bachelor’s degree in management from the University of
20 Massachusetts and a Master’s of Business Administration from Boston College. I have

1 also served in leadership capacities for the American Gas Association and Southern
2 Gas Association.

3 **Q. Have you previously testified before the Missouri Public Service Commission**
4 **(“Commission”) or any other regulatory agency?**

5 A. I have not testified before this Commission, but I have testified before the public utility
6 commissions in Massachusetts, Maryland and the District of Columbia in positions I
7 held prior to joining Liberty, and before the public utility commissions in Illinois, New
8 Hampshire and New York while working for Liberty.

9 **Q. What is the purpose of your Direct Testimony in this proceeding?**

10 A. I describe Liberty’s recent implementation of a modern technology platform called
11 Customer First, which replaced a legacy customer information system as well as several
12 other technology systems.

13 **II. CUSTOMER FIRST**

14 **Q. Please explain Customer First.**

15 A. Customer First is a corporate-wide initiative to transform how Liberty does business
16 and manages data. It consists of a series of major improvements to business processes
17 and computer systems to put our customers first in how we deliver services. The project
18 includes a set of technology investments, system upgrades, infrastructure
19 improvements, and changes to business processes across the Liberty enterprise and its
20 operating utilities that address critical needs by leveraging the capabilities and
21 experience of the organization and upgrading or replacing key systems that have
22 become obsolete, costly to maintain, poorly integrated with other Liberty systems,
23 and/or potentially present security risks.

1 Figure 1 below illustrates the six major components of Customer First. I will
2 focus my testimony on the segments that benefit Liberty’s customers and communities.



3
4 **Q. Please explain the evolution of APUC’s and LUCo’s regulated utility business and**
5 **its journey to Customer First.**

6 A. APUC acquired its first regulated utility in Arizona in 2001, with acquisition of a
7 wastewater utility that services approximately 2,000 customers. Since then, APUC and
8 LUCo have grown the regulated service business significantly through a series of
9 acquisitions. Today, through 30 regulated utility companies, LUCo provides electric,
10 natural gas, water, and wastewater utility services to approximately 930,000 customers.
11 Many of the information systems utilized by the utilities were developed at a time when
12 business requirements were different than they are today. Recognizing that the world,
13 including the utility industry, has changed significantly, in 2017, LUCo began

1 evaluating its systems and business processes, and discovered many were obsolete and
2 required significant manual work, which further promoted the need for a multi-
3 functional platform. LUCo engaged Utelligent, a utility operations and technology
4 management consulting firm, to conduct a maturity assessment of the enterprise's
5 business processes, technology solutions, and operating model. The results of that
6 assessment led LUCo to reevaluate how it was meeting customer, business, and
7 regulatory requirements with the technology and processes in place at the time. To meet
8 industry standards and accommodate future requirements, LUCo considered options to
9 remedy the gaps associated with its existing individual systems, including sustaining
10 the legacy system, developing localized solutions, and developing an enterprise-wide
11 solution.

12 LUCo determined an enterprise solution was the most reasonable and prudent
13 means to close identified gaps and position LUCo for the future.

14 **Q. Please describe the benefits customers will receive with the implementation of**
15 **Customer First.**

16 A. There are several reasons why Liberty invested in the Customer First solution to the
17 benefit of customers. The main reason is a sophisticated system like SAP can provide
18 the quality of service customers need now and in the future. With Customer First and
19 related interfaces, Liberty offers enhanced customer-facing services and will share in
20 the development and maintenance efforts of these services across the Liberty
21 enterprise. One such service is the redesign of customer bills, which we shared with
22 Commission staff. Liberty believes the new design increases readability and creates a
23 better understanding of energy usage and the cost of services provided. Customer First

1 can also offer a digital connection that allows customers to track the status of work
2 orders and receive call-ahead alerts for appointments.

3 Additionally, Liberty continues to provide various payment options to
4 customers through online payment, auto-payment, and local store terminals. Liberty
5 upgraded its phone payments via the Interactive Voice Response (“IVR”) system and
6 mobile pay. This system also allows for digital customer contact channels, self-service
7 enablement, and has the flexibility necessary for innovative rate design. The user
8 interface of Customer First enables customers to set up an account profile, view bills,
9 make payments, monitor their usage, and receive alerts about payments and services.

10 Further, an omnichannel survey platform to collect Voice of Customer (“VoC”)
11 feedback enables Liberty to understand how it is serving customers and what customers
12 desire from their utility provider. These improvements, coupled with an advanced
13 survey and feedback system, allow Liberty to gather information on how customers
14 feel about their service and to use those insights to make continuous improvements.

15 Another notable platform within the Customer First project is the
16 implementation of PowerPlan, a software solution that specifically addresses the
17 unique asset management requirements of utilities, enables functionality for specialized
18 utility accounting practices, and leverages existing data to support automation of key
19 activities while meeting regulatory and jurisdictional requirements.

20 Other tools such as Workforce Software will streamline the processing of
21 payroll and reduce compliance risks, and a financial planning and business intelligence
22 platform will allow for collaboration across multiple business units.

23 In summary, the enhanced customer-facing solutions paired with the platform
24 upgrades and enhancements will vastly improve the way Liberty engages with

1 customers, manages its assets, operates the system, and plans utility operations;
2 ultimately creating long-run efficiencies through interconnected software applications
3 that standardize, streamline, and integrate business processes across finance, human
4 resources, procurement, distribution, and other departments.

5 **Q. Please describe how Customer First incorporates customer needs and**
6 **expectations throughout its design and implementation.**

7 A. The Customer First effort is a redesign of how Liberty approaches the delivery of
8 services to our customers as well as how we manage data and work processes
9 throughout the Company. The software solution chosen by the Company is a leading
10 Enterprise Resource Planning software provided by System Applications and Products
11 in Data Processing (“SAP”). The software provided by SAP is an industry-leading
12 software system used by large companies including utilities all over the world. In
13 addition to the software implementation, our transformation effort is supported by a
14 substantial upgrade in network operations and work management practices. The
15 selection process was based on a comprehensive assessment of customer and employee
16 needs against the capabilities of the software. To implement the system, LUCo hired
17 industry experts in deploying SAP and paired them with teams of experienced
18 Company employees to adapt the system to fit local preferences and requirements. As
19 the design, configuration, testing, and implementation of the system was defined,
20 decisions on how the system would work were incorporated from research in customer
21 and industry practices, regulatory requirements, and procedures to help streamline
22 work for our employees and make information more accessible for our customers. The
23 design contemplated how information is delivered to our customers in a manner that
24 helps them understand and manage their energy usage. The system was also built with

1 the capacity to adapt to innovative programs and software enhancements as those
2 become available to our customers. Furthermore, Customer First reduces data security
3 risks by providing industry leading security frameworks and best practices throughout
4 the design, build, and deployment of the Customer First solutions and business process.
5 To help ensure industry leading practices were followed, we leveraged industry
6 partners like IBM in designing our data security protocols, data storage/cloud security
7 options and enhanced investments in cyber security. By sharing these investments
8 across the enterprise, the cost of this improvement and effort to deploy these are shared
9 proportionally and consistently, rather than each subsidiary taking their own approach.

10 **Q. When was Customer First deployed?**

11 A. Liberty's deployment of the Customer Care features of Customer First began in 2021,
12 with precursor infrastructure and software setup activities and deployment of the first
13 phases. The customer billing parts of the project were officially deployed within
14 Liberty in October 2023.

Project	In-service date (asset transferred to utility)
Employee Central	Sep 2021
Procure-to-pay	Dec 2021
eCustomer / Kubra	Dec 2021
GIS	Mar 2022

15 **Q. Please outline the capital investment associated with the Customer First project.**

16 A. LUCo forecasts \$448 million in enterprise-wide capital expenditures for Customer
17 First, of which, approximately \$15.9 million will be allocated to Liberty Missouri as
18 reflected in Table 1 below. However, after the project is fully deployed across the
19 enterprise in 2024, the allocated share of the total capital investment to the Company
20 will be trued-up based on the actual costs for the project.

1

Table 1

Customer First Projects - Capital	2022-2023 Cost
Foundations, e-Customer, Employee Central and Procure to Pay modules	\$15,374,005
Network Design and Operations	\$ 568,371
Total Capital Investment Costs	\$15,942,376

2 **Q. In addition to the capital expenditures, are there recurring annual operating and**
3 **maintenance (“O&M”) costs related to the Customer First project?**

4 A. Yes. It should not be a surprise to know that all systems require ongoing support,
5 maintenance, and upgrades to keep them performing at optimal levels. Liberty’s
6 Customer First investment is no exception. On an annual basis, Liberty will receive its
7 allocated share of O&M expenses related to Customer First, which will include, but not
8 be limited to, annual support fees, software maintenance, hosting, and managed
9 services. The estimated O&M costs for Liberty are approximately \$771,153 per year
10 between 2024 and 2028. These annual O&M costs will increase slightly with inflation
11 and there will be continued ongoing costs through 2042 during the project’s 20-year
12 planned life.

13

Table 2

Customer First Projects – O&M	Average 2024-28 Cost
Foundations, e-Customer, Employee Central and Procure to Pay modules	\$ 744,372
Network Design and Operations	\$ 26,781
Total Operating Costs	\$ 771,153

14 **Q. Has this Commission reviewed Liberty’s Customer First program before?**

15 A. No, not in total. However, the Company has provided project updates to Commission
16 Staff and the Office of Public Counsel.

1 Q. Does this conclude your Direct Testimony at this time?

2 A. Yes.

VERIFICATION

I, Lauren Preston, under penalty of perjury, on this 9th day of February, 2024, declare that the foregoing is true and correct to the best of my knowledge and belief.

/s/ Lauren Preston